

2009 Remuneration Committee Report of Royal Ten Cate Supervisory Board

An explanation of the remuneration policy for the management of Royal Ten Cate is set out below. This was presented to the general meeting of shareholders of Royal Ten Cate for approval on 5 March 2005 and was accordingly adopted.

Principles of the remuneration policy

The Royal Ten Cate Supervisory Board applies a remuneration policy in respect of the company's management, based on the following principles:

- Remuneration of the management is aimed at attracting and retaining senior managers;
- The remuneration policy must conform to the company's corporate governance policy;
- The remuneration must reflect the strategic and financial objectives and be to a large extent performance-oriented, with a good balance between short and long-term results and objectives;
- The remuneration must not include any incentives that give rise to behaviour directed towards personal interests and that is in conflict with the company's interests;
- The remuneration policy includes an annual scenario analysis with regard to the possible outcomes of the remuneration policy.

The Corporate Governance Code

The principles set out in the Corporate Governance Code ('the Code') relating to the remuneration of management are endorsed by Royal Ten Cate. This applies in particular to the recommendations relating to variable remuneration, options and shares. Royal Ten Cate also endorses the recommendations with regard to the responsibilities of the Supervisory Board concerning remuneration and the role of the Remuneration Committee.

Royal Ten Cate endorses the principle of the maximum payment of one full year of salary (the 'fixed' part of the remuneration) in the event of involuntary dismissal. If exceptional circumstances so require, Royal Ten Cate wishes to be able to deviate from this. Existing contracts with the management in place at the time of application of the Code will be respected.

Remuneration policy

In order to implement the principles set out above, the policy is aimed at assessing the remuneration packages at a competitive level in the Dutch 'remuneration market' for the management of large companies.

A specific reference market is less appropriate due to the very small number of listed companies that are comparable to Royal Ten Cate. A benchmark is employed for the management of Royal Ten Cate that is applied by the Hay Group among companies with comparable characteristics. Hay levels were applied for the management on this

basis. In addition, the remuneration package is intended to attract high quality management from other sectors.

The remuneration of the Executive Board consists of:

- a. gross fixed annual salary;
- b. a variable salary component (a bonus with regard to the achievement of sustainable results and strategic objectives);
- c. share option plan (intended as a retention instrument);
- d. pension provision

Implementation of the 2009 remuneration policy

Since the end of 2006 the position of CEO of Royal Ten Cate has been based on the median of Hay level 30. This level corresponds to an organization of the size, complexity and international character of Royal Ten Cate. In view of the difference in remuneration between the salary level then being paid and the median of Hay level 30, it was decided to make up the difference on a phased basis. The salary of Mr L. de Vries reached the intended level in 2009. An important consideration here was ensuring the continuity of the company by, among other things, reinforced solvency, strong cash management and an enormous reduction in the debt position. The variable remuneration component is a maximum of 50% of the fixed annual salary.

For the current position of CFO of Royal TenCate, the fixed annual salary is set at the median of Hay level 26.

The CFO, Mr J. Wegstapel, who departed during the 2009 financial year, received, in addition to his notice period, compensation amounting to a full year of income, comprising his fixed annual salary plus 25% as a variable remuneration component.

Mr J. Lock was appointed CFO on 1 April 2009. His appointment as a member of the Executive Board, for the period of two years, is to be formalized at the next general meeting of shareholders. His fixed annual salary will be set at the median of Hay level 26. The variable salary component is a maximum of 40% of the fixed salary.

For 2010 it was decided not to increase the fixed annual salary of management.

In 2009 the CEO, Mr de Vries, received a variable salary component, as mentioned above under b, in respect of 2008, amounting to 50% of the fixed annual salary. He was also granted 60,000 options with an exercise price of € 11.70.

The remuneration of the management of Royal Ten Cate 2009 is in line with the remuneration policy as adopted by the general meeting of shareholders of 5 March 2005.

A table of the costs incurred by the company during the financial year relating to the remuneration of management and options granted can be found in the 2009 annual report on this website.

Remuneration committee

The Remuneration Committee focuses on the preparation of decisions to be taken by the Supervisory Board on the remuneration of members of the Executive Board. The committee consists of Prof. F.A. van Vught (Chair) and Dr. J.C.M. Hovers. The Committee met frequently in 2009.