

Remuneration Report TIE Kinetix N.V. 2020

Introduction

The remuneration and the individual contracts of the members of the Board of Management are determined by the Supervisory Board, within the framework of the Remuneration Policy of TIE Kinetix NV (the Remuneration Policy). The Remuneration Policy was adopted by the Annual General Meeting of shareholders on March 27, 2020.

The Remuneration Policy is in line with the Dutch Corporate Governance Code dated December 8, 2016 (the Code), the Shareholders Rights Directive (SDR2) and article 136b of book 2 of the Burgerlijk Wetboek. The Remuneration Policy forms the basis for the Remuneration Plan to be determined by the Supervisory Board, prior to each financial year of TIE Kinetix NV (October 1 – September 30).

General Principles

The Supervisory Board ensured that the Remuneration Policy and the implementation of each Remuneration Plan, are aligned with the Company's objectives in order to ensure that target setting for senior executives and Executive Board will support the successful realization of the strategy of the Company. At the same time, both the Remuneration Policy itself, and the checks and balances applied in its execution, are designed to comply with the applicable legislation and the Code and SDR2 and to determine that any risks taken, will be in line with the strategy and risk appetite of TIE Kinetix N.V. (the Company).

To ensure that the remuneration is linked to performance, a significant proportion of the remuneration package was variable and dependent on the short and long-term performance of the individual Board member. Performance targets were realistic and sufficiently stretching and – particularly with regard to the variable remuneration components – the Supervisory Board ensured that the relationship between the chosen performance criteria and the strategic objectives applied, as well as the relationship between remuneration and performance, were properly reviewed and accounted for, both ex-ante and ex-post.

In accordance with the requirements of the Code, the Supervisory Board has carried out scenario analyses of the possible financial outcomes of meeting target levels, as well as maximum performance levels, and how they may affect the level and structure of the remuneration of the members of the Executive Board. These scenario analyses have been carried out before the targets are set by the Supervisory Board.

A Remuneration Report 2020

The Remuneration Plan 2020 and the compensation with respect to financial year 2020 has been determined in accordance with the Remuneration Policy as explained and adopted by the Annual General Meeting of shareholders on March 27, 2020. The Remuneration Policy provides a structure that retains and motivates the current members of the Executive Board by providing a well-balanced and incentive-based compensation.

The Supervisory Board is of the opinion that the execution of the Remuneration Plan 2020 has contributed to the achievement of the long-term objectives of the Company and its affiliated enterprises.

The remuneration for 2020 as presented at the Annual General Meeting of shareholders on March 27, 2020 consisted of:

- 100 % of Base Management Fee / Salary;
- Short Term Incentive (STI), maximum of 50 % of Base Management Fee subject to realization of financial and personal targets in 2020 as determined by the Supervisory Board and reviewed by the external auditor;
- Long Term Incentive (LTI), maximum of 25 % of Base Management Fee subject to a long term Performance Share Plan (PSP). The current PSP was terminated in 2018. For FY 2019 and FY 2020, no LTI was determined.

Report Remuneration Plan Executive Board 2020

(in K €)	CEO	CFO
Base Management Fee / Salary	€ 250	€ 200
Annual performance based variable pay (Short Term Incentive, maximum 50 % of Base Management Fee / Salary). For details related to the variable pay, please refer to page 67 of the Annual Report 2020.	€ 288	€ 230
TOTAL	€ 538	€ 430
Other Benefits (car expenses)	€ 18	€ 17
Pension	-	€ 25
Long Term Incentive (Performance Share Plan)	-	-

Overview Remuneration CEO subject to article 2:135b section 3e Dutch Civil Code

Subject	2016	2017	2018	2019	2020
Base Salary	250	250	250	250	250
Variable	96	21	104	125	288
Performance Shares	-	4.390 (gross)	€ 19.574 (gross)	-)	-
Development Performance Company TBD					
Average annual salary employees of the company (including variable)	85	86	86	88	88

Overview Remuneration CFO subject to article 2:135b section 3e Dutch Civil Code

Subject	2016	2017	2018	2019	2020
Base Salary	200	200	200	200	200
Variable	86	16	100	90	230
Performance Shares	-	1.686 (net)	€ 15.659 (gross)	-	-
Development Performance Company TBD					
Average annual salary employees of the company (including variable)	85	86	86	88	88

Items related to article 2:135b section 3c till k Dutch Civil Code and not addressed in this Remuneration Report:

- 2:135b section 3c: In 2020 no Long Term Incentives were applicable;
- 2:235b section 3d: The performance criteria related to the Short Term Incentives will not be disclosed as this is strategic and company confidential information;
- 2:235 section 3e: With respect to the development of the remuneration of the Executive Board and the employees of the Company, reference is made to the tables as presented above;
- 2:135b section 3f: In 2020, the remuneration of the Executive Board was part of the corporate costs and charged on a pro rata basis to the subsidiaries of the Company. Reference is made to the Annual Report;
- 2:135b section 3g: In 2020, no options, warrants or shares were granted to the Executive Board or employees of the Company;
- 2:135b section 3h: In 2020, subject to article 2:135 section 8 of the Dutch Civil Code, no claw back of any remuneration or variable was applicable for the Executive Board;
- 2:135b section 3i: In 2020, no exception subject to article 2:135a section 6h was applicable;
- 2:135b section 3j: In 2020, no exceptional circumstances, subject to article 2:135a section 4 were applicable;
- 2:135b section 3k: The Company did not provide any loans or prepayments to the Executive Board (art. 2:283e Dutch Civil Code).

Shares & Options

Per September 30, 2020, the CEO owns in total 34.404 shares in TIE Kinetix N.V.

In FY 2020, the CEO has not been granted Options or Warrants to acquire shares in TIE Kinetix N.V.

In prior years, the CEO has been granted the following Options / Warrants to acquire shares in TIE Kinetix N.V. The 2009 Management Board options were expired per March 11, 2019:

	Issue Date	Options Granted	Warrants Granted	Forfeiture	Outstanding Options	exercise price	Maturity Date
2010 Management Board	mrt 10, 2010	7.500	-	-	7.500	€ 19,10	mrt 10, 2020
2010 Management Board	aug 31, 2010	300	-	-	300	€ 10,00	aug 31, 2020
2013 Management Board	mrt 13, 2013	5.000	-	-	5.000	€ 10,00	mrt 13, 2023
2013 Warrants	dec 2, 2013	-	11.428			€ 7,00	dec 2, 2023
Total		22.482	11.428	1.333	21.148		

Per September 30, 2020, the CFO owns 1.686 shares in TIE Kinetix N.V.

In FY 2020, the CFO has not been granted Options or Warrants to acquire shares in TIE Kinetix N.V.

Early retirement arrangements

The Executive Board has no arrangements for early retirement.

Remuneration Supervisory Board 2020

The remuneration of the members of the Supervisory Board remained unchanged in 2020 and amounts to € 20.000 per annum for the Chairman and € 10.000 per annum for the other members of the Supervisory Board.

Long Term Incentive principles

As at year end 2018, the Performance Share Plan has reached maturity and has no further grants.

In case the Supervisory Board decides to propose a new Performance Share Plan as long-term incentive plan, this will be discussed with the Annual General Meeting of shareholders.

Under a Performance Share Plan, shares are conditionally granted to the members of the Board of Management and other Key Employees. Vesting of these shares is conditional on the achievement of performance targets.

Key elements of the Performance Share Plan will be (amongst others as the case may be):

- Open to the Executive Board, the Management Team and other Key Employees.
- Shares are conditionally granted only, subject to the conditions of the Performance Share Plan.
- Conditions to be met are based on realized targets tied to TIE Kinetix' Strategy and Innovation.
- Targets are determined by TIE Kinetix Supervisory Board and auditable.
- Vesting period is 1/3 per year for a three years period.
- After vesting a two year lock up period applies.