KENDRION N.V.

REMUNERATION POLICY
EXECUTIVE BOARD

ADOPTED AGM 15 APRIL 2024

EXECUTIVE BOARD REMUNERATION POLICY

1. General

The remuneration policy for the members of the Executive Board of Kendrion N.V. ("**Kendrion**") has been developed by the Supervisory Board and proposed for adoption to the general meeting of shareholders (the "**General Meeting**") in April 2023 and – in accordance with the commitment made during the General Meeting in April 2023 – subsequently in April 2024 to update the share ownership guideline described below. Following adoption by the General Meeting in April 2023 the remuneration policy has become applicable to (i) remuneration granted in the years 2024 up to and including 2027 – irrespective whether pay-outs and vesting of performance shares become due, occur or are made after 2027; and (ii) remuneration of Executive Board members reappointed by the General Meeting in 2023 as of the date on which the new term of office of such reappointed Executive Board member commences, it being understood that the share ownership guideline in this remuneration policy becomes effective upon adoption by the General Meeting in April 2024.

The Executive Board remuneration policy is evaluated at least once every four years by the Supervisory Board. The HR Committee of the Supervisory Board will continue to keep the Supervisory Board informed of relevant market and legislative developments in order to support the periodic evaluation of the remuneration policy and related decision-making.

2. Objectives

The remuneration policy serves to recruit and retain diverse, qualified, and experienced executives to deliver Kendrion's sustainable long-term value creation strategy. In addition, the remuneration policy aims to maintain an adequate link between pay and performance and appropriately align the interests of the members of the Executive Board with the interests of shareholders – and the interests of other stakeholders – and focus on the sustainable delivery of high performance over the long-term by stimulating share ownership whilst adhering to the applicable standards of good corporate governance.

Taking account of Kendrion's size (in terms of revenues, average market capitalisation, total assets, and number of FTE), its industrial market position, geographical scope and labour market competition, the companies included in the AScX Index on Euronext Amsterdam are defined as relevant reference group. Financial services, real estate and movies and entertainment companies are excluded from the reference group. Within the defined reference group, Kendrion is positioned around the median in terms of the average of the abovementioned parameters revenues, average market capitalisation, total assets, and number of FTE. The remuneration structure and level for the Executive Board is set around the median level relative to the reference group.

The remuneration policy does not contain variable incentives that may be detrimental to the responsibilities of the Executive Board in defining and achieving Kendrion's sustainable long-term value creation strategy.

3. Temporary deviations remuneration policy

In exceptional circumstances, the Supervisory Board can decide to temporarily deviate from the remuneration policy for members of the Executive Board. Exceptional circumstances mean circumstances in which a deviation is considered necessary to serve the long-term interests and sustainability of Kendrion or to otherwise ensure its viability.

Depending on the exceptional circumstances, the Supervisory Board can resolve to deviate from any or all of the four remuneration components included in the remuneration policy for members of the Executive Board.

When considering a temporary deviation from the remuneration policy, the Supervisory Board shall consider Kendrion's sustainable long-term value creation strategy, ongoing business and operational requirements as well as the financial situation of Kendrion. In addition, the temporary deviation considered should be assessed in light of the principles of reasonableness and fairness.

Upon having resolved a temporary deviation from the remuneration policy, the Supervisory Board will (i) cancel and withdraw all temporary deviations from the remuneration policy prior to the first annual General Meeting following the effective date of the deviation; *or* (ii) propose the necessary amendments to the remuneration policy for adoption during the first annual General Meeting following the effective date of the deviation.

Deviations from the remuneration policy will be reported in Kendrion's remuneration report.

4. Remuneration components

The remuneration policy for the members of the Executive Board consists of four components: a fixed base salary, a short-term variable remuneration, a long-term variable remuneration and other benefits such as a pension scheme and a car allowance or lease budget.

The sum of the fixed base salary, the short-term variable remuneration and the long-term variable remuneration for members of the Executive Board are considered appropriate in relation to: (i) the identity, the purpose, and values of Kendrion, (ii) the pay-ratios within Kendrion, (iii) the (international) context in which Kendrion operates and (iv) reasonable views of relevant stakeholder groups.

The variable remuneration components are subject to a maximum value determined in advance in accordance with the remuneration policy.

The Supervisory Board will carry out scenario analyses to assess that the pay-out level of variable remuneration components appropriately reflect performance.

5. Fixed base salary

Members of the Executive Board receive a fixed base salary, the amount of which is set around the median level relative to the relevant reference group referred to above in paragraph 2 (Objective) of this remuneration policy. The fixed base salary levels can be adjusted to be decided upon by the Supervisory Board, based on general market movement and inflation figures.

In addition to the above, any increase of the annual fixed base salary up to and around the prevailing median level relative to the relevant reference group referred to above in paragraph 2 (Objective), can be decided upon by the Supervisory Board and will not be regarded as an amendment to the remuneration policy.

6. Short-term variable remuneration

The short-term variable remuneration is payable in cash, the amount of which is based on the achievement of predetermined, specific, and measurable financial and non-financial driven performance criteria.

CEO	The short-term variable remuneration ranges from 0% to 90% of the annual fixed gross base salary of the CEO, with 60% being the target amount
CFO	The short-term variable remuneration ranges from 0% to 67.5% of the annual fixed gross base salary of the CFO, with 45% being the target amount

6.a Performance criteria

The performance criteria for the short-term variable remuneration are based on Kendrion's strategic intent to continuously grow revenue and profitability in a sustainable way, with a lean and

focused organisation, and to provide a safe and high-quality work environment to its employees. Supportive to Kendrion's strategic intent, the performance criteria for the short-term variable remuneration include financial and non-financial criteria.

The financially driven performance criteria determine 60% of the short-term variable remuneration and reflect the financial priorities of Kendrion. The remaining 40% of the short-term variable remuneration is determined by non-financially driven performance criteria and reflect sustainability/ESG ambitions and other priorities directly linked to Kendrion's strategic intent.

6.b Financial performance criteria

Each year the Supervisory Board selects at least three financial driven performance criteria from the list below with a view to incentivise delivery of financial priorities that support Kendrion's strategic and operational spearheads.

The Supervisory Board may allocate different weight percentages to the different financial performance criteria it selects for a particular year, provided a minimum weight of 10% shall apply to a financial performance criterion.

Financial performance criteria[1]
Net profit
Return on sales (ROS)
Return on investment (ROI)
Organic growth
Free cash flow
Revenue
EBITA
EBITDA

The performance incentive zone (threshold, target and maximum) for each financial performance criterion will be determined in advance by the Supervisory Board by reference to the strategic and operational spearheads for the respective performance year. No pay-out will be made for below threshold performance.

6.c Non-financial performance criteria

Each year the Supervisory Board selects a certain number of non-financial performance criteria derived from the strategic and operational spearheads for the respective performance year, which will in any event include performance criteria in the area of sustainability/ESG (i.e. environmental, social and/or governance criteria).

Achievement of each individual non-financial performance criterion will be measured by applying a binary scoring model. The amount of the pay-out for the achievement of non-financial performance criteria depends on the number of non-performance criteria achieved. A predefined step curve will be applied to calculate the pay-out between the achievement of the minimum threshold number of selected non-financial performance criteria and achievement of all selected non-financial performance criteria. No pay-out will be made for below threshold performance.

[1] *In each case excluding items that are generated outside the ordinary course of business and the amortization of intangibles arising on acquisitions or similar corporate events.*

6.d Investment of part of the short-term remuneration earned

Members of the Executive Board must invest at least 50% of the net amount of the pay-out of the short-term remuneration earned until the required ownership level has been reached as prescribed under the 'Share ownership guideline' described in paragraph 8 of this remuneration policy.

7. Long-term variable remuneration

The long-term variable remuneration component incentivises members of the Executive Board to focus on long-term sustainable value for shareholders and other stakeholders and to align the interests of the members of the Executive Board with the long-term interests of shareholders and other stakeholder groups.

The members of the Executive Board annually receive conditional performance shares. The conditional performance shares will vest upon achievement of performance measured over a performance period of three years, including the year in which the conditional performance shares are granted. Vested performance shares are restricted by a two-year holding period as of vesting.

7.a Target value – size of the award

The size of the award is defined as a percentage of the annual fixed gross base salary of the concerned Executive Board member as per the year in which the conditional performance shares are granted.

	Target value as per the year in which conditional performance shares are granted
CEO	60% of the annual fixed gross base salary of the CEO
CFO	50% of the annual fixed gross base salary of the CFO

The actual grant (i.e. the number of conditional performance shares) is determined by the percentage of the annual fixed gross base salary and calculated on the basis of the average share price during the fourth quarter of the year immediately preceding the year in which the conditional performance shares are granted.

7.b Performance incentive zone

	Performance incentive zone
CEO	Ranges from 0% to 90% of the annual fixed gross base salary of the CEO
CFO	The maximum opportunity for the long-term variable remuneration shall not exceed 150% of the target value of the CFO

7.c Performance measures

The vesting percentage of the performance shares is conditional upon the achievement of performance measured as:

Weight	Performance measure
40%	Relative total shareholder return (relative TSR)
40%	Basic earnings per share (EPS)

20%	Sustainability/ESG (i.e. environmental, social and/or governance)

7.d Relative TSR

To determine achievement of this performance measure, the relative TSR is measured, which means share price movements, including dividends and assuming dividends are reinvested. For the calculation of the relative TSR position, the reinvestment of cash dividend in fixed-income securities and the reinvestment of stock dividend in the relevant share applies.

The TSR performance of Kendrion is measured against the performance of 20 selected TSR peer companies included in Annex 1 (TSR Performance Peer Group). The TSR group of companies including Kendrion comes out at 21.

The position of Kendrion in the TSR performance peer group, upon expiry of the three-year performance period, determines the score for the relative TSR measure in accordance with the following performance incentive zone:

Ranking	1-3	4	5	6	7	8	9	10	11-21
Vesting	150%	137.5%	125%	112.5%	100%	83%	67%	50%	0%

The position of Kendrion in the ranking defines the vesting for this part of the conditional grant of shares.

The calculation to determine Kendrion's ranking shall be conducted by an external independent and reputable specialised firm designated by the Supervisory Board.

7.e EPS

EPS is disclosed in Kendrion's consolidated financial statements and is calculated by dividing the profit or loss attributable to shareholders of Kendrion by the weighted average number of shares outstanding during the relevant period, excluding ordinary shares purchased by Kendrion and held as treasury shares. Earnings are adjusted for changes in accounting principles during the performance period.

The Supervisory Board sets the performance incentive zone (threshold, target and maximum) annually by reference to the mid-term plan as approved by the Supervisory Board in the year of the grant date. Given that these targets are considered commercially sensitive, EPS targets and the achieved performance are disclosed in the Annual Integrated Report after expiry of the relevant three-year performance period.

The following performance incentive zone will be used to define the vesting for this part of the conditional grant of shares:

EPS	< Threshold	Target	Maximum
Vesting	0%	100%	150%

Vesting is linear between threshold performance and on-target performance and between on-target performance and maximum performance.

7.f Sustainability/ESG

The Supervisory Board will annually set a sustainability/ESG target that is aligned with Kendrion's sustainability ambitions.

The Supervisory Board sets the performance incentive zone (threshold, target and maximum) annually. The achieved performance will be disclosed in the Annual Integrated Report after expiry of the relevant three-year performance period.

The following performance incentive zone will be used to define the vesting for this part of the conditional grant of shares:

Sustainability/ESG	< Threshold	Target	Maximum
Vesting	0%	100%	150%

Vesting is linear between threshold performance and on-target performance and between on-target performance and maximum performance.

8. Share ownership guideline

An objective of the remuneration policy is to appropriately align the interests of the members of the Executive Board with the interests of shareholders by encouraging share ownership.

Kendrion applies a share ownership guideline for members of the Executive Board of 200% of the annual fixed gross base salary for the CEO and 100% of the annual fixed gross base salary for the CFO. This shareholding must be gradually built up with performance shares earned under the long-term incentive, although it is permitted to sell shares to finance taxes due at the date of vesting of the performance shares, and by purchasing shares with at least 50% of the net amount of the pay-out of the short-term incentive.

9. Policy in case of change of control

Unvested performance shares awarded shall be deemed vested as per the date of the change of control assuming on target performance, subject to: (i) pro rating to reflect the proportion of the normal performance period that has elapsed as per the date of the change of control, and (ii) the discretionary authority of the Supervisory Board to determine otherwise, should such deemed vesting of performance shares result in unreasonable or unequitable remuneration.

10. Adjustment and claw back

The Supervisory Board is authorised to adjust the amount of the short-term and long-term variable remuneration to an appropriate level should payment thereof result in unreasonable or unequitable remuneration. In addition, a so-called claw-back provision applies pursuant to which the Supervisory Board has the authority to recover in whole or in part short-term and long-term variable remuneration awarded to members of the Executive Board should it transpire that such variable remuneration was unjustifiably awarded on the basis of incorrect information.

11. Pension arrangement and other benefits

Members of the Executive Board participate in the defined contribution pension scheme. Kendrion N.V. will pay: (i) the cost of contributions for participation in the defined contribution scheme; (ii) the risk premium for the surviving dependents' pension (*nabestaandenpensioen*) and (iii) the cost of contributions for participation in the occupational disability insurance (including *WIA excedentverzekering*) (collectively the "Pension and Disability Insurance Contribution").

In addition, members of the Executive Board are entitled to an annual gross allowance to compensate for the loss of accrual of pension benefits as a result of the Dutch Wage Tax Act,

provided that the sum of the Pension and Disability Insurance Contribution and such annual allowance shall annually not exceed an amount of EUR 75,000. This amount may be adjusted based on market developments.

No schemes have been agreed for the voluntary early retirement of members of the Executive Board.

Kendrion maintains a car lease policy for members of the Executive Board. The lease budget (including fuel) is EUR 2,000 per month. Alternatively, members of the Executive Board are entitled to a monthly gross car allowance of EUR 2,000.

In addition, Kendrion pays a monthly expense allowance to members of the Executive Board of up to EUR 450, to cover costs that are not suitable for individual reimbursement.

The amount of the car allowance and the expense allowance are not included as a basis for calculation of the Pension and Disability Insurance Contribution, or any other (variable) remuneration or allowance, severance amount or benefit.

Kendrion has arranged for a directors' and officers' liability insurance. The costs for this insurance are for the account of Kendrion.

12. Other key elements management agreement

12.a Term and termination

Management agreements with members of the Executive Board are entered for a definite period of four years. The management agreement may be terminated with due observance of a notice period of six months. Kendrion is entitled to terminate the management agreement with immediate effect for cause (i.e. seriously culpable or negligent behaviour on the part of the Executive Board member).

12.b Termination fee

In the event of termination of the management agreement on Kendrion's initiative, the termination fee for members of the Executive Board shall not exceed 100% of the annual fixed gross base salary (i.e. excluding short-term and long-term incentive and other elements such as pension contributions).

The members of the Executive Board are not entitled to a termination fee if the contract is terminated for cause (i.e. seriously culpable or negligent behaviour on the part of the Executive Board member) or if the contract is terminated at the initiative of the Executive Board member.

Annex 1

(TSR performance peer group)

#	Company	Industry	Country	Market value (EUR x 1mln) *
1.	Schneider Electric SE	Electrical components	France	74,653
2.	Eaton Corporation plc	Diversified industrials	US	58,485
3.	Sensata Technologies Holding NV	Electronic equipment: gauges and meters	US	5,787
4.	Aalbers Industries NV	Electronic equipment: control and filter	Netherlands	4,006
5.	Emerson Electric Co	Electronic equipment: other	US	53,229
6.	Continental AG	Auto parts	Germany	11,272
7.	Schaeffler AG	Auto parts	Germany	1,057
8.	TKH Group NV	Electrical components	Netherlands	1,568
9.	Borg Warner Inc	Auto parts	US	8,831
10.	SKF AB	Metal fabricating	Sweden	6,096
11.	Phoenix Mecano AG	Machinery: industrial	Switzerland	320
12.	Grammar AG	Auto parts	Germany	158
13.	Regal Beloit	Electrical components	US	7,437
14.	IMI Plc	Electronic equipment: control and filter	UK	3,786
15.	Autoneum Holding AG	Auto parts	Switzerland	483
16.	Akwel	Auto parts	France	465
17.	Elringklinger AG	Auto parts	Germany	436
18.	VBG Group publ AB	Auto parts	Sweden	299
19.	Kongsberg Automotive ASA	Auto parts	Norway	253
20.	Sogefi SpA	Auto parts	Italy	112
	Identified possible replacements in case of delisting or other corporate events in respect of any of the above selected TSR peer companies			
	ABB Ltd	*Electrical components*	*Switzerland*	*55,833*
	VAT Group AG	*Electronic equipment: control and filter*	*Switzerland*	*7,681*
	Addtech AB	*Electrical components*	*Sweden*	*3,475*
	Incap Oyj	*Electrical components*	*Finland*	*501*
	Katek SE	*Electrical components*	*Germany*	*204*
	Freni Brembo SpA	*Auto parts*	*Italy*	*3,489*
	Vitesco Technologies Group AG	*Auto parts*	*Germany*	*2,185*
	JOST Werke AG	*Auto parts*	*Germany*	*788*
	hGears AG	*Auto parts*	*Germany*	*75*

* Per reporting date 31 December 2022