

D'leteren SA/NV

Remuneration policy

The remuneration policy of the Company has been established in accordance with Article 7:89/1 of the Code of Companies and Associations and the 2020 Belgian Code on Corporate Governance.

The remuneration policy applies to the Directors, who all qualify as non-executive Directors, and the members of the Executive Committee. It applies as from 1 January 2021, subject to its approval by the ordinary shareholders' meeting to be held on 27 May 2021. The remuneration policy will then be submitted to the Shareholders' Meeting for approval every four years or whenever there is a material change to it.

The remuneration policy is designed to support the Company's long-term performance culture and the creation of long-term sustainable value for its shareholders.

1.1 Governance – Procedure

The remuneration policy is established by the Board of Directors upon recommendation of the Nominations and Remuneration Committee. As indicated above, it is submitted to the Shareholders' Meeting for approval.

The individual remuneration of the Directors is approved by the shareholders' meeting. The individual remuneration of the members of the Executive Committee is approved by the Board of Directors of the Company. In each case, that remuneration is determined following the advice of the Nominations and Remuneration Committee.

More in particular, the Nominations and Remuneration Committee reviews the following items at the beginning of each year and submits the following to the Board of Directors for approval, in accordance with the remuneration policy:

- (i) any proposed changes to the remuneration of the non-executive Directors for the current year;
- (ii) the determination of the amounts of variable remuneration for the members of the Executive Committee for the past year, taking into account the annual and multi-annual criteria related to the performance of the Company and/or that of the beneficiaries; and
- (iii) any changes to the fixed remuneration of the members of the Executive Committee and their targeted variable remuneration for the current year, and associated performance criteria.

The Nominations and Remuneration Committee takes into account the proposals of the Chief Executive Officer when it reviews the remuneration of the other members of the Executive Committee.

To prevent the occurrence of conflicts of interest, the CEO and the other members of the Executive Committee are not invited to take part in the discussions of the Nominations and Remuneration Committee, and of the Board of Directors, related to their own remuneration.

1.2 Remuneration policy for Directors

The remuneration policy aims to attract and retain Directors with a wide variety of expertise in the various areas necessary for the profitable growth of the Company's activities.

All Directors receive the same fixed annual remuneration, irrespective of their presence at the meetings of the Board of Directors.

Their fixed remuneration does not include any grant of shares. This deviation from principle 7.6 of the 2020 Belgian Corporate Governance Code is justified by the fact that the investment policies of the Company adequately foster a long-term perspective. In addition, several Directors already have a large exposure to the evolution of the Company's value, considering the number of shares they own directly or indirectly.

As applicable, directors are also entitled to an additional fixed remuneration for rendering specific services such as Chairman or Deputy Chairman of the Board of Directors, for participating in one or more committees of the Board of Directors, or for being a member of the Board of Directors of one of the main subsidiaries of the group.

Directors do not receive any variable remuneration.

1.3 Remuneration policy for the members of the Executive Committee

The remuneration policy aims to attract and retain executives with the most appropriate background and motivate them by means of adequate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the group, and on internal fairness criteria between colleagues within the Company.

The remuneration policy aims to position the total individual remuneration of the members of the Executive Committee around the median remuneration for positions of similar responsibility in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

1.3.1 Structure of the remuneration

The remuneration of the members of the Executive Committee comprises the following components:

- (i) an annual fixed base remuneration;
- (ii) benefits in kind including contributions to disability and life insurance, pension funding and the provision and use of company cars and a mobile phone;
- (iii) a variable remuneration comprising:
 - (a) an annual bonus, with a target amounting to a percentage set within a range of approximately 50% to 75% of the annual fixed base remuneration for the Chief Executive Officer and for the other members of the Executive Committee;
 - (b) a cash long-term incentive plan (the "**Cash LTI**"), with a target amounting to: a percentage set within a range of approximately 25% to 50% of the annual fixed base remuneration for the Chief Executive Officer and the other members of the Executive Committee;

provided that the criteria established by the board of directors have been achieved over a three-year period following the grant; and

- (c) a stock option long-term incentive plan (the “**Stock Option LTI**”), pursuant to which options are granted to members of the Executive Committee on a yearly basis, taking into account how instrumental these persons have been and are expected to continue to be in helping the Company achieve its growth.

There is no requirement for the members of the Executive Committee to hold a minimum number of shares in the Company. This deviation from principle 7.9 of the 2020 Belgian Corporate Governance Code is justified by the fact that the investment policies of the Company adequately foster a long-term perspective. In addition, the grant of stock options adequately ensures the alignment of interests between the members of the Executive Committee and all shareholders.

1.3.2 **Details on the variable remuneration**

- (i) Annual bonus

The allocation of the annual bonus depends on the following criteria:

- (a) A limited number of quantified Group financial targets, like for instance profit before tax ‘group’s share’, and free cash flow, in each case compared to the budget approved by the Board of Directors; and
- (b) A limited number of relevant quantitative and qualitative non-financial targets, like for instance people, customer, society and/or corporate development targets (as qualitatively assessed by the Board of Directors).

Half of the annual bonus depends on the financial targets, while the other half depends on the non-financial targets.

For the different members of the Executive Committee, depending on their respective roles, different weights can be given to the different criteria.

At the start of the year after that for which the remuneration in question is being allocated, the performance of each member of the Executive Committee is assessed by the board of directors, upon recommendation of the Nominations and Remuneration Committee, and upon proposal by the CEO when it concerns the other members of the Executive Committee, in accordance with the performance criteria.

The annual bonus can vary from 0% to 150% of the target in EUR, depending on the result of the annual performance appraisal.

- (ii) Cash LTI

Members of the Executive Committee are eligible to receive a cash amount if the following targets are achieved over a period of three years (the first period being from 1 January 2020 to 31 December 2022):

- (a) a minimum financial gain for the shareholders that resulted from the appreciation of the share price plus any dividends paid by the

Company to the shareholders being achieved (“**Total Shareholder Return**” or “**TSR**”), as set by the Board of Directors;

- (b) the annualised TSR being higher than the MSCI Gross World Index CAGR; and
- (c) a limited number of environmental, social and corporate governance (ESG) targets that are particularly relevant to the Group (as qualitatively assessed by the Board of Directors).

At the start of the year following the three-year period, the above criteria are assessed by the board of directors, upon recommendation of the Nominations and Remuneration Committee, and the Cash LTI is paid to the Executive Committee members according to the achievement of the targets.

(iii) **Stock Option LTI**

Under the Stock Option LTI, the members of the Executive Committee are eligible to receive a number of stock options which is decided by the board of directors, upon recommendation of the Nominations and Remuneration Committee.

Stock options give the right to acquire existing shares of the Company at an exercise price that corresponds, for each plan, either to the average price over the 30 calendar days preceding the offer date, or to the closing price on the working day preceding the offer date, as decided by the Chairman of the board of directors on the working day preceding the launch of the Stock Option LTI.

These options may be exercised from 1 January of the 4th year following the date they were granted and up until the end of the tenth year following their grant, with the exception of (approximately) the one-month period preceding the release of the full-year and half-year financial results. The actual exercise of the options depends on the evolution of the share price from the beginning of the exercise period. Options that have not yet been exercised become null and void if their beneficiary is dismissed for cause.

1.3.3 Exceptional grants

Exceptional cash bonuses or stock options grants (“**Exceptional Grants**”) may be awarded from time to time to members of the Executive Committee of the Company in relation to acquisitions, disposals or other special projects. Exceptional Grants may also be granted from time to time to new members of the Executive Committee in relation to their hiring or to existing members with a view to retaining them.

Exceptional Grants may only be used to reward a significant contribution to the performance of the Company.

Exceptional Grants may only be made by decision of the board of directors, provided the grants have been recommended by the Nominations and Remuneration Committee.

1.3.4 Phasing over time of the variable remuneration payment

As regards the phasing of the payment of the components of the variable remuneration over time, the Company complies with the legal requirements in terms of relative proportions relating to:

- (i) the annual bonus, which shall not exceed 50% of the total variable remuneration and which, depending on whether performance criteria have been met, is paid at the beginning of the year following the one during which the services were provided;
- (ii) the cash amount granted under the Cash LTI, which is paid upon expiry of a three-year period following such grant; and
- (iii) the Stock Option LTI, under which the stock options can be exercised at the earliest from the fourth year following the year in which they were allocated.

1.3.5 Adjustment of the variable remuneration in certain events

Any component of the variable remuneration granted to a member of the Executive Committee can be reduced or cancelled by the board of directors at any time prior to vesting if the financial results used as a basis for the grant of any variable remuneration have been modified or it is established that another error resulted in any material excessive payment of variable remuneration to the member of the Executive Committee concerned.

1.3.6 Pension scheme

The members of the Executive Committee participate in a pension scheme. This scheme is in line with market practices in Belgium and it is a defined contribution plan.

1.3.7 Other benefits

Benefits in kind include the provision and use of company cars and mobile phones.

The Company also covers the contributions to disability and life insurance for the benefit of the members of the Executive Committee.

1.3.8 Main features of the contracts between the Company and the members of the Executive Committee

The terms and conditions of the contracts of the members of the Executive Committee are included in individual management agreements which are concluded for an indefinite period of time.

Under their agreements, members of the Executive Committee are subject to confidentiality requirements and 12-month non-compete and non-solicitation restrictions.

Termination arrangements comply with legal requirements. Barring cases of unprofessional conduct, incapacity or gross negligence, the contracts of Executive Committee members allow for 12 months of severance pay.

1.4 Changes since the last approved remuneration policy

Except for the new Cash LTI and the introduction of ESG targets as part of it, there is no material change between what is set out in this remuneration policy and what was set out in the remuneration report published in 2020.

1.5 Possibility to deviate from the remuneration policy

In the event of exceptional circumstances which make a deviation from the remuneration policy necessary in order to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability, the board of directors, upon recommendation of the Nominations and Remuneration Committee, shall be entitled to temporarily change the remuneration of the members of the board of directors or the members of the Executive Committee. Such change may relate to any component of the remuneration.