

# BARCO

## REMUNERATION POLICY FOR THE BOARD OF DIRECTORS, CEO AND CORE LEADERSHIP TEAM

*To be submitted for approval to the General Meeting of 28 April 2022*

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Applicable to Board of Directors, CEO and Core Leadership Team

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Approved on

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Effective date

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## Document History

	<b>revision</b>	<b>Approved General Meeting</b>
Version 1	new document	29 April 2021
Version 2	<ol style="list-style-type: none"> <li>1) Introduction by the Board of Directors, upon proposal of the Remuneration and Nomination Committee, of a clear remuneration strategy for the Core Leadership Team and a new bonus plan for executives at N-1 and N-2 level</li> <li>2) Based on feedback from and conversations with shareholders, the derogation clause of the Policy has been amended.</li> </ol>	Submitted for approval on 28 April 2022

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## 1. Policy objective

The objective of Barco's Remuneration Policy for the Board of Directors, CEO and Core Leadership Team (CLT) is to attract, reward and retain the highly skilled and qualified senior management that the Company needs to achieve its strategic and operational objectives.

The policy aims for simplicity and clarity in design and deployment of the reward programs. Its design is based on Barco's General Remuneration Philosophy outlined below. Since the Company does not provide any variable remuneration to the members of the Board of Directors, some of these principles may apply to a lesser extent, or apply not at all, to the remuneration of the Board of Directors.

## 2. Barco's General Remuneration Philosophy

Barco's General Remuneration Philosophy aligns the focus of the Company and all its associates with the interests of its internal and external stakeholders. Compensation and awards are tied to and depending on the delivery of the Company's strategy in a responsible and sustainable manner.

### Market Competitive Pay

Barco competes for talent in a highly competitive global technology market. The target aggregated remuneration is benchmarked regularly against relevant labor markets. The target compensation will be typically positioned at or near the median of the chosen market benchmark. Exceptions to the median positioning can be made for specific functions or in specific market conditions, e.g. need for competitive edge in new markets.

### Internal Equity and Fairness

In order to safeguard the transparency, external competitiveness and internal equity of the Company's global reward strategy, individual remuneration is based on the weight of the function. Barco uses a validated global framework of an external provider (Hay) for objective weighing and grading of functions and roles. This framework is a dynamic and continuous reflection of the organization.

Remuneration policies will be applied fairly and regardless of age, gender, race, sexual orientation, beliefs, (dis)ability or any other difference.

### Pay for Performance

Barco supports a pay for performance culture and considers sustained performance as the third component, next to market and scope of function, in determining individual remuneration packages.

The short-term and long-term incentive plans reward (over)achievement of performance against pre-agreed and objective goals at the corporate, operating entity or function and individual level.

## **Alignment with the Company Strategy and Profitability**

Compensation includes variable short- and long-term incentives tied to the realization of challenging performance targets. The Board of Directors ties these targets to essential Key Performance Indicators (KPI's), both financial and non-financial (e.g. sustainability), for realization of the business strategy, considering the company's short-term and long-term interests.

## **Building employee engagement**

Barco values its associates, takes their well-being seriously and strives to create opportunities for career growth. Non-financial reward is an integral part of its total reward strategy:

- by offering a stimulating work environment where recognition, innovation and engagement is fostered
- by stimulating lifelong learning through internal and external training opportunities
- by growing internal talent and offering internal career mobility
- by organizing an exciting and contemporary working environment

By investing in these components Barco wants to recognize, motivate and engage all associates at all levels.

## **Compliance with legal regulations and principles of good business conduct**

The design and implementation of all Barco's remuneration policies comply with legal requirements and observe sound principles of corporate governance and responsible business conduct. Decisions on remuneration are made in the context of the Company's Code of Ethics.

Reference is also made to Title 3 of the company's Corporate Governance Charter, setting out the main principles of what is further dealt with in section 5 of this document.

## **3. Framework and Scope**

Further to the EU Directive 2017/828 of 17 May 2017, amending the EU Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, the Belgian legislation has been modified by law of 28 April 2020. This law introduces in its article 31 a new article 7:89/1 in the Belgian Code on Companies and Associations (BCCA), detailing the obligations of listed companies in connection with its remuneration policy.

Such policy, although not previously summarized in one document, was developed by the Company over time. It sits in the various company policies that apply in setting and managing the remuneration of its board members (non-executive directors) and of its executive management (CEO and Core Leadership Team). Where relevant, reference is made to these policies in the following sections.

In setting that remuneration, also in the past, the company has adhered to the rules as laid down in Principle 7 of the Belgian Code on Corporate Governance (BCCG). This

principle requires listed companies to remunerate its board members and executives fairly and responsibly. As further detailed in section 5 below, the company has deviated from articles 7.6 and 7.9 of the 2020 BCCG on :

- the award of shares as part of compensation (for non-executive board members)
- the shareholding requirement (for CLT members).

The remuneration thus set fits entirely within the Barco Reward policy as applicable to all exempt employees worldwide and complies with article 7.1 of the 2020 BCCG.

This Remuneration Policy applies to :

- directors, i.e. the non-executive board members
- persons in charge of daily management, i.e. the Chief Executive Officer(s) (CEO or co-CEO's, further referred to as CEO)
- other executives, i.e. employees who perform key roles in the company and who are therefore a member of the Core Leadership Team. Reference is made to the company's website for the most up-to-date situation on the positions qualifying as Core Leadership Team-position.

The CEO is also a member of the board and thus the only executive board member.

## 4. Governance

### Policy Setting

The Board of Directors endorses the Remuneration Policy and submits it to the General Shareholders' Meeting for approval.

The Remuneration and Nomination Committee advises the Board of Directors on the setting, revision and execution of this Remuneration Policy. The Remuneration and Nomination Committee will actively monitor external and internal developments and where applicable or appropriate, it will advise the Board of Directors on any changes to be submitted to the General Shareholders' Meeting.

Following the vote on the remuneration policy at the General Meeting, the policy as well as the date and results of the vote are made public on the company's website and will remain available for at least as long as the remuneration policy is applicable.

Whenever a material change is made to this policy and at least every four years, this remuneration policy will be submitted to the General Shareholders' Meeting for approval.

If the General Shareholders' Meeting does not approve the proposed policy or material policy change thereto, the company will continue to remunerate its directors, the persons in charge of the daily management and the other executives in accordance with its existing practice and submit a revised policy for approval at the next general meeting.

### Policy Revision

The Remuneration and Nomination Committee and the Chief HR Officer will assess the Remuneration Policy in place at least once a year to ensure it remains aligned with the

Company's business strategy and any legal requirements. If the Committee believes an amendment is recommended, it will submit a proposal for amendment to the Board of Directors. If supported by the Board of Directors, the proposal will be put to a vote by the General Shareholders' Meeting. In such a case the Remuneration and Nomination Committee describes and explains the proposal to the shareholders.

The Remuneration and Nomination Committee will also explain how the votes and positions of the shareholders on the remuneration policy and on the remuneration reports since the most recent vote on the remuneration policy at the General Meeting have been considered.

If an approved remuneration policy exists and the General Meeting of Shareholders does not approve a proposed new policy, the company will remunerate its directors, the other executives and the persons in charge of the daily management in accordance with the existing approved remuneration policy and submit a revised policy proposal for approval at the next General Meeting of Shareholders.

### **Policy execution**

The Company's Chief HR Officer will ensure the implementation and execution of the Remuneration Policy.

The Remuneration and Nomination Committee will monitor and ensure that the remuneration of directors, persons in charge of daily management and other executives is in accordance with this policy as approved by the General Meeting.

### **Discretion and derogation**

The Board of Directors may derogate from this Remuneration Policy upon proposal of the Remuneration and Nomination Committee. This will only happen in exceptional circumstances when such derogation is necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. These exceptional circumstances can result from an unseen evolution of the competitive landscape, of a sensible modification of the group perimeter following a merger or a cession, the acquisition or the creation of a new significant activity, the change of an accounting methodology, or any major event on the market, the economy and/or the activity sector of the group. Within this frame, the Board of Directors can adapt the criteria and performance conditions of the annual and pluriennial variable remunerations, being specified that the overall ceiling of these remunerations will be modified. These modifications will be clearly justified and put into place with full disclosure in the remuneration report.

The Board of Directors may also, upon proposal of the Remuneration and Nomination Committee, in its discretion decide to offer exceptional one-off cash bonuses (typically with a clawback in case of voluntary departure in a specified period) or equity awards in a recruiting or acquisition context. This is not an automatic practice and considers various factors such as losses that the individual would otherwise incur in leaving another employer or other negative cashflow effects. They also consider retention ahead of our annual LTI plans vesting.

All other derogations from this Remuneration Policy must always be submitted to the General Meeting of Shareholders for approval.

Any derogation or deviation will be carefully considered. The Board of Directors will make sure that such derogation or deviation is made in line with Barco's General Remuneration

Philosophy and the objectives laid down in this policy. It will also make sure that such derogation or deviation will be applied consistently.

Whenever a conflict of interest would arise, the members of the Remuneration and Nomination Committee as well as other members of the Board of Directors will act in line with the principles laid down in Title 5 of the Company's Corporate Governance Charter.

Any derogation will be fully disclosed in the remuneration report for the year to which the derogation relates.

## 5. Remuneration for the Board of Directors, CEO and Core Leadership Team

### Remuneration of the Non-Executive Directors

The remuneration paid to non-executive directors consists solely of an annual fixed component plus the fee received for each meeting attended.

Considering the substantial time he/she devotes to the ongoing supervision of Barco group affairs, the Chair of the Board receives a different remuneration package that comprises solely a fixed component, which is set separately by the Remuneration and Nomination Committee and approved by the Board. The fixed fee also includes the remuneration for membership and, if applicable, chairmanship of Committees.

The remuneration of the executive director(s) is covered under the next point below.

#### Fixed remuneration

The remuneration of the non-executive directors is benchmarked from time to time.

The table below gives an overview of the fixed fees and attendance fees applicable for the Barco Board since January 1st, 2019 (as approved by Annual Meeting of Shareholders on April 24<sup>th</sup>, 2019)

#### **Fixed Fees**

Chair Board	€ 120,000
Member of Board	€ 30,000

#### **Attendance Fees**

Member of Board	€ 2,550
Chair Audit Committee	€ 5,125
Chair Remuneration and Nomination Committee	€ 2,550
Member of Audit , Remuneration Committee	€ 2,550
Member Technology Committee	
Full day	€ 2,550
Half day	€ 1,500

The Board of Directors is authorized to grant remuneration to Directors entrusted with special functions or tasks, usually of an occasional or punctual nature. The Board of



Directors may also cover customary travel costs, for Board members requiring international travel to attend Board or Committee meetings

#### Variable remuneration

Given the nature of their responsibilities, the non-executive directors do not receive any variable remuneration based on the company's financial results, its stock price or any other criterion linked to its performance, nor to any stock options.

The Board of directors may decide to partially remunerate non-executive directors with company shares under terms and conditions to be further defined.

#### Pension

Non-Executive Board members are not entitled to any pension arrangement.

#### Relative part of fixed and variable remuneration

As a consequence of the above the non-executive director's remuneration is determined only by the number of Board meetings and the number of Committee meetings actually attended. In that sense, a non-executive director's remuneration may vary from year to year, but the apportionment between fixed remuneration and variable remuneration (as meant in article 7:89/1 BCCA) of the Non-Executive Directors is:

- Fixed remuneration : 100 %
- Variable remuneration : 0 %

### **Remuneration of the Chief Executive Officer**

The CEO is in charge of the daily management of the company and a member of the Board of Directors and thus an executive director. He/she does not receive a fixed remuneration nor any attendance fees for attending Board and Board of Director Committee meetings.

The remuneration package aims to be competitive and is aligned with the responsibilities of a CEO leading a globally operating industrial group in the technology market space with various business platforms. The remuneration package is benchmarked regularly.

The Board of Directors determines the remuneration of the CEO based on a proposal made by the Remuneration and Nomination Committee, considering any statutory provisions.

The remuneration package consists of a fixed remuneration, variable remuneration, a complementary pension and stock options.

#### Fixed remuneration

Fixed remuneration includes a base compensation and can include other benefits such as a company car, a hospitalization insurance as well as a guaranteed income insurance in case of disability. Benefits and allowances are provided on a cost-effective basis in order to attract and retain Executive Managers and provide support in retirement planning.

In case the CEO receives board fees in any foreign subsidiaries of the company, such board fees are included in the base compensation.

### Variable remuneration

The CEO will be eligible for an annual cash bonus to be awarded after the closing of the annual results by the Board of Directors on the proposal of the Remuneration Committee in function of the realized operating results of predefined measurable and auditable financial and non-financial performance criteria.

The on-target bonus amount is limited to 100% of the annual total base salary and the maximum bonus payout is limited to 150% of the on-target bonus

As of 2022 the annual KPIs and their weights will be the same as those set for the Core Leadership Team and other executives whereby the specific targets will relate to the Barco Group and be set annually at the beginning of the calendar year based on the annual Profit Plan as approved by the Board of Directors. In case of a material impact on any of these targets during the year, caused by a change of control (e.g. divestments, change in % ownership) or otherwise, these targets will be recalculated for the same amount as the impact on actual results, subject to approval by the Remuneration Committee.

Reference is made to the section on variable remuneration for the CLT on page 12 for more detailed information on the annual bonus KPI's.

Payment of the realized bonus amount will be made in March following the end of the bonus plan period. In line with article 7:91 BCCA, one quarter of this variable remuneration is linked to performance goals over a period of 2 years, while another quarter is linked to performance goals over a 3-years period as the on-target amount of the bonus is higher than 25% of the total annual remuneration.

Consequently, the payment of the bonus is partially subject to a three-year deferral period, i.e., the bonus for performance year N will be paid as follows:

- 50 % payable in the bonus year (performance year) + 1
- 25 % payable in the bonus year (performance year) + 2
- 25 % payable in the bonus year (performance year) + 3

The performance criteria for the deferred payments are set annually at the same time as the KPIs for the bonus year are determined and will be communicated in writing to the CEO.

All variable remuneration is paid in cash.

Since performance periods are tied to the company's accounting year (closing on December 31st of each year), the related variable remuneration is reported in the Company's annual remuneration report for the year in which it vests, i.e. the performance year preceding its payment.

The company will use the legal options available for payback in case fraud or other types of misconduct or irregularities in the results of the company would be discovered in a period of 2 years following the payment of the bonus.

### Pension

A pension benefit, complementing the benefits provided under the applicable state social security regime applies to the CEO's remuneration. The benefit is provided on a cost-effective basis in order to provide support in retirement planning.

The company pension benefits are of a defined contribution nature.

#### Stock options

The CEO participates in an LTI-plan which is structured via stock-options on a three-yearly basis. On the basis of the applicable plan rules, the stock options vest at the end of the fifth year following the year in which they were offered to the CEO. They have a ten (10) year term, thus linking the LTI to the longer term value creation for the shareholders. No conditions are attached to the exercise of the stock options. For a CEO holding a Belgian contract, taxes are due at the moment of grant.

#### Relative part of fixed and variable cash remuneration

The relative weight of the fixed and variable components on target of the CEO's base + variable remuneration package is as follows:

- Fixed remuneration (base salary excluding benefits and pension): 50 %
- On-target variable remuneration (excluding stock options): 50 %

### **Remuneration of the other executives (Core Leadership Team)**

The persons who lead the Barco group together with the CEO are employees in senior executive positions.

The remuneration package aims to be competitive and is aligned with the role and responsibilities of each member of the Core Leadership Team, being a member of a team leading a globally operating industrial group in the technology market space with various business platforms. The level is determined per executive position, considering the role and accountabilities of the position and the experience and performance of the individual. The remuneration package is benchmarked regularly.

The Board of Directors, assisted by the Remuneration and Nomination Committee, decides on the individual remuneration of the members of the Core Leadership Team, considering any statutory provisions.

Barco's compensation strategy for CLT-members has the ambition to move gradually towards a 50/50 base pay vs. variable pay (short term cash, long term cash and Stock Options) split for BU leaders and a 60/40 base pay vs. variable pay (short term cash, long term cash and Stock Options) split for other CLT members.

#### Fixed remuneration

Fixed remuneration includes a base compensation and other benefits. The main other benefits are company car or car allowance, hospitalization or medical insurance and a guaranteed income insurance in case of disability, next to occasional local benefits in accordance with local market practice.

In case the member of the Core Leadership Team receives board fees in any foreign subsidiaries of the company, such board fees are treated as part of the base salary.

#### Variable remuneration

The variable remuneration includes a short-term and a long-term incentive component, delivered in cash and stock options.

The on-target bonus value in respect of the Bonus Plan is equal to 75% of the variable component and the on-target value in respect of the SO Plan equals to 25% of the variable component.

### Annual bonus

The individual bonus plan for the members of the Core Leadership Team and N-2 executives is a so-called “metric” plan, with only predefined measurable and auditable KPIs and no subjective individual KPIs.

The bonus plan also provides for deferred payments, hence will substitute over time the LTI cash plan as it is a hybrid plan, combining both short-term incentive and long-term incentive.

The main characteristics of the annual bonus plan are:

- three (3) KPI’s are defined, and a fixed weight is given to each of them. For CLT members leading a Business Unit or Barco China, the KPI’s relate to their Business Unit and for other CLT members, the KPI’s relate to the Barco Group.
- each KPI is measured separately
- minimum threshold and maximum cap per KPI
- same pay-out schedule for all KPI’s
- Maximum total bonus pay-out is capped at 35% of the on-target bonus in case of negative EBITDA at the level of Business Unit/Barco Group

The specific KPI targets will be set annually at the beginning of the calendar year based on the annual Profit Plan as approved by the Board of Directors. In case of a material impact on any of these targets during the year, caused by a change of control (e.g. divestments, change in % ownership) or otherwise, these targets will be recalculated for the same amount as the impact on actual results, subject to approval by the Remuneration Committee.

bonus target clusters	Performance criteria measurable & auditable	relative weight	a) Minimum target performance and b) corresponding award payment level (*)	a) on-target performance and b) corresponding payment level (*)	a) Maximum target performance and b) corresponding payment level (*)
BU for BU leaders	financial or non-financial KPI 1	45%	a) 70% b) 0,225	a) 100% b) 0,45	a) 125% b) 0,675
Barco Group for non-BU leaders	financial or non-financial KPI 2	40%	a) 70% b) 0,20	a) 100% b) 0,40	a) 150% b) 0,60
	financial or non-financial KPI 3	15%	a) 70% b) 0,075	a) 100% b) 0,15	a) 125% b) 0,225
total Payment level individual bonus with lineair calculation in between milestones			0,5	1	1,5
total bonus : ( individual OT bonu)s x (total payment level )					

(\*) payout level expressed as a multiple of the "target" bonus

The KPI’s and payout curve is shared in the annual Remuneration Report retrospectively.

The on-target bonus amount is limited to 100% of the annual total base salary and the maximum bonus payout is limited to 150% of the on-target bonus.

Payment of the realized bonus amount will be made in March following the end of the bonus plan period. If the Participant’s target Bonus value equals or exceeds 37,5% of the annual base salary, the payment of the bonus is partially subject to a three-year deferral period, i.e., the bonus for performance year N will be paid as follows:

- 50 % payable in the bonus year (performance year) + 1
- 25 % payable in the bonus year (performance year) + 2
- 25 % payable in the bonus year (performance year) + 3

No additional KPI's or conditions will apply on the payment of the deferred bonus amounts, except being employed by the company at the moment of payment.

### **Long-Term Incentive Plan**

As indicated above, the revised annual bonus plan for this category of employees also provides for deferred payments, hence will substitute, together with the stock option plan, the Long-Term incentive Plan as of 2024.

Members of the Core Leadership Team currently participate in the existing Long-term Incentive Plan 2021-2023 covering a three year period. The 'at target' value of awards made under the plan equal 45 % of the individual base salary (27 % for those employed by a Barco Group entity established outside of Belgium) over the three-year period.

The maximum LTI payout in case of overachievement of the target is 150 % of the target value.

The long-term incentive cash bonus is subject to the Barco Group meeting certain defined performance targets, both financial and non-financial, and the Core Leadership member being employed with Barco at vesting date. As Sustainability has become an integral part of the Company's strategy, ESG targets are part of the LTI non-financial target setting process. The KPI's and payout curve is shared in the annual Remuneration Report retrospectively.

Both STI and LTI are paid in the calendar year following their respective performance periods. Since performance periods are tied to the company's accounting year (closing on December 31st of each year), the related variable remuneration is reported in the company's annual remuneration report for the year in which it vests, i.e. the performance year preceding its payment.

The company will use the legal options available for payback in case fraud or other types of misconduct or irregularities in the results of the company would be discovered in a period of 2 years following the payment of the bonus.

### Pension

Pension benefits, complementing the benefits provided under the applicable state social security regime that applies to the CLT member's remuneration are calculated consistently with the local plans for other associates. CLT members working under a Belgian employment contract pay a personal pension contribution as all other associates of the Company in Belgium do. The company pension benefits are of a defined contribution nature.

### Stock options

Members of the Core Leadership Team participate in an LTI-plan which is structured via stock-options. The target SO value at grant is equal to 25% of the Participant's target variable compensation. On the basis of the applicable plan rules, the stock options vest at the end of the third year following the year in which they were granted. They have a ten (10) year term, thus linking the LTI to the longer term value creation for the shareholders. No conditions are attached to the exercise of the stock options. For

executives holding a Belgian contract, taxes are due at the moment of grant based on the underlying value of the options.

#### Relative part of fixed and variable cash remuneration

Barco's compensation strategy for CLT-members has the ambition to move gradually towards a 50/50 base pay vs. variable pay (short term cash, long term cash and Stock Options) split for BU leaders and a 60/40 base pay vs. variable pay (short term cash, long term cash and Stock Options) split for other CLT members.

## **6. Contracts, notice periods, conditions for termination and severance payments**

The term of appointment for all board members (non-executive directors) is maximum four (4) years, unless otherwise decided at the time of their appointment. The directors can be dismissed at any time by the shareholders. They can also resign at any time but will remain in function until a suitable replacement has been nominated.

The CEO operates under a self-employed contractual arrangement that provides in a maximum notice period of six (6) months. In case the CEO gives notice, he will respect a notice period of six (6) months. He will stay in function until a suitable replacement has effectively started working for the Barco group.

The other CLT members operate under an employment contract, concluded with the entity of the Barco group in the country where they live. Their contracts are governed by the local legal provisions.

If the employment of a CLT member is terminated, local rules and legislation governing the contract of employment, including those pertaining to notice periods and severance payments, apply.

The terms and conditions of any termination arrangements shall be defined in accordance with the law (articles 7:91 and 7:92 BCCA) and the specific provisions in the employment contract. If applicable, termination agreements giving rise to a compensation exceeding 12 months of remuneration shall be entered into subject to the approval by the shareholders.

## **7. Transparency**

The Remuneration and Nomination Committee submits every year to the Board of Directors a formal remuneration report as part of the Corporate Governance Statement section in the annual report.

The remuneration report includes a summary of the topics discussed during the meetings of the Remuneration and Nomination Committee, the remuneration paid, and other benefits granted directly or indirectly to the members of the Board of Directors, the CEO and the members of the Core Leadership Team.