



Sligro Food Group N.V.

# REMUNERATION POLICY

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The Supervisory Board is responsible for preparing the remuneration policy for the management under the articles of association (Executive Board) and the Supervisory Board of Sligro Food Group N.V. (hereinafter also called 'the Company'). Pursuant to the Dutch Civil Code and the recommendations under the Dutch Corporate Governance Code, the remuneration policy must be put before the General Meeting of Shareholders of Sligro Food Group for approval. This also applies to any amendments to the existing remuneration policy.

The remuneration policy must be put to the General Meeting of Shareholders for re-adoption within four years of adoption of the existing policy. A majority of at least three quarters of the votes cast must be in favour in order to adopt a resolution regarding the remuneration policy.

The Works Council is given the opportunity to provide its formal opinion to the Supervisory Board. With due observance of the provisions of the approved remuneration policy, the Supervisory Board sets the level of remuneration for the individual members of the Management Board.

In exceptional circumstances, on the initiative of the Supervisory Board, it is possible to deviate, in whole or in part, from the provisions of the remuneration policy, however, only when this is necessary to serve the long-term interests and sustainability of Sligro Food Group as a whole or to serve its viability.

In the event of amendments being made to the remuneration policy, the following will be included in the proposal put to the General Meeting of Shareholders: (1) a description and explanation of the significant changes; and (2) a description and explanation of how the shareholders' votes and views on the remuneration policy and the remuneration reports since the most recent vote at the General Meeting of Shareholders were taken into account.

## **1. Remuneration policy for Executive Board members**

### **1.1 Remuneration policy principles**

The remuneration policy provides the framework for attracting qualified candidates for the Executive Board with both the required management talent and required experience. The policy must also be challenging, embed and further increase the focus on the company's performance and long-term value growth, motivate the Executive Board, and retain its members when performance is good. At the same time, the remuneration must be reasonable in comparison to that of the other members of management, and the pay and benefits package of the other employees in the company must be taken into account. The starting point is competitive remuneration for members of the Executive Board and other employees.

When determining the amount and structure of the remuneration, the company strategy, corporate culture and the results, as well as any social trends and other developments relevant to the company, such as sustainability, are taken into account. In light of these principles, the policy is aimed at ensuring that the remuneration packages

for executive directors are, in the Dutch remuneration market, on a par with those of executive directors at companies of a similar size and complexity.

### **1.2 Remuneration package**

Total remuneration for a member of the Executive Board of Sligro Food Group comprises:

- the fixed annual salary;
- participation in a short-term bonus scheme;
- participation in a long-term bonus scheme;
- pension accrual and other fringe benefits.

The Supervisory Board will regularly evaluate the remuneration package to ensure that the package, both in terms of composition and amount, is in line with the principles stated above.

### **1.3 Annual salary**

The fixed annual salary is on a par with the remuneration market described above. The fixed annual salary in combination with the variable remuneration should ensure a competitive level of remuneration that reflects the entrepreneurial nature of the position. It has been decided to keep the remuneration at a level no higher than at the median within this market. When a new member is appointed to the board from within the company, that member generally receives a salary that is below the standard level for the new position. The Supervisory Board sets the salary increase rate, such that, provided the board member is performing well, the annual salary ought to reach the standard level in about three years from the date of appointment. The annual appraisal and review of the annual salary takes place on 1 April of each year and takes into account the board member's individual performance, the company's financial results for the previous year, any annual general pay rises at Sligro Food Group, social trends, and the rate of salary increase if the standard level has not yet been reached. The fixed annual salary is assessed in a three-year cycle. In the first two years of the cycle, the pay rise is in line with the most recent collective labour agreement development or the increment used for employees of the Group. In the third year, the pay rise is based on an assessment of a peer group in the market.

Details of this assessment and the composition of the peer group are published on the Group's website. [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) > About us > Corporate Governance > Remuneration > Peer groups.

### **1.4 Variable remuneration**

Each member of the Executive Board is eligible for variable remuneration (or a bonus) if previously agreed objectives set for the Executive Board as a whole are achieved. The variable remuneration comprises a short-term bonus paid in cash and a long-term bonus settled in shares.

#### *Short-term bonus*

The composition of half of the short-term bonus depends on the extent to which the annual budgeted profit target set by the Supervisory Board has been achieved and the other half depends on the achievement of specific, short-term targets set annually by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee.

The short-term bonus is awarded annually based on performance in the year in question, albeit that quality-related targets do have a longer horizon, as they are linked to programmes that contribute to the company's long-term strategy and value creation. If and to the extent that the conditions for granting the bonus have been met, the short-term bonus is paid out in the following year.

On achieving 100% of the 'at target' level, a short-term bonus of 40% of the fixed gross salary as at 1 January of the year of granting is paid out in cash.

### Long-term bonus

The objective in awarding a long-term bonus is to align the interests of the Executive Board with the long-term objectives of the Company's strategy, the interests of the shareholders and other stakeholders of the Company. It also serves as an incentive for members of the Executive Board to remain with Sligro Food Group.

The composition of the long-term bonus depends on three objectives to be determined in advance by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee, consisting of two financial objectives (e.g. relating to Total Shareholder Return [TSR] and/or an EBITDA percentage) and one or more non-financial objectives (e.g. in the field of ESG).

On achieving 100% of the 'at target' level, a long-term bonus of 60% of the fixed gross salary of the Executive Board member concerned is granted, after deducting taxes, in the form of shares. The number of shares is periodically reassessed, using the same three-year cycle that applies for the fixed annual salary (see clause 1.3). The long-term bonus is conditionally granted annually in shares, based on performance over a three-year period commencing 1 January of the year in which the long-term bonus is conditionally granted (grant frequency: rolling; type of vesting: cliff). If and to the extent that the conditions for granting the long-term bonus are met, the grant of the shares becomes unconditional in the year after the three-year period referred to above has expired.

Once the award of the shares has become unconditional, the shares acquired will be valued at the first closing price (excluding dividend) after the award has become unconditional and grossed up to offset any income tax/wage tax (or similar) payable in connection with the unconditional award. A blocking period of two years applies from the time that these shares have been unconditionally awarded.

### Short-term and long-term bonuses

In case of exceeding or falling short of incentive targets, the short-term and long-term bonuses are determined with due observance of the system and the performance criteria set out in the table below.

Variable remuneration	Bonus components	Target achievement 100%*	Target achievement 80%	Target achievement ≥ 120%
Short-term bonus: cash	(Short- Budgeted profit target **) (Short- Four qualitative targets **)	40% 40% x 50% = 20% 40% x 50% = 20%	20% 10% 10%	60% 30% 30%
Long-term bonus: shares	(Long-t TSR standard vs AMX/AScX ***) (Long-t EBITDA standard ***) (Long-t ESG goals ***)	60% 60% x 30% = 18% (financial) 3,300 shares ****) 60% x 30% = 18% (financial) 3,300 shares 60% x 40% = 24% (non-financial) 4,400 shares	30% 1,650 shares 1,650 shares 2,200 shares	90% 4,950 shares 4,950 shares 6,600 shares
<b>Total (Short-term bonus + Long-term bonus)</b>		<b>100%</b>	<b>50%</b>	<b>150%</b>

\*) (a) Each bonus component (Short-term bonus 1 and 2; Long-term bonus 1, 2 and 3) is assessed separately.  
 (b) If less than 80% of the target has been achieved for a particular bonus component, the bonus for this bonus component will be 0%.  
 (c) If the target for a bonus component has been achieved by more than 120%, the bonus for this bonus component will not exceed the percentage applicable to a target achievement of 120%.  
 (d) If the target for a bonus component has been achieved to a level of between 80% and 120%, the percentage for this bonus component is determined linearly based on the bonus percentages associated with the performance percentages of 80% and 120% (example 1: target achievement for short-term bonus 1 = 100%, bonus percentage for short-term bonus 1 = 20%; example 2: target achievement for short-term bonus 1 = 90%, bonus percentage for short-term bonus 1 = 15%). This does not apply to the TSR standard; a scale applies for this.

\*\*\*) The composition of half of the short-term bonus depends on the extent to which the annual budgeted profit target set by the Supervisory Board has been achieved and the other half depends on the achievement of specific, short-term targets set annually by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee.

\*\*\*\*) The composition of the long-term bonus depends on three objectives to be determined in advance by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee, consisting of two financial objectives (e.g. relating to Total Shareholder Return [TSR] and/or an EBITDA and one non-financial objective (e.g. in the field of ESG).

\*\*\*\*\*) This figure is for illustrative purposes only.

Performance is measured based on the financial records of the Company, as audited by the external auditor, and on the financial statements adopted by the General Meeting of Shareholders.

The annual remuneration report will provide an explanation of the financial and non-financial targets. For commercial and competitive reasons, the targets will be published in retrospect.

The Supervisory Board has the discretionary power to claim back all or part of the variable remuneration if this has been awarded on the basis of incorrect data and/or information, either financial or of any other nature. The Supervisory Board may act at its own discretion if, in its opinion, the outcome of the variable remuneration scheme would lead to unintended outcomes. Should the Supervisory Board make use of this discretionary power, it will explain in the next remuneration report why and how this power has been used.

When the contract of employment of a member of the Executive Board ends under a 'good leaver' provision, the acquired right to variable remuneration continues to apply, subject to the following. Applying the discretionary power referred to above, the Supervisory Board will determine an equitable settlement for the periods still in effect when the contract of employment ends (i.e. one calendar year in the case of a short-term bonus and three calendar years for a long-term bonus) that is in keeping with both the principles of the remuneration policy and the performance of the relevant member of the Executive Board in the period from the start of the current period(s) until the end of that member's contract of employment. Should the Supervisory Board make use of this discretionary power, it will explain in the next remuneration report why and how this power has been used.

### **1.5 Pension**

The members of the Executive Board are enrolled in the same pension scheme in which the other employees of Sligro Food Group are enrolled. This is a collective defined contribution scheme with the intention of having a defined benefit ('average salary') scheme apply to salary of up to about €57,328 (2023) and a defined contribution arrangement for salary above this, up to a maximum of €128,810 (2023). On 1 January 2015, under amended Dutch tax law, a cap on the amount of salary that qualifies for pension accrual came into effect (in 2023 this is €128,810; this amount is indexed annually). Prior to 2015, amounts above this pension cap were eligible for pension accrual as well. Contributions paid out for this pension in the past are now paid out as a gross allowance, the amount of which is age-dependent and determined using the same type of contribution table that was used for the insurance in the past. The national age of retirement is 68. Contributions toward survivors' pension and occupational disability benefits are paid/compensated by the employer.

### **1.6 Other fringe benefits**

Sligro Food Group offers members of the Executive Board a package of fringe benefits in line with that offered the other employees of Sligro Food Group. Among the fringe benefits are an expense allowance, accident insurance, occupational disability insurance scheme, and directors' liability insurance. Sligro Food Group does not grant loans to members of the Executive Board.

### **1.7 Contract of employment**

The full employment terms and conditions are set out in a contract of employment with Sligro Food Group Nederland B.V.

As noted in the corporate governance policy, appointments of members of the Executive Board are for an indefinite period, meaning Sligro Food Group departs from best practice provision 2.2.1 of the Dutch Corporate Governance Code concerning maximum periods of appointment. This is because Sligro Food Group aims for long-term employment relationships with its staff, including with the members of the Executive Board. Sligro Food Group prefers to appoint members of the Executive Board from within the company.

The terms and conditions of employment do not include any provisions on severance pay. Sligro Food Group has not entered into agreements on the level of severance pay with any members of the Executive Board. This should be seen in the light of the fact that directors are appointed for an indefinite period and that such appointments may follow employment with Sligro Food Group in a position other than director. The period of notice for a member of the Executive Board varies between one and four months.

The Supervisory Board may recover from members of the Executive Board any variable remuneration awarded on the basis of incorrect financial data or other information (clawback clause).

## **2. Remuneration policy for Supervisory Board members**

The remuneration for Supervisory Board members encourages the proper performance of the role and is not dependent on the results of the Company. No shares and/or share options or similar rights to acquire shares in the capital of the Company are granted to a member of the Supervisory Board by way of remuneration. The remuneration, which reflects the responsibilities of the position and time spent on board duties, comprises:

- a. fixed remuneration (in view of the time spent and the responsibilities, the fixed remuneration is higher for the Chair than for other members of the Supervisory Board);
- b. an attendance fee for each meeting of the Supervisory Board or its committees;
- c. an expense allowance.

The remuneration for Supervisory Board members is reviewed once every three years. Any proposal to adjust the remuneration is submitted to the General Meeting of Shareholders for approval.