**Minutes of the Annual General Meeting of Shareholders held on 20 March 2013**

Minutes of the Annual General Meeting of Shareholders of Sligro Food Group N.V., held at 11:00 on 20 March 2013, at the company's offices in Veghel.

Present:

Supervisory Board: Mr. A. Nühn, Ms. Th.A.J. Burmanje and Messrs. R.R. Latenstein van Voorst and B.E. Karis;

Executive Board: Messrs K.M. Slippens, H.L. van Rozendaal and W.J.P. Strijbosch;

company auditor: Mr. P.W.J. Smorenburg of KPMG;

the chairman of the Works Council: Mr. R. Heijberg;

the shareholders and other invited guests.

In accordance with article 38 of the Articles of Association, the Supervisory Board appointed its chairman, Mr. Nühn, as chairman of this General Meeting of Shareholders.

The agenda comprised the following items.

**1. Call to order and announcements**

The chairman called the meeting to order and welcomed those present. He asked Mr. Van der Veeken to act as secretary and minute-taker for the meeting.

The secretary confirmed that the meeting had been convened in accordance with article 35 of the Articles of Association.

The company had 44,255,015 shares in issue, of which 433,000 had been repurchased by the company. Since no votes could be cast on these repurchased shares, the total number of voting rights was 43,822,015. The meeting was attended by 145 shareholders in person or by proxy, representing 38,775,317 shares or 88.48% of the total number of shares with voting rights.

No holders of a right of pledge or usufruct were present and there were no holders of depositary receipts issued with the cooperation of the company. Valid resolutions could be adopted. Valid resolutions required an absolute majority of votes, unless prescribed otherwise by law or the Articles of Association.

**2. Minutes of the Annual General Meeting of Shareholders of Sligro Food Group N.V. held on 21 March 2012**

The minutes of the General Meeting of Shareholders held on 21 March 2012 were adopted and signed by the chairman and the secretary in accordance with article 39 of the Articles of Association. The minutes had already been posted on the websites www.sligrofoodgroup.nl and www.sligrofoodgroup.com for the convenience of the shareholders. No comments or remarks on the minutes had been received in the three months that had elapsed since the minutes were posted on the websites.

**3. Report of the Executive Board on the 2012 financial year**

The chairman explained the difference between items 3 and 4 of the agenda for the meeting. Item 3 was concerned with the report of the Executive Board, which formed the first part (pages 1–88) of the annual report. Item 4 was concerned with the financial statements, i.e. the figures, which formed the second part of the annual report, from page 89 onwards. The chairman noted that item 4 included a change to procedure, in that the external auditor would give a presentation on the audit before the financial statements were adopted.

The chairman concluded his remarks by announcing that there would be an opportunity for questions on the annual report from the floor after the presentations by the Executive Board.

With regard to item 4 on the agenda, there would again be an opportunity for questions on the financial statements, the part starting on page 89.

*Introduction (K.M. Slippens)*

After welcoming those present, Mr. Slippens explained how this agenda item would be addressed. Mr. H. van Rozendaal would present the full-year figures for 2012. Mr. Slippens would then discuss the commercial developments in the past year. Messrs. Johan van Heerebeek and Kees Kiestra, EMTÉ's Marketing & Sales Manager and Operations Manager, respectively, would report on developments in food retail. There would then be an opportunity for questions from the floor on the matters raised.

Before handing over to Mr. Van Rozendaal, Mr. Slippens explained that Sligro Food Group did not regard the current economic situation as a temporary crisis that would pass, but as a new reality which required willingness to change. It was for this reason that Sligro Food Group had chosen 'Switch on!' as its theme for 2013.

*Full-year figures (H.L. van Rozendaal)*

Mr. Van Rozendaal started his presentation with the profit and loss account.

Total sales in 2012 were 1.9% higher, up from €2,420 million in 2011 to €2,467 million in 2012. Food retail sales were 2.5% higher and foodservice sales were around 1.6% higher. This reflected the new economic reality, in which spending was falling sharply. Although these were relatively low percentages in absolute terms, Sligro had still outperformed the market in both segments.

The gross profit margin decreased by 0.6 percentage points from 23.2% to 22.6% of sales, due to two factors: the heavy pressure on prices from reduced consumer spending and the mix of business activities. Within foodservice, cash-and-carry sales were down slightly but delivery-service sales were higher. Most of the growth was in the forecourt channel, with relatively high sales of tobacco products which depressed the gross profit margin.

In percentage terms, costs were a little higher, rising from 16.8% in 2011 to 16.9% in 2012. Despite the action taken to increase productivity, there were a number of organic factors which increased the costs. Lower average spend per customer meant a relative rise in delivery-service costs. The government's austerity measures again translated into substantially higher costs both for business and for the individual. These measures added around €3 million to Sligro Food Group's costs in 2012.

As a consequence, the operating result (EBIT) declined in 2012 to €90 million. The bottom line was a net profit of €70 million, down around 11% on the year before.

After discussing the profit and loss account of Sligro Food Group as a whole, Mr. Van Rozendaal turned to the separate figures for the foodservice and food retail businesses.

The foodservice operating result was lower in both the first and second halves of 2012, but the decline was slower in the second half. The pattern was different in food retail, where the downturn was confined to the first half of 2012 and the operating result improved in the second half. With other operating revenue in food retail lower than the year before, the quality of the food retail result also improved.

The cash flow statement showed how much cash was actually generated. With free cash flow of €95 million, Sligro Food Group generated its highest cash flow ever in 2012, thanks to improvements in working capital and slightly lower capital expenditure than had been usual in recent years. Both foodservice and food retail contributed to the cash flow. Despite the modest profit generated by the supermarkets, this business unit generated free cash flow of €25 million.

Sligro Food Group's financial position remained very strong. Shareholders' equity increased from €541 million to €555 million and net debt fell to around €70 million. The long-term debt was funded on the capital market.

The net profit of €69.5 million equated to earnings per share of €1.59, down 10.7% compared with 2011. Under the next item on the agenda, it would be proposed to distribute a regular cash dividend of €0.80 per share and a variable cash dividend of €0.25 per share, bringing the total dividend for the year to an unchanged €1.05 per share.

*Commercial developments in 2012 (K.M. Slippens)*

Mr. Slippens began his presentation by outlining the main market developments.

Consumer spending in the Netherlands totalled €275 billion in 2012, slightly lower compared with 2011. Of total consumer expenditure in 2012, around €56.5 billion was spent on food. Of this €56.5 billion, close to €18 billion was spent in the foodservice market and €38.6 billion in the food retail segment, including supermarkets.

The Sligro Food Group organisation consisted of two main divisions: foodservice and food retail. The food retail division comprised 130 supermarkets, now all operating under the EMTÉ format. The foodservice organisation consisted of 46 Sligro cash-and-carry wholesale outlets and 11 delivery-service wholesale outlets operating under the Sligro and Van Hoeckel names, the latter focusing on the institutional market. There was one central distribution base, one shared back office and a number of other support units consisting of the fresh-produce partners and the production companies.

The two main divisions could be split into three activities:

1) food retail self-service;

2) foodservice cash-and-carry; and

3) foodservice delivery.

Each of these three activities generated roughly one-third of Sligro Food Group's total sales. The food retail self-service business and especially the foodservice delivery business had grown faster than the foodservice cash-and-carry business in recent years, and 2012 had been no exception.

The market conditions in foodservice were dictated by consumers' reluctance to spend. According to the Netherlands Foodservice Institute (FSIN), the foodservice market shrank by 1.6% in terms of wholesale value last year. According to our estimates, the foodservice market declined by 3.5–4% in volume (excluding the effect of inflation). We continued in 2012 to consolidate our position as market leader in foodservice, as clearly shown by the figures for foodservice market shares. Sligro Food Group's market share in foodservice had risen from 19.2% in 2011 to 19.9% in 2012.

Sligro Food Group's foodservice division posted organic sales growth of 1.6% in 2012, outperforming the market by over 3 percentage points. This 1.6% growth was the net effect of 1% lower cash-and-carry sales and 3.8% higher delivery-service sales.

Sligro Food Group acquired the wholesale activities of Van Oers in 2012, with the actual takeover process starting in January 2013. The acquisition of Van Oers principally involved the transfer of customers and staff who could relatively easily be accommodated within Sligro Food Group's organisation and infrastructure. The integration of Van Oers into Sligro Food Group was scheduled to be completed in July 2013.

Sligro Food Group was now looking more closely than it had in the past at commercial opportunities in other countries. An initial survey had revealed attractive opportunities for Sligro Food Group to make synergy gains in Scandinavia and Belgium. Sligro already had a substantial number of customers in Belgium and Sligro Food Group's total sales to those customers were expected to reach €30–35 million in the coming year.

Sligro commissioned a customer survey at the cash-and-carry outlets in 2012, in which it achieved extremely positive ratings. No fewer than 46.3% of customers were fervent supporters of Sligro and a further 41.8% were very satisfied with Sligro's performance.

Sligro opened its 46$^{th}$ cash-and-carry outlet in Assen in 2012 and moved its cash-and-carry outlet in Zwolle to a new larger site. Substantial investments were also made in 2012 in Sligro's cash-and-carry outlets in Alkmaar and Amsterdam.

Sales by the foodservice delivery unit were 3.8% higher, with Van Hoeckel contributing strongly to this growth, reflecting the increased demand for delivery service in the institutional market, where quality was no less important than price. This had been proved by Van Hoeckel with its successful modernisation project, which enabled it to give customers the support they need.

Several other projects would be undertaken in foodservice in 2013. An impressive new 15,000 $m^2$ Sligro cash-and-carry outlet was under construction in Maastricht. When it entered service, Sligro Maastricht's delivery services would be transferred to a distribution centre in Venray, to which the current delivery-service activities of the Haps distribution centre would be relocated. As well as the integration of Van Oers, which had already been mentioned, it was noted that deliveries to the AC restaurants in Belgium would start in 2013. Further adjustments to the positioning of the Sligro format were also on the agenda for 2013.

Following this review of the foodservice business, Mr. Slippens briefly outlined developments in the food retail market in the Netherlands and in Sligro Food Group's food retail business in particular. EMTÉ's like-for-like sales grew 2.6% in 2012 – faster than the market which, according to the average figures produced by three research agencies, grew by about 1.7%. Another significant development in the market was the break-up of the C1000 supermarket chain, which would undoubtedly create opportunities for EMTÉ.

*The future of food retail (J. van Heerebeek and K. Kiestra)*

Messrs. Johan van Heerbeek and Kees Kiestra gave a joint presentation outlining the Food Retail Masterplan. Mr. Van Heerebeek started the presentation with a review of EMTÉ's positioning and was followed by Mr. Kiestra, who discussed the six building-blocks needed to achieve growth and meet the related targets.

Now that the last of the Golff outlets had been converted to EMTÉ, all 130 supermarkets were using the EMTÉ format. These 100 branches and 30 franchise stores were all up-to-date, with no differences due to age. Together these supermarkets had generated free cash flow of €25 million in 2012. Another significant fact was that EMTÉ had been selected last year as the most customer-friendly supermarket in the Netherlands.

EMTÉ still had room for improvement in a number of areas. One was the sales per unit retail floor area, which was currently €130 per $m^2$ but could and must be higher. There was also scope for reducing expenses, particularly shrinkage and staff costs. Stores with weekly sales of €125,000 or less had fewer options when it came to cutting costs and boosting sales per unit floor area. Another way to improve performance was to raise the profile and strengthen the identity of the EMTÉ format.

For many years, the EMTÉ format had been guided by three key aims: (1) to be the most friendly supermarket in the Netherlands; (2) to be the best fresh-produce supermarket in the Netherlands; (3) to keep prices at an acceptable level. In the wake of the structural price-cutting in the market since 2003, the price differences between the various supermarket formats had narrowed to such an extent that price was no longer a deciding factor in the supermarket sector. Inspired by the success of Sligro's 'Eatertainment' campaign, the Food Retail Masterplan envisaged clearer positioning of the EMTÉ format, with the emphasis on good eating under the slogan 'We love food'. The campaign would focus not on niche products, but on the mainstream products that EMTÉ's customers had on their shopping lists every week. A TV campaign had also been launched featuring 'EMTÉ's Top Ten', a list that included such items as chocolate éclairs, Rummo pasta and tender steaks.

After a showing of the 'EMTÉ's Top Ten' campaign video, Mr. Kiestra continued his presentation with information on the six building-blocks underpinning EMTÉ's growth.

The first three – (1) loyalty, (2) unique product range and (3) brand identity – were essential for growth. Because the supermarket sector was a zero-sum game, customer loyalty was critically important, so EMTÉ planned to introduce a good loyalty system. A unique product range would be achieved by utilising the existing potential within Sligro, not just the potential offered by its comprehensive range but also that of its in-house production companies. On the subject of brand identity, Mr. Van Heerebeek had already spoken of the strengthening of the format under the slogan 'We love food' and the use of TV as a new medium of communication for EMTÉ. Two of EMTÉ's TV commercials were shown.

The other three building-blocks – (4) back-office redesign, (5) category management and (6) operational excellence – served to further strengthen EMTÉ's foundations. The purpose of the back-office redesign was to improve the in-house organisation and processes. One example was the installation of an automated ordering system to supply the stores which, with further development, would also improve the availability of items on the shelves. The aim of category management was to achieve a perfect match between the specific character of the district served by the store, the available space and the format elements. Category management was closely linked with building a unique product range and the two combined could make a valuable contribution to growing the sales per $m^2$.

The sixth and last building-block was operational excellence, by which EMTÉ meant cooperation between sales and operations, cooperation between the stores and head office and tighter control of expenses by benchmarking against standard stores on the basis of cost profiles.

The objectives of the Food Retail Masterplan were: (a) to strengthen EMTÉ's foundations, (b) to enable EMTÉ to outperform the market on sales for several years and (c) to grow towards reasonable profitability. These objectives had been translated in financial terms as follows: (1) EBITA/sales from 1.4% (2012) to 2.5–3% (2015); (2) EBITA/net capital employed (NB: net capital employed would fall €40 million over the next three years) from 5.7% (2012) to over 15.0% (2015). Mr. Kiestra concluded his presentation with a video featuring Nicole van Dal, an enthusiastic bread and bakery department manager at one of the EMTÉ supermarkets (see also page 75 of the annual report).

*Outlook (K.M. Slippens)*

Mr. Slippens discussed the outlook for 2013, noting that Sligro Food Group no longer spoke of an economic crisis because the word 'crisis' might suggest a temporary situation which would pass, and that was not the case: it was a new reality and a new economic climate.

The difficult market conditions would continue, placing heavy pressure on the gross profit margin, but possibly less so than in 2012. The government's austerity measures and tax increases would adversely affect the markets on which Sligro Food Group relied for its sales and consumer confidence was expected to remain weak. The technical changes to VAT on tobacco products would reduce Sligro Food Group's sales by around €60 million a year from the second half of 2013. The acquisition of Van Oers would boost sales by €20 million in the first half of 2013 and, with the integration process completed by 1 July, by €40 million in the second half. The integration costs would be charged to the first-half result. Changes to the accounting rules for pensions would increase the pension charges in 2013 by €5.5 million. The pension contribution rate would not be affected and the new regulations would not affect the cash flow. The food retail unit would continue to work diligently on the Retail Masterplan. Sligro Food Group was expecting further consolidation in the foodservice market and was prepared for it.

After these presentations, the chairman invited questions from the floor on the presentations and the annual report. The chairman asked the shareholders to limit themselves to two concisely worded questions in the first instance, so as to give everyone a chance. The chairman also requested those asking questions to state their name and, if applicable, the name of the organisation they represented.

Mr. Rienks asked the following question:

In the light of EMTÉ's history and the presentation we have just been given on the Food Retail Masterplan, I wonder whether things will go well with EMTÉ and whether the objectives of this Masterplan are realistic and achievable.

This question was answered as follows:

*(K.Slippens)* We would point out that a large part of the dividend we intend to distribute comes from the €25 million of free cash flow generated by EMTÉ. So EMTÉ can't be doing so badly. That does not mean we are entirely satisfied with all aspects of our food retail business. The Sanders acquisition has not yet delivered what we expected of it. The stores with weekly sales of less than €125,000, many of which are former Sanders supermarkets, have impeded our progress in food retail measured by such variables as sales per unit floor area. We have confidence in EMTÉ, in the new organisation and in the Food Retail Masterplan that has just been presented.

Mr. Rienks asked the following question:

Why isn't it  better to sell EMTÉ to Jumbo now?

This question was answered as follows:

*(K.Slippens)* As we have already explained, EMTÉ generates very attractive cash flow. We believe that our supermarket locations will retain their value. But above all we want to make EMTÉ a successful retail business by implementing the Retail Masterplan that has just been presented.

Mr. De Jager (Dutch Association of Investors for Sustainable Development  – VBDO) complimented Sligro Food Group on the information on corporate social responsibility included in the annual report, in particular its compliance with the guidelines of the Global Reporting Initiative (GRI), but regretted the lack of information on corporate social responsibility in the presentations.

He then asked the following question:

On page 55 of the annual report, in the 'Waste' paragraph in the section headed 'Corporate social responsibility', it says that the targets for food retail include reducing wastage of cheese products in the counter-service range by 25%% and wastage of fruit and vegetables by 10%. These targets are set relatively high and I feel it is unrealistic to expect to achieve them in one year. My question is in two parts: what are the targets for the coming years and will this policy also be introduced in foodservice?

This question was answered as follows:

*(K. Slippens)* Thank you for your compliment. The environment is one of the key themes in our CSR policy, and that covers waste. We regard waste as an important issue because effective waste management brings clear social and economic benefits. We are much further advanced in reducing shrinkage in foodservice than in food retail, which is why we have not set extra targets for foodservice in this regard. We are, however, exploring the possibility of reducing waste on the customers' premises by using smart ordering systems.

Mr. Van Beuningen (Darlin) complimented the Executive Board on the excellent results and asked the following question:

You said that you were also looking for opportunities to grow the business in other countries. I think this will be possible, because you are strongly positioned and you have good systems. We find big acquisitions exciting and big foreign acquisitions even more so. Therefore, will you please give an undertaking that, if you are contemplating an acquisition costing over €200 million, you will convene an Extraordinary General Meeting to give us the details of the deal?

This question was answered as follows:

*(H. van Rozendaal)* We called an Extraordinary General Meeting before, when we took over Edah. That transaction involved €75 million, not a spectacularly large sum. Although it was not strictly required, we felt it was wise, given the special nature of the transaction, to discuss it with the shareholders. Where precisely the limit should be for a foreign acquisition is a matter for debate, but in the case of a very substantial acquisition we would certainly convene an Extraordinary General Meeting.

Mr. Jorna (Dutch Association of Shareholders – VEB) complimented the Executive Board on the annual report and the presentations that had just been given, which he felt had added considerable value. He then asked the following questions:

1) In times of crisis, shrinkage can also result from employees distinguishing less clearly between 'yours' and 'mine' when it comes to the employer's property. Is this a more serious issue for you than the national average for the sector?

2) 52 C1000 supermarkets have been sold to the Coop. Did you have no interest in those stores?

3) Jumbo has built a very large – 6,000 $m^2$ – supermarket in Breda, following the trend towards more large supermarkets. Will EMTÉ also follow the trend or will the focus with EMTÉ be more on a smaller store concept?

4) There was no mention of Superdirect.com in the presentations, despite the importance of this development. Am I wrong to think that you do not really have confidence in these pick-up points, that you would prefer to leave the project to others and that you envisage your role primarily as that of preferred supplier?

These questions were answered as follows:

1) *(H. van Rozendaal)* In the case of shrinkage, we are more concerned with avoiding best-before dates being exceeded on such items as cheese, as mentioned by a previous questioner, than with shrinkage due to theft. That does not mean that, with a total workforce of around 10,000, we do not have an occasional instance of theft by staff, the penalty for which is dismissal. We do not have a national average figure, but we do not get the impression that we suffer a higher level of employee theft than other businesses.

2) *(K. Slippens)* No, we were not interested in those stores. For the next three years, we shall be focusing mainly on implementing the Food Retail Masterplan, which was the subject of the presentation which Johan van Heerebeek and Kees Kiestra just gave. That does not mean that we would not be interested in a few other stores, but we are concentrating mainly on strengthening the EMTÉ format.

3) Nor are we interested in supermarkets of the size of Jumbo Breda. A large floor area generally means a large staff and thus high staff costs. And whether it will be a financial success is highly debatable.

4) Your thoughts on our relationship with Superdirect are incorrect. We believe it is better to develop a new online concept of this kind within a new small organisation, rather than within our existing organisation where a new concept would be in constant conflict with the processes used in a traditional retail operation. That does not mean that we don't share ideas with Superdirect and provide expertise in many areas. We are committed, enthusiastic and proud of Superdirect, but at the same time we realise that not a single pack of spinach has been sold yet and it will take a long time for Superdirect to move into profit – another reason for a degree of modesty.

Mr. Vrijdag complimented the Executive Board on the results achieved and expressed his appreciation of EMTÉ's helpful staff. He then asked the following questions:

1) What do you think of the idea of issuing EMTÉ's customers with a pass which gives them certain rights, such as a free cup of coffee, to make them feel more closely involved with EMTÉ?

2) What do you think of the idea of setting up a post office in the EMTÉ supermarket in Tilburg-Noord?

These questions were answered as follows:

1) *(K. Slippens)* We think it is a good idea, which is why we are setting up a loyalty programme at EMTÉ, or rather introducing a customer card. However, the cup of coffee is already free at EMTÉ.

2) You don't set up a post office in a supermarket to earn money. You do it because you hope a post office will attract more people to the store and those people will do their shopping with us. Some EMTÉ supermarkets are

suitable sites for a post office and some are not. The decision is made on a store-by-store basis.

Mr. Van Hoeken asked the following question:

Why doesn't EMTÉ have any supermarkets in Noord-Holland?

This question was answered as follows:

*(K. Slippens)* EMTÉ started with a few stores in the Tilburg region. It expanded gradually, preserving contiguous market coverage as far as possible for logistical and commercial reasons, into Zeeland and the east of the country. The number of stores in that region was boosted by the acquisition of Edah. The number of stores in the east of the country, particularly in the Veluwe and Twente, increased again following the conversion of the Golff outlets and the acquisition of Sanders. The west of the country has not played a part in these developments yet, but it could happen in the future.

Mr. De Jager (Dutch Association of Investors for Sustainable Development – VBDO) asked the following question:

The VBDO published a guide to remuneration policy in 2010 in which it recommended basing variable remuneration on achievement of sustainability targets. Can I infer from your annual report that you have followed our advice?

This question was answered as follows:

*(A. Nühn)* Both the long-term and short-term bonuses paid to the Executive Board are 50% dependent on the result and 50% on achievement of other targets, including CSR-related targets.

Mr. Van Aken asked the following question:

The in-store 'EMTÉ's Top Ten' displays are still not full, with many items still missing. I don't like that and I can't see how it can be good for business. What do you think?

This question was answered as follows:

*(K. Slippens)* Our aim is to waken the customer's curiosity. We will be revealing the secrets of 'EMTÉ's Top Ten' one by one over the coming period, until all ten of these special products are on display. We are trying in this way to hold the customer's interest.

Mr. Jorna (VEB) asked the following question:

Whereas 90% of the bonus was paid out for 2011, that was reduced to 50% for 2012. According to the criteria for the award of bonuses set out in the annual report, half of the bonus is for achievement of the profit target. My question is: was the reduction from 90% to 50% due to failure to meet the profit target or failure to meet the other criteria?

This question was answered as follows:

*(H. van Rozendaal)* It was due to failure to meet the profit target.

## 4. Financial statements

### 4 a. Adoption of the 2012 financial statements (resolution)

The chairman gave the floor to Sligro Food Group's external auditor, Mr. Pieter Smorenburg of KPMG. The chairman observed that Sligro Food Group was the first company in the Netherlands to give its external auditor an opportunity to discuss his work before the financial statements were adopted.

*Audit at Sligro Food Group (P. Smorenburg)*

Mr. Smorenburg opened his presentation on the Sligro Food Group audit with an explanation of the auditing process and a discussion of specific points of interest.

The allocation of roles was clearly defined in law. The Executive Board prepared the financial statements and was thus responsible for its contents. The Supervisory Board oversaw that process, co-signed the financial statements and presented them to the shareholders for formal adoption. The external auditors' task was to perform an independent audit in accordance with the applicable rules, namely the rules for financial statements as defined in the Netherlands Civil Code, IFRS and the auditing standards of the Netherlands Institute of Chartered Accountants (NBA).

The process was in two stages. The first was the interim audit, which was performed after the summer and examined various aspects of the business such as purchasing, sales, human resources etc. The second stage was the balance sheet audit, which at Sligro Food Group always started very early, just before Christmas. The balance sheet audit focused on the figures shown in the financial statements and the notes to the financial statements. The audit process ended with the issue of an auditors' report, which could be found on pages 137 and 138 of the annual report.

The Executive Board Report, which in Sligro Food Group's case was always highly informative, was prepared by the Executive Board itself. The auditors had not audited the Executive Board Report, but found that the view given by report was consistent with that given by the figures.

Two aspects of Sligro Food Group called for a special approach: the central control of the business from Veghel and the critical importance of IT.

The areas identified as requiring special attention changed from year to year, but there were some which were examined every year. Examples of transitory issues included the acquisition of Sanders in 2010 and the refinancing by means of a USPP with American investors. Aspects regularly covered by the audit included goodwill, pensions and supplier bonuses.

The auditor communicated with the Supervisory Board on various occasions. The auditor attended two meetings of the Supervisory Board each year, once after the interim audit to discuss the management letter and then after the balance sheet audit to discuss the financial statements and the auditors' report. There was also one meeting a year at which the Executive Board was not present, when the Supervisory Board met only with the auditor.

The Chairman then invited questions from the floor on the financial statements which formed the second part of the annual report (page 89 *et seq*).

Mr. Stappershoef asked the following question:

If a subsidiary increases in value, is this added to goodwill?

This question was answered as follows:

*(H. van Rozendaal)* The rules are very clear: the goodwill item must be revised downwards if necessary, but upward revision is not permitted.

Mr. Rienks asked the following questions:

1) Sligro Food Group always produces its financial statements early. This presumably means that Sligro Food Group's auditors have less time to spend on the audit than is the case with other listed companies. Does the auditor think it is right for Sligro Food Group to do this in one month when other listed companies take two months?

2) My second question concerns the figures of companies that are taken over. Do you have a close look at the figures for the pre-acquisition period, as currently in the case of Van Oers, or do you blindly accept all the previous auditors' figures?

3) The variable remuneration paid to the Executive Board is subject to financial criteria and is set by the Supervisory Board. Is any check made on whether the variable remuneration has been calculated correctly?

These questions were answered as follows:

1) *(H. van Rozendaal)* In fact, auditors elsewhere seldom have as much time as our auditors. This year, we had our final figures ready on 4 January, so the auditors had almost three weeks to check everything carefully. At many other companies, preparation of the final figures runs concurrently with the audit. We give the auditors enough time – if we didn't, they would not be able to issue an auditors' report.

2) *(H. van Rozendaal)* In the Van Oers acquisition, we took over the business activities, not the company, so we were not buying its past, as it were. However, we did examine the figures for the activities we bought. We never have a due diligence examination of that kind carried out by our own auditors. That has been prohibited by law since 1 January 2013, but we have never done that anyway.

3) *(H. van Rozendaal)* The model we use to calculate the variable remuneration is very simple and the calculations are easily checked. As you have just been informed, the portion based on financial criteria this year was zero, so it was not difficult to check.

Mr. Boom said that he would be interested to hear a more detailed technical explanation of the movement in the Hedging of long-term loans item under Deferred tax liabilities on page 113 of the annual report. Mr. Boom felt that this, being a specialist subject, was not a suitable topic for detailed debate at the shareholders' meeting and asked whether Mr. Van Rozendaal would give him a more technical explanation during lunch. Mr. Van Rozendaal agreed to do so.

Mr. Jorna (VEB) said he had been pleasantly surprised at the way in which Sligro Food Group and KPMG had responded here today, in the presentation given by Mr. Smorenburg, to VEB's letter of 3 January 2013 to the major accountancy firms concerning shareholders' meetings in 2013 and the contribution which VEB expected auditors to make.

Mr. Jorna then asked the following questions:

1) In the calculation of the recoverable amount of the foodservice cash-generating unit, the discount rate was reduced from 9.6% in 2011 to 7.9% in 2012 (page 115 of the annual report). Why was that done?

2) There was an improvement in the supplier payment conditions. Were you able to able to secure that improvement for the longer term, or is it just a short-term gain?

3) In the light of the variability of pension costs, are you considering placing the company pension fund more at arm's length, outside the business?

These questions were answered as follows:

1) *(H. van Rozendaal)* We derive the discount rate from external sources. The lower market interest rates are one factor in the lowering of the discount rate, but there are several ways of approaching this. For this discount rate, we use the weighted average cost of capital (WACC), as used by financial analysts for companies in our situation, adjusted to reflect a normalised capital structure. If you would like me to supplement this answer to your question with a more detailed technical explanation, I would be pleased to discuss this with you over lunch.

2) The longer payment periods we have agreed are permanent: not short-term but long-term.

3) Pensions are predictable: it is the costs charged to the profit and loss account that are not. But the fluctuations in pension costs do not affect the cash flow. Apart from the advantage of slightly simpler accounting, affiliation with the industry-wide pension fund is not attractive because our company pension fund is in a better financial position than the industry-wide fund. In terms of both contribution rate and potential for future pension indexation, it would be a retrograde step.

Mr. Vrijdag asked the following question:

Are minutes taken of the auditor's meetings with the Supervisory Board and Executive Board and, if so, are they in the public domain?

This question was answered as follows:

*(G. van der Veeken)* Minutes are taken of these meetings but, unlike the minutes of the General Meeting of Shareholders, they are not published.

*(H. van Rozendaal)* The auditor discusses his management letter with the Executive Board and Supervisory Board. The main points of that letter are discussed in the Report of the Supervisory Board on page 83 *et seq* of the annual report.

Mr. Swinkels noted that, after answering some of the questions asked during this meeting, the Executive Board had promised to give more specific technical explanations during the lunch interval if required. He asked whether those explanations would also be included in the minutes.

This question was answered as follows:

*(A. Nühn)* The responses given to questions put at this meeting were correct, but were kept brief so that as many of the shareholders' questions as possible could be answered in the time available. The Executive Board has undertaken to discuss the technical background to those specific issues, if required and as far as reasonably possible, after the meeting during lunch. Since the lunch was not part of the meeting, the discussions which took place during lunch would not be included in the minutes.

Mr. Jorna (VEB) asked the following questions:

1) The Report of the Supervisory Board states that the auditor made recommendations regarding ICT in his management letter. We would like to know what those recommendations were, not least because the annual report states in the context of risk management (page 127) that Sligro Food Group was able to minimise the consequences of two major technical incidents affecting the information systems in 2012.

2) Does reliance on key figures within your organisation make you vulnerable?

3) Are you vulnerable to hackers?

These questions were answered as follows:

1) *(H. van Rozendaal)* Those incidents were not resolved with the help of the auditor. One incident was a small fire at one of our two identical data centres. Because we have two identical data centres, the incident had only limited effects. The second was caused by a software problem and likewise had no serious consequences for our operational continuity. We know how important operational continuity is for us. Continuity depends crucially on our computer systems performing efficiently at all times, which is why we have taken action on many fronts to safeguard it. Continuity is a high priority for us, and it is an area on which the auditors focus to some extent in the audit of the financial statements. If we had not taken that action in previous years, we would probably not be able to pay such a large dividend now.

2) *(H. van Rozendaal)* Every business is vulnerable to some extent because of the importance to the business of a group of key personnel. The departure of any one individual has far less of an impact, because we have taken appropriate steps to mitigate that risk.

3) *(H. van Rozendaal)* Hacking has become so widespread that no-one can guarantee immunity. We have taken defensive action and we hope it will be adequate.

After these questions had been answered, the chairman confirmed that, there having been no votes against and no abstentions, the resolution had been carried and the 2012 financial statements had been duly adopted.

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|---|---|---|
| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,775,317 |
| votes against: | : | 0 |
| abstentions: | : | 0 |

**4 b. Adoption of the profit appropriation (resolution)**

With the approval of the Supervisory Board, the Executive Board proposed that the profit be appropriated as stated on page 138 of the annual report.

As indicated by Mr. Van Rozendaal under item 3 of the agenda, it was proposed to distribute a regular dividend for 2012 of €0.80 per share in cash. It was also proposed to distribute a variable dividend of €0.25 per share, also in cash, making a total dividend of €1.05.

The dividend would be payable on 3 April 2013.

The Executive Board's proposal was approved by the meeting.

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| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,775,317 |
| votes against: | : | 0 |
| abstentions: | : | 0 |

**4 c. Ratification of the actions of the Executive Board in respect of its management (resolution)**

The meeting ratified the actions of the Executive Board in respect of its management in 2012.

| | | |
|---|---|---|
| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,774,854 |
| votes against: | : | 463 |
| abstentions: | : | 0 |

**4 d. Ratification of the actions of the Supervisory Board in respect of its supervision (resolution)**

The meeting ratified the actions of the Supervisory Board in respect of its supervision in 2012.

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| number of shares for which valid votes were cast: | : | 38,775,317 |

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|---|---|---|
| votes for: | : | 38,774,854 |
| votes against: | : | 463 |
| abstentions: | : | 0 |

**5. Profit retention and dividend policy**

Pursuant to the best-practice provisions of the Dutch Corporate Governance Code, a company's profit retention and dividend policy should be included as a separate agenda item each year (IV.1.4). No proposal to change the policy was included in this year's agenda.

Sligro Food Group aimed to distribute a regular dividend of around 50% of the after-tax profit, excluding extraordinary results. The dividend was paid in cash.

The regular dividend proposed for 2012 was €0.80 per share, which amounted to a pay-out of 50%.

Under agenda item 4.b, it has been decided, on the proposal of the Executive Board, to distribute a variable dividend for 2012 of €0.25 per share, making a total dividend of €1.05 (pay-out 66%).

**6. Reappointment of Mr. A. Nühn (resolution)**

Mr. Nühn gave the floor to Ms. Burmanje for consideration of this item.

Mr. Nühn's first four-year term ended in 2013. He had offered himself for reappointment. Mr. Nühn had been chairman of the Supervisory Board of Sligro Food Group N.V. for four years. Over that period, he had given evidence of his expert understanding of corporate policy and business operations and had shown himself to possess the qualities required of a chairman.

Mr. Nühn fitted the profile of the Supervisory Board of Sligro Food Group N.V. and was independent within the meaning of the Dutch Corporate Governance Code. Mr. Nühn also satisfied the requirements of the Management and Supervision Act.

The Supervisory Board proposed to reappoint Mr. Nühn for a second and last term of four years.

A shareholder pointed out that, as currently worded, the passage about Mr. Nühn's reappointment in the Report of the Supervisory Board gave the impression that, as co-signatory of that report, Mr. Nühn was writing about himself, which could not have been the intention.

Mr. Van Beuningen (Darlin) asked that priority be given to ensuring a properly constituted and committed Supervisory Board in the years after 2016, when three members of the Supervisory Board would be standing down and only one would be eligible for reappointment, followed in 2017 by the departure of Mr. Nühn on completion of his last term of office.

Mr. Marnix Hiep (Mr. M.J. Meijer Civil-Law Notaries) gave notice on behalf of Deutsche Bank of 479,937 votes against.

The resolution was carried.

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| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 37,750,766 |
| votes against: | : | 1,024,551 |
| abstentions: | : | 0 |

**7. (Re)appointment of auditors (resolution)**

The appointment of KPMG for the financial years 2012-2015 had been approved in principle at the General Meeting of Shareholders of 21 March 2012.

In the light of the legislative changes concerning auditor rotation, it was proposed to reappoint KPMG to conduct the audit for the 2013 financial year only, because it was the last year that Mr. Smorenburg was permitted to serve under the auditor independence rules. Approval was also sought for a selection process, in preparation for the appointment of the successor to KPMG as from the 2014 financial year, in which at least three candidates, chosen in principle from the Big Four, would participate and from which the most suitable candidate would be selected in consultation with the Supervisory Board.

The resolution was carried.

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| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,775,317 |
| votes against: | : | 0 |
| abstentions: | : | 0 |

**8. Authorisation of the Executive Board to repurchase own shares (resolution)**

As explained in the notes to the agenda, the resolution related to the authorisation of the Executive Board for a period of 18 months to repurchase paid-up shares in Sligro Food Group N.V., on the stock exchange or privately, up to a maximum of 10% of the issued share capital at a price at most 10% above the market price at the time of the transaction, subject to the approval of the Supervisory Board. This authorisation would be valid until 20 September 2014.

The resolution was carried.

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|---|---|---|
| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,774,854 |
| votes against: | : | 463 |
| abstentions: | : | 0 |

**9.a. Extension of the period of authorisation of the Executive Board to issue shares (resolution)**

It was proposed to renew the authorisation to issue shares vested on 21 March 2012 and extend it by 18 months from the date of the meeting, i.e. until 20 September 2014, on the understanding that any decision by the Executive Board would be subject to the approval of the Supervisory Board. It was also proposed to restrict this authorisation to 10% of the issued share capital, which could be increased by 10% if the issue were undertaken in the context of a merger or acquisition.

The resolution was carried.

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| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,066,623 |
| votes against: | : | 708,694 |
| abstentions: | : | 0 |

**9.b. Extension of the period of authorisation of the Executive Board to restrict or exclude pre-emptive rights (resolution)**

It was proposed to renew the authorisation to restrict or exclude shareholders' pre-emptive rights to share issues which was vested on 21 March 2012 and extend it by 18 months from the date of the meeting, i.e. until 20 September 2014.

Mr. Marnix Hiep (Mr M.J. Meijer Civil-Law Notaries) gave notice on behalf of Deutsche Bank of 15,500 votes against.

Mr. Van Erum cast 20 votes against the proposal.

The resolution was carried.

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| number of shares for which valid votes were cast: | : | 38,775,317 |
| votes for: | : | 38,044,324 |

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|---|---|---|
| votes against: | : | 730,993 |
| abstentions: | : | 0 |

**10. Any other business and adjournment**

Mr. Van Leeuwen hoped that Nicole van Dal, the Bread & Bakery department manager at an EMTÉ supermarket, would be at the meeting again next year, because he loved EMTÉ's chocolate éclairs.

Mr. Swinkels suggested that the presentations might be shorter next year, to leave more time for answering questions. Messrs. Nühn and Slippens said that, according to feedback from shareholders, they appreciated the presentations given by Executive Board at the shareholders' meeting. All shareholders were given the opportunity to ask questions, but that meant that the number of questions per shareholder had to be restricted to enable the meeting to proceed in an orderly fashion and end at a reasonable time. Written questions could also be submitted in advance of the meeting and would be taken into account by the Executive Board when preparing the presentations. Depending on relevance and priorities, answers to those questions would be incorporated into the presentations.

The chairman announced that, after the meeting, there would be a tour of the distribution centre led by Kees de Rooij, Logistics Director of Sligro Food Group.

There being no other business, the chairman adjourned the meeting after thanking everyone for their contributions.

A. Nühn, chairman

G.J.C.M. van der Veeken, company secretary