

Remuneration Policy

1. Introduction to the Remuneration Policy

The present remuneration policy was reviewed and validated by the Nomination and Remuneration Committee on February 24 and March 9, 2021. It has been established by the Board of Directors on March 23, 2021. The remuneration policy will be submitted for approval at the Annual General Meeting of Shareholders on May 11, 2021 and will be applicable – when approved - as from that date.

The Nomination and Remuneration Committee regularly discusses and checks the relevance of the company's remuneration policy in view of the developments in the company's organization and strategy, changes in legislation or stakeholder considerations. In this context, the Nomination and Remuneration Committee may propose changes in or amendments to the remuneration policy to the Board of Directors, for final submission to the Annual General Meeting of Shareholders. The remuneration policy will be submitted for shareholders' approval at least once every four years.

Agfa's remuneration policy is reflecting the company's longstanding remuneration principles in support of the delivery on its strategy and contribution to its long-term value creation.

In particular, Agfa's remuneration policy aims at recruiting, retaining and motivating Directors and Executive Management members complying with the necessary profile as determined by the Board of Directors.

The remuneration policy supports the business strategy

Agfa aligns its remuneration policy with the different business strategies, focusing on managing mature businesses on one hand and creating longer term sustainable growth and shareholder value at the other hand, while keeping a strong focus on short-term financial results.

Agfa wants to pay competitively

The remuneration levels are checked on a regular base against a market reference for companies similar in size and complexity. In general, the target remuneration levels and schemes are at or around the median market level, as far as the performance of the company can justify it.

Agfa is committed to “pay for performance”

Performance is measured against clear and measurable collective targets, both at Group and divisional level, and personal targets. Agfa pays higher remuneration when targets are exceeded and lower remuneration when targets are not met.

Agfa goes for internally consistent and fair remuneration levels

The Nomination and Remuneration Committee is regularly reviewing the internal pay relativities between the Executive Management and the wider employee population for consistency.

In particular, the remuneration policy also contributes to diversity & inclusion by committing to equality in terms of remuneration packages for similar functions, irrespective of age, gender, race, sexual orientation, religion, belief or disability.

Consideration of Shareholders' views

Agfa engages in regular dialogue with shareholders and investors to also discuss and take feedback on its remuneration policy and other governance matters.

2. Remuneration Policy for the Board of Directors

Agfa's remuneration structure for the Board of Directors is designed to attract and retain high-class and diverse profiles with the required experience and skills. In particular, it aims at supporting the required focus on the strategy of the Company, contributing to the long-term interests of the Company and ensuring the appropriate corporate governance.

The remuneration of the non-executive directors takes into account their general role as board member and their specific roles as chairman of the board, chairman or member of a board committee, as well as their responsibilities and time commitment resulting from these functions.

There is no automatic adjustment of the remuneration levels.

The level and structure of the remuneration paid to the Directors is regularly assessed against the reference market practice for companies similar in size and complexity.

Directors receive a fixed fee/retainer for a certain number of meetings. Above that number of meetings an additional attendance fee per meeting is paid. See the explanatory scheme here below.

Component	Board of Directors	Committee
Fixed Fee / Retainer	Board members receive a fixed fee on an annual basis. The fixed fee covers a maximum number of meetings per calendar year.	Members of the Committees receive a fixed fee on an annual basis. The fixed fee covers a maximum number of meetings per calendar year.
Attendance Fees	An additional fixed remuneration is foreseen for the Board, Audit Committee or Nomination & Remuneration Committee for every meeting exceeding the maximum meetings per calendar year covered by the Fixed Fee (1).	
Variable Remuneration	Not offered	Not offered
Share-based Remuneration	In accordance with the policy, non-executive board members do not receive equity-related remuneration as referred to under provision 7.6 of the 2020 Corporate Governance Code. Agfa adheres to Principle 6 of the Code and considers that remunerating the non-executive directors entirely in cash serves better the avoidance of any conflicts of interests and guarantees their complete independence of mind.	
Benefits in kind / pension	Not offered	Not offered
Reimbursement of expenses	An additional compensation for expenses for non-EU residents for every meeting they attend in Europe and the same for EU-residents attending meetings outside Europe.	

(1) The remuneration for the Chair of the Board is comprehensive, meaning that it includes the remuneration related to the mandates in the Board Committees as well as the possible variable remunerations provided for the number of meetings exceeding the set maximum.

3. Remuneration Policy for the Executive Management

The Board of Directors, upon recommendation of the Nomination & Remuneration Committee, determines the level and structure of the remuneration of the CEO and the Executive Committee members in function of the recruitment, retaining and motivation of qualified and competent professionals, taking into account the nature and extension of their individual responsibilities.

There is no automatic adjustment of the remuneration levels, but these are being reviewed on a regular base in order to verify whether they are still competitive against a market reference for companies similar in size and complexity. In general, the target remuneration levels and schemes are at or around the median market level, as far as the performance of the company can justify it.

The total remuneration package of the Executive Management consists of the following key elements that will be explained in more detail below:

- i. Base Pay
- ii. Benefits
- iii. Variable compensation
 - a. Short-Term Incentive
 - b. Long-Term Incentive
- iv. Pension

i. Base Pay

Base pay is intended to attract and retain individuals and to reflect their experience and scope of responsibilities. The base pay levels and any adjustments recommended by the Nomination & Remuneration Committee are based on several factors, including performance, experience of the individual member and market practice.

Any director fees paid to the Executive Management members are deducted from their remuneration as a member of the Executive Management.

The Nomination and Remuneration Committee is regularly reviewing the internal pay relativities between the Executive Management and the wider employee population for consistency.

ii. Benefits

For the Executive Committee members, Agfa provides market competitive benefits to recruit and retain individuals. These benefits may vary from member to member but mainly consist of, but not limited to, the following:

- A company car with fuel card
- A representation allowance
- Meal vouchers
- Hospitalization insurance
- AD&D insurance
- Travel assistance insurance

iii. Variable compensation

a. Short-term incentive

Agfa's short-term variable pay component on the one hand supports the key priorities for the year in line with the overall company strategy, with a strong focus on short-term financial results. On the other hand, it aims at driving and rewarding behavior and sound business decisions for the long-term value creation.

The grant of such variable fee to the Executive Management as well as the amount shall be based on the collective results of the Company and the achievement of predetermined targets as set by the Board of Directors.

Typically, performance is measured against clear and measurable collective targets, both at Group and divisional level, and personal targets:

- Collective targets are mainly quantitative and financially driven (e.g. EBITDA, net cash flow...). However, they may also include a sustainable development target.
- Personal objectives may relate to, for example, delivery to specific projects, individual leadership measures or other specific individual targets.

The "on target" short-term variable component for the CEO is 67% of base pay, with a maximum opportunity of 100% of base pay. For the Executive Committee members, the "on target" level is 50% of base pay, with a maximum opportunity of 100% of base pay. In both cases also a bottom threshold is set, below which pay-out will be zero.

b. Long-term incentive

In order to align the focus of the Executive Management with the interests of the Agfa Shareholders, a long-term variable component is offered. In particular, the CEO and all new members of the Executive Committee since 2021 are being offered a package including a long-term variable component in the form of a share-based remuneration, currently by means of Stock Appreciation Rights (SARs) resulting in a cash bonus award.

- The CEO is being granted annually, and this for five subsequent years, a fixed number of SARs. As of 2021, the strike price is depending on the average closing price of the Agfa-Gevaert share during the 30 days preceding the grant date.
- Members of the Executive Committee may be granted annually, but at the discretion of the Board of Directors, a long-term incentive, currently in SARs, for the equivalent of up to 40% of their base salary.
- The SARs vest for one third of each grant at the end of each year over three years. SARs can be exercised at the earliest three years after grant and thereafter during an exercise period of 5 years.

Specific good leaver/bad leaver rules apply for both vested and unvested SARs.

Deferred payment: Article 7:91 of the Belgian Companies and Associations Code prescribes the need to spread variable remuneration payments over a two to three-year period in case certain thresholds are passed. If the value of the annual grant of the long-term variable compensation is not sufficient to meet these requirements of Article 7:91 of the Belgian Companies and Associations Code, achievement of the relevant part of the targets for the short-term variable fee will have to be assessed over two or three years.

Claw back provisions

The contract with the CEO and those with new members of the Executive Committee include a provision stating that the Company shall be entitled to withhold or recover payment of the variable pay in case of fraud or gross negligence of the Executive Management member, or in case it appears that the information regarding the achievement of the predetermined targets proved to be incorrect (it being understood, in the latter case, that withholding or recovery will be prorated taking into account the materiality of the inaccuracy).

iv. Pension

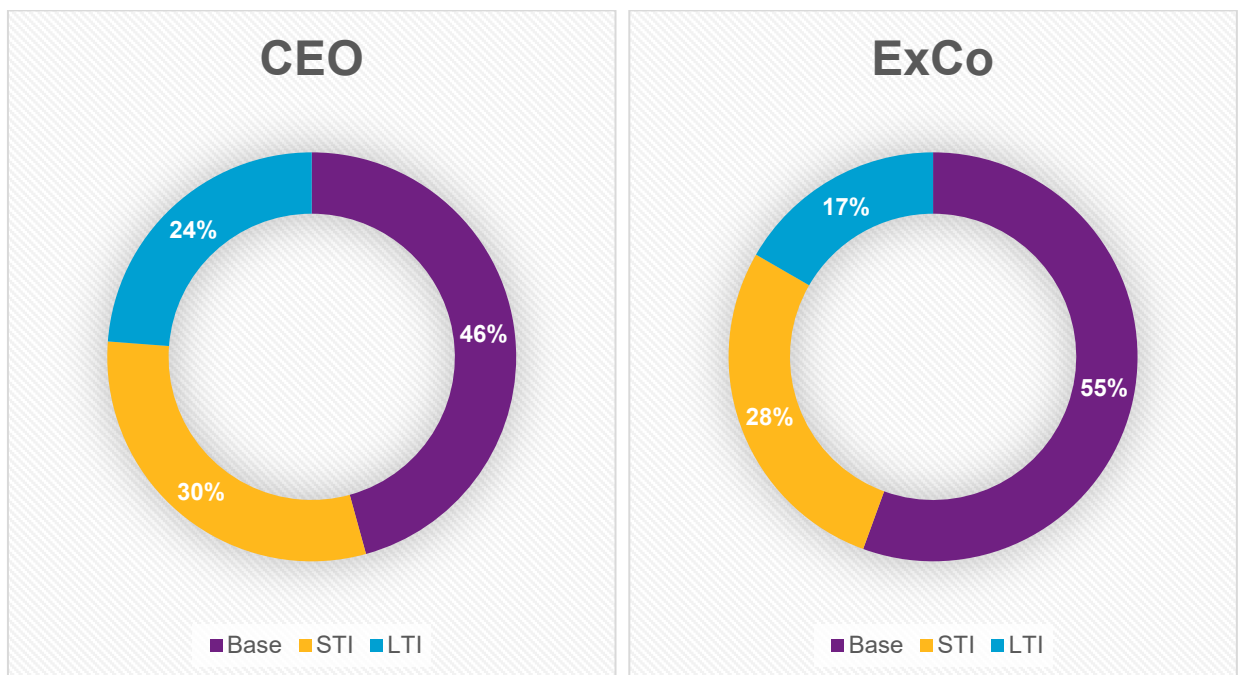
No pension or group insurance contributions are paid for the CEO.

For the Executive Committee members, Agfa provides a market competitive compensation in terms of pension, determined by formal policies.

Relative proportion of the remunerative elements

The following pie charts are indicating the pay mix for both the CEO and the members of the Executive Committee in case of “on target” performance.

Note: For this graph, the LTI for the CEO has been valued at grant date for the first grant, and will gradually go up in relative proportion over the years.



Shareholding Guidelines

In line with the requirements of the 2020 Belgian Code on Corporate Governance, the Board has set a minimum threshold of shares to be held by the Executive Management:

- The CEO commits to purchase and hold 100,000 shares, to be built up in his first year of office.
- The members of the Executive Committee are requested to build stock ownership in the Company up to an amount equivalent to 50% of their annual gross base salary, and this over a period of 5 years.
- Existing members of the Executive Committee, with a contract from before the coming into practice of this policy, are encouraged to build stock ownership in the Company up to an amount equivalent to 50% of their annual gross base salary, and this over a period of 5 years.

Contractual Arrangements

Term

All agreements with the Executive Management members are for an indefinite period of time.

Termination Arrangements

The stipulations with regards to severance in the contracts with the CEO and the different members of the Executive Committee can be summarized as follows:

The Board of Directors can terminate the agreement with and the mandate of the CEO at any moment with a notice period of 12 months. Should the termination occur in the first 2 years of service, the notice period will be reduced. In case the mandate is terminated because of a serious fault, the agreement with the CEO can be ended with immediate effect, without any compensation being due. In case of termination, the CEO is bound for one year to contractual limitations (e.g. on competing activities) without these limitations giving right to any additional indemnification whatsoever.

In case of termination by the Company (and except for an event of serious fault) the members of the Executive Committee will be entitled to a notice period calculated in conformity with the provisions of the Belgian Law of December 26, 2013. In some cases, a minimum notice has been agreed upon.

In case where they are to comply with a contractual non-compete arrangement, the Executive Committee members will be entitled to an additional indemnity equal to 75% of their gross remuneration for the 12 months of the non-compete.

In case of termination of the contract by the Executive Management member, specific good leaver/bad leaver rules apply for both vested and unvested SARs.

4. Governance

Procedure

The Nomination and Remuneration Committee regularly discusses and checks the relevance of the Company's remuneration policy in view of the developments in the company's organization and strategy, changes in legislation or stakeholder considerations. In this context, the Nomination and Remuneration Committee may propose changes in or amendments to the remuneration policy to the Board of Directors, for final submission to the Annual General Meeting of Shareholders. The remuneration policy will be submitted for shareholders'

approval at least once every four years.

Deviations from the Remuneration Policy

The Board of Directors, upon recommendation of the Nomination & Remuneration Committee, may temporarily deviate from any sections of the Policy. Such deviation should be the exception and will have to be explained in the Remuneration Report that will be submitted to the Shareholders during the Annual General Meeting.

New hire policy

Agfa aims at offering remuneration packages that allow to attract, retain and motivate the qualified and competent individuals. Where an individual is recruited externally for an Executive Management position, the Board of Directors will seek to align the new member's remuneration package with the remuneration policy. The company may offer compensation to buy out awards or other lost compensation which the candidate held prior to joining the company, but which lapses upon leaving the previous employer. The rationale of such award will be disclosed in the Remuneration Report.

Remuneration Policy in the context of the broader population

While Agfa's remuneration policy follows the same fundamental principles across the company, packages offered to employees reflect market practice in the different countries, their role and seniority. For example, the annual bonus plan applies to the wider employee population and is based on business performance, but Executive Management members typically receive a larger proportion in variable remuneration.