



Sligro Food Group N.V.

# Remuneration Report 2022

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# 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 (2022), 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 policy is published on the company website. There were no changes to this policy in 2022. 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. The starting point is competitive remuneration for members of the Executive Board and other employees.

The remuneration package comprises:

- a fixed 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.

Remuneration of Executive Board members in office in 2022 that was charged to the result amounted to €2,019 thousand (2021: €1,294).

At the General Meeting of Shareholders held on 23 March 2022, the Remuneration Report for 2021 was put to an advisory vote. Around 97% of the votes were in favour of the Remuneration Report for 2021, which the Executive Board and the Supervisory Board considered to be a significant vote of confidence in the operation of the remuneration policy. As was discussed at the General Meeting of Shareholders on 23 March 2022, due to greater insight into certain elements of the remuneration policy, a proposal for the amendment of the remuneration policy will be presented to the shareholders for approval at the 2023 General Meeting of Shareholders. Given the contents of the Remuneration Report for 2022, 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.

Owing to the influence of COVID-19 on the Group's operating activities and in order to comply with the conditions of the NOW wage subsidy scheme<sup>1)</sup>, the Executive Board elected not to award the short-term and long-term bonus due to the Executive Board members in respect of 2021. In 2022, COVID-19 did not have a material influence on operating activities and the Group made no further use of the NOW wage subsidy scheme.

<sup>1)</sup> Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid (Dutch wage subsidy scheme)

Consequently, 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. In 2022, a negligible management fee was charged to Sligro-MFS Belgium N.V. for acquisition activities. The remuneration can be broken down as follows:

x €1,000	Koen Slippens		Rob van der Sluijs		Total	
	2022	2021	2022	2021	2022	2021
Fixed pay	603	551	525	479	1,128	1,030
Short-term bonus	157	0	136	0	293	0
Long-term bonus	157	0	136	0	293	0
Pension premium and compensation	170	155	115	89	285	244
Value of options	0	0	0	0	0	0
Statutory social security costs	10	10	10	10	20	20
<b>Total</b>	<b>1,097</b>	<b>716</b>	<b>922</b>	<b>578</b>	<b>2,019</b>	<b>1,294</b>

### 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<sup>2)</sup> 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 2022<sup>3)</sup>. In the years 2020 and 2021, 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 2020-2022 period is 4.27%:

2020-2022	Average	2022	2021	2020
Increase <sup>3)</sup>	4.27%	10.00%	0.00%	2.80%

<sup>2)</sup> See website: [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl)  
- Investor relations > AGM > AGM 23 March 2022 > Presentation > sheets 50 to 53

<sup>3)</sup> On 1 January 2022, the fixed salary was increased by 10% following the three-yearly benchmark study. In the years 2020 and 2021, 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.

### Short-term and long-term bonus

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. The short-term and the long-term components 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 bonuses are both awarded based on performance in the year in question, albeit that quality-related targets 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 100% of the 'at-target' level is met, 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 shares. These shares are locked up for a period of five years (four years up to 2019).

Bonus structure for 100% at target:

	Budgeted net profit	Quality targets	Total	Payment
Short term	15%	15%	30%	In cash
Long term	15%	15%	30%	In shares
<b>Total</b>	<b>30%</b>	<b>30%</b>	<b>60%</b>	

The budgeted profit target and other targets were set based partly on remuneration scenario analyses. 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 annual budgeted profit 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.

Quality targets have been set for 2022 for which the bonus percentage is determined on the basis of achieving:

1. ERP implementation: first version of the new ERP landscape to go live in Antwerp, Ghent and Liège in 2022.
2. Set-up and structure ready to report on 2022 in accordance with the NFRD, CSRD and EU Taxonomy standards in the 2022 report.
3. Elaboration of Sligro Food Group's digital transformation vision with step-by-step plans on an organisational (structure, people and skills), process, data and technical level.
4. 2025 CSR plan completed, embraced and upheld in the organisation, including step-by-step plans to achieve our goals, including the transition to electric transport in 2030.

### Result on bonuses

In 2022, the variable remuneration was 86% of the 'at-target' level. (2021: 143%).

In 2021, COVID-19 had a major influence on Sligro Food Group's operations, revenues and results. For these reasons, and because use was made of the NOW wage subsidy scheme in the Netherlands, the Executive Board has waived its right to the short-term and long-term bonuses awarded in 2021 (as was also the case for 2019 and 2020).

The main reason why the at-target level was not met was non-achievement of the qualitative target in respect of the ERP implementation.

The site in Antwerp was the first to go live with the new ERP landscape in November 2022. This was a substantial milestone after a long and sometimes difficult build-up. However, the target that had been set for this year was more ambitious, and was not met.

With the advent of the new reporting rules on sustainability, a substantial change is needed to the design and structure of reporting and the framework that underlies it. The impact and scope of these new rules has been taken very much to heart and a brisk start was made with all necessary preparations to achieve compliance on time.

Digitisation is a topic that has been on the agenda at Sligro Food Group for several years. In its strategy, Sligro Food Group recognises that changes in this area are taking place at an ever-growing pace and that digitisation is set to play a dominant role in an increasing number of business areas and processes. These changes are not merely technical: they also have consequences for the organisational set-up, business processes and data structures that it works with. The vision that is now in place and the step-by-step plans in place to achieve it in all these areas are robust and reinforce the long-term aims in this field.

Sustainability is a topic that is widely embraced within the organisation. In 2022, an overarching plan covering all parts of the business was drawn up and partly enacted with a view to achieving long-term sustainability goals. Although, under the impetus of new regulations, targets in a range of areas will be further refined over the years to come, Sligro Food Group is not waiting to develop initiatives to make structural improvements on the level of people, planet and product range. The establishment of an in-house transport business is under way and the first 25 electric vehicles have been purchased. At the end of 2023, Sligro Food Group and its transport partners together aim to have some 75 electric vehicles on the roads, accounting for over 10% of its fleet.

Target	Result	Allocation
ERP implementation	Not achieved	0.0
ESG legislation structure	Achieved	1.0
Digital transformation	Achieved	1.0
CSR plan 2025	Achieved	1.0
<b>Total</b>		<b>3.0</b>

## Options and shares

The Group operates a share option scheme that applies to the Executive Board, among others. Share options are allocated to Executive Board members based on a calculation where the board members' average 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. This factor can be anywhere between 0% and 150%. The peer group composition is part of the scheme adopted by the General Meeting of Shareholders and has been published on the website).<sup>4)</sup>

### Share options allocated

The value shown is the value of the shares at the grant date. Whether options represent actual value becomes clear only at the end of the four-year term. Any net gain on the options must be used in full to purchase Sligro Food Group shares, which are subsequently locked up for a further four years. Seeing as value is created only by adding shareholder value over a period of four consecutive future years and there is a four-year lock-up period after that, we consider this scheme a valuable extra incentive for a long-term perspective.

The value of the share options is determined by taking the number of share options allocated during the financial year and multiplying it by the value of each share option, as calculated using the formula specified in 5.C of the financial statements. Share and share option transactions are subject to rules to prevent insider trading, and share transactions are permitted only over a period of two weeks after publication of the annual figures, interim figures, and the shareholders' meeting, and only if there is no insider knowledge during that period.

The peer group test in 2022, which compared price gains including dividend yield to that of the peer group over the 2019-2021 period, returned a factor of 0% (2021: 0%), which meant that no share options were allocated in 2022.

<sup>4)</sup> [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) > About us > Corporate Governance > Remuneration.

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

<b>Shares</b>		
x 1	<b>Koen Slippens</b>	<b>Rob van der Sluijs</b>
Opening balance	107,402	12,000
Purchase	0	0
Sale	0	0
<b>Closing balance</b>	<b>107,402</b>	<b>12,000</b>

<b>Options</b>		
x 1	<b>Koen Slippens</b>	<b>Rob van der Sluijs</b>
Opening balance	21,100	21,100
Lapsed	0	0
Granted	0	0
<b>Closing balance</b>	<b>21,100</b>	<b>21,100</b>

The number of share options in issue as at the end of the financial year breaks down as follows:

<b>Options</b>			
x 1	<b>Strike price</b>	<b>Koen Slippens</b>	<b>Rob van der Sluijs</b>
Valid through to 1 April 2023 <sup>5)</sup>	31.50	21,100	21,100
<b>Closing balance</b>		<b>21,100</b>	<b>21,100</b>

<sup>5)</sup> Valid until the date of the 1st ex-dividend listing following the General Meeting of Shareholders in which the financial statements for the past year are approved.

### Long-term value creation

By using lock-up periods of five years for the long-term bonus and a term of four years for share options, followed by a lock-up period of another four years on shares acquired by exercising a share option, the remuneration structure is also geared towards forging a long-term mindset and 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	
	2022	2021	2022	2021
Expense allowance	8	8	8	8
Kilometre allowance	33	18	26	12

### Pay ratio

The pay ratio is the ratio between the pay of the Executive Board members 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 two Executive Board members (three up to and including 2018) with the average pay of all other employees of Sligro Food Group. We have explicitly opted not to take a random sample from among the employee population.



The table below shows the pay ratio over the last five years and how this was calculated:

x €1,000	2022	2021	2020	2019	2018
<b>Executive Board</b>					
Average number of FTEs	2.0	2.0	2.0	2.0	3.0
Remuneration for individual EB members					
Koen Slippens	1,097	716	705	752	734
Rob van der Sluijs	922	578	571	615	603
Willem-Jan Strijbosch					619
Employee expenses	2,019	1,294	1,276	1,367	1,956
Average remuneration (A)	1,010	647	638	684	652
<b>Other employees</b>					
Average number of FTEs	4,015	3,973	4,114	4,098	4,053
Employee expenses	225,897	209,889	217,583	216,456	206,816
Average remuneration (B)	56	53	53	53	51
<b>Total</b>					
Average number of FTEs	4,017	3,975	4,116	4,100	4,056
Employee expenses	227,916	211,183	218,859	217,823	208,772
Average remuneration	57	53	53	53	51
<b>A/B pay ratio</b>	<b>17.9</b>	<b>12.2</b>	<b>12.1</b>	<b>12.9</b>	<b>12.8</b>

The increase in directors' pay in 2022 was due to the 10% pay rise which took effect from 1 January 2022. In addition, both Executive Board members elected not to take their short-term and long-term bonus in 2021, on account of the COVID-19 outbreak. If they had not waived these bonuses, the pay ratio in 2021 would have been 20.7 (2020: 14.2).

The calculation of the average remuneration of the other employees for 2021 did not factor in the NOW and TWO wage subsidy schemes<sup>6)</sup>, provided by the Dutch and Belgian government respectively, because employees continue to be employed by the Group under these schemes.

<sup>6)</sup> Tijdelijke Werkloosheid door Overmacht (Belgian wage subsidy scheme).

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

x € million	2022	2021	2020	2019	2018
Revenue	2,483	1,898	1,946	2,394	2,346
EBITDA	126	109	75	127	114
EBIT	43	25	(76)	44	53
Dividend	24	0	0	24	62
Sustainable product range (% of total revenue)	11.8	11.2	10.8	11.6	10.0
Carbon reduction since 2010 as %	33.4	19.5	22.7	27.7	20.9
Customer satisfaction <sup>7)</sup>	68	69	73	73	75

### Supervisory Board remuneration

The annual remuneration for the chairman of the Supervisory Board amounted to €58 thousand (2021: €58) while the other Supervisory Board members were paid €40 thousand for a full year's service (2021: €40). Supervisory Board members also received compensation for attending Supervisory Board meetings amounting to €45 thousand (2021: €45). Supervisory Board chairman and member remuneration does not depend on the company's results. Total remuneration amounted to €276 thousand (2021: €246). 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	2022	2021	2020	2019	2018
Freek Rijna, Chair	68	73	65	63	61
Hans Kamps	55	53	50	53	51
Gert van de Weerdhof	48	50	48	42	39
Aart Duijzer	44	0	0	0	0
Inge Plochaet	31	0	0	0	0
Angelique de Vries	31	0	0	0	0
Marianne van Leeuwen	0	31	50	53	51
Pieter Boone	0	40	22	0	0
Bart Karis	0	0	20	42	44
<b>Total</b>	<b>276</b>	<b>246</b>	<b>255</b>	<b>253</b>	<b>246</b>

<sup>7)</sup> StakeholderWatch.  
Including Belgium from 2021.