

## Remuneration report

As referred to in Section 2:135b of the Dutch Civil Code. The Supervisory Board determines the remuneration of the Executive Board members in accordance with the remuneration policy, most recently approved by the General Meeting of Shareholders in 2016 and as published on the Company's website. A revised remuneration policy will be presented for adoption to the 2020 General Meeting of Shareholders that is scheduled for 14 May 2020.

The aim of Sif's remuneration policy is to attract, motivate and retain qualified managers with relevant experience. The policy provides a framework for a result-driven remuneration that is linked to short- and longer-term strategic objectives. The starting point is remuneration based on the best possible balance between short-term results and longer-term value creation. In order to link individual remuneration to the company's performance, the remuneration package includes a variable part in the form of an annual cash bonus incentive and a long-term incentive in the form of performance shares. To ensure market competitiveness of remuneration, Sif offers a remuneration package around the median level of the market with a defined peergroup of industry peers plus a range of companies that are of a similar scale and level of complexity. There should be an alignment between the remuneration package of the Executive Board and the salary conditions of the employees of Sif, partially expressed by the pay ratio level. The main components of the remuneration policy for 2019 were:

- A fixed basic salary. Reviewed annually based on the (index for the) cost of living;
- Variable annual cash bonus for short-term results, linked to the results of the company (one calendar year). Maximum 60% of fixed basic salary for CEO of which as a starting point 50% dependent upon achievement of financial targets for EBITDA and contribution, equally weighted and 50% on personal targets. Maximum 50% of fixed basic salary for CFO of which as a starting point 77% dependent on financial targets for EBITDA, contribution and net debt, equally weighted, and 23% on personal targets. Personal targets for example relate to safety, corporate culture, reporting and information. On-target bonus of 40% for CEO and 35% for CFO. Personal targets are based on areas of responsibility and set by the Remuneration Committee at the beginning of the year;

- Pension accrual for a pensionable salary-arrangement based on the fixed basic salary;
- A Long-Term Incentive Plan (LTIP). Based on discretionary award of Performance Share Units, granted to a maximum pay-out of 20% of fixed basic salary annually with a three-year vesting period, conditional upon employment. Settlement in principle is in cash with an option to settle in shares. A minimum holding period following vesting of the shares does not apply unless settlement has taken place in shares. In that case an extra two-year blocking period applies in addition to the three-year vesting;
- Members of the Executive Board are engaged by means of a services agreement. The term of which is set at four years.

The following overview summarizes the salaries and performance related bonuses and other remuneration elements of the Executive Board for the past 2 years

## Executive Board remuneration

Type of recompense In €, excluding VAT	Fred van Beers <sup>1</sup>		Leon Verweij <sup>2</sup>	
	2019	2018	2019	2018
Base salary	367,200	120,000	275,706	300,235
Employer's pension contributions	22,662	4,369	39,615	38,995
Pension compensation	47,315	16,806	48,196	39,420
Annual bonus <sup>3</sup>	131,694	72,183	37,760	174,199
Other benefits (car lease, travel expenses and relocation expenses)	49,225	14,749	44,611	46,294
Social security and other payments	10,995	3,570	10,995	10,710
<b>Total remuneration</b>	<b>629,091</b>	<b>231,677</b>	<b>456,883</b>	<b>609,853</b>

<sup>1</sup> Chief Executive Officer as of 1 September 2018.

<sup>2</sup> Combined CFO and interim CEO for the period 3 May - 1 September 2018

<sup>3</sup> These figures consist of the preliminary annual bonus over 2019 corrected for the release of the overstated bonus amount of 2018 (CFO € 37K)

### Base salary

The base salary for Executive Board members increased with the cost-of-living index in 2019. This implies a 2% increase.

### Annual bonus

The Supervisory Board confirms that the results on which the 2019 short term bonus for the Executive Board members is based, are derived from the audited financial statements. The bonus is partly based on the key performance indicators contribution, EBITDA and net debt and partly on personal non-financial performance targets. For 2019 the pay-out percentages for Executive Board members were 36% for CEO and 27% for CFO. These pay-out percentages include a discretionary adjustment preliminary determined by the remuneration committee and will become definitive after the AGM meeting upon approval of the supervisory board.

### LTIP

Under the long-term incentive plan 7,425 PSU's with value of €73,433 were conditionally awarded to CEO (none in 2018) and 5,575 PSU's with value of €55,137 were conditionally awarded to CFO (3,100 in 2018 with value of €54,064). Following the approval of the LTIP by the AGM in 2017, the 2017-awards were the first under this LTIP and therefore no conditional awards vested in 2019. Before 2017 there was no LTIP and therefore no long-term incentive plans date back to the period before 2017.

### 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 in the case of early 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 6.8 (8.9 in 2018). The pay ratio at Sif is calculated as the gross expenses of all Sif employees, Executive Board members excluded. 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 expenses of €23.985 thousand for 295 FTEs (€ 19,526 thousand for 259 FTEs in 2018) when excluding Executive Board members or € 81,305 (€ 75,390 in 2018) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include base salary, employer's pension contributions, pension compensation, annual bonus and social security and other payments as reported in Note 31 to the financial statements.

Different than in previous years, the pay ratio now also includes LTIP value at award date. This results in total gross expenses of €1,113,283 for 2 FTE (€1,336 thousand for 2 FTE in 2018) or €556,641 (€668,032 in 2018) per Executive Board member.

### Remuneration and company performance

	2019	2018	2017	2016	2015
Executive Remuneration (in €)					
Fred van Beers	629,091	231,677			
Jan Bruggenthijjs <sup>1</sup>		766,327	1,343,678	2,697,661	441,049
Boudewijn Nijdam <sup>2</sup>				1,505,289	112,029
René Schmeitz <sup>3</sup>				1,481,578	348,810
Leon Verweij	456,883	609,853	290,482		
Employee remuneration (in € /average Fte)	98,410	93,838	91,745	89,725	76,238
Company performance indicators					
Contribution/ton	549	539	585	678	670
Ebitda	26,371	13,258	57,118	65,395	57,815
Pre IFRS 16 Net debt year-end	21,293	30,377	25,107	41,969	26,894

<sup>1</sup> Chief Executive Officer as of September 2014 until 3 May 2018.

<sup>2</sup> Chief Financial Officer as of September 2015 until January 2017.

<sup>3</sup> Chief Financial Officer until September 2015.

## 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 amount as remuneration: They do not receive variable remuneration nor are they awarded Sif shares or share options.

### SUPERVISORY BOARD REMUNERATION

in € <sup>1</sup>	Remuneration			
	2019	2018	2017	2016
André Goedée	70,000	70,000	70,000	70,000
Maarten Schönfeld <sup>2</sup>		20,000	60,000	52,500
Peter Gerretse	45,000	45,000	45,000	40,000
Caroline van den Bosch	45,000	45,000	45,000	40,000
Peter Wit <sup>3</sup>	45,000	30,000		
Peter Visser	45,000	45,000	7,500	
Alexander van Wassenaer <sup>4</sup>			37,500	45,000
<b>Total remuneration</b>	<b>250,000</b>	<b>255,000</b>	<b>265,000</b>	<b>247,500</b>

<sup>1</sup> excluding VAT

<sup>2</sup> resigned 3 May 2018

<sup>3</sup> appointed 3 May 2018

<sup>4</sup> resigned 23 October 2017