



Sligro Food Group N.V.

Remuneration Report 2023

Remuneration Report

This report explains how the remuneration policy approved by the General Meeting of Shareholders has been put into practice over the past financial year (2023), and it details the remuneration that has been paid to or accrued by the individual members of the Executive Board. Members of the Executive Board and Supervisory Board are considered key Group staff members.

Composition and results of the remuneration policy

The remuneration policy¹ is published on the company website. The revised remuneration policy was approved at the General Meeting of Shareholders of 22 March 2023. The share option scheme for the Executive Board was dropped and changes were made to the short-term and long-term bonus for the Executive Board. The details of the Executive Board's remuneration are given each year in the financial statements. The key points of the remuneration policy are that:

- the policy extends to the remuneration of both the Executive Board and the Supervisory Board;
- the Supervisory Board drafts the policy and the General Meeting of Shareholders adopts it;
- the remuneration policy must be put to the General Meeting of Shareholders for re-adoption within four years of adoption of the existing policy;
- the Works Council is given the opportunity to provide its formal opinion to the Supervisory Board on the remuneration policy to be adopted;
- the policy provides the framework for attracting qualified candidates for the Executive Board;
- the remuneration policy must be competitive while also 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 also be taken into account, with the starting point being competitive remuneration for members of the Executive Board and other employees.

The revised remuneration package comprises:

- a fixed annual salary;
- a short-term bonus plan;
- a long-term bonus plan;
- pension accrual and other fringe benefits.

Remuneration of Executive Board members in office in 2023 that was charged to the result amounted to €2,011 thousand (2022: €2,019).

At the General Meeting of Shareholders held on 22 March 2023, the Remuneration Report for 2022 was put to an advisory vote. Nearly 93% of the votes cast were in favour of the 2022 Remuneration Report. Given the contents of the Remuneration Report for 2023, it may be concluded that the total amount of remuneration is in line with the remuneration policy and contributes to the long-term performance of the company. The variable remuneration presented in this report includes an upper limit of 150% of the 'at target' amount. In the maximum outperformance scenario, a maximum payout of 150% of the 'at target' amount is considered appropriate.

¹ See website: www.sligrofoodgroup.nl – About > Corporate Governance > Codes and rules

There were no deviations from the remuneration policy or the decision-making process regarding the remuneration policy this year.

Executive Board and Supervisory Board remuneration is not charged to subsidiaries. The remuneration can be broken down as follows:

x € thousand	Koen Slippens		Rob van der Sluijs		Total	
	2023	2022	2023	2022	2023	2022
Fixed-variable remuneration²⁾	76%-24%	71%-29%	74%-26%	70%-30%	75%-25%	71%-29%
Fixed pay	624	603	543	525	1,167	1,128
Short-term bonus	125	157	109	136	234	293
Long-term bonus ³⁾	142	157	123	136	265	293
Pension premium and compensation	206	170	115	115	321	285
Statutory social security costs	12	10	12	10	24	20
Total	1,109	1,097	902	922	2,011	2,019

Fixed pay

The fixed annual pay is reviewed in a three-year cycle, meaning that the remuneration package is benchmarked against a reference group of around twenty companies once every three years, with the help of an external expert. This was last done in 2021. The benchmark study performed was presented at the General Meeting of Shareholders of 2022. Based on the benchmark study results from 2021, the fixed remuneration for both Executive Board members was increased by 10% as per 1 January 2022⁴⁾. In the years 2021 and 2023, an increase was granted during the year as per the collective labour agreement/general pay increase (lowest increment used for Group employees). As a result, the average annual pay rise awarded over the 2021-2023 period is 4.67%:

2021-2023	Average	2023	2022	2021
Increase ⁵⁾	4.67%	4.00%	10.00%	0.00%

Short-term and long-term bonus

The Executive Board's variable remuneration comprises a short-term bonus paid in cash and a long-term bonus settled in shares.

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, however 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 awarding 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.

²⁾ Fixed remuneration is the sum of fixed salary, pension contributions/compensation and statutory social security contributions. Variable remuneration is the sum of the short-term and long-term bonuses.

³⁾ Concerns the cost of the long-term bonus based on IFRS and does not reflect the value of the long-term bonus when awarded or when made unconditional

⁴⁾ See website: www.sligrofoodgroup.nl - Investor relations > AGM > Previous Meetings of Shareholders > AGM of 23 March 2022 > Presentation > sheets 50 to 53

⁵⁾ On 1 January 2022, the fixed salary was increased by 10% following the three-yearly benchmark study. In the years 2021 and 2023, the increase granted during the year amounted to the lowest increment used for that group of employees. This increment was zero in 2021. The fixed salary was, however, indexed for pension compensation and there was a change to the age-related scale.

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 the interests of 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 targets, comprising two financial targets and one or some non-financial target(s), which are set in advance by the Supervisory Board on the basis of a proposal by the Remuneration and Appointments Committee. 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. This bonus is awarded in shares after deduction of tax. 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. A lock-up period of two years applies from the time that these shares have been unconditionally awarded.

In the event of overachievement or underachievement of bonus targets, the short-term and long-term bonus will be determined in line with the percentages shown in the table below, with each bonus component assessed separately and, in the case of performance between 80% and 120% in relation to a component, the percentage will be calculated based on a linear ratio. The remuneration policy contains a more detailed explanation of the calculation method.

Variable remuneration	Bonus component	Threshold	Bonus 'at target'	Maximum
Short-term bonus (STB): cash	Budgeted profit target	10.0%	20.0%	30.0%
	Four qualitative targets	10.0%	20.0%	30.0%
	Total STB	20.0%	40.0%	60.0%
Long-term bonus (LTB): shares	Financial target	9.0%	18.0%	27.0%
	Financial target	9.0%	18.0%	27.0%
	Non-financial target	12.0%	24.0%	36.0%
	Total LTB	30.0%	60.0%	90.0%
Total		50.0%	100.0%	150.0%

For the year 2023, the four qualitative targets for the STB were set as follows (each 5% of fixed salary):

1. Achieve Metro integration in line with plan
2. Digital roadmap in progress as per 2023 plan
3. Ready for ESG reporting by 1 January 2024
4. Cost-saving measures in the supply chain: as per budget

The following targets have been set for the 2023-2025 long-term bonus:

1. Financial target (18% of fixed salary): 2025 EBITDA: 7.5% of revenue
2. Financial target (18% of fixed salary): Total Shareholders' Return (TSR) based on the 2025 AMX & AScX ranking¹⁾
3. Non-financial target (24% of fixed salary): 40% decrease by 2025 in CO₂ emissions as % of revenue relative to 2010

¹⁾ Subject to application of the following scale: <25%: 0%; ≥25%-50%: 9%; ≥50%-75%: 18% (at target); ≥75%: 27%

Short-term bonus result

In 2023, the short-term bonus was 50% (2022: 86%) of the 'at target' level, corresponding to 20% (2022: 26%) of fixed salary.

The main reason for the shortfall relative to the 'at target' level was non-achievement of the budgeted profit target. The qualitative targets were met.

The Metro integration was completed as planned. All nine branches reopened in January, optimisation improvements were made to the product ranges and pricing, and the preparations for further integration were all completed in accordance with the set plan. The digital roadmap for an

improved customer experience (the scope of which was reduced in 2023 in connection with the desire to reduce costs and investments) and the contributions to strengthen operational performance were introduced and successfully implemented. The definitions, KPIs and the data points to be reported during 2024 in order to meet the new CSRD reporting requirements, have been identified. After a turbulent year, the goal was to stabilise the supply chain and achieve the budgeted cost savings. This goal was comfortably achieved.

The table below shows the bonus percentage achieved relative to the target. All percentages shown are percentages of fixed salary.

Target	Bonus			Achievement
	Threshold	'at target'	Maximum	
Net profit	10.0%	20.0%	30.0%	0.0%
Metro integration	2.5%	5.0%	7.5%	5.0%
Digital roadmap	2.5%	5.0%	7.5%	5.0%
Ready for ESG reporting	2.5%	5.0%	7.5%	5.0%
Supply chain cost savings	2.5%	5.0%	7.5%	5.0%
Total	20.0%	40.0%	60.0%	20.0%

Long-term bonus

In 2023, 25,351 shares were conditionally awarded to the Executive Board under the long-term bonus plan.

The number of conditionally awarded shares was determined by dividing the value of the bonus by the volume-weighted average share price for the 4th quarter of 2022, taking into account a 10% tax write-off in connection with a two-year resale ban.

The table below summarises the shares that have been conditionally granted to Executive Board members:

x €	Date of conditional award	Number of conditionally awarded shares net of tax	Market value per share on date of conditional award	Net market value at the time of conditional award	Date of unconditional award	Lock-up period following unconditional award	Market value per share at the end of the financial year	Net market value at the end of the financial year	Gross fair value at the end of the financial year
		(x1)							
	22/03/2023	13,561	15.74	213,450	AGM 2026	2 years	15.86	215,077	425,896
	22/03/2023	11,790	15.74	185,575	AGM 2026	2 years	15.86	186,989	370,276

Options and shares

The option scheme expired upon the approval of the revised remuneration policy in 2023.

Movements in Executive Board members' share and share option holdings break down as follows:

Shares	Koen Slippens	Rob van der Sluijs
x 1		
Opening balance	107,402	12,000
Purchase	6,749	5,867
Sale	0	0
Closing balance	114,151	17,867

Options

x 1	Koen Slippens	Rob van der Sluijs
Opening balance	21,100	21,100
Lapsed	(21,100)	(21,100)
Closing balance	0	0

Long-term value creation

By using a performance period of three years for the long-term bonus followed by a lock-up period of a further two years on any shares acquired by exercising a share option, the remuneration structure is also geared towards forging a long-term mindset and encouraging long-term value creation. With this approach, a significant part of the remuneration is geared towards the longer term; this is in line with the company's strategic vision, which also focuses on long-term value creation.

Expense allowance

In addition to the above, members of the Executive Board also receive an expense allowance, as well as a kilometre allowance for driving a private car for business purposes. The breakdown of these allowances is as follows:

x € thousand	Koen Slippens		Rob van der Sluijs	
	2023	2022	2023	2022
Expense allowance	8	8	8	8
Kilometre allowance	36	33	25	26

Pay ratio

The pay ratio is the ratio between the pay of the CEO and that of the other employees of the Group. To calculate the pay ratio, we use the total remuneration, comprising fixed salary, bonuses, share options, and pension accrual, as well as the social security costs paid on this remuneration package. We compare the average pay of the CEO with the average pay of all other employees of Sligro Food Group. The table below shows the pay ratio over the last five years and how this was calculated:

x €1,000	2023	2022	2021	2020	2019
Executive Board					
Remuneration for individual EB members					
Koen Slippens, CEO	1,109	1,097	716	705	752
Rob van der Sluijs, CFO	902	922	578	571	615
CEO					
Average number of FTEs	1.0	1.0	1.0	1.0	1.0
Average remuneration (A)	1,109	1,097	716	705	752
Other employees					
Average number of FTEs	4,578	4,016	3,974	4,115	4,099
Employee expenses	273,521	226,819	210,467	218,154	217,071
Average remuneration (B)	60	56	53	53	53
Total					
Average number of FTEs	4,579	4,017	3,975	4,116	4,100
Employee expenses	274,630	227,916	211,183	218,859	217,823
Average remuneration	60	57	53	53	53
A/B pay ratio	18.6	19.4	13.5	13.3	14.2

The increase in the CEO's remuneration in 2023 was mainly caused by the higher pension contribution and compensation.

because employees continue to be employed by the Group under these schemes.

The calculation of the average remuneration of the other employees for 2020 and 2021 did not factor in the NOW and TWO¹⁾ wage subsidy schemes provided by the Dutch and Belgian government respectively,

The table below shows the development of the Group's financial and non-financial KPIs over the last five years:

x € million	2023	2022	2021	2020	2019
Revenue	2,859	2,483	1,898	1,946	2,394
EBITDA	137	126	109	75	127
EBIT	15	43	25	(76)	44
Dividend		24	0	0	24
'Eerlijk & Heerlijk' product range (% of total revenue)	14.3	11.8	11.2	10.8	11.6
Carbon reduction since 2010 as %	38.9	33.4	19.5	22.7	27.7
Customer satisfaction ²⁾	71	68	69	73	73

Targets LTB 2024-2026

The following targets have been set for the 2024-2026 long-term bonus:

1. Financial target (18% of fixed salary): 2026 EBITDA: 7.5% of revenue
2. Financial target (18% of fixed salary): Total Shareholders' Return (TSR) based on the 2026 AMX & AScX ranking³⁾
3. Non-financial target (24% of fixed salary): 42% decrease by 2026 in CO₂ emissions as % of revenue relative to 2010

¹⁾ Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid in the Netherlands (the Dutch temporary wage subsidy scheme) and Tijdelijke Werkloosheid door Overmacht in Belgium (the Belgian temporary wage subsidy scheme).

²⁾ StakeholderWatch. Including Belgium from 2021.

³⁾ Subject to application of the following scale: <25%: 0%; ≥25%-50%: 9%; ≥50%-75%: 18% (at target); ≥75%: 27%

Supervisory Board remuneration

The annual remuneration for the chairman of the Supervisory Board amounted to €58 thousand (2022: €58) while the other Supervisory Board members were paid €40 thousand for a full year's service (2022: €40). Supervisory Board members also received compensation for attending Supervisory Board meetings amounting to €32 thousand (2022: €45).

Supervisory Board chairman and member remuneration does not depend on the company's results. Total remuneration amounted to €270 thousand (2022: €276). Supervisory Board members are not awarded shares and/or share options. No loans, advances and/or guarantees have been granted to Executive Board and Supervisory Board members. Total remuneration per Supervisory Board member can be broken down as follows:

x € thousand	2023	2022	2021	2020	2019
Freek Rijna, Chair	63	68	73	65	63
Gert van de Weerdhof	45	48	50	48	42
Aart Duijzer	50	44	0	0	0
Inge Plochaet	48	31	0	0	0
Angelique de Vries	40	31	0	0	0
Dirk Anbeek	22	0	0	0	0
Hans Kamps	2	55	53	50	53
Marianne van Leeuwen	0	0	31	50	53
Pieter Boone	0	0	40	22	0
Bart Karis	0	0	0	20	42
Total	270	276	246	255	253