

## SUMMARY OF ESSENTIAL ELEMENTS OF THE AGREEMENTS WITH THE MANAGEMENT BOARD

### Introduction

During the annual general meeting of shareholders of Alfen N.V. (the **Company**) on 8 April 2020 the shareholders adopted (i) the Company's amended remuneration policy with effect of 1 January 2020 (the **Remuneration Policy**) and (ii) the long-term incentive plan for the management board. In conformity with paragraph 3.4.2 of the Dutch Corporate Governance Code, the essential elements of the agreements between the Company on one side and Mr. M. Roeleveld and Mr. J. van Rossen on the other side will be summarized below.

### Fixed remuneration

As the shareholders have adopted the new remuneration policy as from 1 January 2020, the fixed gross remuneration will be:

	Annual base fee as per 1 January 2020	Annual base fee as per 1 January 2021
M. Roeleveld, CEO	€320,000	€356,000
J. van Rossen, CFO	€242,000	€277,000

### Pension

Mr. Roeleveld and Mr. van Rossen will participate in the pension scheme of the industry wide pension fund for Metalekro, whereby the pensionable compensation is capped in line with the Dutch fiscal regime.

### Notice period

The management agreements for Mr. Roeleveld and Mr. van Rossen are entered into for an indefinite term. The notice period for Mr. Roeleveld and Mr. van Rossen is three months and for Alfen N.V. six months.

### Severance payment

The severance payment for Mr. Roeleveld and Mr. van Rossen is set at a maximum of one year's gross compensation.

### The variable remuneration

The variable remuneration consists of a short term incentive ("STI") and a long term incentive ("LTI").

STI Plan Summary:

- The STI allows Managing Directors to receive annual awards in cash;
- The 'at target' amount of the STI is 10% of the annual base fee with a bandwidth of 5-15%;
- A one year performance period applies.

LTI Plan Summary:

- The LTI allows Managing Directors to receive annual conditional awards of performance shares, i.e. fully paid ordinary shares in the capital of the Company;
- The value of the 'at target' number of performance shares is 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;
- Dependent on the actual achievement of the performance criteria after the three years 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, an additional holding period applies for one year.

The Performance targets are as follows:

As regards the STI, the Remuneration Policy states that with respect to the:

- (1) financial performance, the Supervisory Board will select a minimum of two (2) conditions for all members of the management board of the Company (the **Management Board**) such as, but not limited to: (i) revenues and other income, (ii) Adjusted EBITDA, (iii) ROI and (iv) working capital; and
- (2) 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, (viii) procurement, (ix) W/C management and (x) new product introductions.

As regards the LTI, the Remuneration Policy states that with respect to the:

- (1) 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 and other income, (ii) Adjusted EBITDA / profitability, (iii) ROI, (iv) average financial growth (v) and total shareholder return.
- (2) 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, (viii) procurement, (ix) W/C management and (x) new product introductions.

The actual financial and non-financial performance conditions will be set by the Supervisory Board annually taking into account the strategy 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.

The following selection of performance targets has been made by the Supervisory Board for the STI and LTI grant for the financial year 2020.

<b>STI performance KPI's 2020 for the CEO</b>	
Financial performance conditions	(i) Revenues and other income (ii) Adjusted EBITDA
Non financial performance conditions	(i) New product introductions (ii) Footprint reduction and CO2 emissions

<b>STI performance KPI's 2020 for the CFO</b>	
Financial performance conditions	(i) Revenues and other income (ii) Adjusted EBITDA
Non financial performance conditions	(i) Procurement (ii) W/C management

<b>LTI performance KPI's 2020 for the CEO and CFO (i.e. under the long-term incentive plan)</b>	
Financial performance conditions	(i) Revenues and other income (ii) Adjusted EBITDA percentage
Non financial performance conditions	(i) Internationalisation (ii) Safety score (iii) Footprint reduction and CO2 emissions