



# REMUNERATION POLICY

SLIGRO FOOD GROUP N.V.



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## **The Supervisory Board sets the remuneration policy for the Executive Board of Sligro Food Group.**

In accordance with the recommendations of the Dutch Corporate Governance Code, the and significant changes to it have to be adopted by the General Meeting of Shareholders of Sligro Food Group. The Supervisory Board sets the remuneration of the individual members of the Executive Board within the approved remuneration policy.

### **Remuneration principles**

The remuneration policy makes it possible to attract qualified people with both the necessary management skills and background to the Executive Board. The policy also needs to be challenging 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.

### **Remuneration package**

The overall remuneration of the Executive Board of Sligro Food Group consists of:

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

The Supervisory Board will regularly review the remuneration package to ensure that it meets the remuneration principles in both composition and amount.

### **Annual salary**

The basic annual salary is in line with the remuneration market described above. It has been decided to follow the median within that market as a maximum. A competitive overall remuneration level with an entrepreneurial nature, including the variable remuneration, has to be achieved. 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.

### **Variable remuneration**

Each member of the Executive Board is eligible for a bonus if a pre-determined joint Executive Board target is achieved.

### **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.

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### **Share option scheme**

The General Meeting of Shareholders of 17 March 2010 approved a new share option plan. It introduced a new employee participation scheme as well as an investment in generating employee loyalty and improving the benefit package for senior management with a focus on the long term. This scheme was amended with effect from 2015 such that if a gain is made on options, all of the net gain rather than 50% has to be used to purchase Sligro Food Group shares. Under this scheme, the Executive Board is awarded conditional (upon continuing employment) share options which become vested after four years 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%.

### **Pensions**

The members of the Sligro Food Group Executive Board are covered by the same pension arrangements as the other staff. 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.

### **Other fringe benefits**

Sligro Food Group has a package of fringe benefits for the members of the Executive Board in line with that for other staff. The fringe benefits 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.

### **Contract of employment**

The full employment terms and conditions are set out in a contract of employment. As noted in the corporate governance policy, appointments of members of the Executive Board are 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).