

Remuneration policy

INTRODUCTION

Deceuninck NV has drawn up a remuneration policy (the "Remuneration Policy") which describes the remuneration philosophy and the accompanying policy that apply to the remuneration of the members of the Board of Directors and the Executive Management.¹

The Group's general remuneration policy aims to attract, retain and motivate competent and professional profiles. The Group rewards based on its contribution to its long-term goals, sustainability and respect for the Group's values.

The Remuneration Policy is supervised by the Remuneration and Nomination Committee, whose duties and responsibilities are described in the Corporate Governance Charter adopted by the Board of Directors on December 17, 2020. The Remuneration Policy describes how Deceuninck has its policy and practice with regard to remuneration developed considering strategy, relevant market practices and in accordance with corporate governance requirements.

The 2021 Remuneration Policy was approved by the Remuneration and Nomination Committee on December 17, 2020 and by the Board of Directors on December 17, 2020.

The 2022 Remuneration Policy will be presented to the General Meeting of Shareholders on April 26, 2022.

The proposed changes are:

- New targets for the Short-term Variable Remuneration of the members of the Executive Management
- Terms and conditions for the possibility to deviate from the Remuneration Policy.

The Remuneration Policy is made available on the website of Deceuninck Group.

DEVIATING FROM THE REMUNERATION POLICY

The Board of Directors is allowed to deviate from the Remuneration policy under the conditions of article 7:89/1, §5 of the BCA and the following terms and conditions:

- Fixed remuneration of the members of the Board of Directors: can be raised provided the raise is reasonable;
- Variable remuneration of the members of the Executive Management: KPI's and targets can be changed due to exceptional circumstances only;
- The deviation is temporary, i.e. until the next General Meeting, to whom the deviations will be submitted for approval. In case the General Meeting does not approve the deviations, the previously approved Remuneration Policy shall apply again.

¹ In accordance with article 7:89/1 of the Belgian Code on Companies and Associations ("BCA") and the new Corporate Governance Code 2020 ("Code 2020")

REMUNERATION POLICY OF THE MEMBERS OF THE BOARD OF DIRECTORS

PRINCIPLES

The members of the Board of Directors are appointed by the general meeting of shareholders. They are at all times subject to possible dismissal by the general meeting. The remuneration of the directors is determined by the general meeting on the proposal of the Board of Directors and according to the recommendation of the Remuneration and Nomination Committee.

Each member of the Remuneration and Nomination Committee and of the Board of Directors acts independently and always places the interests of Deceuninck Group above his / her personal interests. If a conflict of interest is recognized in the determination of the remuneration policy, the guidelines for conflicts of interest as set out in the Corporate Governance Charter are followed.

In line with the overall remuneration strategy of the Company, the Remuneration and Nomination Committee regularly establishes a benchmark for the remuneration of Non-Executive Directors with comparable Belgian listed companies. This is done in order to ensure that the remuneration is still appropriate, and in conformity with market practices, considering the size of the Company, its financial situation, its position within the Belgian economic environment, and the responsibilities that the Directors bear.

REMUNERATION

Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate and a fixed amount for each Board meeting attended, limited to a maximum amount. The amount of remuneration is different for the Chairman, the Vice-Chair(wo)man and the other Non-Executive Directors. If the Non-Executive Directors are also members of a Committee, their remuneration will be increased by a fixed amount per meeting of the relevant Committee.

Fixed remuneration (in €)	Min/year	Max/year
Chairman	40,000	80,000
Vice-Chair(wo)man	30,000	60,000
Director	20,000	40,000

Attendance fee (in €)	Chairman	Member
Board of Directors	3,000	1,500
Audit Committee	2,000	1,000
Remuneration and Nomination Committee	1,000	1,000

The members of the Board of Directors may receive subscription rights upon recommendation of the Remuneration and Nomination Committee and subject to approval by the general meeting. Performance-related fees such as bonuses and benefits in kind are excluded. There is currently no plan to partially remunerate the non-executive directors in shares of the company.

If directors are charged with special tasks and projects, they can receive an appropriate remuneration for this.

No compensation is provided for non-executive directors upon termination of the mandate. The Group does not provide personal loans, guarantees and the like to members of the Board of Directors. Executive directors do not receive any remuneration for membership of the Board of Directors.

REMUNERATION POLICY FOR THE MEMBERS OF THE EXECUTIVE MANAGEMENT

PRINCIPLES

The remuneration of the members of the executive management, including the CEO, is determined by the Board of Directors based on the recommendations of the Remuneration and Nomination Committee. The size of the remuneration is determined in proportion to the individual roles and responsibilities and is also linked to the achievement of long-term and sustainability objectives and is a recognition of the results after they have been achieved. The amount of the total remuneration is evaluated annually by the Remuneration and Nomination Committee, which makes a proposal to the Board of Directors of the total remuneration based on the strategic positioning of each of the functions versus the benchmark in the market, and of the expected market trends. A thorough benchmark is conducted on a biannual basis with comparable international companies of similar size and structure. In addition, a benchmark is also performed in the context of the annual salary review of the employees. The contribution made by the members of the executive management to the development of the activities and results of the Group is an important part of the remuneration policy.

The total amount of the remuneration of the members of the executive management consists of the following elements: the fixed remuneration, the short-term variable remuneration and the long-term variable remuneration.

FIXED REMUNERATION

The fixed remuneration of the members of the Executive Management is determined according to their individual responsibilities and skills. It is awarded independently of any result.

Part of this fixed remuneration may be used, at the discretion of the Executive Management member, for pension and insurance contributions like:

- the payment of a life endowment in favour of the insured person on the date of his retirement;
- the payment of a death benefit in case of death of the member prior to retirement, for the benefit of its beneficiaries (plus an additional benefit in case of accidental death);
- the payment of a disability annuity in case of accident or sickness (other than occupational), and;
- the exemption from insurance premiums in case of illness or accident.
- health insurance.

SHORT-TERM VARIABLE REMUNERATION

In order to align the interests of the Company and its shareholders with the interests of Executive Management members, part of the remuneration package is linked to Company performance with objectives related to the annual business plan.

The company's performance for the CEO and the other members of the DirCo is based on the REBITDA and Free Cash Flow of the past financial year. These criteria are evaluated annually by the Board of Directors on the proposal of the Remuneration and Nomination Committee and adjusted if necessary.

For the other members of the executive management, the performance of the company is based on the REBITDA Group, REBITDA of their region, the Free Cash Flow of the past financial year at the level of the Group and at the level of their region.

These criteria are evaluated annually by the Board of Directors on a proposal from the Remuneration and Nomination Committee and adjusted if necessary.

If the way in which the results were achieved is not in line with the core values (Candor, Top Performance and Entrepreneurship), the Remuneration and Nomination Committee reserves the right to decide not to pay variable remuneration.

For 2022, the evaluation criteria for the CEO and the other members of the Dirco are as follows: REBITDA Group (40%), Adjusted Free Cash Flow Group (40%) and non-financial criteria (20%). For the other members of the Executive Management: REBITDA Group (10%), REBITDA Region (30%), Adjusted Free Cash Flow Group (10%), Adjusted Free Cash Flow Region (30%) and non-financial criteria (20%). The non-financial criteria relate to the contribution to greater sustainability and to the Executive Management members' living the Group's values Candor, Top Performance and Entrepreneurship.

The short-term variable remuneration amounts in principle to 40% of the annual fixed remuneration for the members of the executive management (excl. CEO) and 75% of the annual fixed remuneration for the CEO. This percentage may be exceeded in terms of company performance, but should never exceed 50% (for members of the executive management) or 93.75% (for the CEO). The variable remuneration related to the business objectives is only awarded if 90% or more of the predetermined financial targets have been achieved.

The basis for the variable remuneration is the remuneration earned during the financial year. Payment is made in February of the following year.

There is no spread over time of the variable remuneration. The extraordinary general meeting of December 16, 2011 decided that the Company is not bound by the restrictions regarding the spread over time of the variable remuneration of the directors, the CEO and the other members of the executive management.²

LONG-TERM VARIABLE INCENTIVE

STOCK OPTIONS AND SUBSCRIPTION RIGHTS

The Company also offers options and/or subscription rights on shares of the Company. The purpose of this kind of remuneration is to motivate and retain employees who (can) have a significant impact on the Company results in the medium-term. When granting options and/or subscription rights, due account is taken of the strategic impact of the function that the employee performs and his/her future (growth) potential. The underlying philosophy is to raise Deceuninck's value to the maximum extent in the long term, by linking the interests of the warrant holders to those of shareholders, and to strengthen the long-term vision of the management. In this context, the exercise period of an option and subscription right is max. 10 years. The stock options and subscription rights can only be exercised the 3rd year following the year in which the options and warrants were offered. If they are not exercised at the end of the exercise period, they are, ipso facto, reduced to zero, and lose all value.

One third of the subscription rights /options are each time released for exercise in the fourth, in the fifth and in the sixth calendar year after the year in which the granting has been made up to the end of the term.

In the event of involuntary dismissal (except in case of termination of contract for cause), the accepted and exercisable stock options/subscription rights can only be exercised during the first exercise period following the date of the termination of contract. The options/ subscription rights that are not exercisable shall be cancelled. In the event of involuntary dismissal for cause, the unexercised, accepted stock options and subscription rights are cancelled, whether or not they were exercisable. These terms and conditions relating to the acquisition and exercise of options and subscription rights in the event of voluntary or involuntary dismissal can be applied without prejudice to the competence of the Board of Directors to make changes to these stipulations to the advantage of the beneficiary, based on objective and relevant criteria. If the employment agreement ends due to legal retirement or end of career, the subscription rights /options shall remain exercisable. The shares that may be acquired in connection with the exercise of the options/ subscription rights are listed on Euronext Brussels; they are of the same type and have the same rights as the existing ordinary Deceuninck shares.

² Based on article 520ter, 2° of the former Belgian Companies Code

RIGHT OF RECOVERY

The stipulations of the agreements between the Company and the CEO and the members of the Executive Management do not contain recovery clauses.

SEVERANCE PAY

For the CEO and the other members of the DirCo, a severance payment of not more than 12 months basic compensation was agreed in the management agreements.