

# **A**NNUAL GENERAL MEETING OF SHAREHOLDERS

**2016**



**23 MARCH** Sligro Food Group N.V.

# AGENDA

## 23 march 2016

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### **ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SLIGRO FOOD GROUP N.V., TO BE HELD AT 10:30 ON WEDNESDAY, 23 MARCH 2016, AT THE COMPANY'S OFFICES, CORRIDOR 11, VEGHEL**

The items on which resolutions are required are indicated below. The other items are intended for the information of or discussion with shareholders.

#### **Agenda**

1. Call to order and announcements
2. Minutes of the Annual General Meeting of Shareholders of Sligro Food Group N.V. held on 18 March 2015 (already adopted)
3. Report of the Executive Board on the 2015 financial year
4. Financial statements
  - a. Implementation of the remuneration policy in 2015
  - b. Proposed amendment of the remuneration policy from 2016 (resolution required) (annex 1)
  - c. Presentation concerning the audit of the financial statements
  - d. Adoption of the 2015 financial statements (resolution required)
  - e. Profit retention and dividend policy (annex 2)
  - f. Adoption of the profit appropriation for 2015 (resolution required) (annex 3)
  - g. Ratification of the actions of the Executive Board in respect of its management (resolution required)
  - h. Ratification of the actions of the Supervisory Board in respect of its supervision (resolution required)
5. Supervisory Board
  - a. Reappointment of Mr B.E. Karis to the Supervisory Board of Sligro Food Group N.V. (resolution required) (annex 4a)
  - b. Appointment of Ms M.E.B. van Leeuwen as supervisory director of Sligro Food Group N.V. (resolution required) (annex 4b)
  - c. Appointment of Mr F. Rijna as supervisory director of Sligro Food Group N.V. (resolution required) (annex 4c)
6. Authorisation of the Executive Board to repurchase the company's own shares (resolution required) (annex 5)
7.
  - a. Extension of the period for which the Executive Board is authorised to issue shares (resolution required) (annex 6)
  - b. Extension of the period for which the Executive Board is authorised to restrict or suspend pre-emptive rights of shareholders on the issue of shares (resolution required) (annex 7)
8. Any other business and adjournment

#### **Supervisory Board**

A. Nühn (chairman)  
Th. A.J. Burmanje  
R.R. Latenstein van Voorst  
B.E. Karis  
J.H. Kamps

#### **Executive Board**

K.M. Slippens (CEO)  
R.W.A.J. van der Sluijs  
W.J.P. Strijbosch

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# ANNEX 1

## notes on agenda item 4 b

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### **Proposed amendment of the remuneration policy from 2016**

Sligro Food Group's remuneration policy focuses on positioning the remuneration package at a competitive level in the Dutch market for executive directors of large companies. It has been decided to follow the median within that market as a maximum. In principle, the directors all have the same remuneration except that the salary of the CEO is 10% to 15% higher than the standard level for the other members.

In the autumn of 2015, a leading firm of organisation consultants was asked to provide information on the market levels of remuneration for the three functions on the Executive Board: chairman (CEO), finance director (CFO) and Foodservice director (COO). This survey showed that, for these three board positions, the differences in benchmark remuneration were larger. The policy currently in force of setting the remuneration of the members of the Executive Board at the same standard level (and that of the chairman 10% to 15% higher) is, therefore, hindering the intended positioning.

For this reason it is proposed to abandon both the equal standard level for remuneration of the members of the Executive Board (other than the CEO) and the standard that the salary of the CEO is 10% to 15% higher than the standard level for the other members, but not to apply these changes for the time being. This will make it possible to achieve the intended positioning for each board position in the future.

The current remuneration policy was approved by the General Meeting of Shareholders on 22 March 2006 and amended once with the approval of the General Meeting of Shareholders (on 17 March 2010, to introduce the share option scheme). See [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl).

The remuneration policy has been revised in recent years in accordance with changes in tax and other legislation and regulations. None of these revisions were significant.

It is proposed for pragmatic reasons that the entire text of the remuneration policy, incorporating the proposed changes in the third paragraph, be approved once again. This proposal, therefore, requires a single resolution.

The Works Council believes that the proposal is in line with the policy applied to date.

The text of the proposed remuneration policy is as follows:

### **Sligro Food Group N.V. remuneration policy**

*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 remuneration policy 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.

## 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 (claw-back clause).*

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## ANNEX 2

### notes on agenda item 4 e

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#### **Profit retention and dividend policy**

##### **Regular and variable dividend**

Sligro Food Group aims to distribute a regular dividend of approximately 50% of the profit after tax, excluding extraordinary items, payable in cash.

Depending on the strength of the balance sheet and the liquidity position, a proposal may be made to pay a variable dividend on top of that.

#### **Interim dividend and final dividend**

The dividend will be paid in two instalments, an interim dividend payable in the second half of the year and a final dividend payable after the General Meeting of Shareholders. The interim dividend amounts in principle to half of the regular dividend for the preceding year.

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## ANNEX 3

### notes on agenda item 4 f

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#### **Adoption of the profit appropriation for 2015**

For 2015, the proposed regular dividend distribution is €0.90 per share (2014: €0.80), representing a pay-out ratio of 49%.

In view of the strong balance sheet and the liquidity position, it is also proposed to pay a variable dividend of €0.30 per share in respect of 2015 (2014: €0.30), making a total dividend of €1.20 (2014: €1.10).

Out of the total dividend, an amount of €0.40 per share has already been paid as interim dividend, on 1 October 2015, leaving a final dividend of €0.80.

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# ANNEX 4 A

## notes on agenda item 5 a

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### **Reappointment of Mr B.E. Karis to the Supervisory Board of Sligro Food Group N.V.**

Mr B. Karis's first four-year term of office will expire in 2016 and he has offered himself for reappointment.

During his four years as a member of Sligro Food Group N.V.'s Supervisory Board, Mr Karis has demonstrated an expert view of corporate policy and operations based in part on his retail background.

Mr Karis fits the profile for members of Sligro Food Group N.V.'s Supervisory Board and is independent within the meaning of the Dutch Corporate Governance Code.

On 23 March 2016, Mr Karis will be chairman of the Executive Board of Zeeman textielSupers, meeting the standards in the Management & Supervision Act.

Mr Karis holds no Sligro Food Group N.V. shares.

The Supervisory Board therefore proposes that Mr Karis be reappointed for a second and final four-year term.

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# ANNEX 4 B

## notes on agenda item 5 b

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### **Appointment of Ms M.E.B. van Leeuwen to the Supervisory Board of Sligro Food Group N.V.**

Pursuant to article 26 of the Articles of Association, the Supervisory Board proposes Ms Marianne van Leeuwen for appointment to the Supervisory Board of Sligro Food Group N.V.

Ms Van Leeuwen was CEO at Reed Business Nederland until 2011. She currently chairs the Supervisory Board of AEB Amsterdam and is a member of the Supervisory Boards of Sonepar Nederland and ANP Holding.

Ms Van Leeuwen and Mr Rijna (agenda item 5 c) are proposed for appointment to fill the vacancies left by the retirement of Ms Th.A.J. Burmanje and Mr R.R. Latenstein van Voorst on 23 March 2016 upon expiry of their second and final four-year terms.

The Supervisory Board considers Ms Van Leeuwen to be a suitable candidate in view of her knowledge and experience built up in national and international managerial and supervisory positions, in particular in strategy, digitisation, change processes and HRM. Ms Van Leeuwen fits the profile for members of Sligro Food Group N.V.'s Supervisory Board and is independent within the meaning of the Dutch Corporate Governance Code.

It is proposed that, in accordance with the Supervisory Board's nomination, Ms Van Leeuwen be appointed to the Supervisory Board of Sligro Food Group N.V. for a first four-year term from 23 March 2016.

Ms Van Leeuwen was born in 1961 and has Dutch nationality. After graduating in Dutch Law from Leiden University in 1986, she worked for a while as assistant to Hanja Maij-Weggen, Member of the European Parliament. From 1988 to 1996, Ms Van Leeuwen held various positions at the Nederlands

Studie Centrum which was acquired by Reed Elsevier during that period. Ms Van Leeuwen continued her career at Reed Elsevier including as publisher of Toerisme & Gezondheidszorg in Doetinchem and from 1997 as Managing Director of Reed Business Information France & Belgium in Paris. In 2002 she became President of the Boston Division of Reed Business Information USA. Between 2005 and 2011, Ms Van Leeuwen was CEO of Reed Business Nederland. Since 2012, Ms Van Leeuwen has held various supervisory positions including, until 2015, at Cito and Oxfam Novib. She currently chairs the Supervisory Board of AEB Amsterdam and is a member of the Supervisory Boards of Sonepar Nederland and ANP. She is also chairman of Zeeburgia football club in Amsterdam. Ms Van Leeuwen meets the standards of the Management & Supervision Act.

The Works Council has let it be known that it supports the nomination of Ms Van Leeuwen.

Ms Van Leeuwen holds no Sligro Food Group N.V. shares.

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# ANNEX 4 C

## notes on agenda item 5 c

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### **Appointment of Mr F. Rijna to the Supervisory Board of Sligro Food Group N.V.**

Pursuant to article 26 of the Articles of Association, the Supervisory Board proposes Mr Freek Rijna for appointment to the Supervisory Board of Sligro Food Group N.V.

Until 2015, Mr Rijna was a member of the Executive Board of FrieslandCampina. He currently sits on the Supervisory Board at Frisian Flag Indonesia and at FrieslandCampina Vietnam.

Mr Rijna and Ms Van Leeuwen (agenda item 5 b) are proposed for appointment to fill the vacancies left by the retirement of Ms Th.A.J. Burmanje and Mr R.R. Latenstein van Voorst on 23 March 2016 upon expiry of their second and final four-year terms.

The Supervisory Board considers Mr Rijna to be a suitable candidate in view of his knowledge and experience built up in national and international managerial and supervisory positions, in particular in general corporate policy and marketing and business development in the food industry. Mr Rijna fits the profile for members of Sligro Food Group N.V.'s Supervisory Board and is independent within the meaning of the Dutch Corporate Governance Code.

It is proposed that, in accordance with the Supervisory Board's nomination, Mr Rijna be appointed to the Supervisory Board of Sligro Food Group N.V. for a first four-year term from 23 March 2016.

Mr Rijna was born in 1955 and has Dutch nationality. After completing his Business Management studies at Erasmus University Rotterdam in 1980, he worked from 1981 to 1994 in various positions at Unilever. Mr Rijna started his career at Van den Bergh & Jurgens in Rotterdam and was Marketing Manager Food & Drinks at Lipton Export Ltd in England between 1988 and 1990. Afterwards, until 1994, he was Marketing Director Foods at Kuner Nahrungsmittel GmbH

in Austria. In 1994, he joined Friesland International and four years later became Managing Director of Riedel Dranken Industry in Ede. From 2002 to 2006 he was Managing Director of Friesland Asia-Pacific and then Managing Director of Friesland Western Europe until 2008. In 2009 he joined the Executive Board of FrieslandCampina in which position he was Chief Operating Officer Consumer Products Europe from 2009 to 2012 and then, from 2013 to 2015, Chief Operating Officer Consumer Products Asia. Since 2015, Mr Rijna has held supervisory positions. He currently sits on the Supervisory Board at Frisian Flag Indonesia and at FrieslandCampina Vietnam. He is a member of the Advisory Board for the Strategic Management MSc at Erasmus University and a member of the board of Holland Opera. Mr Rijna meets the standards of the Management & Supervision Act.

The Works Council has let it be known that it supports the nomination of Mr Rijna.

Mr Rijna holds no Sligro Food Group N.V. shares.

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## ANNEX 5

### notes on agenda item 6

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#### **Authorisation of the Executive Board to repurchase the company's own shares**

Pursuant to Article 9.2 of the Articles of Association, the company may only acquire fully paid shares in its own capital for no consideration or if:

- a. the shareholders' equity less the purchase price is equal to or exceeds the paid and called capital plus the reserves required to be held by law;
- b. the nominal value of the shares in its own capital that are acquired, held or held in pledge by the company or held by a subsidiary does not exceed one-tenth of the issued share capital; and
- c. authorisation to repurchase the company's own shares has been granted by the general meeting.

The resolution proposes authorising the Executive Board of the Company for a period of 18 months to repurchase fully paid shares in the Company, on the stock exchange or privately, up to a maximum of 10% of the issued capital permitted by the Articles of Association, at a price not more than 10% above the market price at the time of the transaction, provided always that any such decision by the Executive Board has the approval of the Supervisory Board. This authorisation will run from 23 March 2016 to 23 September 2017.

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## ANNEX 6

### notes on agenda item 7 a

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#### **Extension of the period for which the Executive Board is authorised to issue shares**

By resolutions of the Annual General Meeting of Shareholders of 18 March 2015, the Executive Board was authorised for a period of 18 months, pursuant to Article 5.1 of the Articles of Association, to issue – and grant rights to subscribe for – as yet unissued shares in the company's capital and, pursuant to Article 8.4 of the Articles of Association, to restrict or suspend pre-emptive rights.

It is proposed to extend the Executive Board's authority to issue shares for 18 months from the date of this Annual General Meeting, provided always that any such decision by the Executive Board has the approval of the Supervisory Board. It is proposed to limit the Executive Board's authority to 10% of the issued capital, plus a further 10% if the issue is in connection with a merger or acquisition.

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# ANNEX 7

## notes on agenda item 7 b

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### **Extension of the period for which the Executive Board is authorised to restrict or suspend pre-emptive rights of shareholders on the issue of shares**

By resolution of the Annual General Meeting of Shareholders of 18 March 2015, the Executive Board was authorised for a period of 18 months, pursuant to Article 5.1 of the Articles of Association, to issue – and grant rights to subscribe for – as yet unissued shares in the company’s capital and, pursuant to Article 8.4 of the Articles of Association, to restrict or suspend pre-emptive rights.

It is proposed to extend the Executive Board’s authority to restrict or suspend pre-emptive rights of shareholders on the issue of shares for 18 months from the date of this Annual General Meeting, provided always that any such decision by the Executive Board has the approval of the Supervisory Board.

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