Delivering meaningful growth

Proposal for a new remuneration policy

September 2021

GBL

I. Remuneration policy of the CEO

1.1. PRINCIPLES

The Board of Directors sets the remuneration of the CEO following counsel from the Nomination, Remuneration and Governance Committee, which is composed of a majority of independent Directors (including the Chairwoman of the Committee) which contributes to preventing conflicts of interest relating to the remuneration policy.

The CEO remuneration principles are intended to:

- contribute to sustainable alignment between shareholders and the CEO, by increasing this person's investment in GBL shares and the exposure to the total portfolio of GBL (the "Company");
- link the CEO's long-term remuneration to the Company's long-term performance by submitting the exercise of the options to financial performance conditions;
- ensure consistency between the remuneration of the CEO and the remuneration of staff teams in order to attract, retain and motivate the best talent in a business sector that relies on the value of teams and in which competition is fierce.

The proposed changes to the remuneration policy reflect the Company's desire to bolster GBL's teams and attract new talent that features a more international profile, to provide it with the resources necessary to deploy its new strategy. These changes therefore have the objective of attracting, motivating and retaining GBL staff, whose actions contribute to the Company's performance.

It is with this in mind that the remuneration of the CEO was reviewed to make it consistent with the new remuneration policy applicable to GBL's teams referred to above. Besides, the remuneration of the CEO was subject to a thorough benchmarking exercise performed with the assistance of an external consultant. This analysis followed a rigorous process that included an examination of best practices and recommendations in terms of remuneration, which led to the implementation of an attractive and balanced remuneration policy.

The CEO's remuneration is revised every three years. The next review shall be in 2024 to bring the remuneration into line with market practices, based on in-depth benchmarks and in dialogue with the CEO.

1.2. STRUCTURE OF THE CEO'S REMUNERATION

Upon recommendation of the Nomination, Remuneration and Governance Committee, the Board of Directors recommends the following changes at the General Shareholders' Meeting on November 4, 2021 which, if approved, will apply as from the 2022 financial year, except for the stock options aspects which will enter into force at the close of this General Meeting [1]:

Remuneration of the CEO	
1. Fixed	
Base salary	The fixed annual gross remuneration of the CEO is EUR 1,200,000.
Pension and other benefits	The CEO benefits from a defined-contribution pension plan, into which 21% of his fixed annual gross remuneration is paid by GBL on a yearly basis, a disability and life insurance plan, Directors' and Officers' (D&O) liability insurance and a company car.
2. Variable remuneration	
Yearly	The first pillar of variable remuneration is intended to remunerate the short-term contribution of the CEO. It is in no way guaranteed and its amount is determined according to the effective achievement of precise and quantifiable objectives, set annually by the Board of Directors and relating to the efficiency and performance of the teams, the financing of the group or the development of employees. The Board sets a percentage of annual variable remuneration that can only be awarded where performance exceeds the objectives set out above. This percentage is a maximum of 50% of the gross fixed annual reference remuneration (i.e. EUR 600,000). To determine the amount of annual variable remuneration to be granted, if applicable, the Board of Directors - on recommendation of the Nomination, Remuneration and Governance Committee - assesses the performance of the CEO at the end of each financial year with regard to objectives. On this basis, it decides on the short-term annual variable remuneration that will also depend on the specific situation of the Company and the market in general. The annual variable remuneration shall, where applicable, be paid by GBL to the CEO in the first half of the following year.
Multi-year	The second pillar of variable remuneration is intended to further align the interests of the CEO with those of the shareholders and encourages the CEO to adopt a long-term view. The multi-year variable remuneration is based on precise and quantifiable objectives, set annually by the Board of Directors and linked to the execution of the strategic plan (including the evolution of the portfolio) and the implementation of other value-creating initiatives. The Board sets a percentage of three-yearly variable remuneration that can only be awarded when performance exceeds the objectives set out above. This percentage is a maximum of 50% per year of the gross fixed annual reference remuneration (i.e., EUR 600,000). To determine the amount of three-yearly variable remuneration to be granted, if applicable, the Board of Directors - on recommendation from the Nomination, Remuneration and Governance Committee - assesses the performance of the CEO every three years and for the first time at the end of 2023 with regard to the objectives set over the three-year period. On this basis, the Board definitively sets the three-yearly variable remuneration which may also take into account the specific situation of the Company and the market in general. The three-yearly variable remuneration shall, if applicable, be paid by GBL to the CEO in the first half of the year following the period in question.

(1) If the Meeting of November 4, 2021 approves the new remuneration policy, the Company will grant stock options in November 2021 to the CEO in the amounts and per the terms set out below

Remuneration of the CEO

3. Stock options on shares

The CEO is awarded a stock option plan relating to a GBL subsidiary, invested primarily in GBL shares and secondly in shares of a portfolio company (the "**Subsidiary**"). These shares are acquired through equity and financing (banking or intra-group). The debt of this Subsidiary is guaranteed by GBL. The interest is financed by the dividends received.

At grant, the value of the options allocated to the CEO shall represent no more than 150% of his annual gross fixed and target annual gross variable remuneration (150% of EUR 2.4 million, i.e. EUR 3.6 million). Subject to the approval of the new policy by the General Meeting, the Board set, as from 2021, this value at 120%, i.e. a total value of the options of EUR 2.9 million at their grant.

The CEO receives options relating to two separate categories of shares in the Subsidiary:

- A shares: a total of 50% of the options are vested and can be exercised as from the 3rd anniversary of their granting and the remaining as from the 4th anniversary (subject to the leaving provisions). Options on A shares have a maximum term of 10 years from their issue;
- B shares: the options are vested up to 50% at the 3rd anniversary of the grant and up to 100% at the 4th anniversary (subject to the leaving provisions). B shares are entitled to a return based on a performance condition (the "**Performance Condition**"). The Performance Condition relates to the comparison of GBL's cumulative 3-month VWAP TSR with that of Stoxx Europe 50 over the period considered, dividends reinvested, expressed on an annual basis (%/year) and rounded to 4 decimal places. The "period considered" is defined as a period of 3 and 4 years prior to the verification of the Performance Condition. The return on the B shares that may be acquired by the CEO when the options are exercised depends on the ratio between GBL's 3-month VWAP TSR and the TSR of the Stoxx Europe 50, established as follows and on a linear basis between these limits:
  - < 1% 0% of maximum yield
  - = 10% of maximum yield
  - > 1.25% 40% of maximum yield
  - > 2.5% 70% of maximum yield
  - > 3.75% 100% of maximum yield

The Performance Condition will be reviewed on the 3rd and 4th anniversary date by the Nomination, Remuneration and Governance Committee. If the Performance Condition is not met by the 4th anniversary date at the latest, options on B shares will be automatically cancelled and the Company will reimburse taxes paid by the CEO at the grant of the options on B shares. Options on B shares have a maximum term of 10 years after their issue.

4. Directorships

The CEO receives directly the remuneration for the directorships he holds in the portfolio companies.

5. Rights of recovery

The Board of Directors may decide to remove, in full or in part, and/or modify the conditions of options granted to the CEO that are not yet exercisable if the CEO, in connection with his duties within the Company, has caused a loss that is extremely detrimental to the Company.

6. Contract and severance benefits

Under an open-ended service contract, the CEO is entitled, in the event of unjustified withdrawal from office on serious grounds, to an indemnity representing eighteen months' gross annual fixed remuneration.

7. Minimum ownership threshold of GBL shares

The CEO must own GBL shares for an amount equivalent to one year's gross annual fixed remuneration, it being specified that he must retain these shares for at least six months after the end of his contract with the Company if he decides to leave the group voluntarily. The equivalence between the value of the position in shares and the value of the remuneration in question is verified in May each year.

8. Temporary exemption from remuneration policy

In exceptional circumstances, to be assessed on a case-by-case basis, and only if it is in the long-term interests and sustainability of the Company, the Board of Directors may, following a reasoned opinion of the Nomination, Remuneration and Governance Committee, grant certain exemptions to this remuneration policy. In this case, the procedure laid down in Section 1.1. must be followed. Any authorized change from this position shall be clarified in the remuneration report for the relevant financial year.

II. Remuneration policy for non-executive Directors

2.1. PRINCIPLES

The remuneration of non-executive Directors is set by the General Meeting on the basis of a proposal by the Board of Directors after a recommendation from the Nomination, Remuneration and Governance Committee. It is revised every three years to bring it into line with market practices.

2.2. STRUCTURE OF THE REMUNERATION OF NON-EXECUTIVE DIRECTORS

Non-executive Directors receive fixed remuneration in cash, attendance fees and fixed remuneration in Company shares (after the 2020 Belgian Corporate Governance Code - the "2020 Code" has entered in effect). They do not receive any variable remuneration.
The CEO receives no remuneration for his directorship as such.

The remuneration of non-executive Directors is set in such a way as to attract and retain quality members able to contribute to the Company's development.

Following the decision of the Board of Directors to remove the Standing Committee (as announced by the Company on July 30, 2021), the annual fixed remuneration in cash of the non-executive Directors is as follows:

In EUR	Per meeting	Member	Chairperson
Board of Directors	3,000	27,500	150,000
Specialized Committees	3,000	12,500	12,500

After the 2020 Code has entered in effect, the non-executive Directors also receive a fixed annual remuneration in shares of the Company (350 shares). Non-executive Directors must retain these shares for at least three years after each grant. The shareholding structure and composition of the Board of Directors explain the term of retention of the shares granted in this way to non-executive Directors, which deviates from the 2020 Code. In addition, as stipulated in the Corporate Governance Charter (Chapter III. A.2.), all non-executive Directors must own at least 100 Company shares at all times.

Non-executive Directors benefit from Directors' and Officers' (D&O) liability insurance and a contractual coverage from the Company for the mandates they exercise on the governance bodies of companies in the GBL portfolio.

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