

# Remuneration Policy for the Supervisory Board of NSI N.V. (2020 Version)

## Introduction

The Remuneration Policy for members of the Supervisory Board of NSI (the "Remuneration Policy") intends to align remuneration at NSI with developments in legislation, governance, the market place and the interests of both NSI and its shareholders. The Remuneration Policy aims to contribute to the company's strategy by supporting long-term value creation for shareholders while creating fair pay for the Supervisory Board. The Remuneration Policy enables NSI to offer a competitive remuneration package to attract, reward and retain qualified and seasoned Supervisory Board members. The Remuneration Policy is in accordance with the principles and best practice provisions of the Dutch Governance Code. The principles of the Code may be regarded as reflecting widely held general views on good corporate governance.

## Total Direct Compensation (TDC)

Transparency, simplicity, compliancy and a focus on the long term are at the basis of NSI's culture and mindset and are guiding principles of the Remuneration Policy.

In determining the Total Direct Compensation (TDC) for the members of the Supervisory Board of NSI the Remuneration Policy has taken account of:

- the identity, mission and values of the Company and its related undertaking;
- the wages and employment conditions of the employees of the company;
- the internal remuneration ratios (Dutch: "bezoldigingsverhoudingen") within the Company and its related undertaking; and
- the level of support in society.

The level of TDC for members of the Supervisory Board of NSI is determined based on both the remuneration levels of comparable listed companies in the Dutch market place and the (internal) pay levels within the Company, as further explained below. The remuneration of the Supervisory Board members reflects the time spent and the responsibilities of their role and promotes an adequate performance of their role.

## Reference group and market positioning

The relevant remuneration levels in the Dutch market place are determined by referencing to comparable companies. These reference companies are selected based on their market capitalization and, to the extent available, comparable business operations. The reference companies for NSI have been defined in 2019 as AScX listed companies, excluding Financial Services organizations, and including Wereldhave (AMX listed Real Estate company). This resulted in a reference group of the following nineteen companies (which group may vary from time to time, see further below).

Reference companies	
Accell Group	ICT Group
Amsterdam Commodities	Kendrion
Avantium	Nedap
Basic-Fit	Ordina
Beter Bed Holding	Sif Holding
Brunel International	Stern Groep
Eurocommercial Properties	JUST EAT TAKEAWAY
Fagron	VastNed Retail
ForFarmers	Wereldhave
Heijmans	

For the Chairman and members of the Supervisory Board, a market positioning of the TDC level at 90% of the median of the reference group is deemed to properly reflect the weights of their functions and the complexity and diversity of NSI's business and revenue levels within the reference group.

## Internal pay levels NSI

Next to considering the external positioning in determining the remuneration levels for the Supervisory Board, NSI takes the internal pay ratios within the company into account by looking at the ratio between the Remuneration of the Chairman of the Supervisory Board and the Base fee of the CEO.

The base fee of the CEO is determined by taking into account the internal pay ratios within the company. Reference is made to the Remuneration Policy for the Management Board where this is explained in more detail. By linking the Remuneration of the Chairman of the Supervisory Board to the Base fee of the CEO, the internal pay ratios within the company are taken into account (indirectly).

At NSI the ratio between the base fee of the CEO and the remuneration of the Chairman (including committee fees) based on this Remuneration Policy would be €410.000/€55.500 = 7.4x for the year 2020, which is in line with the levels found for the remuneration ratios among the ASX listed companies, which range from 7.7x for the lower quartile to 7.0x for the upper quartile.

## Level of support in society.

The Remuneration Policy is in accordance with the principles and best practice provisions of the Dutch Governance Code. The principles of the Code may be regarded as reflecting widely held general views on good corporate governance. The Remuneration Policy further considers (voting) policies on Supervisory Board remuneration that are issued by NSI's major shareholders and by large proxy advisors.

## Level of Total Direct Compensation at target

The remuneration levels for the members of the Supervisory Board are determined based on the TDC level at target. To express an equal importance of external competitiveness and internal fairness, the remuneration levels of the Chairman and the members of the Supervisory Board are set as the average of the results of the external benchmark and the CEO/chairman (internal) pay ratio approach.

In January 2020 an initial benchmark in the reference group was conducted for both the Chairman and the member position on the most recently disclosed data (2018 annual reports and remuneration reports). Actual TDC at target levels have been set by aging the results from the reference year of the benchmark assessment to the first year of application of the adjusted TDC levels (2020).

The Supervisory Board will conduct benchmarks every three years to reassess NSI's competitiveness in the market place and the fairness of the internal pay differences. The composition of the reference group will also be reviewed every three years to ensure an appropriate market assessment. Substantial changes applied to the composition of the reference group will be proposed to the General Meeting of Shareholders. The Supervisory Board has the authority to replace a reference company in the event that this company becomes delisted.

Pay levels for the Supervisory Board will not be adjusted in the years between benchmarks. Only in case of extraordinary circumstances or developments the Supervisory Board can decide to reassess the pay levels on shorter notice.

## Compensation structure

TDC at NSI consists of a fixed remuneration for the Chairman and members of the Supervisory Board and a fixed remuneration for membership of the committees of the Supervisory Board. In addition (travel) expenses are reimbursed.

## Fixed Remuneration

The Remuneration consists of:

- a fixed Remuneration for the chair of the Supervisory Board of €48.000;
- a fixed Remuneration for the members of the Supervisory Board of €36.000;
- a fixed Remuneration for the chair and members of the Audit Committee of €7.500;
- a fixed Remuneration for the chair and members of the Remuneration Committee of €3.750;
- a fixed Remuneration for the chair and members of the Selection & Appointment Committee of €3.750;
- a fixed Remuneration for the chair and members of the Real Estate Committee of €7.500.

## **Reimbursement of expenses**

Travel expenses are reimbursed on the basis of €0.90 per kilometer. Other expenses that are being made in relation to the fulfilment of the duties of the Supervisory Board are being fully or partially reimbursed by the Company if they are made after previous consultation and approval of the Chairman. Other expenses made by the chairman will be treated in line with the policy applied for other members of the Supervisory Board.

## **No Variable pay**

In accordance with Principle 3.3 of the Dutch Corporate Governance Code that stipulates that the remuneration of the Supervisory Board should not be dependent on the results of the company, NSI does not award variable compensation to the members of the Supervisory Board.

In accordance with best practice provision 3.3.2 of the Code that stipulates that Supervisory Board members may not be awarded remuneration in the form of shares and /or rights to shares in the capital of the company, NSI does not award a share based remuneration to the members of the Supervisory Board. The members of the Supervisory Board are neither entitled to (supplementary) pension arrangements nor to arrangements for early retirement.

NSI does not grant any loans or guarantees to any of the members of the Supervisory Board.

## **Terms and termination**

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. Each member of the Supervisory Board will be appointed for a term of not more than four (4) years. A member can be reappointed once for a term of not more than four (4) years. After this a member can be reappointed for a term of not more than two (2) years, with the possibility of reappointment for a term of not more than two (2) years for each reappointment.

No notice periods apply. Members of the Supervisory Board are not entitled to any severance payment in the event the appointment terminates.

Each member of the Supervisory Board can at all times be suspended or removed from office by the General Meeting of Shareholders. A resolution to suspend or remove a member of the Supervisory Board requires a majority of two thirds of the votes cast, representing more than one half of the issued capital of the company.

Remuneration over the year in which an appointment terminates will be prorated to the actual time of service during the year in which the appointment terminates.

## **Determination, revision and execution of the Remuneration policy**

### **Determination**

The Remuneration Committee submits a clear and understandable proposal to the Supervisory Board concerning the Remuneration Policy to be pursued with regard to the Supervisory Board. The Supervisory Board presents the Remuneration Policy to the General Meeting of Shareholders for adoption. The General Meeting of Shareholders determines the remuneration of each member of the Supervisory Board.

### **Revision**

The Remuneration Policy shall be reviewed and adjusted in the event of relevant changes (e.g. to the Dutch Corporate Governance Code, or otherwise).

In the absence of such changes, the Remuneration Policy shall be reviewed and submitted to the General Meeting of Shareholders for adoption in any event within four years after its adoption by the General Meeting of Shareholders. To this end, and when changes to the Remuneration Policy are considered, the Remuneration Committee will draw up a proposal, including a description and explanation of the main changes, and submit this proposal to the Supervisory Board. The Supervisory Board will present the proposal to the General Meeting of Shareholders no later than the moment the General Meeting of Shareholders is convened. After its adoption, the Remuneration Policy will be published on the Company's website.

When reviewing and/or considering amendments to the Remuneration Policy, the Remuneration Committee and Supervisory Board will be mindful of shareholders views. In this regard, they commit to consulting with shareholder representatives prior to any significant changes to the Remuneration Policy.

## Execution

The fixed remuneration is paid in quarterly instalments. Payment of the (travel) expenses takes place upon invoice.

## Derogation

Under exceptional circumstances, the Supervisory Board can temporarily and ultimately until the new Remuneration Policy is adopted, deviate from the Remuneration Policy. For this purpose, exceptional circumstances are limited to those circumstances that require deviation to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

E.g. special circumstances in the market place or at NSI may require a deviation in order to remain competitive or to keep up to the standards of reasonableness and fairness. In such a case the Supervisory Board has the authority to discretionarily amend the remuneration of the members of the Supervisory Board

In the event of relevant circumstances, NSI's Remuneration Committee will assess the situation and make a proposal to the Supervisory Board, who may decide whether derogation of the remuneration policy is allowed in the relevant circumstances, or not. The deviation will be reported in the remuneration report.

## Overview of changes compared to 2014 Remuneration Policy

The Supervisory Board has revised the Remuneration Policy and formulated a new remuneration policy in accordance with the provisions of articles 2:135a, 135b and 145 Dutch Civil Code, which came into effect on 1 December 2019.

The proposal is made to raise the remuneration for the Chairman of the Supervisory Board from €45,000 to €48,000 and the remuneration for the members of the Supervisory Board from €30,000 to €35,000 in order to bring the remuneration for the Supervisory Board in accordance with market rates.

The second purpose of this revision is that the 2020 Remuneration Policy will reflect the requirements and address all the topics of article 2:135 a paragraph 6 & 7 Dutch Civil Code as provided by article 2:145 paragraph 2 Dutch Civil Code. The 2014 Remuneration Policy only contained an enumeration of the different components of the (fixed) remuneration and the reimbursement of expenses mentioned under the headings "Fixed Remuneration" and "Reimbursement of expenses" above. All other topics in this (2020) Remuneration Policy are new.

## Publication

This Remuneration Policy was discussed and voted on in the General Meeting of Shareholders of NSI N.V. of 24 April 2020 with the following voting results:

Shares represented:	9,153,681
Votes cast against:	13
Votes abstained:	14,174
Votes in favour:	9,139,494

This Remuneration Policy will be published on the company's website and will be kept publicly available during the period that the Remuneration Policy applies.