



# Remuneration policy

The remuneration policy of Stern Groep N.V. (hereinafter: Stern) has been aligned with new statutory requirements under the EU Shareholder Engagement Directive. The change to the legislation will not entail material changes with reference to the remuneration policy that already existed and was applied.

Stern's remuneration policy will be put to the General Meeting for approval at least once every four years. Changes to the policy require a 75% majority of the votes cast at the General Meeting. The works council (currently not in operation at Stern) will be requested to give advice with respect to the remuneration policy in advance and this advice will be communicated to the General Meeting.

## Management Board

The remuneration policy applies to the members of the Management Board of Stern under its articles of association.

Stern wishes to pursue a remuneration policy that is appropriate to its identity and strategy, result-oriented and straightforward in its application. Account is also taken of the social context, the corporate governance structure and the interests of Stern's stakeholders. There is no place for long-term variable remuneration in the form of financial instruments such as shares or options. The development of Stern's share price is not an element in the remuneration policy. The current CEO is a major shareholder in the company.

The remuneration policy needs to be sufficiently attractive in order to attract, motivate and retain qualified management personnel who will enable Stern to achieve its strategic and operational goals. The Remuneration Committee evaluates the total level of remuneration each year in order to ensure that the package continues to be competitive and offers appropriate and risk-based incentives. The remuneration of the Management Board is evaluated by an external agency every five years in comparison to a selected peer group of 15 companies (5 unlisted direct competitors and 10 Dutch listed companies).

The remuneration policy consists of a fixed and a variable remuneration. The fixed remuneration is based on the substance of the position and the nature and scale of the associated responsibilities. The variable remuneration is limited to 33% of the fixed gross annual salary. The aim is to achieve a balanced proportion between qualitative and quantitative targets, a short and long term perspective and financial and non-financial key performance indicators (KPIs). The target settings will be confirmed by the Remuneration Committee annually at the beginning of each reporting year. The financial targets constitute 60% and the non-financial targets constitute 40% of the maximum possible variable remuneration of 33% of the gross annual salary. These factors are subdivided into performance criteria and in addition several scenarios have been established for increasing the individual performance criteria in the case of even better performance. The non-financial targets relate to strategic objectives, reducing operating expenses and the development of the organisation.

In case of exceptional circumstances, the Supervisory Board may decide that no variable remuneration will be awarded. The Supervisory Board has discretionary power to reduce or increase the variable remuneration if application of the remuneration policy without adjustment would lead to an unreasonable or unintended outcome. The remuneration policy does not include a claw-back provision with respect to previously allocated variable remuneration. Contrary to the Corporate Governance Code, Stern does not have a policy that provides for severance payments for its Management Board. No change-of-control arrangement applies.

In addition to a fixed and a variable remuneration, the members of the Management Board under the articles of association are eligible for the standard pension scheme at Stern, which is a defined contribution scheme placed with Nationale-Nederlanden. Stern's maximum contribution is linked to age and the pension base, and is expressed in specially calculated (for tax purposes) contribution scales. The personal contribution is established annually in October and for 2020 is nil.

In line with the Corporate Governance Code, the Remuneration Committee reviews the composition of internal pay ratios each year, including what is known as the CEO pay ratio. The CEO pay ratio at Stern is the ratio between the average gross pay (fixed salary including 8% holiday allowance and the variable remuneration) of all

employees (excluding employees on call and trainees) and the gross pay (fixed salary including 8% holiday allowance and variable remuneration) of the CEO. In the future, the pay ratio will be compared to similar businesses in the Netherlands and other pay ratios will be studied, such as the pay ratio between men and women.

A representative company car is included in the employment benefits for the members of the Management Board under the articles of association, who may choose a car from one of the brands carried by Stern.

The members of the Management Board under the articles of association are eligible for a fixed reimbursement of expenses that is free of tax. This reimbursement is part of the reimbursement of expenses scheme applying at Stern.

The key elements of the contract with a member of the Management Board under the articles of association are published in an informative overview on the company's website not later than the issue of the convening notice for the General Meeting.

Stern does not provide loans, advances or bank guarantees to members of its Management Board.

**Supervisory Board**

The remuneration of the supervisory directors encourages an adequate performance in this position and is not dependent on the results of Stern.

The remuneration of the supervisory directors reflects the time spent and the responsibilities relating to this position. The amount of the remuneration is in line with general market practice. A remuneration benchmark is calculated on a regular basis to establish whether the remuneration of the supervisory directors is still appropriate or requires adjustment.

The members of the Supervisory Board receive a fixed remuneration as shown in the list below.

<b>Role</b>	<b>Amount</b>
Chair of the SB	€ 40,000
Member of the SB	€ 32,000
Chair of a committee	€ 5,000
Member of a committee	€ 2,500

Payment is made twice a year (in June and December) without annual indexation.

Supervisory directors do not receive a variable remuneration or a fixed reimbursement of expenses. The remuneration of supervisory directors does not include the award of shares or options on shares.

Stern does not provide loans, advances or bank guarantees to its supervisory directors.

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