



Sligro Food Group N.V.

Rules of the

Audit Committee of the  
Supervisory Board

of

Sligro Food Group N.V.

These Rules ('Rules') were adopted by the Supervisory Board of Sligro Food Group N.V. on 4 December 2017 pursuant to Article 6.2 of the Supervisory Board Rules and replace the Rules adopted by the Supervisory Board on 13 May 2015.

#### **Article 1. Definitions**

- 1.1. In these Rules, the following terms shall have the meanings given:
- Audit Committee: the Audit Committee of the Supervisory Board;
  - Corporate Governance Code: the Corporate Governance Code adopted on 8 December 2016, as amended from time to time;
  - Executive Board: the Executive Board of the Company;
  - Supervisory Board: the Supervisory Board of the Company;
  - Rules: these Rules of the Audit Committee, as amended from time to time and most recently amended on 4 December 2017;
  - Rules of the Supervisory Board: the Rules of the Supervisory Board, as amended from time to time and most recently amended on 4 December 2017;
  - Articles of Association: the Articles of Association of the Company, as amended from time to time and most recently amended on 14 April 2015;
  - Company: Sligro Food Group N.V., established in Veghel.

#### **Article 2. Status and content of the Rules**

- 2.1. Where these Rules conflict with Dutch law or the Articles of Association, the law and the Articles of Association shall prevail. Where these Rules are consonant with the Articles of Association but run contrary to Dutch law, the law shall prevail. If any of the provisions of these Rules is not or ceases to be applicable, this will not affect the validity of the other provisions. The Supervisory Board shall replace the invalid provisions by valid provisions, the effect of which, in terms of their content and purpose, is as close as possible to that of the invalid provisions.
- 2.2. These Rules have been drawn up with due regard to the Corporate Governance Code.

- 2.3. These Rules have been published on the Company's website: [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl), under Corporate Governance, from where they can be downloaded.

### **Article 3. The duties and responsibilities of the Audit Committee**

- 3.1. Without prejudice to Article 6.1 of the Supervisory Board Rules, the Audit Committee advises the Supervisory Board on Audit Committee matters and makes preparations for Supervisory Board decisions related to the oversight of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.<sup>1</sup>
- 3.2. The Audit Committee concerns itself with the following matters among others:<sup>2</sup>
- a. oversight of the Executive Board with regard to:
    - (i) relations with the internal and external auditors and compliance with recommendations and follow-up of remarks made by them;
    - (ii) the financing of the Company;
    - (iii) the application of information and communication technology by the Company, including cyber security risks; and
    - (iv) the Company's tax policy;
  - b. advising the Executive Board and the Supervisory Board regarding the results of the external audit required by law,<sup>3</sup> giving details of the way in which the external audit has contributed to the integrity of the financial reporting and what role the Audit Committee has played in that process;
  - c. monitoring the financial reporting process and making suggestions for safeguarding the integrity of that process;
  - d. monitoring the effectiveness of the internal control system, the internal audit department and the risk management system in relation to the Company's financial reporting;<sup>4</sup>
  - e. assessing and monitoring the independence of the external auditors, or auditing firm, with particular emphasis on the provision of supplementary services to the Company; and
  - f. finalising the procedure for the selection of the external auditors or accountants and the proposal for their engagement to carry out the external audit required by law.

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<sup>1</sup> Best Practice 1.5.1 and 1.4.1

<sup>2</sup> Best Practice 1.5.1

<sup>3</sup> Best Practice 1.5.1

<sup>4</sup> Best Practice 1.4.1 and 1.2.3

- 3.3. As regards the internal audit:
- a. the Audit Committee advises the Supervisory Board on suitable candidates for appointment as head of the internal audit department or on the dismissal of the incumbent head by the Executive Board;<sup>5</sup>
  - b. the Audit Committee provides the Executive each year with its assessment of the manner in which the internal audit department has performed its duties;<sup>6</sup>
  - c. the Audit Committee provides the internal audit department with input when the internal audit department's plan of action is being drawn up;<sup>7</sup>
  - d. the Audit Committee lays down the manner in which it is to be kept informed by the internal audit department;<sup>8</sup> and
  - e. the Audit Committee assesses the key aspects of the results reported to the Audit Committee by the internal audit department.<sup>9</sup>
- 3.4. As regards the external auditors:
- a. the Audit Committee reports each year to the Supervisory Board concerning the functioning of the external auditors and the state of relations with them;<sup>10</sup>
  - b. the Audit Committee advises the Supervisory Board on suitable candidates for appointment as the external auditors and on their suitability for reappointment or on the dismissal of the external auditors and also does preparatory work on the selection of the external auditors;<sup>11</sup>
  - c. the Audit Committee takes account of the observations by the Executive Board in connection with the reporting and advising on the matters referred to above under a. and b.;<sup>12</sup>
  - d. the Audit Committee makes a proposal to the Supervisory Board for the engagement of the external auditors to conduct the audit of the financial statements. The formulation of the engagement covers the scope of the audit, the degree of materiality to be applied and the audit fees;<sup>13</sup>

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<sup>5</sup> Best Practice 1.3.1

<sup>6</sup> Best Practice 1.3.2

<sup>7</sup> Best Practice 1.3.3

<sup>8</sup> Best Practice 1.3.4

<sup>9</sup> Best Practice 1.3.5

<sup>10</sup> Best Practice 1.6.1

<sup>11</sup> Best Practice 1.6.1

<sup>12</sup> Best Practice 1.6.1

<sup>13</sup> Best Practice 1.6.3

- e. the Audit Committee discusses each year with the external auditors (i) the scope and materiality aspects of the audit plan and the main financial reporting risks identified by the external auditors in the audit plan and (ii), partly on that basis, the necessary underlying documentation, the findings and the outcomes of the audit activities associated with the financial statements and the management letter;<sup>14</sup>
  - f. the Audit Committee assesses whether, and if so to what extent, the external auditors are involved in the contents and the publication of financial reports other than the financial statements prepared each year;<sup>15</sup> and
  - g. the Audit Committee holds a meeting with the external auditors as often as it deems necessary and in any case at least once a year without the Executive Board present.<sup>16</sup>
- 3.5. The Audit Committee chairman is the first point of contact for the external auditors if they find or suspect wrongdoing or irregularities when executing their engagement. If the wrongdoing or irregularity or suspicion thereof concerns the functioning of a member of the Executive Board, the external auditors will report the matter to the chairman of the Supervisory Board.<sup>17</sup>
- The Audit Committee is also the first point of contact of both the Executive Board and the external auditors in the event of a difference of opinion with respect to the audit or disputes between the Executive Board and the external auditors.
- 3.6. The Audit Committee produces a report minuting its deliberations and findings in each of its meetings and submits this report to the Supervisory Board.

This report will as a minimum cover:

- a. the way in which the effectiveness of the organisation and operation of the internal risk management and control systems has been assessed;
- b. the way in which the effectiveness of the internal and external audit process has been assessed;
- c. material considerations regarding the financial reporting; and

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<sup>14</sup> Best Practice 1.7.2

<sup>15</sup> Best Practice 1.7.3

<sup>16</sup> Best Practice 1.7.4

<sup>17</sup> Best Practice 2.6.3

- d. the way in which the material risks and uncertainties have been analysed and discussed and what the Audit Committee's main findings are.<sup>18</sup>

#### **Article 4. Composition and expertise**

- 4.1. The Audit Committee is made up of at least two members (Supervisory Board members).
- 4.2. Without prejudice to Article 4.3 of the Supervisory Board Rules, the following requirements are to be satisfied with respect to the composition of the Audit Committee:
  - a. at least one of its members has expertise in the preparation and auditing of financial statements;
  - b. more than half of its members are independent within the meaning of Article 4.5 of the Supervisory Board Rules..<sup>19</sup>

If a member of the Audit Committee is or becomes aware of any circumstance in which his or her actual or perceived independence is compromised or otherwise affected, that Audit Committee member will notify the Audit Committee of the situation forthwith. The Audit Committee will then meet with the Supervisory Board to decide whether there is sufficient reason for the member concerned to step back or cease membership of the Audit Committee.

#### **Article 5. Chairman**

- 5.1. Having due regard to the provisions of Article 4 of these Rules, the Supervisory Board appoints one member of the Audit Committee as its chairman. Neither the chairman of the Supervisory Board nor any former member of the Executive Board may be chairman of the Audit Committee.<sup>20</sup> The chairman is responsible for the proper functioning of the Audit Committee, acts as its spokesman and will be the main contact for the Supervisory Board.

#### **Article 6. Audit Committee meetings (committee agenda and minutes)**

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<sup>18</sup> Best Practice 1.5.3

<sup>19</sup> Best Practice 2.3.4

<sup>20</sup> Best Practice 2.3.4

- 6.1. The Audit Committee meets at least three times a year as scheduled over the year (in principle in January, July and December) or as often as one or more of its members deems necessary. The meetings are held as a rule at the Company's offices but may also take place elsewhere.
- 6.2. The member of the Executive Board responsible for financial matters, the internal auditor and the external auditors will attend the meetings of the Audit Committee unless the Audit Committee decides otherwise. The Audit Committee decides whether the chairman of the Executive Board should attend its meetings.<sup>21</sup> Without prejudice to the above, the Audit Committee meeting invites other members of the Executive Board as well as other officers of the Company to attend its meetings on either a regular or an incidental basis (or when considering certain items of business in its meetings).

Meetings are convened by the Audit Committee chairman.

- 6.3. Minutes are kept of the meetings. As a rule the minutes are adopted within three months of a meeting. The minutes are signed as being a true record of the meeting by the Audit Committee chairman and are circulated to the other members of the Audit Committee as quickly as possible.
- 6.4. The Supervisory Board Secretary also acts as secretary to the Audit Committee.

#### **Article 7. Application mutatis mutandis of the Supervisory Board Rules**

Articles 2.1, 2.2, 11.1, 11.2, 17, 18 and 19 of the Supervisory Board Rules apply mutatis mutandis to these Rules.

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<sup>21</sup> Best Practice 1.5.2