

14 DECEMBER 2021

**Agenda and Explanatory Notes of the virtual Annual General Meeting of Shareholders**

of

**Pepco Group N.V.**

on

**27 January 2022 at 3 p.m. (CET)**

Agenda and Explanatory Notes of the virtual Annual General Meeting of Shareholders (the '**AGM**') of Pepco Group N.V. (the '**Company**') which will be held at 3 p.m. CET on 27 January 2022 via webcast on [www.pepcogroup.eu](http://www.pepcogroup.eu).

This document provides you with a description of the agenda items to be considered during the virtual AGM. It is indicated on the agenda when an item is for your voting at the virtual AGM. We encourage you to read this information carefully and hope that you will agree with the recommendation of the board of the Company (the '**Board**') to vote in favour of the proposals.

All information regarding the virtual AGM can be found at [www.pepcogroup.eu](http://www.pepcogroup.eu)

**Agenda**

1. Opening
2. Annual report and Annual Financial Statements 2021
  - a. Report of the Board 2021
  - b. Advisory vote on the remuneration report 2021 (advisory item)
  - c. Adoption of the Annual Financial Statements 2021 (voting item)
  - d. Explanation of the dividend policy
3. Discharge of the members of the Board
  - a. Discharge of the executive members of the Board in respect of the performance of their duties during the financial year 2021 (voting item)
  - b. Discharge of the non-executive members of the Board in respect of the performance of their duties during the financial year 2021 (voting item)
4. Authorisations of the Board
  - a. Authorisation of the Board to have the Company acquire up to 10% of the ordinary shares in its own capital (voting item)
  - b. Authorisation of the Board to issue (rights to subscribe for) up to 10% ordinary shares in the Company's capital and to restrict or exclude related pre-emptive rights (voting item)
5. Approval of the implementation of a new long-term incentive plan (voting item)
6. Re-appointment of the External Auditor for the financial year 2022 (voting item)
7. Any other business
8. Closing of the meeting

## **Explanatory Notes**

### *Item 2 Annual Report and Annual Financial Statements 2021*

Item 2a: Report of the Board for the financial year 2021

A presentation is given to the AGM on the performance of Pepco Group N.V. in FY21.

Item 2b: Advisory vote on the FY21 remuneration report (advisory vote)

The remuneration report of the Company for the financial year 2021 which ended on 30 September 2021 is presented to the AGM for an advisory vote. The remuneration report can be found on pages 65 through 74 of the annual report, and reports on the implementation and execution of the remuneration policy for the Board for the financial year 2021.

Item 2c: Adoption of the Annual Financial Statements 2021 (voting item)

It is proposed to adopt the Company's financial statements for the financial year 2021. The financial statements can be found on pages 76 through 134 of the annual report.

Item 2d: Explanation of the dividend policy

The Company's dividend policy on additions to reserves and dividend is explained to the AGM.

In accordance with the dividend policy, the Board has added all profits to the reserves of the Company. No dividend distribution will be made related to financial year 2021.

### *Item 3 Discharge of the members of the Board*

Item 3a: Discharge of the executive members of the Board in respect of the performance of their duties during the financial year 2021 (voting item)

Item 3b: Discharge the non-executive members of the Board in respect of the performance of their duties during the financial year 2021 (voting item)

It is proposed to release the current executive members and non-executive members of the Board from liability in relation to the performance of their duties during the financial year 2021 which ended on 30 September 2021 to the extent that such exercise is apparent from the financial statements over the financial year which ended on 30 September 2021 or otherwise disclosed to the general meeting of shareholders of the Company (the **General Meeting**) prior to the adoption of such financial statements.

### *Item 4 Authorisations of the Board*

Item 4a. Authorisation of the Board to have the Company acquire up to 10% of the ordinary shares in its own capital (voting item)

It is proposed to the General Meeting that, with effect of the date of the AGM, the Board is authorised for a term of 18 months, to resolve on the acquisition by the Company of its own fully paid-up shares, up to a maximum of 10% of the issued share capital on the date of the AGM, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the ordinary shares and not higher than the opening market price of the ordinary shares on the Warsaw Stock Exchange on the day of the repurchase plus 10%.

The proposed authorisation will replace the authorisation granted to the Board on 20 May (pre-IPO).

Item 4b: Designation of the Board to issue (rights to subscribe for) up to 10% ordinary shares in the Company's capital and to restrict or exclude related pre-emptive rights (voting item)

It is proposed to the AGM, with effect of the date of the AGM, to designate the Board as the competent body to issue ordinary shares, or to grant rights to subscribe for ordinary shares, and to restrict or exclude pre-emptive rights of existing shareholders in relation to the issue of, or grant of rights to subscribe, for a maximum of 10% of the issued share capital on the date of the AGM and for a term of 18 months. This designation will allow the Board to be flexible and react quickly, if and when deemed appropriate, to circumstances that require the issuance of ordinary shares, without prior approval from the General Meeting. The designation can be used for any and all purposes, subject to statutory limitations.

The proposed authorisation will replace the general authorisation granted to the Board on 20 May 2021 for a term of 18 months from 26 May 2021 (pre-IPO). However, this authorisation will not replace the authorisation granted to the Board to issue ordinary shares at any time during a period of five (5) years from 26 May 2021 to enable the Company to comply with its obligations to the participants in the VCP and EAP (each as defined in the Company's prospectus dated 5 May 2021).

*Item 5: Approval implementation long-term incentive plan (voting item)*

This voting item seeks approval from the General Meeting to implement a new long term incentive arrangement for the Company's Executive Directors and employees. The proposed Long-Term Incentive Plan 2021 of the Company (the 'LTIP') has been designed by the Remuneration Committee of the Board (the 'Committee') to further promote the long-term success of the Company by aligning reward with the Company's values and encourage the creation of long-term value for stakeholders.

The LTIP will include the ability for the Committee or the Board to grant Performance Share Awards in the form of conditional rights over shares or nil/nominal cost options to the executive directors (and other senior members of the Company) at the level of up to 300% of salary per annum.

The Performance Share Awards would vest after three (3) years conditional on meeting the relevant performance measures.

The targets will be developed by the Committee before each annual grant is made having regard to a combination of internal plans and forecasts and market expectations. The maximum vesting level will be 100% of the initial grant made and when Performance Share Awards vest, Executive Directors will be required to retain all of the shares for two (2) years (after the sale of those needed to meet income tax due at the time).

Further details of this plan are contained in Appendix A to this Notice.

Restricted Share Awards in the form of conditional rights over shares or nil/nominal cost options will be capable of being awarded on an annual basis (but not to Executive Directors). These are subject to a lower limit of 150% per annum and will normally vest after three (3) years but may not have a performance element.

The Company will not make any grants under the LTIP, until the General Meeting has formally approved the LTIP.

As set out above, the Board has been granted the authorisation to issue ordinary shares at any time during a period of five (5) years from 26 May 2021 to enable the Company to comply with its

obligations to the participants in the VCP and EAP (each as defined in the Company's prospectus dated 5 May 2021) which authorisation also includes the authorisation to issue ordinary shares under the LTIP.