

# ***Remuneration report by the Supervisory Board of Accell Group N.V. for 2010<sup>1</sup>***

## **Selection/remuneration committee**

In the financial year 2010 the Supervisory Board decided to appoint a selection/remuneration committee from among its members. The selection/remuneration committee is made up of Mr J.H. Menkveld (chairman) and Mr A.J. Pasman. The composition of this committee is in accordance with the provisions of the Dutch Corporate Governance Code. The duties of the selection/remuneration committee are, among other matters, to make suggestions to the Supervisory Board about the selection criteria and appointment procedure for members of the Supervisory Board and the Board of Directors, the remuneration policy to be pursued and the amount of the remuneration and employment conditions of members of the Board of Directors.

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 25 February 2010, without the Board of Directors being present. The salaries for 2010 of the individual members of the Board of Directors and the bonuses for 2009 were also decided at this meeting and a decision was made about the award of share options and conditional shares. The bonuses for 2009 are reflected in the financial statements for 2009.

During the meeting of the Supervisory Board held on 24 February 2011 the performance of the (members of the) Board of Directors as well as their salaries for 2011 were discussed and a decision was made about the award of share options and conditional shares. The bonuses for the financial year 2010 were also determined during that meeting and are reflected in the financial statements for 2010.

## **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. In 2008 the Supervisory Board drew up a new remuneration policy for the Board of Directors. This remuneration policy was adopted at the General Meeting of Shareholders on 24 April 2008 and the share scheme for the Board of Directors was also approved at this meeting. In 2010 a technical adjustment was made of the remuneration policy adopted by the General Meeting of Shareholders in 2008 and the share scheme for the Board of Directors included in this scheme. This adjustment entails that the definitive award of the shares conditionally awarded in any year will take place two years after the moment of the conditional award of shares, with a reference period of three years as regards the calculation of the definitive number of shares to be awarded. After the definitive award of the shares a lock-up period of two years is applicable. The remuneration policy adjusted by the Supervisory Board on this subject was adopted at the General Meeting of Shareholders on 22 April 2010; at that time the share scheme for the Board of

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<sup>1</sup> This report appears on the Accell Group website ([www.accell-group.com](http://www.accell-group.com)). Its main elements are included in the Annual Report 2010 (Report of the Supervisory Board), in accordance with Best practice provision II.2.9 of the Dutch Corporate Governance Code (Dutch Government Gazette no. 18499 dated 3 December 2009).

Directors included in this policy was also approved. In accordance with the remuneration policy most recently adopted and the share scheme approved and included in this policy, conditional shares in addition to share options may be awarded to the members of the Board of Directors. 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.

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 2010, as commissioned by the Supervisory Board. 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 annually adjust the remuneration of a member of the Board of Directors, 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**

The total remuneration of the Board of Directors of Accell Group N.V. consists of:

- Annual salary
- Short-term bonus scheme
- 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 of any year, taking into account the performance of individual board members, the financial results for the previous year, any (annual) 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 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. 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.

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. The percentage of the conditionally awarded shares that are awarded definitively shall be determined on the basis of the shareholder return of Accell Group N.V. (TSRA, Total Shareholder Return of Accell Group) compared to the shareholder return on shares included in the Amsterdam Midcap Index of NYSE Euronext in Amsterdam (TSRM, Total Shareholder Return of the Midcap) for a continuous period of three years. In the event that TSRA is equal to TSRM such percentage shall be 50%. The maximum percentage amounts to 125% in the event TSRA exceeds TSRM with 10%. 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 to 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. the 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 observed by the company is twelve months and the notice period that must be observed 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 2010**

#### Annual salary

To determine an appropriate level for the fixed remuneration, in 2007 the Supervisory Board commissioned a recognised bureau to study the remuneration market for directors of medium-sized companies with comparable responsibilities. The fixed remuneration for 2008 was partially determined on the basis of that study. The fixed remuneration for 2009 was equal to the fixed remuneration for 2008 after adjustments according to the consumer price index. In 2010 the Supervisory Board again gave instructions to participate in such a study.

#### Bonus

The following criteria applied for the financial year 2010 to the bonuses of members of the Board of Directors:

- The profit per share must have shown growth as compared with 2009.
- The profitability must exceed a certain threshold value.
- The other targets agreed with the Board of Directors must have been met.

In February 2011 a bonus of 27.1% of the annual salary was paid to the Board of Directors on the basis of the results realised in 2010. The bonus depends for 80% on the realisation of return targets compared to the previous year 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

On 24 February 2011 options and conditional shares were awarded to the members of the Board of Directors on the basis of the performance in the financial year 2010.

The exercise price of the options is equal to the average of the closing rates on the last five trading days before being awarded. The number of awarded options was determined by dividing the half of the annual salary of the relevant member of the Board of Directors by the exercise price of the options. Once awarded, the options are unconditional and must be held by the directors for at least three years for the link between the interests of the Board of Directors and those of the shareholders.

The number of conditionally awarded shares has been determined by dividing the half of the annual salary of the relevant member of the Board of Directors by the average of the closing prices on the last five trading days prior to awarding such shares. In accordance with the remuneration policy adopted by the General Meeting of Shareholders of 22 April 2010, the percentage of the shares conditionally awarded in February 2011 that will be definitively awarded will be determined in February 2013. That percentage depends on the shareholder return of Accell Group N.V. (TSRA) in comparison to the shareholder return on shares included in the Amsterdam Midcap Index of NYSE Euronext in Amsterdam (TSRM) for a continuous period of three years, i.e. the financial years 2010, 2011 and 2012. The percentage is 50% if TSRA is equal to TSRM. The maximum percentage amounts to 125% in the event TSRA exceeds TSRM with 10%. After the definitive award of the shares a lock-up period of two years is applicable.

On the basis of the remuneration policy as adopted by the General Meeting of Shareholders on 22 April 2010, options with an underlying value of the half of the annual salary and conditional shares with an underlying value of the half of the annual salary were awarded in February 2011.

#### Pension

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

#### Amounts

For the exact amounts of the remuneration of members of the Board of Directors in 2010, see the notes to the financial statements.

#### **The policy in effect for 2011**

In 2011 the remuneration of the members of the Board of Directors shall be in accordance with the remuneration policy as adopted by the General Meeting of Shareholders on 22 April 2010.