

EXPLANATORY NOTE TO AGENDA AGM 2023

Date: 4 January 2023

AGM agenda item: Remuneration Policy of the Supervisory Board

Alfen's Remuneration Policy for the Supervisory Board has been in place since the Company's listing in 2018. This Policy was again, without any changes, submitted to and approved by the Annual General Meeting ('AGM') of 8 April 2020. Toward the end of last year, the Supervisory Board has evaluated the Policy, as the Company has grown exponentially.

Since the listing sales, staff numbers and market capitalization have increased significantly. The rapid growth continues while the company is expanding internationally. The task and responsibility of the Supervisory Board and the time spent by its members has increased accordingly.

In response to this development, the Supervisory Board has decided to strengthen its organization. It nominated a fourth member who was appointed at the EGM of 21 November 2022. For future replacements, preference goes out to a non-Dutch member that can support the Company in its international expansion from an outside perspective.

Furthermore, upon approval of the AGM, the Supervisory Board will install two committees that will prepare decision making on matters of audit and HR (selection, appointment & remuneration). The committees will improve the effective execution of the Board's task, with an extra demand on the coordinating capacity of its chair.

In the evaluation, the Supervisory Board compensation level at Alfen has been compared to that of a reference group of Dutch listed companies of comparable size. This benchmark shows that current compensation is below the median reference point. The Supervisory Board now proposes to raise the fees to this median level. Based on this intention, the new Remuneration Policy sets the following fixed annual fees:

- A base fee for the chair that is raised by 10% to EUR 55,000, while the base fee for member remains unchanged at EUR 40,000, in recognition of the intensified coordinating task of the chair and to raise the ratio between chair and member compensation toward the median ratio among peers;
- Introduction of committee fees of EUR 7,000 for the chair and EUR 5,000 for members of both the Audit and HR committee;
- Introduction of a travel fee of EUR 5,000 for any member who resides abroad, as compensation for the extra time he or she spends on attending SB or committee meetings cross-border.

The full text of the proposed Remuneration Policy for the Supervisory Board is presented on the Company website www.ir.alfen.com. If and when the Policy is approved by the AGM, it will come into force as of 1 April 2023.