

REMUNERATION POLICY 2019

This policy sets out the principles applicable to the remuneration of Directors and the members of the Management Committee.

The remuneration policy was designed in order to:

- Drive the success of the company and the delivery of its business strategy,
- Create shareholder value,
- Be aligned with the corporate values,
- Support the company’s risk profile.

Moreover, the policy has been drafted in line with market best practice and the requirements of the regulatory / Corporate Governance framework.

The present remuneration policy was reviewed and validated by the Remuneration Committee on 25th February 2019 and approved by the Board of Directors on 27th February 2019. The policy was adopted during the General Meeting of Shareholders on 28th May 2019 and will become effective as of 1st January 2019.

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1. Remuneration Policy for Directors

The Company seeks to appoint Directors who have relevant professional knowledge, and have gained experience in a relevant industry and geographical sectors, to support diversity of expertise at the Board and match the wide geographic spread of the Company's activities. Directors attend Board, Committee and other meetings, held mainly in Belgium, to debate the Company's strategic direction. All Directors are expected to familiarise themselves with the scale and scope of the Company's business and to maintain their specific technical skills and knowledge.

The level and structure of remuneration paid to the Directors are determined after considering the roles and responsibilities of each Director and the practice of other companies of a similar size and international complexity. An assessment against market practice is conducted on a regular basis. To assess market practice, Recticel considers a frame of reference comprising companies in the same stock index as Recticel (i.e. currently BEL Mid).

In terms of remuneration components:

Component	Board	Committee
Retainer / fixed fee	Board Members receive a retainer / fixed fee on an annual basis. The fee for the Chair is twice as high as the fee for a Member	Not offered
Attendance fees	A fee is paid per meeting attended. The fee for the Chair is twice as high as the fee for a Member	A fee is paid per meeting attended. The fee for the Chair is twice as high as the fee for a Member
Variable remuneration	Not offered	Not offered
Equity-based remuneration	Not offered	Not offered
Benefits	Not offered	Not offered
Reimbursement of expenses	Travel abroad will be arranged for by Recticel directly	Travel abroad will be arranged for by Recticel directly
Other	The Company will not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any Board member	

Executive Directors are remunerated in accordance with the remuneration policy for the members of the Management Committee and any Director fees paid to the Executive Directors are deducted from the remuneration received as a member of the Management Committee.

2. Remuneration Policy for Members of the Management Committee

The remuneration of the members of the Management Committee is designed to:

- ensure that the Company can continuously attract, motivate and retain high calibre and high potential executive talent for which the Company competes in each region and internationally;
- promote the achievement of Board-approved performance targets, aligned with building sustainable shareholder value over the short, medium and long-term;
- stimulate, recognize and reward strong individual contribution and solid team performance.

The level as well as the structure of the remuneration of the members of the Management Committee is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval. When determining the remuneration levels for the members of the Management Committee, Recticel considers a Belgian frame of reference comprising companies similar in size (as compared on the basis of revenues) and exclusive of the Financial Sector. The objective is to establish target remuneration levels that, as a general rule, are at or around the median market level and this as far as the performance of the Company can afford it.

2.1. Differences between Remuneration Policy for Management Committee Members and other Employees

The Remuneration Committee will take into account the pay and employment conditions of other Group employees when determining Management Committee members' remuneration, particularly when determining base salary adjustments. The Remuneration Committee will also obtain information on the remuneration paid for comparable roles at other relevant companies to provide a point of reference for determining the Remuneration Policy.

The Remuneration Policy for the members of the Management Committee is designed in line with the remuneration philosophy set out at the beginning of this policy which also underpins remuneration for the wider Group. As such, remuneration arrangements for the members of the Management Committee draw on similar elements as those for other employees and include elements such as base salary, performance-related pay and benefits:

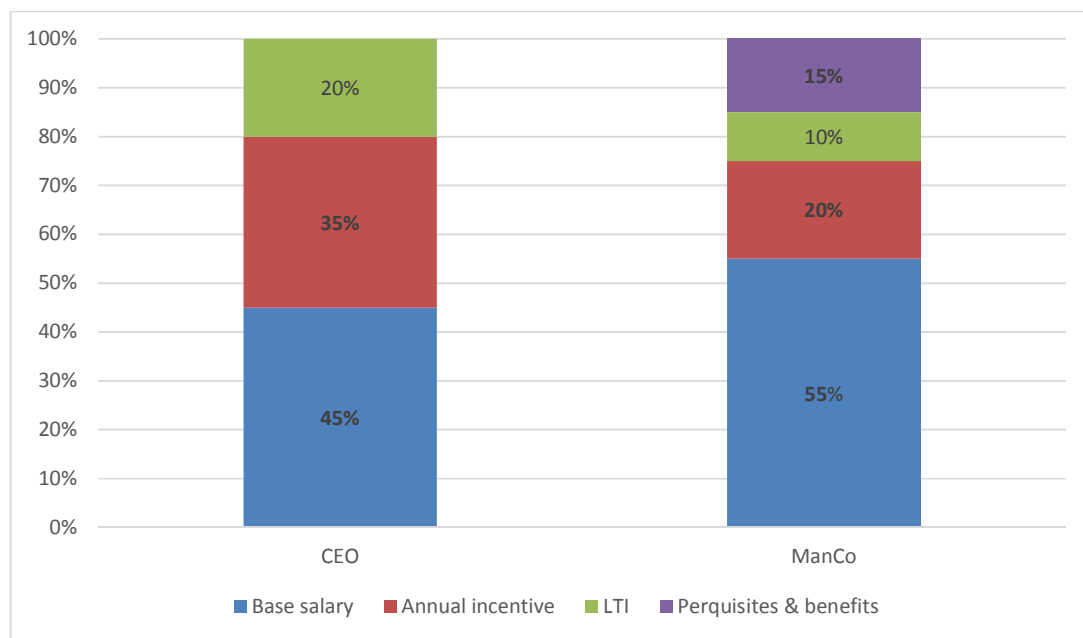
- The process for reviewing salaries every year is also applied to the members of the Management Committee, using the outcome of the annual Performance Review process
- The working of the annual bonus plan for the members of the Management and for the other eligible employees is similar in nature, and any potential award is based upon achieving Collective Objectives and Personal Objectives
- However, members of the Management Committee receive a higher proportion of their remuneration in performance-related pay (annual bonus plan) and share-based payments (long-term incentive plan)

2.2. Structure of the remuneration package for the members of the Management Committee

The total remuneration of the members of the Management Committee comprises different components (each of which is addressed separately in more detail in the next sections):

- Base pay
- Short-term incentive
- Long-term incentive
- Benefits and perquisites

The chart below gives an indication of the expected distribution of each element within the overall remuneration package.



Note: The structure presented above was based on the 2018 grant and is therefore provided for indicative purposes only. The annual remuneration report will address this more accurately on an annual basis.

The main elements of the contracts (such as employment statuses and termination provisions) and any other items are also summarized in the next sections.

2.3. Base Pay

Purpose and link to strategy

Base pay is designed to compensate the members of the Management Committee for the responsibilities of their position, a particular set of competencies and their experience in the position. It is set at a level appropriate to secure and retain high calibre individuals needed to deliver the Group's strategic priorities.

Operation

Individual's role, experience, performance and market practice are considered when determining salary levels.

Annual salary adjustments will be effective from 1 January in the year of the adjustment, unless other mandatory provisions apply. The base salary is paid in cash, subject to local tax and social security regulations.

Opportunity

There is no formal maximum limit and, ordinarily, salary increases will be broadly in line with the average increases for the wider Recticel workforce.

However, increases may be higher, at the Committee's discretion, to reflect a change in the scope of the individual's role, responsibilities or experience. Salary adjustments may also reflect wider market conditions in the geography in which the individual operates.

Performance measures

Individual performance is a key consideration when determining salary adjustments.

2.4. Short-Term Incentive

Purpose and link to strategy

To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of challenging annual collective and strategic business targets and delivery of personal objectives.

Operation

The annual bonus is linked to both collective targets (both at group and divisional level, the latter only for positions with a divisional scope) and personal targets. Collective objectives are all quantitative and financially driven (f.i. Net Cash Flow, REBITDA, ...). Personal objectives include at least one target related to sustainable development.

Each year, the Remuneration Committee will review the nature and weight of the objectives used to ensure that awards are made on the basis of challenging targets that clearly support the achievement of the strategic aims of Recticel. Targets are proposed at the start of the year by the Committee and bonus levels are proposed by the Committee based on performance against those targets. The Committee may apply judgement in making appropriate adjustments to bonus outcomes to ensure they reflect underlying business performance. The Board discusses the performance targets regularly and is free to select others in the interest of the company going forward. In case this leads to a material change of the policy, the proposed changes to the performance targets will be submitted to the General Meeting of Shareholders for approval.

The bonus is paid in cash and no deferral policy is applicable.

No clawback provisions are in place for the annual bonus plan.

Opportunity

- For threshold performance: the bonus pay-out will be nil
- For target performance: the bonus pay-out will be 75% of base salary for the CEO and 37.5% for the other Management Committee members
- For maximum performance: the bonus pay-out will be 117.5% of base salary for the CEO. For the other Management Committee members, it is 58.00% or 58.75% depending on whether they head a Business Line or a Function.

Performance measures

Based on a combination of collective targets and personal performance objectives, with the majority of the bonus assessed against the collective measures. The weighting between different measures will be determined each year according to business priorities.

2.5. Long-term Incentive

Purpose and link to strategy

The long-term incentive plan is designed to:

- encourage and support the creation of long-term shareholder value and ensure that the Management Committee, like the shareholders, share in the successes and shortcomings of the Company,
- provide the opportunity for the Management Committee to receive, within their total compensation package, competitive rewards as a result of sustained Company performance over longer periods of time and from the growth in value of the Company's shares, and
- retain executives by offering them the opportunity to benefit from the success of the company in the longer term pending they remain with Recticel.

Operation

The long-term incentive plan is granted by means of stock options with the following characteristics:

- The strike price is equal to the average of the Company's share price on the working day preceding the grant of the options, or during thirty days prior to the grant of the options. Each option, if exercised, allows to subscribe to a newly created ordinary Recticel share at the strike price.
- The options cannot be exercised before expiry of the third calendar year following that in which the grant was made, nor can they be exercised later than seven years from the grant date.
- There are no share retention periods after the exercise of the options.
- The overall pool of options available is decided upon on an annual basis: for each grant, the General Meeting of Shareholders approves a maximum number of options that can be distributed. Within that envelope, the precise number of options is determined by the Board on the basis of a recommendation of the Remuneration and Nomination Committee. The CEO will be entitled to a higher number of options than the other members of the Management Committee. The number of stock options distributed to each beneficiary is an absolute number and not a percentage of the base salary.
- No clawback provisions are in place for the stock option plan, i.e. there is no right of recovery.

Opportunity

The number of stock options is fixed at the date of grant. The realizable value of the long-term incentive plan will fluctuate based on the actual share price at the date of exercise.

Performance measures

The evolution of the share price determines the realizable value of the long-term incentive plan, conditioned by continued employment with the Company until options vest (retention).

2.6. Benefits and Perquisites

Purpose and link to strategy

Levels are set to recruit and retain high calibre individuals to execute the business strategy.

Operation

Perquisites and benefits are not provided to Management Committee members operating through a management company, though certain costs may be invoiced separately. They are, however, provided to other Management Committee members. These benefits and perquisites are provided in line with competitive practices in the market where the Executive in question is based and mainly include, but are not limited to the following.

- Pension arrangements: Until 2003 the pension arrangement consisted of a defined benefit plan. As from 2004, this defined benefit plan has been replaced by a defined contribution plan. Therefore, members of the Management Committee employed before 2003 are included in the Recticel Group Defined Benefit Plan. Members hired externally since 2004 are included in the Recticel Group Defined Contribution Plan. Both plans provide for retirement benefits at levels that are in line with the predominant plans of their kind in each country where they are in effect
- Hospitalization and disability coverage
- Company cars

Opportunity

Formal policies determine the representative level for each of these benefits and perquisites.

Performance measures

None

2.7. Contracts

The CEO provides services through a management company. The other Management Committee Members are either self-employed or salaried.

On termination of the employment of a member of the Management Committee by the company, Recticel will apply a notice of 12 months, unless other applicable legal mandatory provisions require to apply a higher number of months. Applicable termination terms are determined in accordance with the applicable labour law.

2.8. Other

The company will not grant credit, nor maintain credit, nor award credit in the form of a personal loan, nor extend an existing credit to any member of the Management Committee.

The members of the Management Committee are encouraged to build stock ownership in the company up to an amount equivalent to 50% of their annual gross base salary over a period of 5 years, preferably by keeping part of the stocks that they purchase under the existing stock option plan.

3. Governance

The Board of Directors of the Group determines the remuneration (both in terms of structure/policy and levels) of the Directors and of the Management Committee members on the basis of recommendations of the Remuneration and Nomination Committee. The remuneration of the Directors is proposed to the General Shareholders' meeting for approval. More specifically in view of the annual bonus plan:

- The evaluation of the CEO's performance is done by the Remuneration and Nomination Committee on the basis of audited company results before presenting a proposal to the Board of Directors.
- The evaluation of the other Management Committee members is done by the CEO on the basis of audited company results, who then discusses this with the Remuneration and Nomination Committee before presenting a proposal to the Board of Directors.

In order to assist the Committee in its analysis of the competitive environment in Belgium and Europe, as well as other factors that are necessary for the evaluation of remuneration matters by the Committee, the Committee can call on the services of internationally acknowledged remuneration consultants. In order to avoid or manage conflicts of interests, the Remuneration Committee discusses the remuneration of Directors with outside remuneration advisors prior to making a recommendation.

In establishing this policy and its future revisions, Recticel endeavours to take into account the votes and views of the shareholders on the policy and reports. Recticel is committed to an open and transparent dialogue with its shareholders on remuneration as well as other governance matters. The Chair of the Remuneration and Nomination Committee welcomes shareholder engagement and is available for any discussions investors wish to have on remuneration matters. The feedback from meetings with investors is always shared with the Committee and taken into consideration when decisions are made about future remuneration strategy and arrangements.
