

# 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 Team Group and Executive Team Regions.<sup>1</sup>

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 2022 Remuneration Policy was approved by the shareholders on April 26, 2022 and is made available on the website of Deceuninck Group

The 2023 Remuneration Policy will be presented to the General Meeting of Shareholders on April 25, 2023. The proposed changes for 2023 are the targets for the Short-term Variable Remuneration of the members of the Executive Team Group and Executive Team Regions.

## 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 Team Group and Executive Team Regions: 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.

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<sup>1</sup> 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 TEAM GROUP AND EXECUTIVE TEAM REGIONS

### PRINCIPLES

The remuneration of the members of the Executive Team Group, including the CEO, and the Executive Team Regions 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 Team Group and Executive Team Regions 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 Team Group and Executive Team Regions 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 Team Group and Executive Team Regions 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 Team Group and Executive Team Regions member, for pension and insurance contributions like:

- the payment of a life endowment in favor 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 its 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 Executive Team Group 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 members of the Executive Team Regions, 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.

Besides those financial criteria, part of the remuneration package is linked to non-financial criteria: the contribution to greater sustainability and living the Group's core values Trust, Top Performance and Entrepreneurship. If the way in which the financial results were achieved is not in line with the Group's core values, the Remuneration and Nomination Committee reserves the right to decide not to pay variable remuneration.

For 2023, the evaluation criteria for the CEO and the other members of the Executive Team Group are as follows: REBITDA Group (40%), Adjusted Free Cash Flow Group (40%) and non-financial criteria (20%). For the members of the Executive Team Regions: REBITDA Group (20%), REBITDA Region (20%), Adjusted Free Cash Flow Group (20%), Adjusted Free Cash Flow Region (20%) and non-financial criteria (20%).

The financial targets are translated into a pay-out curve which ensures that only an acceptable range of performance is rewarded. An accelerated bonus schedule has been put in place. Bonus pay-out starts when 85% of the target is achieved. If 130% of the target is reached, bonus pay-out will be 200%.

The target bonus was set at 75% of base salary for the CEO and 40% for the other members of the Executive Team Group and Executive Team Regions.

The basis for the variable remuneration is the remuneration earned during the financial year. Payment is made in March 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 management members.<sup>2</sup>

## LONG-TERM VARIABLE INCENTIVE

### STOCK OPTIONS AND SUBSCRIPTION RIGHTS

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<sup>2</sup> Based on article 520ter, 2° of the former Belgian Companies Code

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.

## PERFORMANCE SHARES

As the performance condition of the Performance Share Plan issued in December 2017 was not realized and consequently the former Performance Share Rights lapsed, the members of the Executive Team Group and Executive Team Regions are granted Performance Share Rights which can be converted into "matching" or Performance Shares of Deceuninck NV at the vesting date (i.e. the 3rd calendar year following the year of the grant):

- To be eligible to the Plan, the Executive Team Group and Executive Team Regions are required to invest in shares of the Company (the Investment Shares).
- The number of Performance Share Rights granted equal the number of Investment Shares based on an investment between a minimum amount of 50,000 EUR or 20,746 shares and a maximum amount of 500,000 EUR or 207,469 Investment Shares. The number of Performance Share Rights are calculated on the number of the Investment Shares held by the Beneficiary on 31st December 2022.
- The realization of the Performance Condition determines the number(s) of the Performance Shares the Performance Share Rights will entitle to.

For the avoidance of doubt:

- i. the share price at the start of the Performance Period (Reference Share Price) will be determined as the average share price between 15th July 2022 and 15th August 2022 (or start of the Performance Period) which is 2.41 EUR; and
- ii. the Vesting Share Price at the end of the Performance Period will be calculated as follows:
  - a. average share price between 15th July 2025 and 15th August 2025 following vesting date

PLUS

- b. dividend per share distributed by Deceuninck during the Performance Period.
- Similar to the Performance Share Plan of 2017, the Beneficiaries may receive a number of the Performance Shares upon realization of the Performance Condition, which will be calculated as follows:

Performance Condition If at the vesting date in 2025 the Vesting Share Price has increased compared to the Reference Share Price (2.41 €):	Number of Performance Shares one Performance Share Right entitles to
with $\geq$ 150%	3 Shares
with $\geq$ 100%	2 Shares
with $\geq$ 50%	1 Share
with $<$ 50%	0 Shares

## RIGHT OF RECOVERY

Although the Board is entitled to introduce recovery clauses, the stipulations of the agreements between the Company and the CEO and the members of Executive Team Group and Executive Team Regions currently do not contain recovery clauses.

## SEVERANCE PAY

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

