

## **2013 Remuneration Report of the combined Nomination, Remuneration, Selection and Appointments Committee (the 'Remuneration Committee') of the Royal Ten Cate Supervisory Board**

The remuneration policy applied to executive directors of Royal Ten Cate is set out below.

### **Principles of the remuneration policy**

The Supervisory Board of Royal Ten Cate applies a remuneration policy for the management of the company based on the following principles:

The remuneration of the management must enable the company to attract and retain senior managers;

- The remuneration policy must accord with the company's corporate governance policy;
- The remuneration must reflect the strategic and financial objectives and be to a large extent performance-based, maintaining a balance between short- and long-term results and objectives, and
- The remuneration must not include incentives giving rise to conduct which promotes individual interests in conflict with those of the company;
- The remuneration policy includes an annual scenario analysis of possible outcomes of the remuneration policy.

### **The Corporate Governance Code**

Royal Ten Cate endorses the principles stated in the Corporate Governance Code ("the Code") with regard to the remuneration of executive directors. Royal Ten Cate also endorses the recommendations on the Supervisory Board's responsibilities for remuneration and the role of the Remuneration Committee. Royal Ten Cate endorses the principle of maximum remuneration equivalent to one times annual salary (the 'fixed' part of the remuneration) in the event of involuntary termination. Royal Ten Cate wishes to have the ability to depart from the Code on reasoned grounds, should particular circumstances so require. Contracts already in existence with executive directors when the Code is applied are respected.

### **New remuneration policy**

The policy is aimed at assessing remuneration against competitive levels in the relevant remuneration market. A periodic analysis is made of the possible outcomes of the remuneration policy and the policy may be recalibrated, with professional support from an external party if required.

In 2011 a detailed analysis was carried out jointly with external specialists with the aim of bringing the current remuneration policy for the Executive Board into line with the remuneration market for companies of a similar type and size. In the view of the Supervisory Board, this would take proper account of the quality of the performance rendered.

The following factors were considered:

1. Adjustment of the remuneration benchmark in line with that of companies having similar ratios of revenues and market value (composition of a peer group);
2. The peer group scope extends to all relevant components of the remuneration policy;
3. Short-term variable income;
4. Long-term variable income.

The remuneration policy was further evaluated on the basis of the above factors in 2012, establishing the following principles:

1. The fixed income of the CEO is currently at the level of the third quartile of the peer group and thus fulfils the principle of attaining at least the median level of the peer group;
2. The fixed income of the CFO is based on the median level of the peer group;
3. A distinction will be drawn between short- and long-term variable remuneration components;
4. In the case of both short- and long-term remuneration components, no distinction will be drawn between a target level and a maximum level;
5. The long-term remuneration component will continue to consist of a combined option plan and share plan.

The Remuneration Committee presented the general principles for the drafting of a new remuneration policy at the General Meeting of Shareholders in April 2012. The Remuneration Committee proposed to evaluate the Executive Board remuneration policy on the basis of a newly composed peer group in 2014, partly having regard to its alignment with the remuneration market for companies of comparable type and size. A further explanation will be provided if required at the General Meeting in April 2014.

#### **Implementation of the 2013 remuneration policy**

The post of CEO of Ten Cate was based on Hay level 30 in 2013. The variable remuneration component is a maximum of 50% of the fixed annual salary.

The post of CFO of Royal Ten Cate was based on the median of Hay level 26 in 2013. The variable salary component is a maximum of 40% of the fixed salary.

The fixed income of the CEO, Mr De Vries, was not raised in 2013. Mr De Vries received no variable salary component in 2013 in respect of 2012. He was granted 60,000 options with an exercise price of €17.73.

The fixed income of the CFO, Mr Cornelese, remained unchanged in 2013 up to the time of his departure on 1 September 2013. Mr Cornelese received no variable salary component in 2013. He was granted 40,000 options, which lapsed due to his departure from the company.

*A schematic overview of the expenses incurred by the company during the financial year for the remuneration of executive directors can be found in the published 2013 annual report.*

#### **Remuneration Committee**

The Remuneration Committee assesses the remuneration of the members of the Executive Board by way of preparation for the Supervisory Board. The Chairman of the Remuneration Committee, Mr P.P.A.I. Deiters, was succeeded in 2013 by Mr P.F. Hartman. Mr J.C.M. Hovers is also a member of the Remuneration Committee and Mr R. van Gelder was a member of the Remuneration Committee until he retired on 4 March 2013. The Committee met on three occasions in 2013.