

General Meeting of Nedap N.V., 8 April 2021.

Nedap's General Meeting will be held on 8 April 2021. At that meeting, there will be an advisory vote on the remuneration report for 2020, and the new remuneration policy will be voted on. In recent weeks, various questions have been asked about this remuneration report and the new remuneration policy. In response to these questions, Nedap is pleased to provide the following additional information.

Additional information regarding the Remuneration Report 2020 (agenda item 2.b.).

The internal pay ratios

In the remuneration report 2020, the CEO pay ratio for 2020 is calculated using a calculation methodology that is in line with previous years. The CEO pay ratio is calculated based on the ratio of the CEO's fixed annual income to the median pre-tax fixed annual income (including holiday pay and 13th-month bonus) of all Nedap employees worldwide as at 31 December 2020 ("Median salary"). The annual salaries of the directors are not included in the calculation of the Median salary. The CEO's fixed annual income for 2020 is 6.9 times the Median salary. In 2019, the CEO pay ratio was also 6.9.

In December 2020, the Monitoring Committee Corporate Governance Code (Committee) issued a recommendation for the calculation methodology of the pay ratio, to be included in the remuneration report as of the fiscal year beginning on or after 1 January 2021. Nedap intends to follow this recommendation of the Committee in the remuneration report over 2021. For the sake of transparency, the CEO pay ratio for 2020 has still been determined on the basis of the new calculation method in accordance with the Committee's recommendations. The CEO pay ratio calculated in this way for 2020 is: 9.5 (*unaudited*).

The difference between the CEO pay ratio calculated in the Remuneration Report 2020 and the CEO pay ratio calculated in accordance with the recommendations of the Committee (Pay ratio) is that for the Pay ratio:

- the variable element is included, when determining the CEO's annual income;
- the remuneration of temporary employees > 3 months is included, when determining the average annual income of the employees; and
- the average annual costs of the employees is considered instead of the Median salary of the fixed annual income.

Additional information regarding the proposed Remuneration Policy board of directors 2021 (agenda item 3.a.).

Determination of remuneration level

The objective of the total remuneration package is that the total remuneration is proportionate to the level and complexity of the required responsibilities and that the total remuneration is sufficiently competitive. In addition, the remuneration package must be a responsible result for the duties and responsibilities that the Board of Directors as a whole and as an individual has with regard to the organisation. The internal salary structure is used as a reference and the outcome is assessed against the external market. For this external assessment, the remuneration is compared to that of Dutch listed companies of a similar size and complexity. The selection of these guidelines is based on ISS's guidelines, with the size of Nedap, expressed in an average of turnover, market capitalisation and employees, being around the median. The following companies currently form part of the remuneration reference group:

Accell Group NV, Alfen NV, Avantium NV, Beter Bed Holding NV, Ctac NV, Hydratec Industries NV, ICT Group NV, Kendrion NV, Neways Electronics International NV, Ordina NV, Pharming Group NV, Sif Holding NV.

The guideline for the Supervisory Board in establishing the remuneration amount is that it internally leads to a moderate pay ratio and in the external comparison does not exceed the median level of the peer group. On this basis:

- There will be no change in the CEO's fixed annual salary, other than the collective bargaining agreement increase for employees, in line with the remuneration policy.
- As of January 1, 2021, the fixed annual income of the CFO has been set at €290,000.

Notice periods board of directors

With regard to the contract concluded with the CEO, the statutory term of notice to be applied by both the company and the director concerned is the legally applicable term. With respect to the agreement entered into with the CFO, the term of notice to be observed by both the company and the director concerned is three months.

Variable annual income

As indicated in the proposed revised remuneration policy, the board of directors is obliged to invest at least 50% of the (net) variable annual income awarded in the purchase of depositary receipts for Nedap shares, at a purchase discount of 10%. After four years, bonus certificates will be awarded in the ratio 1 to 4. The depositary receipts are held in accordance with the terms applicable to Nedap employees and laid down in the Employee Participation Plan. This strengthens the internal consistency of the remuneration. However, to the board of directors the additional provision applies that the Nedap certificates must be held for at least five years.

The remuneration policy does not allow for a separate award of long-term remuneration. The supervisory board believes that the strongest connection of the board of directors to the long-term shareholder value is achieved by a direct investment of the variable remuneration in the purchase of depositary receipts for shares in Nedap N.V. This stimulates the long-term engagement and focus of the directors on long-term value creation.

The remuneration report will annually account for the variable remuneration awarded and will specify the predetermined financial performance criteria. In addition, the revised remuneration policy contains a more comprehensive definition of the non-financial criteria that consist of: the engagement of employees and a sustainable organisational and earnings model.
