



Sligro Food Group N.V.

Rules of the
Executive Board
of
Sligro Food Group N.V.

These Rules were adopted by the Executive Board and approved by the Supervisory Board on 13 December 2018 and replace the Rules adopted by the Executive Board and approved by the Supervisory Board on 4 December 2017.

1. Definitions

- 1.1. In these Rules, the following terms shall have the meanings given:
- General Meeting: the organ of the Company comprising the shareholders and all other persons entitled to vote or the meeting in which the shareholders and all other persons with attendance rights convene;
 - Audit Committee: the Audit Committee of the Supervisory Board;
 - Corporate Governance Code: the Corporate Governance Code of 8 December 2016, as amended from time to time;
 - Executive Board: the Executive Board of the Company;
 - Directors' Report: the Directors' Report of the Company prepared by the Executive Board;
 - Works Council: the Works Council of the Company;
 - Supervisory Board: the Supervisory Board of the Company;
 - Rules: the Rules of the Executive Board as adopted on 25 January 2005 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;
 - Conflicting Interest: an interest held personally, whether directly or indirectly, that conflicts with the Company's interests within the meaning of Section 2:140, subsection 2, of the Netherlands Civil Code;
 - Company: Sligro Food Group N.V., established in Veghel;
 - Chairman: the Chairman of the Executive Board.

2. Status and content of the Rules

- 2.1. These Rules have been drawn up pursuant to Article 20, para. 2, of the Articles of Association and serve to supplement the rules and regulations applicable (from time to time) to the Executive Board under Dutch law or of the Articles of Association.
- 2.2. 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 Executive 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.

- 2.3. These Rules have been drawn up with due regard to the Corporate Governance Code. The Corporate Governance Code lays down several best practices for the Executive Board and makes other recommendations.
- 2.4. In a resolution unanimously carried on 4 December 2017, the Executive Board has declared that:
 - a. it will apply these Rules and will consider itself bound by the obligations which they impose inasmuch as they are applicable to the Executive Board and its individual members;
 - b. when new members join the Executive Board, they will be required to make the formal declaration referred to under a) above.
- 2.5. These Rules have been published on the Company's website: www.sligrofoodgroup.nl, under Corporate Governance, from where they can be downloaded.

3. Duties and responsibilities of the Executive Board

- 3.1. The Executive Board is responsible for managing the Company and for ensuring the continuity of the Company, which includes responsibility for achieving the Company's aims, for its strategy and policy and for its consequent performance. The Executive Board is accountable for this to the Supervisory Board and the General Meeting. In performing its duties, the Executive Board concerns itself with the long-term value creation by the Company and its related enterprise, acts in the interests of the Company and its related enterprise and takes due account of the relevant interests of the stakeholders. The Executive Board shall provide the Supervisory Board in good time with all information needed for the Supervisory Board to perform its duties.
- 3.2. Responsibilities
The responsibilities of the Executive Board involve:
 - a. developing a vision with respect to the long-term value creation by the Company;¹

¹ Principle 1.1

- b. forming a strategy taking account of the responsibility referred to above under a;
- c. identifying, analysing and managing the risks associated with pursuing the strategy and with the activities of the Company;²
- d. discussing the draft audit plan with the external auditors before presenting it to the Audit Committee;³
- e. deciding and implementing internal procedures ensuring that all relevant information is available to the Executive Board and to the Supervisory Board in good time;⁴
- f. evaluating, at least once a year, the functioning of the Executive Board as a whole and of the individual members of the Executive Board and ascertaining what aspects warrant further training or special courses;⁵
- g. discussing general conduct and culture within the Company with the Works Council;⁶
- h. structuring and operating internal business control systems;⁷
- i. ensuring compliance on the part of the Company with all legal requirements, including the publication of all the information required by law;
- j. ensuring compliance with the Company's corporate governance structure and keeping it up-to-date;⁸
- k. encouraging frank and open discussion within the Executive Board and among the various organs of the Company;⁹
- l. convening the General Meeting; and
- m. preparing the Company's financial statements, the annual budget and the Directors' Report.

3.3. Strategy

In developing a strategy appropriate to the vision of long-term value creation by the Company, the Executive Board considers:¹⁰

- a. the implementation and feasibility of the strategy;
- b. the business model pursued by the Company and the market in which the Company operates;

² Principle 1.2

³ Best Practice 1.7.2

⁴ Principle 1.2 and Best Practice 1.2.2.

⁵ Principle 2.2 and Best Practice 2.2.7.

⁶ Principle 2.5 and Best Practice 2.5.1 and 2.5.3.

⁷ Best Practice 1.2.3.

⁸ Compliance with the code, p. 11 Code.

⁹ Best Practice 2.4.1

¹⁰ Best Practice 1.1.1

- c. risks and opportunities facing the Company;
- d. the Company's operational and financial aims and the influence they have on the future position in relevant markets;
- e. the interests of the stakeholders; and
- f. other aspects of business activities relevant to the Company such as environmental, social and employee-related issues, the supply chain in which the business operates, respect for human rights, team corruption and bribery.

Depending on the dynamics of the market, short-term revisions of the strategy may be necessary.

The Executive Board will involve the Supervisory Board at an early stage in the formulation of the strategy for achieving long-term value creation. The Executive Board will report to the Supervisory Board concerning the strategy, providing explanatory notes.¹¹

3.4. Risk management

The Executive Board is responsible for deciding the risk appetite and what measures are put in place to address the risks. Based on the risk assessment, the Executive Board designs, implements and maintains adequate internal risk management and control systems. Where relevant, these systems are integrated into the working processes of the Company and must be familiar to those for whose work they are relevant.¹²

The Executive Board monitors the operation of the internal risk management and control systems as a minimum on an annual basis and carries out a systematic assessment of the system setup and operation. This monitoring is conducted in accordance with Best Practice Provision 1.2.3 of the Corporate Governance Code.¹³

3.5. Internal audit department¹⁴

The Executive Board is responsible for the internal audit department. The duty of the internal audit department is to assess the setup and operation of the internal risk management and control systems. The Executive Board appoints and dismisses the head of the internal audit department.

¹¹ Best Practice 1.1.2.

¹² Principle 1.2 and Best Practice 1.2.1, 1.2.2.

¹³ Best Practice 1.2.3.

¹⁴ Principle 1.3

The Executive Board carries out an annual assessment of the manner in which the internal audit department is performing its duty, seeking the opinion of the Audit Committee in this matter.¹⁵

The internal operating plan – drawn up by the internal audit department, with input from the Executive Board, the Audit Committee and the external auditors and covering interaction with the external auditors – requires the improvement of the Executive Board and the Supervisory Board.¹⁶

The internal audit department reports results of its scrutiny to the Executive Board, reports the key results to the Audit Committee and keeps the external auditors informed. The results of the work by the internal audit department in any case cover the topics referred to in Best Practice Provision 1.3.5 of the Corporate Governance Code.¹⁷

3.6. External auditors

The Executive Board ensures that the external auditors receive all the information needed to perform their activities in good time. The Executive Board gives the external auditors the opportunity to respond to the information provided.¹⁸

The Company publishes a press release if relations with the external auditors organisation are terminated prematurely, explaining the reasons for this decision.¹⁹

3.7. Directors' report

In the directors' report:

- a. the Executive Board presents its vision of the long-term value creation and the strategy adopted for achieving that goal, going on to describe the way in which the preceding year contributed to progress. The directors' report covers both the long-term and the short-term developments;²⁰
- b. the Executive Board reports on the topics referred to in Best Practice Provision 1.4.2 of the Corporate Governance Code;²¹

¹⁵ Best Practice 1.3.2.

¹⁶ Best Practice 1.3.3.

¹⁷ Best Practice 1.3.5.

¹⁸ Principle 1.7 and Best Practice 1.7.1

¹⁹ Best Practice 1.7.3

²⁰ Best Practice 1.1.4.

²¹ Best Practice 1.4.2.

- c. the Executive Board issues the statements included in Best Practice Provision 1.4.3 of the Corporate Governance Code, supported by clear evidence;²² and
- d. the Executive explains the applied standards and the way in which they are embedded in the Company as well as the operation of and compliance with the code of conduct (see Article 3.14 below).²³

3.8. If the appointment of one or more members of the Supervisory Board is a matter to be discussed by the General Meeting, the Executive Board shall notify the Works Council in good time. The Executive Board shall also notify the Works Council if the appointment of one or more members of the Supervisory Board is being made on the basis of a proposal by the Supervisory Board on which a person recommended by the Works Council sits.

If the loss of confidence in the Supervisory Board is a matter to be discussed by the General Meeting, the Executive Board shall notify the Works Council in good time. The Executive Board shall also notify the Works Council of the reasons for the resolution to the General Meeting. Notice shall be given at least thirty days before the General Meeting at which the resolution is to be discussed. If the Works Council takes a position on the resolution, the Executive Board shall notify the supervisory directors and the General Meeting of that position.

3.9. The Executive Board has adopted an internal allocation of duties. Any changes in the allocation of duties has to be approved by the Supervisory Board.

Each member of the Executive Board is responsible for the duties allocated to him/her, although the full Executive Board has collective responsibility for policy implemented.

The Executive Board has the following allocation of duties:

- CEO and CFO jointly: responsible for setting objectives and strategy of the business run by the Company, internationalisation and corporate affairs;
- CEO: primary responsible for the purchasing and product range, commerce, HRM and property ;
- CFO: primary responsible for Finance, IT and supply chain;

3.10. Corporate culture²⁴

²² Best Practice 1.4.3.

²³ Best Practice 2.5.4.

²⁴ Best Practice 2.5.1

The Executive Board lays down standards for the Company fostering a culture aimed at long-term value creation and discusses these standards with the Supervisory Board. The Executive Board is responsible for embedding and maintaining the standards in the Company, paying attention to matters including:

- the strategy and the business model;
- the environment in which the business operates; and
- the existing culture within the Company and whether it is desirable to change that culture.

The Executive Board encourages behaviour conforming to the standards and upholds these standards by showing exemplary conduct.

3.11. Code of conduct ²⁵

The Executive Board draws up a code of conduct and ensures the proper operation of the rules and compliance with them on the part of the Board itself and the Company's employees. The Executive Board notifies the Supervisory Board of its findings and observations regarding the operation of and compliance with the code of conduct. The code of conduct is published on the Company's website.

3.12. Wrongdoings and irregularities ²⁶

The Executive Board draws up a scheme for reporting wrongdoings and irregularities (or suspicions thereof) within the Company and its related enterprise. The scheme is published on the Company's website. The Executive Board takes care that employees are able to make a report without jeopardising their legal position.

The chairman of the Supervisory Board will be notified without delay by the Executive Board regarding indications of material wrongdoings and irregularities (or suspicions thereof) within the Company and its related enterprise. If the actual or suspected wrongdoing or irregularity concerns the functioning of a member of the Executive Board, an employee may report the matter directly to the chairman of the Supervisory Board.

4. Composition of the Executive Board

²⁵ Best Practice 2.5.2

²⁶ Principle 2.6

- 4.1. The Executive Board shall have at least two members. The members of the Executive Board are appointed in accordance with the provisions of the Articles of Association.
- 4.2. Each member of the Executive Board shall possess the specific expertise that is necessary for the performance of his or her duties.²⁷
- 4.3. Other offices held ²⁸
Members of the Executive Board notify the Supervisory Board in advance of any other offices which they might hold and such other offices are discussed in the meeting of the Supervisory Board at least once a year. A member of the Executive Board's acceptance of a supervisory directorship requires the approval of the Supervisory Board.
- 4.4. Early retirement
Members of the Executive Board²⁹ retire early in the event of poor performance, irreconcilable interests of a structural nature or other compelling reasons in the opinion of the Supervisory Board. In the event of early retirement of a member of the Executive Board, the Company issues a press release stating the reasons for stepping down.

5. Chairman

- 5.1. In accordance with the provisions of Article 17 of the Articles of Association, the Supervisory Board shall appoint one of the members of the Executive Board to be the Chairman.
- 5.2. The Chairman sets the agenda and chairs meetings of the Executive Board, ensures there is sufficient time for discussion and decision-making by the Executive Board and is responsible for the operation of the Executive Board.

6. Ownership of securities

- 6.1. The Rules on ownership of and transactions in securities other than those issued by the Company by the members of the Executive Board apply to all members of the Executive Board.

²⁷ Principle 2.1 and Best Practice 2.1.1, 2.1.4.

²⁸ Best Practice 2.4.2

²⁹ Best Practice 2.2.3.

- 6.2. Shares in the Company owned by members of the Executive Board are long-term investments.

7. Meetings

- 7.1. The Executive Board shall meet at least twelve times a year and otherwise as frequently as one or more members of the Executive Board so wish. In principle, meetings shall be held at the Company's offices, but may also be held elsewhere. Members of the Executive Board may, with the approval of the Chairman, participate in meetings of the Executive Board by telephone or video. The Chairman may decide to hold a meeting by telephone or video.
- 7.2. A meeting shall be convened by the Chairman or the member/members of the Executive Board who requested it. If practical, notice shall be given in writing at least three working days before the meeting, accompanied by the agenda and any documents to be discussed.
- 7.3. The agenda of a meeting shall be set by the Chairman or the member/members of the Executive Board who requested it.
- 7.4. Meetings shall be chaired by the Chairman. The minutes of the meeting shall be prepared by the Company Secretary and adopted in the next meeting by the Executive Board and signed as evidence of this by the Chairman.
- 7.5. The minutes shall record the matters discussed, viewpoints, considerations and decisions taken in the meeting in such a way that members of the Executive Board not present at the meeting are given a clear and complete view of what, insofar as relevant, was discussed during the meeting. A separate list of resolutions, expressly setting out the resolutions taken at the meeting, shall be attached to the minutes.
- 7.6. If a decision is taken outside a meeting, the decision must be recorded in writing and that record shall be attached to the documents for the next meeting of the Executive Board.

8. Decision-making

- 8.1. Decisions by the Executive Board shall generally be made in meetings of the Executive Board. The Executive Board may also take decisions outside a meeting. In that case, the Chairman shall provide all members of the Executive Board with the agenda and any documents for discussion. The members of the Executive

Board shall put forward their opinion on a proposal within a period set by the Chairman. (The opinion of each member of the Executive Board shall be notified to the other members of the Executive Board.)

- 8.2. The Executive Board may only pass resolutions if at least two members of the Executive Board are present or represented at the meeting or have put forward their opinion on the proposed decision.
- 8.3. Resolutions shall be passed by an absolute majority of votes. If the voting is tied, the Chairman shall have a casting vote.
- 8.4. In addition to resolutions that require the approval of the Supervisory Board pursuant to the law or the Articles of Association, all resolutions by the Executive Board on the following subjects shall also be submitted to the Supervisory Board for approval:
 - the operational and financial objectives of the Company;
 - the strategy to achieve the objectives;
 - the conditions used for the strategy;
 - entering into transactions involving conflicts of interest of members of the Supervisory Board or of the Executive Board or the external auditors;
 - transactions between partnerships, natural persons or legal entities which directly or indirectly own at least ten percent of the shares in the Company and which are of material significance to the Company and/or these persons.
- 8.5. Proposed resolutions by the Executive Board that require the approval of the General Meeting pursuant to the law or the Articles of Association, shall also be submitted to the Supervisory Board for approval.
- 8.6. Proposed resolutions by the Executive Board that require advance approval of the Supervisory Board and on which the Works Council has a right to be consulted, must first be approved by the Supervisory Board.
Such approval (if granted) shall be given subject to a favourable recommendation by the Works Council.
- 8.7. The Executive Board shall not pass any resolutions that pursuant to the law, Articles of Association or these Rules require the approval of the Supervisory Board and/or the General Meeting until such approval has been given.

9. Prevention conflicts of interest³⁰

- 9.1. All forms of conflict of interest between the Company or its subsidiaries and members of the Executive Board or members of the Supervisory Board shall be avoided.
- 9.2. A member of the Executive Board shall not:
- enter into competition with the Company;
 - demand or accept a (substantial) favour from the Company for him/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
 - provide unjustified advantages to third parties to the detriment of the Company;
 - take advantage of business opportunities to which the Company is entitled for himself/herself or others.
- 9.3. Each member of the Executive Board shall immediately report any actual or potential Conflicting Interest that is of material significance to the Company, its subsidiaries and/or the member of the Executive Board himself/herself to the Supervisory Board and the other members of the Executive Board. The member of the Executive Board who has an actual or potential Conflicting Interest shall provide all relevant information, including information concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.
- 9.4. A Conflicting Interest potentially³¹ exists if the Company or one or more of its subsidiaries intends to enter into a transaction with a legal entity:
- in which a member of the Executive Board personally has a material financial interest;
 - of which one of the executive board or supervisory board members is related under family law with a member of the Executive Board;
- 9.5. The Supervisory Board shall decide, without the member of the Executive Board being present, whether there is a Conflict of Interest.³²

³⁰ Principle 2.7

³¹ Best Practice 2.7.3.

³² Best Practice 2.7.3

- 9.6. A member of the Executive Board shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she has a Conflict of Interest.
- 9.7. All transactions in which there are Conflicts of Interest with members of the Executive Board shall be agreed on terms that are customary in the industry concerned. Decisions to enter into transactions in which there are Conflicts of Interest with members of the Executive Board that are of material significance to the Company, its subsidiaries and/or to the members of the Executive Board require the approval of the Supervisory Board. Details of such transactions are published in the directors' report with disclosure of the Conflicting Interest and a statement that Best Practice Provisions 2.7.3 and 2.7.4 of the Corporate Governance Code have been complied with.

10. Provision of information

- 10.1. The Executive Board and the Supervisory Board ensure adequate provision of information to and briefing of the General Meeting.³³

The Executive Board shall provide the General Meeting with all information that it requires for the exercise of its powers, unless prevented by a substantial interest of the Company. If the Executive Board claims a substantial interest, an explanation shall be given.

- 10.2. The Executive Board shall provide the Supervisory Board and its various committees in good time with all information needed for the Supervisory Board and its committees to perform their duties.

The members of the Executive Board attend the meetings of the Supervisory Board as and when invited to do so.

The Executive Board is responsible for putting in place and maintaining internal procedures ensuring that all relevant information is known to the Executive Board and to the Supervisory Board in good time.³⁴

³³ Principle 4.2

³⁴ Best Practice 2.4.7.

11. Takeover situations

- 11.1. In the event of a takeover bid for the shares (or depositary receipts for shares) of the Company, in the event of a private bid for part of the business or an investee, the value of which exceeds the limit stated in Section 2:107a, subsection 1, under c, of the Netherlands Civil Code and/or in the event of any other far-reaching changes in the structure of the Company, both the Executive Board and the Supervisory Board are responsible for careful consideration of the affected interests of the stakeholders and for preventing any Conflicting Interest for members of the Supervisory Board or Executive Board. The Executive Board and the Supervisory Board will be guided in their actions by the interests of the Company and its related enterprise.³⁵
- 11.2. When a takeover bid for the shares (or depositary receipts for shares) of the Company is being prepared, in the event of a private bid for part of the business or an investee, the value of which exceeds the limit stated in Section 2:107a, subsection 1, under c, of the Netherlands Civil Code and/or in the event of any other far-reaching change in the structure of the Company, The Executive Board ensures that the Supervisory Board is closely involved at an early stage in the takeover process and/or the change of structure.³⁶
- 11.3. If a takeover bid for the shares (or depositary receipts for shares) of the Company has been announced or tabled and the Executive Board receives a request from a third, competing bidder to be allowed to inspect the information relating to the Company, the Executive Board discusses such a request with the Supervisory Board without delay.³⁷
- 11.4. If a private bid for part of the business or an investee, the value of which exceeds the limit stated in Section 2:107a, subsection 1, under c, of the Netherlands Civil Code is made public, the Executive Board makes public its views regarding the offer together with the arguments behind them as quickly as possible.³⁸

12. Confidentiality

- 12.1. Each member of the Executive Board is under obligation to observe the required discretion and, where confidential information is concerned, strict secrecy with

³⁵ Principle 2.8

³⁶ Best Practice 2.8.1

³⁷ Best Practice 2.8.2

³⁸ Best Practice 2.8.3

regard to all information and documentation obtained in connection with membership of the Executive Board.

- 12.2. Existing and former members of the Executive Board shall not divulge confidential information outside of the Executive Board either by releasing it to the general public or making it available to third parties in some other manner unless the Company has published this information or has ascertained that the information is already in the public domain.

13. Amendments

These Rules may only be amended if the Executive Board so decides and the Supervisory Board has approved the amendment. Such amendment shall be set out in writing.

14. Applicable law and competent court

- 14.1. These Rules are subject to and must be interpreted by application of Dutch law.
- 14.2. The District Court at 's-Hertogenbosch is the competent court to the exclusion of all others to hear any disputes relating to these Rules (including disputes concerning the existence, the validity and the rescinding of these Rules).