REMUNERATION POLICY

OF

ALFEN N.V.

FOR THE MANAGING DIRECTORS AND SUPERVISORY DIRECTORS

VERSION 2020 – EFFECTIVE AS OF 1 JANUARY 2020

1. INTRODUCTION

Set forth below is the remuneration policy (the **Remuneration Policy**) of Alfen N.V. (the **Company** also referred to as "we", "our" or "us") as adopted by the general meeting of shareholders of the Company (the **General Meeting**) on 8 April 2020. It describes the policies, structures, principles and elements of remuneration of (i) the managing directors of the Company (the **Managing Directors**) that together form the management board of the Company (the **Management Board**) and (ii) the supervisory directors of the Company (the **Supervisory Directors**) that together form the supervisory board of the company (the **Supervisory Board**).

This Remuneration Policy is implemented in accordance with the following principles, setting out the way the Remuneration Policy contributes to the Company strategy, the short- and long-term interests of the Company and the sustainability of the Company and how it takes into account the identity, mission and values of the Company:

(a) The Remuneration Policy is designed taking into account the Company's vision ("A connected and smart sustainable energy system for future generations"), mission ("To boost the energy transition by engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable and smart") and values ("Sustainable, Partner, Adaptive, Reliable, Knowledgeable") through performance targets related to for example growth, innovation and sustainability.

(b) In setting the performance targets related to this Remuneration Policy, the Company's strategy and medium term objectives, amongst which growth, internationalisation and increasing profitability, are taken into account.

(c) The Remuneration Policy aims to attract, motivate and retain highly qualified individuals and reward them with a market competitive remuneration package that focuses on achieving sustainable financial results aligned with the long-term business strategy of the Company. The Remuneration Policy fosters alignment of interests of the Managing Directors with its shareholders and other stakeholders.

(d) The Remuneration Policy is designed in the context of competitive market trends, statutory requirements, corporate governance best practice, the societal context around remuneration and the interests of the Company's shareholders and other stakeholders.

(e) The total remuneration of the Managing Directors reflects the expected growth of the Company pursuant to its strategy. The Remuneration Policy is designed in a way that Managing Directors and Supervisory Directors are not encouraged to take or stimulate inappropriate risks.

(f) The Remuneration Policy is designed to ensure fairness and transparency.

(g) The Remuneration Policy is designed in a way that it takes into account the societal context around remuneration and corporate governance best practice.

(h) The Remuneration Policy and business strategy have been aligned through the creation of specific short and long term targets that link each Managing Director's variable pay to the success of the Company. As such both the short term and long term incentive plans are linked to the business strategy and accordingly to longer term value creation and sustainability of the Company. Reference is made to the specific paragraphs below on target setting. Variable remuneration is higher when targets are exceeded and no variable remuneration is payable if threshold targets are not met. This helps to ensure the alignment of the Managing Directors' interests with that of the Company's stakeholders and create a true pay-for-performance culture.

This Remuneration Policy takes into account all applicable laws and regulations, such as, but not limited to, article 2:135a of the Dutch Civil Code, the Dutch Corporate Governance Code, the articles of association of the Company (the **Articles of Association**), the rules of the Supervisory Board as applicable from time to time (the **Supervisory Board Rules**) and the rules of the Management Board, as applicable from time to time.

All amounts mentioned in this Remuneration Policy are gross amounts.

2. MAIN CHANGES

Our current Remuneration Policy was adopted by the General Meeting on 11 March 2018, and is available on our corporate website: https://ir.alfen.com/system/files/downloads/Remuneration%20Policy.pdf. Last year, with support from our external advisors, we reviewed our remuneration arrangement for the Managing Directors to provide for a better alignment between the interests of the Managing Directors and the Company's shareholders and other stakeholders. This review incorporated the views of both our Managing Directors and Supervisory Directors, as well as our HR function. Further to that, this review incorporated the views of shareholders as expressed during the General Meeting on which the current Remuneration Policy was adopted. The shareholders indicated that they would like to see an increase of alignment between shareholder's interests and the interests of the Managing Directors, which has been taken into account when formulating this Remuneration Policy by the introduction of the LTI (as defined below), reflecting shareholder return.

In alignment with the Company's size and profile, compared to other companies included in the labor market peer group, based on a selection of 14 to 16 small cap funds in the Netherlands, the total remuneration package as well as the annual base fee of the Managing Directors is set at the median level. The general pay differentials within the Company, and specifically within senior management, were taken into account when taking this decision.

The review of the remuneration arrangement resulted in the proposal to increase the base fee of the CEO and the CFO in order to bring in it in line with the median level in two annual steps, with retroactive effect as per 1 January 2020, and accordingly as per 1 January 2021.

As part of the review of the remuneration arrangement, new emoluments consisting of a short term incentive (**STI**) and long term incentive (**LTI**) for the Managing Directors, are introduced in this Remuneration Policy, as adopted by the General Meeting on 8 April 2020. This Remuneration Policy will apply with retroactive effect as of 1 January 2020.

STI: Plan summary

- The STI allows Managing Directors to receive annual awards in cash, subject to the approval of the Supervisory Board in accordance with the Remuneration Policy.

- The 'at target' amount of STI shall be 10% of the annual base fee with a bandwidth of 5% - 15%.

- A one year performance period applies. On an annual basis, performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year. With respect to the financial year 2020, the performance conditions will be set by the Supervisory Board as soon as possible after this Remuneration Policy is adopted. The performance conditions will be determined by the Supervisory Board in its sole discretion in accordance with the Remuneration Policy.

LTI: Plan summary

- The LTI allows Managing Directors to receive annual conditional awards of performance shares, i.e. fully paid ordinary share in the capital of the Company (**Performance Shares**), subject to the approval of the Supervisory Board in accordance with the Remuneration Policy.

- The value of the 'at target' number of Performance Shares shall be 40% of the annual base fee at the start of the performance period with a bandwidth of 30% - 50% taking into account the value of a fully paid ordinary share in the capital of the Company at the start of the performance period.

- A three year performance period applies. On an annual basis, performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year for the performance period of three years. With respect to the financial year 2020, the performance conditions will be set by the Supervisory Board as soon as possible after this Remuneration Policy is adopted. The performance conditions will be determined by the Supervisory Board in its sole discretion in accordance with the Remuneration Policy.

- Dependent on the actual achievement of these performance criteria after the three year performance period and, subject to continued engagement, the Managing Directors will be granted an unconditional award of Performance Shares.

- In case the Performance Shares are unconditionally granted to the Managing Directors, the Managing Directors will be required to hold such granted Performance Shares for an additional period of one year, subject to any sales required in order to meet tax liabilities.

Paragraph 5.3 and 5.4 of this Remuneration Policy illustrate how it is ensured that these new short- and long-term incentive arrangements contribute to the Company's strategy, the short- and long-term interests of the Company and sustainability of the Company.

Further to that, the Remuneration Policy has been brought in line with requirements of article 2:135a of the Dutch Civil Code, implementing the requirements on remuneration disclosure of the Shareholders' Rights Directive II (EU) 2017/828 in the Netherlands. As such, a more elaborate explanation has been included on the way the Remuneration Policy contributes to the Company's strategy, mission and values. For all elements of variable remuneration (STI and LTI), targets have been specified, as well as the way this contributes to the Company's strategy, sustainability and long-term performance. The governance of the Remuneration Policy is set out in a separate paragraph, addressing the establishment, amendment and operation of the Remuneration Policy. Further to that, remuneration of the Supervisory Directors has been included with a possibility to increase the compensation to €40,000 per year in case of a new appointment to align it with the median compensation of supervisory board members of AScX listed companies. Last, a description of the agreements with Managing Directors and Supervisory Directors has been included.

3. GOVERNANCE OF THE REMUNERATION POLICY

3.1 Establishment of the Remuneration Policy

In line with article 13.4 of the Articles of Association, this Remuneration Policy is determined by the General Meeting on 8 April 2020, after the works council of the Company has been granted the opportunity to render advice.

Pursuant to article 12 of the Supervisory Board Rules and article 13.4 of the Articles of Association, the Supervisory Board is responsible for formulating this Remuneration Policy.

The Remuneration Policy will be presented to the General Meeting at least every four years.

3.2 Amendment of the Remuneration Policy

Any amendments to this Remuneration Policy are subject to adoption by the General Meeting, upon a proposal of the Supervisory Board.

All revisions of the Remuneration Policy shall be accompanied by a description and explanation of all significant changes, the decision making process followed for its determination, review and implementation, measures to avoid or manage conflicts of interests and pay ratios. Next, the description shall also explain how it takes into account the votes and views of shareholders and other stakeholders of the Remuneration Policy since the most recent vote on the Remuneration Policy by the General Meeting.

When the General Meeting does not approve the proposed amendments to the Remuneration Policy, the Company shall continue to remunerate in accordance with the existing adopted Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

3.3 Operation of the Remuneration Policy

Pursuant to article 12 of the Supervisory Board Rules and article 13.4 of the Articles of Association, the Supervisory Board is responsible for the implementation of the Remuneration Policy. The remuneration of, and other agreements with, the Managing Directors are determined by the Supervisory Board, with due observance of the Remuneration Policy. In its annual remuneration report, the Supervisory Board will communicate clearly and transparently to the Company's stakeholders how this Remuneration Policy has been pursued.

The individual remuneration of Supervisory Directors is set by the General Meeting.

4. OBJECTIVES OF THE REMUNERATION POLICY

The Company holds the view that its Remuneration Policy, including severance payment should serve the following objectives (the **Remuneration Objectives**):

(i) reflect the interests of all stakeholders;

(ii) attract and retain the Managing Directors and Supervisory Directors that have the talent and skills to develop and expand the business;

(iii) takes into account the internal pay ratios within the Company;

(iv) takes into account the identity, mission and values of the company as well as the popular support on remuneration;

(v) does not encourage Managing Directors nor Supervisory Directors to act in their own interest, nor to take risks that are not in line with the strategy formulated and the risk appetite that has been established; and

(vi) create long-term value, contribute to the Company's strategy and enhance the sustainable development of the Company.

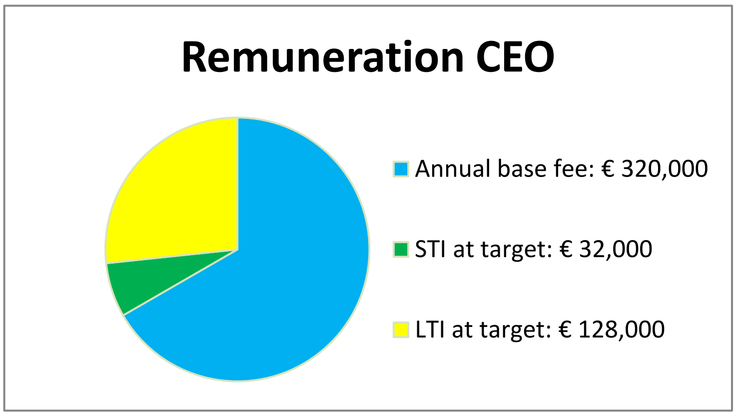
5. ELEMENTS OF THE REMUNERATION OF THE MANAGING DIRECTORS

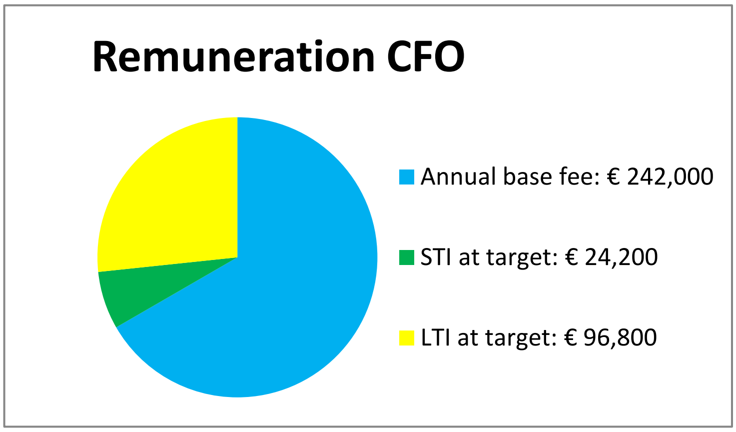
5.1 Overview

Based on the Remuneration Policy, the remuneration of the Managing Directors consists of the following elements, which are discussed in more detail below:

- annual base fee;
- STI;
- LTI; and
- pension and other benefits.

Contracts of the Managing Directors may include a severance pay clause, in accordance with paragraph 7 of this Remuneration Policy. The ratio between fixed and variable pay – STI and LTI – for the Managing Directors is influenced by the extent to which targets are met. The following overview represents the pay mix for the Managing Directors in case of an on-target performance, in relation to the STI and LTI, compared to the annual base fee for the financial year 2020.





When drafting the Remuneration Policy, the Company takes into account the pay ratio within the organisation. The Company's internal pay ratio is calculated by dividing the average total Managing Directors' compensation by the average employee compensation. The average employee compensation is based on the total personnel cost (defined as salaries and wages, social security contributions and pension contributions) and the average number of FTE's excluding the Managing Directors.

As indicated above, in determining the base fee and total remuneration for the Managing Directors, the Supervisory Directors ensure that a competitive remuneration package for board-level executive talent is maintained and benchmarked against external market data, based on a selection of 14 to 16 small cap funds in the Netherlands. The total remuneration package as well as the annual base fee of the Managing Directors is set at the median level. The general pay differentials within the Company, and specifically within senior management, were taken into account when taking this decision.

5.2 Base fee

The annual base fee of the Managing Directors will be set by the Supervisory Board on a level reflecting the responsibilities of the Managing Directors, in line with the following overview:

	Current annual base fee	Annual base fee as per 1 January 2020	Annual base fee as per 1 January 2021	Delta over 2 years
CEO	€250,000	€320,000	€356,000	42%
CFO	€210,000	€242,000	€277,000	32%

In line with this Remuneration Policy, the annual base fee of the CEO and the CFO may be increased by the Supervisory Board as per 1 January 2020 to the 25th percentile and per 1 January 2021 to the median level taking into account the benchmark group as referred to above

Annually, the Supervisory Board may re-evaluate the base fee and decide on an increase thereof. Base fee levels will be reviewed, taking into account developments in the labour market and other factors (including potential changes in job sizes), whereby the median of the peer group as referred to above will be used as reference. Without prejudice to the above, an increase may not exceed 10% of the annual base fee in the preceding financial year.

5.3 STI

The STI allows Managing Directors to receive annual awards in cash under the Company's Short Term Incentive Plan for Managing Directors as amended from time to time, subject to the approval of the Supervisory Board in accordance with the Remuneration Policy.

The 'at target' amount of STI shall be 10% of the annual base fee with a bandwidth of 5% - 15%.

A one year performance period applies. On an annual basis, performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year. With respect to the financial year 2020, the performance conditions will be set by the Supervisory Board as soon as possible after this Remuneration Policy is adopted. The performance conditions will be determined by the Supervisory Board in its sole discretion in accordance with the Remuneration Policy and will be based on financial performance (65%-70%) and individual criteria including non-financial performance (30%-35%).

With respect to the financial performance conditions, the Supervisory Board will select a minimum of two (2) conditions for all members of the Management Board such as, but not limited to: (i) revenues, (ii) Adjusted EBITDA, (iii) ROI and (iv) working capital.

With respect to non-financial performance conditions, the Supervisory Board will select a maximum of five (5) indicators for each individual member of the Management Board that are derived from or linked to the five year business plan of the Company, reflecting the Company long-term strategy, such as, but not limited to: (i) safety score, (ii) customer satisfaction, (iii) footprint reduction and CO2 emissions, (iv) use of energy, (v) diversity, (vi) pricing strategy, (vii) internationalisation, (vii) procurement, (viii) W/C management and (ix) new product introductions.

The actual financial and non-financial performance conditions will be set taking into account the strategy of the Company taking into account the five year business plan of the Company, reflecting the Company's long term interests. As such, these conditions are closely linked to enhancing the sustainable performance of the Company and long-term value creation.

For selected performance conditions, the Supervisory Board will annually define the performance ranges, i.e. the values below which no pay out will occur (threshold performance), the 'at target' value and the maximum at which the pay-out will be capped.

For the financial years following the financial year 2020, the Supervisory Board shall have the full discretion to determine the applicable performance assessment (including weighting), taking into account this Remuneration Policy.

5.4 LTI

The LTI allows Managing Directors to receive annual conditional awards of Performance Shares under the Company's Long Term Incentive Plan for Managing Directors as amended from time to time, subject to the approval of the Supervisory Board in accordance with the Remuneration Policy. The LTI is designed to incentivize and reward sound long-term decision making and align the interests of the Managing Directors with those of shareholders and other stakeholders.

The value of the 'at target' number of Performance Shares shall be 40% of the annual base fee at the start of the performance period with a bandwidth of 30% - 50% taking into account the value of a fully paid ordinary share in the capital of the Company at the start of the performance period.

A three year performance period applies. On an annual basis, performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year with respect to the three year performance period. With respect to the financial year 2020, the performance conditions will be set by the Supervisory Board as soon as possible after this Remuneration Policy is adopted. The performance conditions will be determined by the Supervisory Board in its sole discretion in accordance with the Remuneration Policy and will be based on financial performance (65%-70%) and non-financial performance (30%-35%).

Dependent on the actual achievement of these performance criteria after the three year performance period and, generally, subject to continued engagement, the Managing Directors will be granted an unconditional award of Performance Shares. By taking into account this period of three years, it is ensured that the long-term incentive arrangement contributes to the Company's strategy, the long-term interests of the Company and sustainability of the Company.

With respect to the financial performance conditions, the Supervisory Board will select a minimum of two (2) conditions for all members of the Management Board such as, but not limited to: (i) revenue growth, (ii) Adjusted EBITDA / profitability, (iii) ROI, (iv) average financial growth (v) and total shareholder return.

With respect to non-financial performance conditions, the Supervisory Board will select a maximum of five (5) indicators for all members of the Management Board that are derived from or linked to the five year business plan of the Company, reflecting the Company's long-term strategy such as, but not limited to: (i) safety score, (ii) customer satisfaction, (iii) footprint reduction and CO2 emissions, (iv) use of energy, (v) diversity, (vi) pricing strategy, (vii) internationalisation, (vii) procurement, (viii) W/C management and (ix) new product introductions.

The actual financial and non-financial performance conditions will be set taking into account the strategy of the Company taking into account the long term interests. As such, these conditions are closely linked to enhancing the sustainable performance of the Company and long-term value creation.

For the selected performance conditions, the Supervisory Board will annually define the performance ranges, i.e. the values below which no pay out will occur (threshold performance), the 'at target' value and the maximum at which the pay-out will be capped.

In case the Performance Shares are unconditionally granted to the Managing Directors, the Managing Directors will be required to hold such granted Performance Shares for an additional period of one year, subject to any sales required in order to meet tax liabilities.

For the financial years following the financial year 2020, the Supervisory Board shall have the full discretion to determine the applicable performance assessment (including weighting), taking into account this Remuneration Policy.

The applicable leaver treatment and change in control provisions are set forth in the terms and conditions of the Rules of the Long Term Incentive Plan for Managing Directors, as approved by the General Meeting.

5.5 Pensions and other benefits

The CEO and the CFO are eligible to participate in the Company's pension scheme similar to the other employees of the Company in the Netherlands, i.e. the *CAO Pensioen van de Metalektro*. In addition, the CEO and the CFO are eligible for other pension related benefits, such as old-age and life insurance, as determined by the Supervisory Board from time to time.

The Company may provide a company car to the Managing Directors and the Company may also pay the premiums of a medical insurance of the Managing Directors in line with their current management agreements.

Apart from their remuneration, Managing Directors shall be reimbursed for all reasonable costs incurred with the consent of the CEO, or, with respect to the CEO, incurred with the consent of the vice-chairman of the Supervisory Board. The Company will arrange for and pay a directors and officers (D&O) liability insurance for the Managing Directors.

The Company and any of its subsidiaries shall not grant personal loans, guarantees or the like to Managing Directors except within the framework of its usual business operations, on conditions which apply to all employees and with the approval of the Supervisory Board.

Loans to the Managing Directors are not remitted.

5.6 Outstanding share awards

Within the context of the initial public offering of the shares in the capital of the Company, certain depositary receipts held by the Managing Directors have been converted into ordinary shares in the capital of the Company. These ordinary shares held by the Managing Directors are subject to lock-up restrictions. The ordinary shares transferred to the Managing Directors are released from the lock-up restrictions as follows: 60% of the ordinary shares were unconditionally released from the lock-up restrictions on 22 March 2019, 20% of the ordinary Shares will be unconditionally released from the lock-up restrictions on 22 March 2020, and the remaining 20% of the ordinary shares will be unconditionally released from the lock-up restrictions on 22 March 2021, generally, in each case on the condition that the relevant Managing Director continues to be employed or engaged by the Company on these dates.

6. ADJUSTMENT TO VARIABLE REMUNERATION AND CLAWBACK

The Remuneration Policy is intended to provide for an attractive, market competitive remuneration package where sustainable performance is delivered. Reward for failure should in all cases be avoided. For the Managing Directors this means that the Supervisory Board has the discretionary authority to adjust actual pay-outs under both the short-term incentive and the long-term incentive, if any, where the outcomes are not considered a fair representation of actual performance delivered, in line with article 2:135 of the Dutch Civil Code.

Furthermore, where pay-outs have been made based upon incorrect financial and other data, the Supervisory Board has the discretion to decide to claw-back any pay-outs made or shares delivered under the incentives schemes, if any, in line with article 2:135 of the Dutch Civil Code.

If a variable remuneration component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board have the power to adjust the value downwards or upwards, in line with article 2:135 of the Dutch Civil Code.

7. AGREEMENTS WITH THE MANAGING DIRECTORS

The CEO and CFO have a management agreement with the Company. The management agreements are entered into for an indefinite term and contain a notice period of three (3) months for the Managing Director and six (6) months for the Company. The Company can also terminate the management agreement immediately with a payment in lieu of notice.

In addition to the notice period, the management agreement of the CEO contains a contractual severance clause pursuant to which, in case of termination at the initiative of the Company or the General Meeting for a reason other than – among others – culpable behaviour on the side of the Managing Director, the Managing Director is entitled to a severance payment equal to one annual base fee.

In addition to the notice period, the management agreement of the CFO contains a contractual severance clause pursuant to which, in case of termination at the initiative of the Company or the General Meeting for a reason other than – among others – culpable behaviour on the side of the Managing Director, the Managing Director is entitled to a severance payment calculated as follows: A * B, where A stands for average years of service (years of service until the age of 40: factor 1; years of service until the age of 50: factor 1,5 and years of service as of the age of 50: factor 2) and B stands for the monthly base fee with a maximum equal to a one annual base fee.

Any severance or compensation granted by a court in relation to termination of the management agreement of the CEO or the CFO shall be deducted from the severance payment.

8. REMUNERATION OF THE SUPERVISORY DIRECTORS

The individual remuneration of the Supervisory Directors is determined by the General Meeting. The remuneration for Supervisory Directors is set at a level which is considered appropriate to attract individuals with the necessary international experience and ability to make an important contribution to the Company's group's affairs. The remuneration is set taking into account the level of responsibility of each Supervisory Director and fees paid by other companies of a similar size and complexity.

Supervisory Directors will not receive any variable remuneration such as Performance Shares and/or rights to Performance Shares.

The compensation for the chairman of the Supervisory Board has been set at €50,000 per year and the compensation for Mr E.Q. van der Arend has been set at €30,000 per year. Mr D.W.E. Riefel is employed by Infestos Nederland B.V. and does not receive compensation for his Supervisory Board activities. In case of an appointment of a new member of the Supervisory Board, not being the chairman, the compensation for such new member can be set at a maximum of €40,000 per year.

9. AGREEMENTS WITH THE SUPERVISORY DIRECTORS

Each Supervisory Director has entered into a service agreement with the Company, for a definite period of four years, effective as of 22 March 2018. The agreements are governed by Dutch law. The Supervisory Directors do not have any severance arrangements with the Company. The service agreements shall terminate by operation of law, without notice being required, on the earlier of (i) four years of 22 March 2018 on the date of the annual General Meeting in 2022; and (ii) the date on which the Supervisory Director's membership of the Supervisory Board terminates for whatever reason.