

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 AGM 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.

The remuneration policy is instrumental to realizing Sif's strategy and sustainable longer-term value creation for all the stakeholders of Sif. For the remuneration of Executive Board members, Sif applies a peer group comparison. In 2020 Sif undertook a market analysis with the support of external consultants. This resulted in a revised peer group including seven listed and seven non-listed companies. The main criteria for peer group selection were a combination of the type of business (project-business), ownership (public ownership) 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 2022 remuneration is based on the policy approved by the Annual General Meeting of Shareholders in 2020. The adoption of non-financial KPI's in addition to financial KPI's that now also include ROACE, better aligns to Sif's business and the strategy it is following. Together with the STI-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.

In connection with the decision to invest in expansion of the manufacturing facilities, members of the Executive Board have committed to participating in the announced rights issue and to invest more than 60% of their annual base salary in Sif-shares with a lock-up period of 4 years. This investment is closely linked to an additional, one-time, grant under the LTIP-arrangement with value of one year base salary. The expansion plan took more than 3 years to reach final investment decision and will

take more than 18 months to materialize in expanded production facilities. Against that background, a similar incentive and retention instrument is considered for a small group of key employees being instrumental for the successful execution of the expansion plan

EXECUTIVE BOARD REMUNERATION

Type of recompense In €, excluding VAT	Fred van Beers		Ben Meijer	
	2022	2021	2022	2021
Base salary	398,879	382,398	235,980	138,730
Employer's pension contributions	24,458	22,706	20,604	12,428
Pension compensation	33,742	34,230	16,649	9,768
Annual bonus (accrual)	149,619	224,330	69,917	59,273
LTIP (accrual)	118,114	139,714	27,839	7,234
Termination fee	-	-	-	-
Other benefits (car lease, travel expenses and relocation expenses)	50,463	45,082	40,471	23,718
Social security and other payments	9,881	10,004	9,881	5,800
Total remuneration	785,156	858,464	421,341	256,951
% variabel of total remuneration	34.1	42.4	23.2	25.9
Paid annual bonus in the year, earned over the previous year	201,906	192,117	59,273	-
Paid vested LTIP	85,026	-	-	-
Total actual paid variable remuneration	286,932	192,117	59,273	-

The remuneration package includes the following elements:

Base salary

The fixed base salary for Executive Board members increased with the cost-of-living index in 2022. This implies a 5% increase for CEO and CFO as of 1 January 2023.

Annual bonus

The annual bonus is in cash and based on pre-defined KPI's that may differ for each Executive Board member. The Supervisory Board confirms that the results on which the 2022 short-term incentive for the Executive Board members is based are derived from the audited financial statements. The bonus for 2022 will be paid in cash in 2023 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.

	max score	2022		score
		target	actual	
For CEO				
Adjusted EBITDA (ex IFRS 16)	14.7%	34,100	27,487	0.0%
Contribution margin	14.7%	117,700	130,511	12.8%
ROACE (adjusted) %	14.7%	34.1	43.6	14.7%
ESG/Safety LTIF	4.0%	<1.5	6.50	0.0%
Concretisation ESG policy	4.0%			2.0%
Progress production expansion	8.0%			8.0%
Total				
For CFO				
Adjusted EBITDA (ex IFRS 16)	12.0%	34,100	27,487	0.0%
Contribution margin	12.0%	117,700	130,511	10.6%
ROACE (adjusted) %	12.0%	34.1	43.6	12.0%
Business controls	4.0%			2.0%
Financials business case for expansion plan	5.0%			5.0%
Upgrade AX to M365	5.0%			0.0%
Total				

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% or 50% of the fixed base

salary for the CEO and CFO, respectively. For 2022 the pay-out percentages (actual paid annual bonus as a percentage of the fixed base salary in the year of pay-out) for Executive Board members are 37.5% for the CEO and 29.6% for the CFO. The Supervisory Board acknowledges that during the year there were different demands than anticipated when the individual and team objectives were determined for 2022. The Supervisory Board assessed that the Ukraine crises was well managed by the Executive Board, as was progressing P11 to the final investment decision of February 2023. The Supervisory Board acknowledged the volatile and challenging year and assessed the individual and team performance in the context of the year. For that reason, the FID target for expansion of production facilities was scored. Targets for EBITDA, safety and upgrade of information system AX to M365 were not met and therefore did not score for the bonus-award. The CEO scored 2 of 4% for the ESG target since use of gas in the production process decreased in line with the ambitions of the company. The CFO scored 2 of 4% for improvement of business controls that have improved with the assistance of an interim controller for operations since the second quarter of 2022. In 2021, the pay-out percentage for the annual bonus was 50.2% of the fixed base salary for the CEO and 48.2% of the fixed base salary for the CFO. For 2023, the KPI's 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 expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities). Non-financial targets relate to safety performance, carbon footprint and certain organisational achievements.

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, 6,963 PSUs with a value of €78,463 were conditionally awarded to the CEO (4,623 in 2021 with a value of €76,464). 4,188 PSUs with a value of €47,196 were conditionally awarded to the CFO (2,780 in 2021 with a value of €45,981). The 2019-awards under this LTIP vested in 2022. The pay-out on vested LTIP-arrangements to the CEO was €85,026.

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 average total pay per FTE of members of the Executive Board (CEO and CFO) in comparison to a reference group of all Sif employees (the pay ratio) is 7.3 (8.2 in 2021). The difference compared to 2021 is caused by the succession of Leon Verweij by Ben Meijer and the severance payment to Leon Verweij. The pay ratio at Sif is calculated as the average gross expenses of all Sif employees (Executive Board members excluded) per FTE plus the average gross expenses of Executive Board members per FTE, divided by the average gross expenses of all Sif employees (Executive Board members excluded) per FTE. Gross expenses for all Sif employees include wages and salaries, social security contributions and pension expenses as reported in Note 7 to the financial statements. This results in total gross expenditures of €30,444 thousand for 363 FTEs (€29,344 thousand for 356 FTEs in 2021) when excluding Executive Board members or €83,869 (€82,428 in 2021) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include fixed base salary, employer's pension contributions, pension compensation, annual bonus and social

security and other payments as reported in Note 33 to the financial statements. This results in total gross expenses of €1,060,544 for two FTE (€1,182,496 for two FTE in 2021) or €530,272 (€591,248 in 2021) per Executive Board member. The pay ratio is thus within the bandwidth of 6.8–8.9 that the Works Council advised observing when commenting on the proposed remuneration policy in 2021. The revised 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 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 2022 numbers would bring the pay-ratio to 10.3 compared to 11.3 in 2021 (for CEO compared to all employees).

The 2021 Remuneration report was discussed in the Annual General Meeting of shareholders in May 2022 and presented for an advisory vote. Of the shares voted for (73.55% of shares issued), 99.12% voted in favor. Shareholders appreciate that the maximum bonus is now reflected per performance criterion, as well as the score per individual criterion. This is an improvement compared to the previous remuneration report. Shareholders would also like to be able to judge on the predetermined targets compared to the realisation. The chairman explained that Sif, being a listed company, would then give a lot of competitive information to the market and therefore will not release targets upfront. Considering the voting result, the shareholders expressed their appreciation for the remuneration report.

Remuneration and company performance

	2022	2021	2020	2019
Executive Remuneration (in €)				
Fred van Beers	785,156	858,464	593,691	629,091
Ben Meijer ¹	421,341	256,951		
Leon Verweij ²		409,312	537,338	456,883
Average full-time remuneration of employees	83,869	82,428	80,358	81,838
Pay ratio	7.3	8.2	7.6	8.2
Pay ratio 2022 Corporate	10.3	11.3		
Governance Code*				
Company performance indicators				
Contribution/ton**	674	637	609	542
EBITDA	36,426	39,061	31,756	26,371
Net debt (ex-IFRS 16) year-end	(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

*Corporate governance code 2022 defines pay ratio on basis of CEO remuneration only. In previous years Sif based pay ratio on remuneration of executive board

** ex marshalling, engineering and other revenues

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-related payment, nor are they awarded Sif shares or share options in Sif as part of their remuneration.

SUPERVISORY BOARD REMUNERATION

in € ¹	Remuneration			
	2022	2021	2020	2019
André Goedée	70,000	70,000	70,000	70,000
Peter Gerretse	45,000	45,000	45,000	45,000
Caroline van den Bosch	45,000	45,000	45,000	45,000
Peter Wit	45,000	45,000	45,000	45,000
Peter Visser	45,000	45,000	45,000	45,000
Total remuneration	250,000	250,000	250,000	250,000

¹ excluding VAT and expenses

FINANCIAL CALENDAR 2023

17	March	Capital Markets Day
24	March	Deadline for registration or voting for EGM
28	March	EGM
30	March	Annual report 2022
30	March	Notice of AGM and agenda
14	April	AGM record date
10	May	Deadline for registration or voting for AGM
12	May	Release of Q1 2023 trading update
12	May	Annual General Meeting of Shareholders
25	August	Publication of 2023 interim results
3	November	Publication of Q3 2023 trading update

