

# TERMS OF REFERENCE HR COMMITTEE

## ALFEN N.V.

Adopted by the Supervisory Board on 3 July, 2023

### 0. INTRODUCTION

- 0.1 These terms of reference have been drawn up by the Supervisory Board pursuant to clause 5.4 of the By-Laws of the Supervisory Board and best practice provision 2.3.3 of the Dutch Corporate Governance Code, subject to any deviations provided for in the comply-or-explain statement of the Company.
- 0.2 The HR Committee is a standing committee of the Supervisory Board. It is a combination of a Remuneration and a Nomination Committee.
- 0.3 Certain capitalised or uncapitalised terms used but not defined in these terms of reference have the meanings given to them in the By-Laws of the Supervisory Board and the List of Definitions attached to those By-Laws as Annex 1.

### 1. COMPOSITION

- 1.1 The HR Committee shall consist of at least 2 members. All members of the HR Committee must also be Supervisory Board members. More than half of the members of the HR Committee shall be independent within the meaning of clause 1.5 of the By-Laws of the Supervisory Board.<sup>1</sup>
- 1.2 The members of the HR Committee shall be appointed and may be replaced from their position at any time by the Supervisory Board. The Supervisory Board shall appoint one of the members of the HR Committee as chairman of the HR Committee.
- 1.3 The HR Committee shall not be chaired by the Chairman of the Supervisory Board or by a former Management Board member.<sup>2</sup>
- 1.4 The term of office of a member of the HR Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Supervisory Board as a whole and that of other committees from time to time.
- 1.5 The HR Director shall act as secretary to the HR Committee. The HR Director may delegate his duties, or parts thereof, under these terms of reference, to a deputy appointed by him in consultation with the chairman of the HR Committee.

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<sup>1</sup> Dutch Corporate Governance Code, best practice provision 2.3.4.

<sup>2</sup> Dutch Corporate Governance Code, best practice provision 2.3.4.

## **2. DUTIES AND POWERS NOMINATION PART OF THE HR COMMITTEE**

2.1 Within the HR Committee, the role of the Nomination Committee is fulfilled by the complete HR Committee and is charged with general HR matters and especially charged with the following:

- (a) to draft selection criteria and appointment procedures for Supervisory Board members and Management Board members;<sup>3</sup>
- (b) to assess at least once a year the size and composition of the Supervisory Board and the Management Board, and to make proposals for the Supervisory Board Profile;<sup>4</sup>
- (c) to assess at least once a year the functioning of individual Supervisory Board members and Management Board members, and report their findings to the Supervisory Board;<sup>5</sup>
- (d) to draft a plan for the succession of Management Board members and Supervisory Board members, that is aimed at retaining the balance in the requisite expertise, experience and diversity;<sup>6</sup>
- (e) to make proposals for (re)appointments of Management Board members and Supervisory Board members;<sup>7</sup>
- (f) to supervise the policy of the Management Board on the selection criteria and appointment procedures for senior management, including the members of the Executive Committee;<sup>8</sup>
- (g) to prepare the decision-making process of the Supervisory Board on the acceptance by a member of the Management Board of the membership of the supervisory board or of the position of non-executive director of a listed company;
- (h) to prepare the decision-making process of the Supervisory Board concerning any conflicts of interest that may arise in the acceptance by the Supervisory Board members of additional positions;
- (i) to periodically evaluate the Company's organizational structure and the composition of the Management Board, whereby themes like organizational design to deliver the strategy; integration of acquisitions, values, culture, diversity and data on employee motivation and engagement will be included;
- (j) to periodically review the progress and status of top talent management and development programs; and
- (k) to periodically review the succession plan of the Management Board, key positions and potential other critical roles.

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<sup>3</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part i.

<sup>4</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part ii.

<sup>5</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part iii.

<sup>6</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part iv and best practice provision 2.2.4.

<sup>7</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part v.

<sup>8</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, part vi.

- 2.2 In the conduct of their duties referred to in Clause 2.1, the Nomination Committee takes the diversity policy of the Company in consideration.
- 2.3 When exercising its duties regarding the composition of the Supervisory Board, the Nomination Committee shall observe the criteria on the composition of the Supervisory Board as laid down in clause 1 of the By-Laws of the Supervisory Board.
- 2.4 The Nomination Committee may only exercise such powers as are explicitly delegated to it by the Supervisory Board and may never exercise powers beyond those exercisable by the Supervisory Board as a whole.

### **3. DUTIES AND POWERS OF THE REMUNERATION PART OF THE HR COMMITTEE**

3.1 Within the HR Committee, the role of the Remuneration Committee is fulfilled by the complete HR Committee and is charged with general HR matters and especially charged with the following duties:

- (a) submitting a clear and understandable proposal to the Supervisory Board for the remuneration policy (which includes the severance pay) to be pursued for the Management Board members, whereby the following aspects should be considered in any event:<sup>9</sup>
- (i) the objectives for the strategy for the implementation of long-term value creation;
  - (ii) the scenario analyses carried out in advance;
  - (iii) the pay ratios within the Company and its affiliated enterprise;
  - (iv) the development of the market price of the shares;
  - (v) an appropriate ratio between the variable and fixed remuneration components; the variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  - (vi) if shares are being awarded, the terms and conditions governing this; shares should be held for at least five years after they are awarded; and
  - (vii) if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised; share options cannot be exercised during the first three years after they are awarded.
- (b) to make a proposal concerning the remuneration of the individual Management Board members; the proposal is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the

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<sup>9</sup> Dutch Corporate Governance Code, best practice provision 3.1.2.

scenario analyses that are carried out and the pay ratios within the Company and its affiliated enterprise;<sup>10</sup>

- (c) if the Management Board has resolved to establish an Executive Committee: to prepare the annual meeting between the Supervisory Board and the Management Board regarding the remuneration of the members of the Executive Committee who are not Management Board members;<sup>11</sup>
- (d) to prepare the Remuneration Report referred to in Clause 11.3 of the By-Laws of the Supervisory Board;<sup>12</sup> and
- (e) to make proposals to the Supervisory Board for the remuneration of the individual Supervisory Board members, which remuneration will be submitted to the General Meeting of Shareholders for adoption.

3.2 When drafting the proposal for the remuneration of Management Board members, the Remuneration Committee takes note of individual Management Board members' views with regard to the amount and structure of their own remuneration. The Remuneration Committee should ask the Management Board members to pay attention to the aspects referred to in Clause 3.1 (a).<sup>13</sup>

3.3 The Remuneration Committee may only exercise such powers as are explicitly delegated to it by the Supervisory Board and it may never exercise powers beyond those exercisable by the Supervisory Board as a whole.

3.4 The Remuneration Committee shall ensure that the main elements of the contract of a Director with the Company shall be made public after it has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the Director will be proposed.<sup>14</sup>

#### **4. MEETINGS**

4.1 The HR Committee shall meet as often as required for a proper functioning of the HR Committee. The HR Committee shall meet at least three times a year and additionally whenever one or more members have requested a meeting. The meetings are as much as possible scheduled annually in advance. The HR Committee shall meet earlier if this is deemed necessary by the chairman of the HR Committee.

4.2 Meetings of the HR Committee are in principle called by the secretary of the HR Committee in consultation with the chairman of the HR Committee. Save in urgent cases, to be determined by the chairman of the HR Committee, the agenda for the meeting shall be sent at least seven working days before the meeting to all members of the HR Committee. To the extent possible, written explanations and/or other related documents will be enclosed for each item on the agenda.

4.3 Meetings of the HR Committee are generally held at the offices of the Company, but can also take place elsewhere. In addition, meetings of the HR Committee can be held by telephone or

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<sup>10</sup> Dutch Corporate Governance Code, best practice provision 3.2.1.

<sup>11</sup> Dutch Corporate Governance Code, best practice provision 3.1.3.

<sup>12</sup> Dutch Corporate Governance Code, best practice provision 3.4.1.

<sup>13</sup> Dutch Corporate Governance Code, best practice provision 3.2.2.

<sup>14</sup> Dutch Corporate Governance Code, best practice provision 3.4.2.

video conference provided that all participants to the meeting can hear each other simultaneously.

- 4.4 The chairman of the HR Committee shall set the agenda and chair the meeting of the HR Committee.
- 4.5 The HR Committee shall decide if and when the CEO should attend its meetings. The MB members shall not attend meetings of the Remuneration part of the HR Committee where their own remuneration is discussed. In addition, the head of the HR department of the Company and/or independent experts may be invited to attend meetings of the HR Committee. Each member of the Supervisory Board may attend meetings of the HR Committee.
- 4.6 Each member of the HR Committee has the right to cast one vote. All resolutions must be adopted by an absolute majority of the votes cast. If there is a tie in voting, the chairman of the HR Committee shall have a casting vote.
- 4.7 The secretary of the HR Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the HR Committee.

## **5. REPORTING TO THE SUPERVISORY BOARD**

- 5.1 The HR Committee must inform the Supervisory Board in a clear and timely manner about the way it has used its powers and of major developments in the area of its responsibilities.
- 5.2 The Supervisory Board shall receive from the HR Committee a report of its deliberations and findings.<sup>15</sup> The reports of the meetings of the HR Committee shall be circulated as soon as possible after the meeting among all Supervisory Board members.
- 5.3 If requested, the chairman of the HR Committee shall at meetings of the Supervisory Board provide the Supervisory Board with further information on the outcome of the discussions of the HR Committee.
- 5.4 Every Supervisory Board member shall have unrestricted access to all records of the HR Committee.

## **6. MISCELLANEOUS**

- 6.1 The chairman of the HR Committee (or one of the other HR Committee members) shall be available to answer questions regarding the HR Committee's activities at the annual General Meeting of Shareholders.
- 6.2 The Supervisory Board may occasionally decide at its sole discretion not to comply with these terms of reference, subject to applicable law and regulations.
- 6.3 The HR Committee shall review and reassess the adequacy of these terms of reference annually, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board.
- 6.4 The Supervisory Board can at all times amend these terms of reference and/or revoke any powers granted by it to the HR Committee.

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<sup>15</sup> Dutch Corporate Governance Code, best practice provision 2.3.5.

6.5 Clauses 24.4 to 24.7 inclusive of the By-Laws of the Supervisory Board apply by analogy to the HR Committee, while for the application of these terms of reference the power of the Supervisory Board or the Chairman referred to in these clauses is considered a power of the HR Committee or the chairman of the HR Committee.

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