

# Sustainable corporate governance

## Remuneration Policy

### Introduction

The Remuneration Committee is responsible for assessing and drawing up Colruyt Group's remuneration policy. The Board of Directors decides on the proposals elaborated by the Remuneration Committee. In the event of a material change and at least every 4 years, the remuneration policy is submitted for approval to the General Meeting of Shareholders of Colruyt Group.

The Remuneration Committee makes recommendations regarding the level of the remuneration of directors, including the Chairman of the Board of Directors, as reported in the remuneration report. These recommendations are subject to approval by the entire Board of Directors and subsequently by the

General Meeting. The policy as described here will be submitted for approval for the first time to the general meeting of 29/09/2021. If approved, the policy will apply for the coming 4 years.

The Remuneration Committee has also submitted recommendations to the Board of Directors for approval regarding the remuneration of the CEO and the COO and, on the recommendation of the Chairman of the Management Committee, with regard to the other members of the Management Committee.

### Information on the general principles of the remuneration policy

#### GENERAL PRINCIPLES OF THE COLRUYT GROUP REMUNERATION POLICY

Colruyt Group is a family business with various food and non-food formulas operating in Belgium and abroad. At the same time, these different business formulas share a single common identity and culture, which is translated into our mission statement and nine core values. With the Colruyt Group remuneration policy, we are therefore committed to maximally stimulating the group's interests and achieving our strategic objectives. For this reason, the Colruyt Group remuneration policy starts from the following principles:



- **A single group-wide remuneration policy that applies to all employees.** In this way all business formulas are guided by the same guidelines and we strive to stimulate internal job mobility as much as possible across the entire group.
- **Everyone shares in the collective result of Colruyt Group.** We are committed to a collective variable wage for all employees.
- **Fair remuneration for every employee.** At Colruyt Group we strive for a fair salary for every employee linked to his or her responsibilities and work context. We compare each salary package with both the internal and external market to arrive at a fair remuneration.
- **We want to honour visible individual performance and growth potential.** That is why we focus on various remuneration elements (both financial and non-financial).
- **Remuneration is more than just salary.** At Colruyt Group, opportunities for growth and development, a sustainable context, and a work-life balance, in addition to salary, are an essential part of the total remuneration package.

With its remuneration policy, Colruyt Group strives to contribute to its business strategy, to the realisation of both short and long-term objectives, to promoting sustainable value

creation for the company and to safeguarding the group's ability to recruit and retain employees and motivate them on a daily basis.

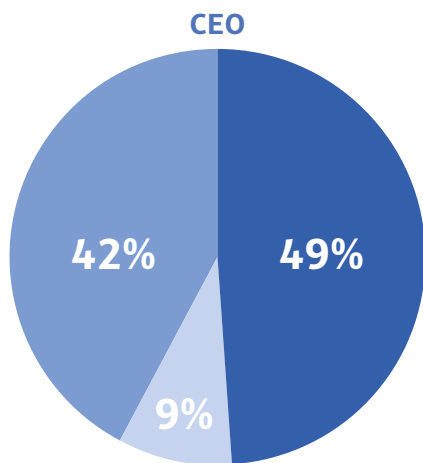
#### COMPOSITION OF THE REMUNERATION PACKAGE MANAGEMENT COMMITTEE

The remuneration package consists of two main elements: a basic salary and a variable salary. In order to guarantee fair remuneration to the members of the Management Committee, the remuneration package is compared with that of a relevant basket of companies. The companies whose remuneration practices are consulted include large Belgian companies and foreign companies with significant operations in Belgium, which are sufficiently comparable to Colruyt Group in terms of size and complexity. The market comparison is intended to aim the gross annual salary, consisting of the basic salary and the variable salary if targets are met, at the median of the market so as to achieve a remuneration package that is sustainable in the long term.

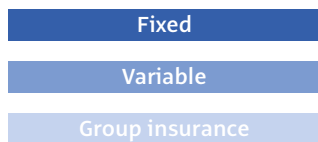
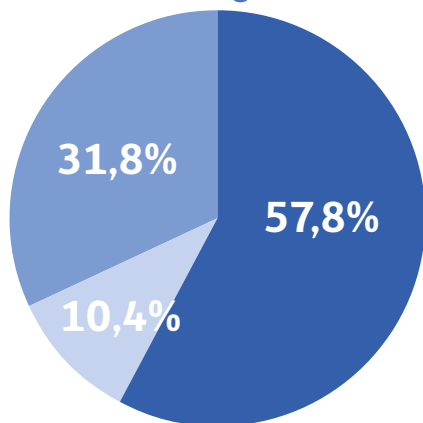
The remuneration package is supplemented by a competitive group insurance policy, and disability and hospitalisation insurance. Added to this is a company car and a fixed expense allowance.

The diagram below shows the relative portions of the fixed salary, the variable salary and the

group insurance in the target remuneration package (assuming 100% achievement of the target performance criteria) for the CEO and the members of the Management Committee (excluding CEO). The ratio of fixed salary/variable salary/group insurance may vary between the members of the Management Committee.



#### Members of the Management Committee



#### VARIABLE SALARY

In order to establish a direct link between remuneration and performance of both employee and organisation, a significant part of the remuneration package consists of a variable remuneration.

##### • TARGET LEVEL

The CEO acts as Chairman of the Management Committee. The variable salary, if targets are met, is 85% of the base salary for the CEO, 75% for the COO Retail, 62,5% for the General Manager Colruyt Lowest Prices and 50% for the other members of the Management Committee.

##### • PERFORMANCE CRITERIA

70% of the annual variable remuneration of the CEO and the other Management Committee members is determined according to **collective criteria** based on the operating profit targets of Colruyt Group. The Board of Directors determines every four years what level of operating profit we set as the target level. In setting this target level, performance relative to other retail companies is also taken into account.

Operating profit as the financial performance criterion reflects Colruyt Group's ambition to create added value in a sustainable way. Any good company needs to generate a profit to continue to grow in a sustainable way. By focusing on profitability, we generate sufficient cash to continue investing in the long term and

thus realise our strategy. In order to give priority to the group interest, these performance criteria apply to the entire Management Committee and also form the basis for determining the level of profit sharing for all employees of Colruyt Group Belgium.

The remaining 30% is determined by **individual criteria** including, in particular:

- participation in the group's mission and vision creation
- determining and implementing strategy
- development of potential
- supporting and stimulating the corporate culture
- other qualitative criteria such as working atmosphere, staff turnover, team building, readiness of staff to serve, policy for preventing occupational accidents, etc.

The individual performance criteria are determined annually for each individual and embody the various levers identified from the strategic objectives. For the CEO and COO, these performance criteria are drawn up and evaluated by the Board of Directors. For the other Management Committee members, these are proposed and evaluated by the Remuneration Committee and validated by the Board of Directors on the basis of recommendations from the CEO/COO.

• **EVALUATION**

The CEO and Management Committee members are evaluated annually, during the first few months following the end of the financial year.

The variable salary is a maximum of 1,75 times the target variable remuneration. If the performance falls below a predetermined minimum level, no variable remuneration is awarded.

The amount of the variable remuneration of each Management Committee member is determined as follows, depending on their individual evaluation:

- If the Management Committee member has achieved less than half of the individual performance criteria:

- ▷ up to half the collective variable remuneration can be awarded
- ▷ but no individual variable remuneration will be awarded
- If the Management Committee member has achieved half of the individual performance criteria:
  - ▷ up to half the collective variable remuneration can be awarded
  - ▷ half of the variable remuneration resulting from the achievement of the individual performance criteria can be awarded
- If the Management Committee member has achieved more than half of the individual performance criteria:
  - ▷ the collective variable remuneration can be awarded in full
  - ▷ the variable remuneration resulting from the achievement of the individual

performance criteria can be granted only pro rata to the criteria achieved.

In the event of exceptional circumstances or performance by one or more members of the Management Committee, the Chairman of the Management Committee may draw from an extra budget over and above the aforementioned variable remuneration. This envelope can amount to a maximum of 10% of the fixed basic compensation.

If the group's EBIT falls for the relevant financial year below a certain threshold, then, on the recommendation of the Board of Directors, no variable remuneration at all is paid.

<b>Performance criteria</b>	<b>Relative weight</b>	<b>a) Performance – lower limit b) Corresponding payout level</b>	<b>a) Performance – maximum b) Corresponding payout level</b>
<b>Collective</b>	70%	a) EBIT lower limit b) 0	a) EBIT upper limit b) Factor x 1,75
<b>Individual</b>	30%	a) < 50% achieved b) Individual: 0 Collective: max 50%	a) > 50% achieved b) Individual: Pro rata to level achieved Collective: max 100%

## OTHER PROVISIONS

The Extraordinary General Meeting of 13 October 2011 decided to make use of the authorisation provided by article 7:91 of the Code on Companies and Associations (formerly article 520ter of the Companies Code) and expressly decided not to apply the provision regarding the permanent acquisition of shares and share options or the provision regarding the staged payment of the variable remuneration to all persons covered by these provisions. Article 13 of the articles of association has been amended accordingly. The company will therefore not be bound by the restrictions stipulated by article 7:91 of the Code on Companies and Associations regarding the staged payment of the variable remuneration to the executive management. In Belgian law, there is still considerable uncertainty as to the legal validity and enforceability of a right of recovery, in favour of the company, of variable remuneration. For this reason, Colruyt Group has opted to refrain for the time being from regulating on a right of recovery of the variable remuneration.

The variable pay of the members of the Management Committee does not include any share-based compensation, except for that acquired by the members of the Management Committee in the 2019/20 financial year in

respect of the profit sharing plan for the 2018/19 financial year. In this way, the Board of Directors aims to avoid any motivation for speculative behaviour.

For the next two financial years, no radical changes are expected in the remuneration policy compared to the reported financial year.

## DIRECTORS

The directors are remunerated with a fixed remuneration (emolument), regardless of the number of meetings of the Board of Directors or one of its committees. We assume that a director works between 20 and 25 days a year in his or her director's role. We believe that structuring the board and its committees with a single clear and transparent remuneration for the efforts of the directors is more desirable for corporate governance in a listed company. The Board of Directors has a collective responsibility and we also want to approach the remuneration of the directors from this perspective.

In line with previous years, non-executive directors at Colruyt Group did not receive any share-based remuneration. This deviation from the recommendations of the Belgian Corporate Governance Code 2020 is in our view justified, since the Board of Directors has a dual role in

our one-tier board model, which is to support entrepreneurship on the one hand and to ensure effective supervision and control on the other. To avoid the granting of shares to non-executive directors increasing the likelihood of a conflict of interest, these persons do not receive performance-related remuneration or share-related compensation.