

Remuneration report

As referred to in section 2:135b of the Dutch Civil Code and chapter 3.1 of the Dutch Corporate Governance Code, this remuneration report is based on Sif's remuneration policy. A draft of this policy was presented to the shareholders, together with the Works Council's advice, for their approval at the Annual General Meeting of Shareholders in 2020. The remuneration policy was approved by the Annual General Meeting of Shareholders and published on the corporate governance page of the website of Sif. An outline of the remuneration policy is included in the governance paragraph of this annual report. A revised draft of the remuneration policy will be presented to the shareholders for their approval at the Annual General Meeting of Shareholders in 2024.

The remuneration policy is instrumental to realizing Sif's strategy and sustainable longer-term value creation for all the stakeholders of Sif. In 2020, Sif undertook a market analysis with the support of external consultants. This resulted in a revised peer group of 14 companies of which seven companies are stock-listed and seven are private. The main criteria for peer group selection were a combination of the type of business (project-business), ownership (public-private) and size (revenues and employees).

The following overview summarizes the salaries and performance-related bonuses and other remuneration elements of the Executive Board for the past two years. The 2023 remuneration is based on the policy approved by the Annual General Meeting of Shareholders in 2020. The use of non-financial KPIs in addition to financial KPIs, align to Sif's business and the strategy it is following. Together with the short term incentive (STI)-long term incentive (LTI)-balance on which the Works Council advised when presenting the remuneration policy to the Annual General Meeting of Shareholders for approval, these support the ambition to create sustainable long-term value. Scenarios have been analyzed and taken into consideration when designing the remuneration policy.

EXECUTIVE BOARD REMUNERATION

Type of recompense In €, excluding VAT	Fred van Beers		Ben Meijer	
	2023	2022	2023	2022
Base salary	432,555	398,879	261,938	235,980
Employer's pension contributions	27,847	24,458	23,626	20,604
Pension compensation	35,696	33,742	18,095	16,649
Annual bonus (expenses)	163,932	149,619	94,922	69,917
Non-recurring bonus (expenses)	46,758	-	28,073	-
LTIP, including spot bonus (expenses)	120,964	63,564	64,820	20,689
Other benefits (car lease, travel expenses and relocation expenses)	51,853	50,463	42,955	40,471
Social security and other payments	11,168	9,881	11,168	9,881
Total remuneration	890,773	730,606	545,596	414,191
% variabel of total remuneration	37.2	29.2	34.4	21.9
Paid annual bonus in the year, earned over the previous year	149,619	201,906	69,917	59,273
Paid vested LTIP	85,507	85,026	-	-
Total actual paid variable remuneration	235,126	286,932	69,917	59,273

The remuneration package includes the following elements:

Base salary

The fixed base salary for Executive Board members increased following a benchmark study by a global consulting firm specialized in remuneration topics and a discretionary review by the Supervisory Board as implied in article 4 of Sifs remuneration policy. This resulted in a 3% increase of the base salary of the CEO and a raise of the base salary of the CFO to €280,000 as of 1 January 2024 to decrease the gap to the median pay that Sif is pursuing.

Annual bonus

The annual bonus is in cash and based on pre-defined KPIs that may differ for each Executive Board member. The Supervisory Board confirms that the results on which the 2023 short-term incentive for the Executive Board members is based are derived from the audited financial statements. The bonus for 2023 will be paid in cash in 2024 as soon as the Supervisory Board approves the audited annual accounts for presentation to the Annual General Meeting of Shareholders. The annual bonus is based on at least 60% financial performance indicators as outlined in the remuneration policy.

On target, the short-term incentive is 40% of the fixed base salary for the CEO and 35% for the CFO. The maximum short-term incentive is 60% and 50% of the fixed base salary for the CEO and CFO respectively. For 2023, the pay-out percentages (actual annual bonus as a percentage of the fixed base salary in the year of pay-out) for Executive Board members are 37.9% for the CEO and 36.2% for the CFO. Targets for safety and ESG/compliance policies were not met and therefore did not score for the bonus award. The CEO scored 100% of 8% for the execution of the expansion plan. The CFO scored 100% of 4% for implementation of Dynamics 365 and 100% of 7% for financial close of the financing plan for the expansion project. The CFO did not score for the set-up and performance of a full pre-post analysis of delivered projects from a controlling perspective. In 2022, the pay-out percentage for the annual bonus was 37.5% of the fixed base salary for the CEO and 29.6% of the fixed base salary for the CFO. For 2024, the KPIs for the annual bonus are adjusted EBITDA ex IFRS16, contribution and adjusted ROACE for the 60% that is based on financial targets (EBITDA and ROACE adjusted for any financial impact that relates to the research into, preparations for and expansion of our production facilities). Non-financial targets relate to safety performance, carbon footprint and certain organizational achievements.

	max score	2023		score
		target	actual	
For CEO				
Adjusted EBITDA (ex IFRS 16)	14.7%	35,700	34,726	6.5%
Contribution margin	14.7%	146,600	148,989	8.7%
ROACE (adjusted) %	14.7%	28.2	110.7	14.7%
ESG/Safety LTIF	4.0%	<1.5	8.28	0.0%
P11 execution in line with roll out plan	8.0%	in line	in line	8.0%
Concretisation ESG and compliance policies	4.0%	new policy	not completed	0.0%
Total				
For CFO				
Adjusted EBITDA (ex IFRS 16)	12.0%	35,700	34,726	5.7%
Contribution margin	12.0%	146,600	148,989	7.5%
ROACE (adjusted) %	12.0%	28.2	110.7	12.0%
Financial close and financing plan P11	7.0%	completed	completed	7.0%
Implementation D365	4.0%	completed	completed	4.0%
Pre/post controlling analyses projects	3.0%	completed	not completed	0.0%
Total				

Non-recurring awards

It is the opinion of the Supervisory Board that the members of the Executive Board have delivered an exceptional performance in the past years in respect of the expansion of the manufacturing facilities that the Supervisory Board considers pivotal in the realization of Sif's long term strategy. The expansion plan took more than 3 years to reach final investment decision and will take more than 18 months from the moment of final investment decision (FID) to materialize in expanded production facilities. In connection with the decision to invest in expansion of the manufacturing facilities, members of the Executive Board have committed to invest more than 60% of their annual base salary in Sif-shares with a lock-up period of 4 years. For the CEO this involved an investment of €249,990 and for the CFO an investment of €150,037. For these amounts they bought shares in the market in the period 19-30 June 2023. The Supervisory Board has decided to compensate the Executive Board members for the difference between the price in the rights issue (€11.50 per share) and the price that was paid by CEO and CFO in the market (€12.70 per share average). This results in gross awards of €46,758 for CEO and €28,073 annual for CFO respectively, payable in May 2024.

These investments by Executive Board members are closely linked to two additional cash bonuses for specific achievements with value of two times one year base salary. These grants are determined by the Supervisory Board subject to article 5 of the remuneration policy and as such reflected in the table Executive Board remuneration. These additional grants are linked to the exceptional performance. The first grant is subject to a total shareholder return (TSR) modifier. It was awarded in June 2023. The second grant is also subject to the TSR modifier but also subject to KPI's that relate to the new factory being operational at the end of 2024.

A similar incentive and retention instrument has been adopted for a small group of key employees being instrumental for the successful execution of the expansion plan. The group of key employees participated in the rights issue of Sif and collectively invested in 33,366 shares for which they paid an amount equal to €384 thousand and for which they agreed to a lock-up period of 4 years. The employees that participated in the investment were also awarded a cash bonus for

specific achievements, the level of which is dependent of the individual level of investment. These grants are also conditional to a 3-year employment and a Total Shareholder Return (TSR)-modifier that adjusts the cash-payment (up- or downward) depending on the outcome of the indexed TSR performance, measured during a 3-year period after award. These additional grants are not awarded under the standard LTI-arrangement of the company.

Pension

Executive Board members are offered a pension arrangement for a pensionable salary based on the fixed annual compensation, including holiday allowance. Sif may contribute 100% to the pension premiums or reimburse the Executive Board member with an equal amount if he/she decides to refrain from participation in Sif's pension arrangement. The pension contribution covers the maximum pension amount; the pension compensation covers the excess arrangements with or without director contribution.

LTIP

The LTIP is based on the share price performance of Sif's shares. Performance Share Units ("PSU") are awarded. No actual shares are involved in the LTIP and all LTIP are settled in cash. Under the long-term incentive plan, 7,122 PSUs with a value of €86,532 were conditionally awarded to the CEO (6,963 in 2022 with a value of €78,463). 4,313 PSUs with a value of €52,403 were conditionally awarded to the CFO (4,188 in 2022 with a value of €47,196). The 2020-awards under this LTIP were vested in 2023. The pay-out on vested LTIP arrangements to the CEO was €85,507.

Severance payment

Executive Board members are entitled to contractual severance payments amounting to six months' salary in the event of a change of control of the Company and the case of premature dismissal at the request of the Supervisory Board and the General Meeting of Shareholders other than for termination due to cause.

Internal pay ratio

The Corporate Governance Code defines the pay-ratio as the total annual remuneration of the CEO (all remuneration components such as fixed remuneration, variable remuneration in cash bonus, the share-based part of the remuneration, social security contributions, pension, expense allowance, etc), as included in the (consolidated) financial statements, divided by the average annual remuneration of the employees (determined by dividing the total wage costs in the financial year as included in the consolidated financial statements by the average number of FTEs on Sif's payroll during the financial year). The value of the share-based remuneration is determined at the time of assignment, in line with the applicable rules under the applied reporting requirements. Applying this definition to Sif's 2023 numbers brings the pay-ratio to 11.0 compared to 9.6 in 2022 (for CEO compared to all employees). According to EY's 2021 analysis of Executive Remuneration in the Netherlands, the median for AScX companies listed on Euronext was 11.6. This median was based on reported pay-out ratio's by the AScX companies.

The 2022 remuneration report was discussed in the Annual General Meeting of shareholders in May 2023 and presented for an advisory vote. Of the shares voted for (76.12% of shares issued), 99.22% voted in favor.

Remuneration and company performance

	2023	2022	2021	2020	2019
Executive Remuneration (in €)					
Fred van Beers	890,773	730,606	858,464	593,691	629,091
Ben Meijer ¹	545,596	414,191	256,951		
Leon Verweij ²	-	-	409,312	537,338	456,883
Average full-time remuneration of employees	88,597	83,869	82,428	80,358	81,838
Pay ratio (CEO compared to all other employees)	9.8	8.5	10.1	9.5	10.2
Company performance indicators					
Contribution/ton*	669	674	637	609	542
EBITDA	36,806	36,426	39,061	31,756	26,371
Net debt (ex-IFRS 16) year-end	(111,463)	(89,832)	(73,201)	(2,645)	21,293

1. Chief Financial Officer as of 12 May 2021.

2. Chief Financial Officer until 12 May 2021.

* Reference is made to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section for the definition and explanation of use, reconciliation and restatements (if applicable)

Supervisory Board remuneration

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration is in no way dependent on Sif's results. Supervisory Board members receive a fixed remuneration; they do not receive a performance-based payment, nor are they awarded Sif shares or share options in Sif as part of their remuneration.

SUPERVISORY BOARD REMUNERATION

in € ¹	Remuneration				
	2023	2022	2021	2020	2019
André Goedée	25,577	70,000	70,000	70,000	70,000
Peter Gerretse	60,625	45,000	45,000	45,000	45,000
Caroline van den Bosch	16,875	45,000	45,000	45,000	45,000
Peter Wit	45,000	45,000	45,000	45,000	45,000
Peter Visser	45,000	45,000	45,000	45,000	45,000
Angelique Heckman	28,515	0	0	0	0
Annabelle Vos	14,178	0	0	0	0
Total remuneration	235,770	250,000	250,000	250,000	250,000

¹ excluding VAT and expenses