

# ***Remuneration report by the Supervisory Board of Accell Group N.V. for 2008<sup>1</sup>***

## **Remuneration committee**

The Supervisory Board does not have a separate remuneration committee since the Board consists of only four members and decides in its entirety on the remuneration of members of the Board of Directors<sup>2</sup>.

The performance of the Board of Directors as a whole and of its individual members was discussed by the Supervisory Board during its meeting held on 22 February 2008, without the Board of Directors being present. The salaries of the individual members of the Board of Directors for 2008 and the bonuses for 2007 were also decided at this meeting. The bonuses for 2007 are reflected in the annual accounts for 2007.

During the meeting of the Supervisory Board held on 20 February 2009 the performance of the Board of Directors for 2009 was discussed. The bonuses for the financial year 2008 were also determined during that meeting. These bonuses are reflected in the annual accounts for 2008.

## **Remuneration policy**

### Introduction

The remuneration policy for the Board of Directors as prepared by the Supervisory Board was adopted by the General Meeting of Shareholders for the first time on 21 April 2005. As announced in the remuneration report for 2007, the Supervisory Board proposed to the General Meeting of Shareholders in April 2008, to partly replace the option scheme applicable at that time, by a share scheme. In accordance with section 2:135 of the Dutch Civil Code on 24 April 2008 the General Meeting of Shareholders resolved to adopt the remuneration policy for the Board of Directors. The option scheme/share scheme included therein was thereby approved. As part of this remuneration policy adopted by the General Meeting of Shareholders, the Supervisory Board determines the remuneration of the individual members of the Board of Directors.

### Principles

The remuneration policy is intended to provide the possibility to attract qualified candidates for the Board of Directors, who possess both the necessary management qualities and the required background. The policy is also intended to serve as a challenge, to ensure continued focus on performance and shareholder value of the company, to motivate executives and to retain good performers.

In setting the level and structure of remuneration, factors such as profit developments, share price movements and other developments that are relevant for the company are taken into consideration.

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<sup>1</sup> This report appears on the Accell Group website ([www.accel-group.com](http://www.accel-group.com)). Its main elements are included in the Annual Report (Report by the Supervisory Board), in accordance with Best Practice Provision II.2.9 et seq. of the Dutch Corporate Governance Code (Netherlands Government Gazette nr. 250 dated 27 December 2004).

<sup>2</sup> Unless stated otherwise, the term 'members' includes the chairman.

To realise the above principles, it is intended to position the remuneration packages at a competitive level in the Dutch remuneration market for executives of medium-sized companies. In order to adjust for differences in size and complexity within the various companies comprising this market, the remuneration packages of members of the Board of Directors of Accell Group N.V. are positioned at the average for executives with comparable positions in terms of responsibility. This comparison is substantiated using the results of the Hay Boardroom Guide 2007. The Supervisory Board instructed that the company should participate in this study. A specific reference market is not readily available due to the limited number of comparable listed companies. The remuneration package is also intended to be able to attract qualified executives from other business sectors.

The Supervisory Board will regularly review the remuneration package in order to ensure that it meets the remuneration criteria mentioned above, both in terms of composition and level.

At its discretion the Supervisory Board may adjust the remuneration of a member of the Board of Directors annually based on its assessment of the state of the company and the performance of individual directors, thus acting in the spirit of the relevant regulations. The Supervisory Board is thus authorised to adjust the remuneration, both upward and downward.

### **Remuneration package**

As per 2008, the total remuneration of the Board of Directors of Accell Group N.V. consists of:

- Annual salary
- Short-term bonus
- Option scheme
- Share scheme
- Pension and other fringe benefits

#### Annual salary

The annual salary is intended to correspond with the remuneration market as described above. In connection with this, it has been decided to follow the median level within this remuneration market. Should the annual salary of an individual director be below this normative level for the position upon entering employment, the Supervisory Board will then decide regarding the further growth in salary. Assuming acceptable performance, the normative level for the annual salary of the board member can in principle be achieved after approximately three years following appointment to the Board of Directors.

Evaluation and adjustment of the annual salary takes place annually as of 1 January. This takes into account the performance of individual board members, the financial results for the previous year, any general adjustment of salary levels at Accell Group N.V. in the Netherlands, as well as the further growth if the normative level has not yet been reached.

#### Variable remuneration

Each member of the Board of Directors is entitled to a bonus upon realisation of previously agreed performance criteria that reinforce both the short-term and long-term goals of Accell Group N.V. The performance criteria for the Board of Directors as a whole and of the individual

directors are formulated and established by the Supervisory Board at the beginning of each year, in consultation with the Board of Directors.

#### *Short- and long-term bonus scheme*

The annual bonus that may be awarded consists of a short-term bonus and a long-term bonus. The short-term bonus is a cash payment; the long-term bonus is a combination of share options and shares that are awarded conditionally. The short-term bonus is limited to a maximum of 50% of the annual salary and as of 2008 it depends for 80% on the realisation of return targets and for 20% on the realisation of individual targets.

Awarding of options and conditional shares is dependent on the realisation of return targets. Until 2008 the options had an underlying value (number times exercise price) equal to a maximum of one year's salary. As per 2008 the options have an underlying value (number times exercise price) equal to a maximum of 50% of the annual salary. Following receipt of the options, the members of the Board of Directors must retain them for at least three years, in order to strengthen the link between the interests of the Board of Directors and those of the shareholders.

As per 2008 in addition to share options, conditional shares may be awarded. The conditional shares have an underlying value (number times share price at the time the shares are awarded conditionally) equal to a maximum of 50% of the annual salary. After a period of three years upon receipt of such conditional shares it will be decided what percentage of the conditionally awarded shares is awarded definitively. Such percentage shall be determined on the basis of the shareholder return of Accell Group (TSRA, Total Shareholder Return of Accell Group) compared to the shareholder return on shares included in the Amsterdam Midcap Index of Euronext Amsterdam (TSRM, Total Shareholder Return of the Midcap). In the event that TSRA is equal to TSRM such percentage shall be 50%. Following definitive receipt of the shares the members of the Board of Directors must retain them for at least two years.

#### Pension

The members of the Board of Directors of Accell Group N.V. do not fall under any of the pension schemes that apply for other employees, but instead under a separate scheme. The pension scheme for the Board of Directors is a defined contribution plan. Deviating pension arrangements dating from the past are maximised to a fixed contribution per year that is subject to annual adjustment.

#### Other fringe benefits

The fringe benefits awarded by Accell Group N.V. to members of the Board of Directors are similar to those for other employees. Fringe benefits include an expense allowance, an allowance for health insurance premiums, accident insurance, disability schemes and a company car. In addition, the company has taken out directors' and officers' liability insurance for the Board of Directors. Accell Group N.V. no longer issues loans to Directors.

#### Employment contracts

The terms of employment of the Directors of Accell Group N.V. are set out in individual employment contracts. As from 1 January 2005 new Directors are in principle appointed for a period of four years. With regard to early termination of a new Director's contract at the initiative of the company, severance pay is in principle limited to one year's salary. If such severance pay

(i.e. maximum of one year's salary in case of involuntary dismissal during the first term of appointment) is judged to be unreasonable, this Director may qualify for a severance payment of a maximum of twice the annual salary. The current Directors have an employment contract for an indefinite period. The notice period for Accell Group N.V. is six months, and for the Director it is three months. The only exception is Mr R.J. Takens, for whom the notice period that must be given by the company is twelve months and by him is six months. The employment contracts with current members of the Board of Directors do not contain any severance scheme.

### **The policy in effect for 2008**

#### Annual salary

To determine an appropriate level for the fixed remuneration, the Supervisory Board commissioned a recognised bureau to study the remuneration market for directors of medium-sized companies with comparable responsibilities. The salary level for individual members of the Board of Directors also takes the current state of the company into consideration.

#### Short-term bonus

The following criteria applied for the financial year 2008 to the bonuses of members of the Board of Directors:

- The profit per share must have shown growth as compared with 2007.
- The profitability must exceed a certain threshold value.
- The other targets agreed with the Board of Directors must have been met.

In February 2009 on the basis of the results realised in 2008 a bonus was paid to the Board of Directors of 37% of the annual salary for 2008. The bonus depends for 80% on the realisation of return targets and for 20% on other targets.

The bonus for members of the Board of Directors is limited to a maximum of 50% of the annual salary.

#### Option scheme and share scheme

In February 2008 the option scheme as part of the remuneration policy adopted by the General Meeting of Shareholders on 21 April 2005 was applied, such option scheme having the following features:

- Each year a number of option rights may be awarded to individual members upon realisation of their targets.
- The number of option rights depends on the annual salary applying at the time.
- The options expire after five years. They may not be exercised until after three years have passed.
- As from 2005, tax settlement with regard to options granted takes place upon exercise.

Option grants in February 2008 were dependent on performance in 2007. Based on the performance in 2007, options with an underlying value (number times exercise price) of one year's salary were awarded to members of the Board of Directors at an exercise price equal to the average of the closing rates on the last five days prior to the grant. Once awarded, the options are unconditional and must be held by the members of the Board of Directors for at least three years

in order to strengthen the link between the interests of the Board of Directors and those of the shareholders.

In February 2009, on the basis of the remuneration policy as adopted by the General Meeting of Shareholders on 24 April 2008, options with an underlying value of 50% of the annual salary and conditional shares with an underlying value of 50% of the annual salary were awarded. The execution price of the options is equal to the average of the closing prices on the last five days prior to awarding such options. Once awarded the options are unconditional and must be held by the members of the Board of Directors for at least three years. As regards the conditional shares, upon expiry of a period of three years after awarding such shares, it will be determined what percentage of such shares is granted definitively. Such percentage will be based on the shareholder return of Accell Group (TSRA, Total Shareholder Return of Accell Group) in comparison to the shareholder return on shares included in the Amsterdam Midcap Index of Euronext Amsterdam (TSRM, Total Shareholder Return of the Midcap). The percentage is 50% if TSRA is equal to TSRM.

#### Pension

Deviating pension arrangements dating from the past are maximised as from 2005 to a fixed contribution per year.

#### Amounts

For the exact remuneration of members of the Board of Directors in 2007, see the notes to the annual accounts.

#### **The policy in effect for 2009**

In 2009 the remuneration of the Board of Directors shall be in accordance with the remuneration policy as adopted by the General Meeting of Shareholders on 24 April 2008.