



Cnova N.V.
Remuneration Policy

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REMUNERATION POLICY

INTRODUCTION

Article 1

- 1.1 This document sets out the Company's policy concerning the remuneration of the Directors.
- 1.2 This policy was most recently updated with effect from [*date of the AGM 2020*] to be consistent with the new requirements stipulated by the Dutch Civil Code.
- 1.3 This policy shall be posted on the Website.

DEFINITIONS AND INTERPRETATION

Article 2

- 2.1 In this policy the following definitions shall apply:

Article	An article of this policy.
Board of Directors	The Company's board of directors.
Committee	The nomination and remuneration committee established by the Board of Directors.
Company	Cnova N.V.
Remuneration Package	The total remuneration package of a Director.
Director	A member of the Board of Directors.
Executive Director	An executive Director.
Fringe Benefit	Fringe benefits (other than Pension) comprised in a Remuneration Package, including use of a cell phone, laptop and/or lease car, vacation pay, sick pay, accident and/or health insurance, social security contributions, housing allowance, reimbursement of travel and relocation costs and education assistance.
General Meeting	The Company's general meeting.
LTI	Long-term variable remuneration comprised in a Remuneration Package, including in the form of equity incentive awards.

Non-Executive Director	A non-executive Director.
Pension	Post-retirement income and/or other pension-related contributions or benefits comprised in a Remuneration Package.
STI	Short-term variable remuneration comprised in a Remuneration Package, including in the form of cash bonuses and profit sharing arrangements.
Website	The Company's website.

2.2 Terms that are defined in the singular have a corresponding meaning in the plural.

2.3 Words denoting a gender include each other gender.

OBJECTIVES

Article 3

3.1 The amount, level and structure of Remuneration Packages should contribute to the Company's strategy, long-term interests and sustainability by:

- a.** attracting, retaining and motivating highly skilled individuals with the qualities, capabilities, profile and experience needed to support and promote the growth and sustainable success of the Company and its business;
- b.** driving strong business performance, promoting accountability and incentivising the achievement of short and long-term performance targets with the objective of furthering long-term value creation in a manner consistent with the Company's identity, mission and values;
- c.** assuring that the interests of the Directors are closely aligned to those of the Company, its business and its stakeholders; and
- d.** ensuring overall market competitiveness of the Remuneration Packages, while providing the Board of Directors sufficient flexibility to tailor the Company's remuneration practices on a case-by-case basis, depending on the market conditions from time to time.

3.2 The Remuneration Packages of the Non-Executive Directors should reflect the time spent and the responsibilities of their role on the Board of Directors.

3.3 In determining the amount, level and structure of Remuneration Packages, the Board of Directors shall consider, among other matters:

- a.** the employment conditions of the employees of the Company and its subsidiaries, including their remuneration and the development of relevant internal pay ratios, compared to those of the Directors, in order to strive for a balanced and fair remuneration practice while observing the objectives outlined in Article 3.1;
- b.** scenario analyses carried out in advance;
- c.** the financial and non-financial performance indicators relevant to the Company's long-term strategy with due observance of the risks for the Company's business which may result from variable remuneration; and

- d. relevant market information such as industry standards and peer group data, pre-existing arrangements with the Directors, the respective positions which the Directors serve within the Company's organisation and any remuneration payable by the Company or any of its subsidiaries to the Directors in any other capacity.

DETERMINATION OF REMUNERATION

Article 4

- 4.1 The amount, level and structure of Remuneration Packages for Directors shall be determined by the Board of Directors at the recommendation of the Committee in accordance with this policy. No Executive Director shall participate in the decision-making concerning the determination of the Remuneration Package for any Executive Director.
- 4.2 The Committee shall prepare its recommendations relating to the Remuneration Packages in accordance with this policy and any such recommendation shall cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that have been carried out and the relevant internal pay ratio(s).
- 4.3 Before making a recommendation relating to the Remuneration Package of any Executive Director, the Committee shall take note of the views of such Executive Director with regard to the amount, level and structure of that Remuneration Package.

COMPOSITION OF REMUNERATION PACKAGES

Article 5

- 5.1 Remuneration Packages may consist of the following mix of fixed and variable remuneration components:

	Executive Directors	Non-Executive Directors
Base salary	✓	✓
Retainer fee	✗	✓
Committee membership fee	✗	✓
Chairperson fee	✗	✓
Meeting attendance fees	✗	✓
STI	✓	✗
LTI	✓	✓
Fringe Benefits	✓	✗
Severance pay	✓	✗
Pension	✓	✗

- 5.2 Base salary, retainer fees, committee membership fees, chairperson fees and meeting at-

tendance fees shall be fixed annual amounts that may be subject to indexation by the Board of Directors from time to time, subject to the terms of any existing contractual arrangements with the Directors concerned.

- 5.3** The Company shall not grant any loans, guarantees or similar benefits as part of a Remuneration Package, provided that travel advances, cash advances and use of a Company sponsored credit card in the ordinary course of business and on terms applicable to the personnel as a whole shall not be prohibited.

STI AND LTI

Article 6

- 6.1** The mix of STI and LTI comprised in a Remuneration Package should support both long-term value creation and the achievement of short-term Company objectives, including by:
- a.** contributing to corporate social responsibility;
 - b.** rewarding the achievement of strategic milestones for the Company and its business;
 - c.** providing award opportunities in consideration for substantial contributions to the success of the Company and its business; and/or
 - d.** promoting and incentivising continued service of the Directors within the Company's organisation.
- 6.2** With respect to all STI and LTI awards, subject to the terms of any existing contractual arrangements with the Directors concerned, the Board of Directors shall:
- a.** set and, if appropriate, amend the applicable financial and/or non-financial metrics, targets, objectives and/or conditions, including corporate social responsibility metrics, and their respective weighting, in each case in accordance with and subject to Annex A to this policy;
 - b.** set and, if appropriate, amend the maximum amount for any cash incentive and the maximum number of securities underlying any equity incentive which may be awarded as part of an STI or LTI, in each case subject to Article 6.3; and
 - c.** determine the extent to which the applicable targets, objectives and/or conditions are achieved and the extent to which and incentive awards vest, using clear, pre-defined and objective and verifiable methods, as described in Annex A to this policy.
- 6.3** The aggregate annual amount or value of STI and LTI awards as part of a Remuneration Package shall not exceed 300% and 300%, respectively, of the annual gross base salary comprised in that Remuneration Package, assuming the achievement of all applicable targets, objectives and conditions underlying such incentive awards, in each case determined as of and by reference to the date of grant.
- 6.4** Equity-based STI or LTI awards shall be subject to the following rules:
- a.** unvested and vested but unexercised awards shall expire no later than ten (10) years after the date of grant;

Article 8

- 8.1** Pursuant to a resolution to that effect, the General Meeting may (re)adopt, amend or supplement this policy on the basis of a proposal by the Board of Directors at the recommendation of the Committee.
- 8.2** The Board of Directors, at the recommendation of the Committee, may decide to deviate temporarily (and ultimately until the General Meeting adopts an amended remuneration policy following the occurrence of such deviation) from any element of this policy, if this is necessary to serve the long-term interests and sustainability of the Company or to assure its viability.

GOVERNING LAW AND JURISDICTION

Article 9

This policy shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with this policy shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

ANNEX A - OVERVIEW OF POTENTIAL METRICS

	Description	Method to measure performance	Contribution to policy objectives
Financial Metrics			
1.	Adjusted EBITDA	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of the Company's valuation without distortion by irregular gains, losses, or other non-recurring items.
2.	Volume-weighted average price (VWAP)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of the Company's share price.
3.	Earnings per share (EPS)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Reinforces the importance of earnings, which are expected to have a direct relationship to the Company's share price.
4.	Adjusted free cash flow (FCF)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Captures the potential impact of all types of business transactions on the generation of adjusted free cash flow; encourages prudent balance sheet management.
5.	Return on invested capital (ROIC)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages effective management of the Company's assets to generate profitability.
6.	Return on equity (ROE)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages effective management of the Company's assets to generate profitability.
7.	Relative total shareholder return (TSR)	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages delivery of a superior total shareholder return relative to competitors.

8.	Gross merchandise volume, sales, net sales, unit volume, basket size and/or conversion rate	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of Company's strategy and business model.
9.	Credit quality ratings or debt ratings	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of debt structure and balance sheet management.
10.	Working capital, capital expenditures and/or expense ratio	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of liquidity position.
11.	Net borrowing	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of debt structure and balance sheet management.
12.	Ratio of debt to debt-plus-equity	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages optimization of debt structure and balance sheet management.
Non-Financial Metrics			
13.	Strategic milestones	Achievement of pre-defined milestones by reference to Company's business plan.	Encourages delivery on relevant milestones consistent with the Company's long-term strategy.
14.	Diversity, including gender equality	Achievement of pre-defined diversity targets.	Fosters commitment to a corporate environment which values diverse viewpoints and underscores the importance of gender equality.
15.	Customer satisfaction	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages client-centric behaviour.
16.	Employee satisfaction	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages employee-centric behaviour.
17.	Social investment	Achievement of pre-defined actions.	Encourages actions which have a (positive) social impact.

18.	Market share	Fixed target at a pre-determined date and/or target increase compared to a pre-determined prior period.	Encourages increase of Company's presence in target markets.
19.	Carbon footprint	Fixed target at a pre-determined date and/or target decrease compared to a pre-determined prior period.	Fosters commitment to mitigate the impact of the Company's business on the environment.
20.	Energy and water consumption	Fixed target at a pre-determined date and/or target decrease compared to a pre-determined prior period.	Fosters commitment to mitigate the impact of the Company's business on the environment.
21.	Leadership Skills	Achievement of pre-defined actions	Encourages actions and behaviour which have a (positive) impact