

Remuneration report

Remuneration policy

In accordance with Article 7:89/1 of the Belgian Code of Companies and Associations and the 2020 edition of the Belgian Code of Corporate Governance, Azelis Group NV has established a remuneration policy applicable to the remuneration of Board members (executive and non-executive directors) and members of the Executive Committee. Azelis' remuneration policy has been applicable since the financial year starting on January 1, 2022 and has been approved by its remuneration and nomination committee on March 7, 2022 and by its board of directors on March 8, 2022. It is envisaged that Azelis' board of directors will submit Azelis' remuneration policy to the annual general shareholders' meeting to be held on June 9, 2022 for approval.

The policy is intended to be applicable for four years from the date on which approved by the Board of Directors, unless the Remuneration Committee seeks approval for material changes before then. The remuneration policy shall be made public on Azelis' website and shall remain accessible at least during the period in which the remuneration policy is applicable.

Objectives of the remuneration policy

- Support the achievement of the Azelis business strategy by enabling the recruitment, retention and motivation of Directors and Executive Committee members of the calibre necessary to execute strategy for the benefit of all stakeholders.
- Balance the need to create long term sustainable growth in company value while keeping a strong focus on short-term financial results to drive appropriate behaviours.
- Provide remuneration levels that are competitive relative to companies similar in size, sector and complexity and that also reflect the level of responsibility and competency of the individual.
- Provide for higher levels of remuneration only if stretching Group, divisional and personal performance targets are achieved that have a clear link to strategy, and sustainable value creation.
- Align the interests of Directors and Executive Committee members with shareholders by partly rewarding Executive Committee members in shares and requiring both Directors and Executive Committee members to build up and maintain a shareholding.
- Support the achievement of environmental, societal and governance related objectives by linking remuneration policy and levels of remuneration to stakeholder interests.
- Align with both best practices and market practice while providing an appropriate level of flexibility to ensure the Remuneration Committee can respond to business needs as they arise.

Remuneration of the Board of Directors

Azelis Group NV's directors are remunerated in line with the Remuneration Policy of Azelis Group NV. The remuneration of the Non-Executive Directors takes account of their role as a Board Member or Chair of the Board and their associated responsibilities and time commitment.

Each independent non-executive director receives a fixed annual fee wholly in cash with expenses reasonably associated with attending board meetings reimbursed by the company. There is no automatic adjustment of the fixed fee level. Independent non-executive directors do not receive any variable remuneration linked to results or other performance criteria.

The remuneration of the independent non-executive Directors was last reviewed by the Shareholders' Meeting dated September 10, 2021 and defined as follows:

- Director fee: annual fee of €70,000 gross; and
- Additional fee applicable to the chair: annual fee of €30,000 gross.

There is no additional fee for committee membership.

The non-executive directors do not receive any part of their remuneration in the form of shares, as the interests of the non-executive members of the Board of Directors are currently considered to be sufficiently oriented to the creation of long-term value for the Company.

Independent non-executive directors, however, are required to build-up and maintain a shareholding equal to the value of their fixed annual fee within a period of 5 years. This requirement is effective January 1st, 2022 and must be reached over a period of 5 years.

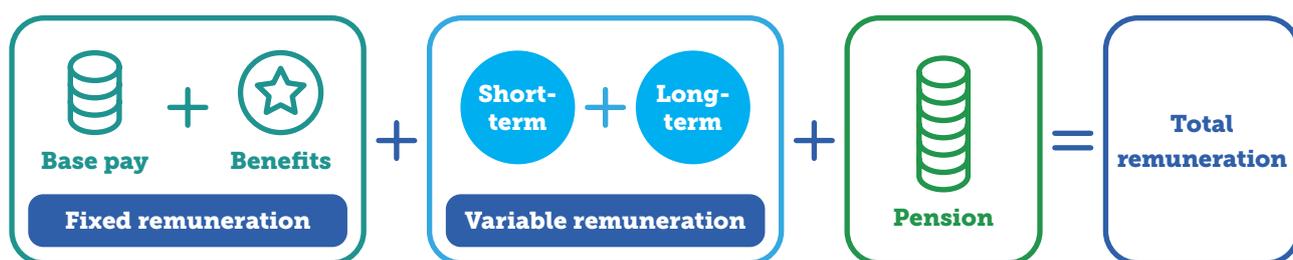
Remuneration of the Executive Committee

Remuneration structure

The Board of Directors, upon recommendation of the Remuneration Committee, determines the level and structure of the remuneration of the CEO, CFO and other Executive Committee members.

Levels of remuneration are reviewed regularly to assess their competitiveness compared to companies similar in size, sector and complexity along with the pay and conditions of Azelis employees. There is no automatic adjustment of remuneration levels and the remuneration policy seeks to closely align the interests of the CEO, CFO and other Executive Committee members with shareholders by rewarding partly in company shares.

The total remuneration packages for CEO, CFO and other Executive Committee members consists of the following key elements:



Base pay

Base pay is set at a level to attract and retain qualified and competent individuals considering levels of pay for similar roles in similar companies, the responsibilities of the role, the experience of the individual and their performance in role. The Remuneration Committee may propose annually or otherwise to the Board of Directors an increase in base pay along with a reason for the proposal. Any increase shall ordinarily be in line with increases for employees in the country in which the executive is based although may be higher to reflect, for example, a change in role, responsibilities or individual performance.

Benefits

Azelis provides benefits that are consistent with local market practices and that are necessary to recruit and retain qualified and competent individuals. Executive Committee members, apart from those operating via a Management Company or a self-employed basis, are eligible for various benefits. Benefits offered may include, but are not limited to, the following:

- Company car with fuel card or car allowance
- Health or hospitalization insurance
- Representation allowance

Variable remuneration: Short-term variable pay

Short-term variable pay supports key annual priorities in line with overall company strategy, with a strong focus on short-term financial performance and rewarding behaviour that supports long-term sustainable value creation.

Short-term variable remuneration is contingent on both collective performance targets (at Group and regional level for positions with a regional scope) and individual performance targets. Group and regional targets are all quantitative and financially orientated.

Actual short-term variable remuneration is determined based on achievement against performance targets set at the beginning of each financial year.

CEO, CFO and the other Executive Committee members receive short-term incentives in cash with a target opportunity of 100% of the annual base salary, capped at 150% of the target. This cap applies as from the short-term incentive (STI) plan 2022. Until December 31st, 2021 the STI plan was uncapped for all participants (senior managers of the group including members of the Executive Committee).

This cash bonus is dependent on achievement of Group EBITA (with a focus on organic growth), cash flow and individual performance. Wherever relevant, regional EBITA and working capital will also be taken into account.

The pay-out is zero if threshold performance is not met.

The STI plan consists of the following performance components:

- Group Performance is measured in terms of group EBITA and net debt, actual vs. budget. The group performance has a dual role:
 - it determines the total amount of short-term variable remuneration to be paid out and distributed among all participants
 - it is one of the three STI components whose payout percentage is the baseline for the calculation of all STI plan components
- Organisational Performance Region (Americas or EMEA or Asia Pacific) is measured in terms of regional EBITA and working capital, actual vs. budget.
- Individual Performance is measured against non-financial, quantitative objectives.

Eligible STI plan participants	Group performance – weight	Regional performance (EMEA / Americas / Asia Pacific) – weight	Individual performance – weight
CEO, CFO	80%		20%
Other Executive Committee members	40%	30% = EBITA EMEA / Americas / Asia Pacific 10% = GWC* EMEA / Americas / Asia Pacific	20%

*Gross working capital

The Board of Directors is responsible for approving performance targets and reviewing performance against them considering any feedback from the Remuneration Committee and in the case of the CFO and each other member of the Executive Committee the views and recommendations of the CEO.

Short-term variable remuneration is payable wholly in cash before the end of the second quarter of the financial year following the performance year, once audited results are available and subject to final approval of the Remuneration Committee. There is no deferral of payment.

Variable remuneration: Long-term variable pay

Long-term variable pay supports the policy objective of creating long term sustainable growth in value by rewarding for achievement of long-term performance goals and aligning the interests of the CEO, CFO and other Executive Committee members with those of shareholders by rewarding in Azelis shares.

Up to December 31, 2021 Azelis did not operate a long-term incentive plan ("LTIP"). The non-executive directors and members of the Executive Committee, namely Thijs Bakker, Frank Bergonzi, Anna Bertona, Alexandra Brand, Jürgen Buchsteiner, Hans Joachim Müller, Laurent Nataf, Ipek Özsüer and Antonio Trius, together with certain other employees or consultants of the Group held shares of Akita Topco S.à r.l. and became shareholders of Azelis Group NV immediately prior to the closing of the Initial Public Offering.

On September 10, 2021, an extraordinary Shareholders' Meeting of the Company approved the proposal to set up a long-term incentive plan for employees, Directors, members of the Executive Committee or self-employed managers of a Group member.

Effective January 1, 2022 the CEO, CFO and other Executive Committee members are eligible to participate in the new LTIP which involves the grant of an award of a specified number of Azelis shares. The awards will be subject to a vesting period of at least three years, i.e. the shares will only be delivered if performance targets are met which are measured over a three-year performance period. The targets and assessment of performance against them is determined by the Board, on recommendation by the Remuneration Committee.

Although a target number of shares (performance shares) is awarded at grant, at the end of the three-year performance period the target number of performance shares to be delivered may be adjusted up or down depending on the actual level of performance achieved.

Performance will be measured against objectively measurable key performance indicators (both financial and non-financial) that reflect the performance of Azelis as a whole. For initial awards, three metrics are operated in the LTI plan:

1. Total Shareholder Return (TSR) relative to a peer group – 50% weighting
2. EBITA – 35% weighting
3. ESG Metric; Scope 1 and Scope 2 CO₂ reduction – 15% weighting

At the end of the three-year performance period, outcomes are evaluated and assessed against the targets. Targets are communicated at the time of awards and will broadly vest as follows:

- Below threshold: The number of shares vesting shall be zero for below-threshold performance.
- Between threshold and target: The number of shares vesting shall increase on a pro-rata basis from zero to the number of shares granted.
- At-target performance: The number of shares awarded at date of grant will fully vest.
- Above-target performance: The number of shares awarded at date of grant that vest will increase on a pro-rata basis and in accordance with realized performance, with a maximum of 150% in case of maximum performance.

Should long-term variable remuneration be payable, vesting date for the awards is expected to be before the end of the second quarter of the financial year following the end of the performance period, once audited results are available and subject to final approval of the Board, on recommendation by the Remuneration Committee.

The target opportunity for the CEO, CFO and other Executive Committee members is up to 100% of base pay whereas the maximum is 150% of the target award.

During the performance period participants have no right to receive dividends in respect of the performance shares. However, should the relevant performance targets be achieved then the Board, on recommendation from the Remuneration Committee may determine that the number of shares due to the participant is increased by an amount equivalent to the dividends the performance shares would have received during the performance period. This may also be made as a cash payment.

Pension

Azelis provides market competitive pension plans in line with local market practice and those available to employees. Executive Committee members, apart from those operating via a Management Company or on a self-employed basis, are entitled to receive pension benefits.

Amount of compensation paid and other benefits granted directly or indirectly to the Chief Executive Officer, the Chief Financial Officer and the other Members of the Executive Committee

Name, position	Fixed remuneration / Salary	Variable remuneration		Total direct compensation	Extraordinary items (2)	Benefits		Total remuneration	Proportion of fixed and variable remuneration	
		Annual variable pay based on 2021 results	Equity-based compensation 2021 (1)			Pension	Other benefits (3)			
Dr. Hans Joachim Müller, CEO	560,155	1,046,570	–	1,606,725	–	–	127,776	1,734,501	F V	40% 60%
Thijs Bakker, CFO	386,386	676,710	–	1,063,096	99,567	25,909	47,652	1,236,224	F V	37% 63%
Other members of the Executive Committee (Frank Bergonzi, CEO Americas / Anna Bertona, CEO EMEA / Laurent Nataf, CEO Asia Pacific)	1,098,228	2,352,268	–	3,450,496	81,111	39,786	608,044	4,179,438	F V	42% 58%
Total	2,044,769	4,075,548	–	6,120,317	180,678	65,695	783,472	7,150,162		

(1) Not applicable: Effective 1 January 2022 the CEO, CFO and other Executive Committee members are eligible to participate in a long-term incentive (LTI) plan which involves the grant of an award of a specified number of Azelis shares (performance shares).

(2) Effective 30/09/2021 the employment relationships with Mr. Thijs Bakker and Ms. Anna Bertona were terminated by mutual consent. Effective 01/10/2021, service agreements were put in place with the management companies of Mr. Bakker and Ms. Anna Bertona. These costs are related to the out-of-service payments made upon employment termination. No redundancy payments were made.

(3) Long-term benefits (e.g. death-in-service, disability insurance, medical benefits, private health insurance, etc.) and benefits in kind (e.g. company vehicle, meal vouchers, other vouchers, tax assistance, tuition / school fees, club / association fees, etc.)

Short-term incentive granted for performance year 2021 granted to the Chief Executive Officer, the Chief Financial Officer and the other Members of the Executive Committee

Name, position	Target STI percentage 2021 (% of gross base pay)	Performance metrics and target weights		Payout by performance metric and total (EUR)		
Dr. Hans Joachim Müller, CEO	100%	Weight group performance metric	80%	Group performance metric – Payout	837,256	
		Weight individual performance metric	20%	Individual performance metric – Payout	209,314	
		Total payout				1,046,570
		STI payout – Actual vs target				186.8%
Thijs Bakker, CFO	96.25% (1)	Weight group performance metric	80%	Group performance metric – Payout	541,368	
		Weight individual performance metric	20%	Individual performance metric – Payout	135,342	
		Total payout				676,710
		STI payout – Actual vs target				186.8%
Other members of the Executive Committee	98.75% (2)	Weight group performance metric	40%	Group performance metric – Payout	815,523	
		Weight regional performance metric	EBITA	10%	Regional performance metric – Payout (EBITA and GWC combined)	1,128,983
			30%			
		Weight individual performance metric	20%	Individual performance metric – Payout	407,762	
		Total payout				2,352,268
STI payout – Actual vs target				215.2%		

(1) 9 months at 100%, 3 months at 85%

(2) CEO and President Americas: 100%, CEO and President EMEA: 9 months at 100%, 3 months at 85%, CEO and President Asia Pacific: 100%

Share-based payment awarded to the Chief Executive Officer, the Chief Financial Officer and the other Members of the Executive Committee

In 2021 no share-based payment was awarded to the Chief Executive Officer, Chief Financial Officer and other members of the Executive Committee.

Other quantitative information

Comparative information on the evolution of compensation and company performance

Remuneration in EUR	2017	2018	2019	2020	2021
Remuneration of the Board	200,016 (1)	203,617 (2)	257,500 (3)	240,000 (4)	240,000 (5)
Remuneration of the CEO, Dr. Hans Joachim Müller	1,153,794	1,309,271	1,093,272	1,415,687	1,734,501
Remuneration of the CFO, Thijs Bakker	546,149	680,675	646,606	882,314	1,236,224
Remuneration of the other members of the Executive Committee F. Bergonzi, CEO Americas / A. Bertona, CEO EMEA / L. Nataf, CEO Asia Pacific	2,331,248	2,898,281	2,527,990	3,147,825	4,179,438
Total remuneration	4,231,207	5,091,844	4,525,368	5,685,826	7,390,162
Azelis performance (in € thousands)					
Adjusted EBITDA (6)	116,247	137,326	178,475	207,175	287,824
Adjusted EBITA (6)	112,650	133,493	163,340	189,553	267,922
Net profit	-38,583	-21,551	47,978	71,012	70,225

(1) Independent non-executive Directors 2017: Antonio Trius (12 m.), Mario Preissler (12 m.), Michael Roney (12 m.)

(2) Independent non-executive Directors 2018: Antonio Trius (12 m.), Mario Preissler (10 m.), Michael Roney (10.3 m.), Kees Verhaar (2 m.), Jürgen Buchsteiner (2 m.)

(3) Independent non-executive Directors 2019: Antonio Trius (12 m.), Kees Verhaar (6 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (9 m.)

(4) Independent non-executive Directors 2020: Antonio Trius (12 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (12 m.)

(5) Independent non-executive Directors 2021: Antonio Trius (12 m.), Jürgen Buchsteiner (12 m.), Alexandra Brand (12 m.), Ipek Ozsuer (6 m.: the relevant Director fee will be invoiced in 2022)

(6) From 2017 until 2019, the STI bonus was based on Adjusted EBITDA performance. As from 2020, driven by the application of IFRS 16, Adjusted EBITA is the main performance measure for the STI bonus.

The remuneration of the independent non-executive directors ('Remuneration of the Board') does not include travel and other expenses reimbursed by Azelis Group NV for meetings related to their Board and Board Committee mandates.

The ratio between the highest remuneration of a member of the Executive Committee (CEO) and the lowest remuneration of an employee of Azelis Group NV in 2021 is 28.7 (in full-time equivalent).

Other information

Minimum number of shares to be held

In line with provision 7.9 of the 2020 Belgian Code on Corporate Governance, the Board has set a minimum threshold of shares to be held by the CEO, CFO and each other member of the Executive Committee as follows:

- The CEO is required to build and maintain a holding of shares equal in value to 200% of base pay;
- Each other member of the Executive Committee is required to build and maintain a holding of shares equal in value to 100% of base pay.

This requirement is effective January 1st, 2022 and must be reached over a period of 5 years. It will apply to all current and future appointments to the Executive Committee.

Severance pay

All agreements with the CEO, CFO and other Executive Committee members are for an indefinite period.

On termination of the employment of the CEO, CFO or another member of the Executive Committee, the termination terms are determined as follows:

- The service agreement of the Chief Executive Officer may be terminated by either party observing a notice period of twelve months to the end of a calendar month. In addition, in case of termination by Azelis, the Chief Executive Officer is entitled to receive a redundancy payment in the amount of one month's

gross base pay per each completed year of service upon the effective termination of the service agreement, provided Azelis has not terminated the agreement by cause. The side agreement to the service agreement of the Chief Executive Officer, pursuant to which the Chief Executive Officer is also providing services at the premises of Azelis Corporate Services NV in Belgium, can be terminated by Azelis at the end of a month with a notice period of one month. Termination of the service agreement of the Chief Executive Officer does not automatically result in the termination of the side agreement.

- The CEO & President Americas, a member of the Executive Committee, is an at-will employee who, in case of termination by Azelis without "cause" or by the employee for "good reason," subject to the execution of a release of claims in favor of Azelis, will be entitled to receive accrued and vested benefits under Azelis' employee benefit plans, continued pay for a period of 24 months following termination, payable in accordance with the Azelis' payroll practices, and a pro rata annual bonus for the year of termination based on actual results for such year.
- The CEO & President Asia Pacific, a member of the Executive Committee, is in case of termination by Azelis without "cause" entitled to a notice period of six months and severance pay equal to the annual gross base salary, and to an amount equal to the *indemnité légale de licenciement* as calculated in accordance with applicable French law.
- The other members of the Executive Committee (i.e., the Chief Financial Officer and the CEO & President EMEA) are subject to a management agreement that may be terminated by either party observing a notice period of six months. In case of termination by Azelis with immediate effect, they are entitled to receive a lump sum termination fee equal to six months of the fixed fee paid pursuant to their management agreement.

Restrictive covenants

The members of the Executive Committee are each bound by post-termination non-compete clauses.

- The Chief Executive Officer of the Group is bound by a post-termination non-compete clause that has a term of twelve months after effective termination of the service agreement for all countries where Azelis carries out its business. During this twelve-month period, the Chief Executive Officer is entitled to compensation in the amount of one-twelfth of 50% of his annual base gross salary per month, except if the application of the non-compete clause is waived by Azelis giving six months' notice at any point during the employment agreement, in which case the obligation to pay compensation would end six months after the declaration of the waiver.
- The CEO & President Asia Pacific is bound by a post-termination non-compete clause that has a term of twelve months after effective termination of the employment agreement for all countries where Azelis carries out its business in the Asia Pacific region. During this twelve-month period, the CEO & President Asia Pacific is entitled to compensation in the amount of one-twelfth of 50% of his annual base gross salary and selected allowances for each month of the duration of the non-compete period, except if the application of the non-compete clause is waived by Azelis, which waiver would take immediate effect, at any point during the term of the employment agreement.
- The term of the post-termination non-compete period for the CEO & President Americas is 24 months after effective termination of his service agreement, while
- The Chief Financial Officer and the CEO & President EMEA are each bound by post-termination non-compete clauses that have a term of twelve months after effective termination of their management agreement.

In respect of variable pay, to receive short-term variable pay participants must provide services to the Group and not be serving notice. Good and bad leaver vesting provisions consistent with market practice are in place for the LTI plan.

Possibility to reclaim variable remuneration

The Company has the right to claim, during a period of three years from the date of the payment, the reimbursement of undue amounts paid on the basis of erroneous results that were subsequently adjusted or corrected.

Info on any deviation from the remuneration policy

By law, certain restrictions apply to the remuneration of the Chief Executive Officer and the members of the Executive Committee. Variable remuneration can only be paid to the Chief Executive Officer and the members of the Executive Committee if the performance criteria explicitly mentioned in the contractual or other provisions governing the relationship were met in the relevant period. If the variable remuneration constitutes more than 25% of the total annual remuneration package, at least 25% of the variable remuneration must relate to pre-determined and objectively measurable performance criteria deferred over a minimum period of two years, and at least another 25% must relate to such criteria deferred over a minimum period of three years (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception) (refer to article 7:91 of the BCCA). The Articles of Association authorize the Company to deviate from such rule, as allowed under the BCCA. Pursuant to the Corporate Governance Charter recommendation, short-term variable remuneration is subject to a cap.

