

REMUNERATION POLICY

The Supervisory Board ~~is responsible for preparing~~ sets 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 in accordance with the recommendations of the Dutch Corporate Governance Code, the ~~remuneration policy and significant changes to it must be put before have to be adopted by~~ 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, t~~The Supervisory Board sets the ~~level of~~ remuneration ~~for~~ the individual members of the ~~Management Board~~Executive Board within the approved remuneration policy.

~~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 makes it possible to attract~~ qualified ~~candidates for people with both the necessary management skills and background to the Executive Board with both the required management talent and required experience.~~ The policy ~~must also needs to~~ 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.~~

heeft opmaak toegepast: Tekstkleur: Auto

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, in order to safeguard and extend the focus on performance and long-term growth in the value of the company, and to motivate and retain the members of the Executive Board if they perform well. At the same time, remuneration must be in reasonable proportion to that of other managers. The trend in results and other performance relevant to the company will be taken into account when setting the amount and structure of the remuneration. In this endeavour, the policy focuses on positioning the remuneration package at a competitive level in the Dutch market for executive directors of large companies.

1.2 Remuneration package

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

- the fixed basic annual salary;
- participation in a short-term bonus scheme;
- participation in a long-term bonus scheme;
- participation in a share option 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. It meets the remuneration principles in both composition and amount. When setting the budgeted profit target and the specific short-term targets (see under 'Short-term bonus scheme' below), each year the Supervisory Board implements the remuneration policy in a manner that is in accordance with the remuneration principles.

1.3 Annual salary

The fixed basic annual salary is on a par with the remuneration market described above. It has been decided to follow the median within that market as a maximum. 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, including the variable remuneration, has to be achieved. It has been decided to keep the remuneration at a level no higher than the median within that 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. In the event of internal promotion, an individual member of the Executive Board's annual salary will generally be below the standard level for the position. The Supervisory Board will set the growth in salary so that, in principle, the annual salary will have reached the standard level for a member of the Executive Board about three years after

appointment, provided the member of the Executive Board is performing well. The annual appraisal and review of the annual salary will take place on 1 January each year, taking into consideration personal performance, the results for the previous year, any annual general pay rises at Sligro Food Group, social trends and growth if the standard level has not been reached.

[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 a bonus if a pre-determined joint Executive Board target is achieved.

[There is one bonus scheme for the Executive Board that offers both a short-term cash bonus and a long-term bonus in the form of shares that are locked up for a certain period of time.](#)

[The short-term and the long-term component of the variable remuneration are structured identically. Half of the variable remuneration 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 specific, short-term targets set annually by the Supervisory Board on the recommendation of the Remuneration and Appointments Committee.](#)

[The short-term and long-term bonus are both awarded 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. Bonuses are paid out in the following year.](#)

[When achieving 100% of the 'at-target' level, a short-term bonus is paid out in cash, amounting to 30% of the fixed salary, as well as a long-term bonus of 30% of the fixed salary, which \(after deduction of tax\) must be used to purchase Sligro Food Group N.V. shares. These shares are subsequently locked up for a period of five years, in line with the lock-up period of the share plan for all Sligro Food Group employees. Based on a five-year lock-up period, the shares can be purchased at a 12.5% discount to the market price.](#)

[Bonus structure for 100% at target:](#)

	Net profit target	Quality targets	Total	Bonus
Short term	15%	15%	30%	In cash
Long term	15%	15%	30%	In shares
Total	30%	30%	60%	

[Each percentage point by which the actual profit falls short of the profit target reduces both the short-term and long-term component of the bonus by 1.5 percentage points. No bonus will be paid if the actual profit is below 90% of the target. Each percentage point by which the actual profit exceeds the profit target increases both the short-term](#)

and long-term component of the bonus by half a percentage point. Although there is no cap on the amount by which the target can be exceeded, there is a dampening effect. The combination of ambitious targets, correction for excessive one-off items and the dampening mechanism when the target is exceeded has in the past never led to extensive exceeding (>10%) of the bonuses.

Short-term bonus plan

Half of the variable remuneration depends on the extent to which the budgeted profit target is achieved and the other half depends on specific current goals set each year by the Supervisory Board following recommendations by the Remuneration and Appointments Committee. If less than 90% of the target in the first section (the profit target) is reached, the variable salary is nil, whereas meeting the target will lead to variable remuneration of 15% of the basic remuneration. If the target is exceeded, each one per cent excess leads to 0.5 per cent higher remuneration so that, in the event of exceptional positive results, excessive remuneration is avoided and risky conduct is not encouraged. In the second section, further variable remuneration of 15% is available for meeting the specific targets, making a total of 30%.

Long-term bonus plan

The long-term bonus is equal to the short-term bonus but each member of the Executive Board has to use it (after tax) to purchase Sligro Food Group shares, which have to be held for at least four years. In this, the members of the Executive Board are eligible for a share plan open to all Sligro Food Group employees which offers a discount of 10% on the stock-exchange price, based on a lock-up period of four years.

1.5 Share option scheme

At the General Meeting of Shareholders held on 17 March 2010, a new share option scheme was approved. This introduced a new employee participation scheme as well as and represented an investment in generating employee loyalty and improving the benefit package and increasing loyalty offer senior management with a focus on the long term. As per 2015, this scheme was amended with effect from 2015 such that rather than 50%, 100% of any resulting net if a gain is made on options, all of the net gain rather than 50% has to be used to buy/purchase Sligro Food Group shares. Under this scheme, members of the Executive Board are given is awarded conditional (upon continuing employment) share options that which become vested after four years from the day of grant, contingent to continuous employment during the vesting period. The strike price is the first ex-dividend price after the grant date. Any after-tax profits (above the strike price) arising from the share option scheme must be used in full to purchase Sligro Food Group shares, which are subsequently also locked up for four years. Share options are allocated to Sligro Food Group N.V. Executive Board members based on a calculation where the average fixed salary is divided by the strike price and the result is multiplied by a factor that depends on the development of the total shareholder return compared to a peer group of 9 other companies and can be anywhere between 0% and 150%. The first peer-group review was carried out in 2013. The factor used in the years prior to this was 75%. For more information, as well as details of the composition of the peer group, please visit our website (www.sligrofoodgroup.nl > About us > Corporate Governance > Remuneration > Peer groups).

Scale of total shareholder return and factor as a %

Total shareholder return during (current) period of 3 years Ranking compared to peer group	Factor as a %
7 -10	0
6	25
5	50
4	75
3	100
2	125
1	150

and are not exercisable before. The exercise price is the first ex dividend price after the grant date. All of any resultant net gain must be used to purchase Sligro Food Group shares, which in turn will be locked up for four years. The number of share options awarded to Sligro Food Group N.V. Executive Board members will be based on a fraction of their regular salary and the grant price multiplied by a factor depending on the development in the overall shareholder return relative to a peer group, varying between 0% and 150%. The first peer group comparison took place in 2013. For the years prior to then, the factor was 75%.

1.6 Pensions

The members of the ~~Sligro Food Group~~ Executive Board are ~~covered by~~enrolled in the same pension ~~scheme in which the other employees of Sligro Food Group are enrolled~~arrangements as the other staff. 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 €52,042 (2020) and a defined contribution arrangement for salary above this, up to a maximum of €110,111 (2020). 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 2020 this is €110,111; 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. The scheme is an average pay defined benefit plan up to a salary of approximately €42,000 and a defined contribution plan above that up to a salary of €100,000. Since 1 January 2015, there has been a statutory limit on accruing pensions on income over €100,000 (this amount is indexed annually). Until 1 January 2015, there was a pension scheme above that amount. The contributions paid in the past are now being paid as gross compensation. The level of the compensation is based on the contributions table that was used in the past for the insurance and is age related. The normal retirement age is 67 years. Premiums for dependants' pensions and disability benefits are paid or reimbursed by the employer.

1.7 Other fringe benefits

Sligro Food Group ~~offers~~ has a package of fringe benefits for the members of the Executive Board ~~a package of fringe benefits~~ in line with that ~~offered to~~for other employees of Sligro Food Group staff. Among tThe fringe benefits ~~are include~~ 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.

1.8 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 \(clawback clause\), not limited in time and there are no provisions concerning severance pay. The Supervisory Board may recover from all Executive Board members any variable remuneration awarded on the basis of incorrect financial or other data \(clawback clause\)](#)

[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.](#)