



Sligro Food Group N.V.

## Minutes of the General Meeting of Shareholders held on 20 March 2019

Minutes of the Annual General Meeting of Shareholders of Sligro Food Group N.V., held at 10:30 am on Wednesday 20 March 2019 at the company's offices in Veghel.

Present:

- Supervisory Board: Mr F. Rijna, Ms M.E.B. van Leeuwen, Mr B.E. Karis, Mr J.H. Kamps and Mr G. van de Weerdhof;
- Executive Board: Mr K.M. Slippens and Mr R.W.A.J. van der Sluijs;
- Company auditor: Mr J. Hendriks of Deloitte Accountants;
- Representatives of the Works Council: Mr R. Heijberg and Mr T. van de Meerakker;
- Shareholders and other invited guests.

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

The business 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 Veecken 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 and the requirements of the law.

There were 44,255,015 shares in issue, of which 111,400 had been repurchased by the company. As no votes can be cast on repurchased shares, the number of shares with voting rights was 44,143,615. The number of shareholders attending in person or represented by proxies was 137, together representing 39,130,207 shares or 88.6% of the 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 co-operation of the company. Legally valid resolutions could be passed. Resolutions would be carried by an absolute majority of votes unless prescribed otherwise by law or the Articles of Association.

Shareholders represented by the secretary by means of a proxy had issued voting instructions on a total of 16,098,965 shares. The secretary would announce the number of votes cast against and abstentions on these shares for all agenda items where a resolution was required. The other instructions were all votes in favour.

## **2. Minutes of the Annual General Meeting of Sligro Food Group N.V. held on 21 March 2018**

The minutes had been posted on the [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) website. No comments or remarks on the minutes had been received in the period of three months following the posting of the minutes online. Those minutes had then been adopted and signed by the chairman and the company secretary.

## **3. Report of the Executive Board on the 2018 financial year**

Agenda item 3 concerned the Report of the Executive Board, i.e. the first part of the Annual Report up to page 90.

Mr Slippens welcomed those present. A lot had happened in 2018 and this would be explained further in the presentations given by Mr Slippens and Mr Van der Sluijs.

Mr Van der Sluijs presented the annual figures. Following this, Mr Slippens gave a presentation on the market and general developments at Sligro Food Group in 2018. See [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) for the slides of the presentations given by Mr Van der Sluijs and Mr Slippens.

Following the presentations, the chairman invited questions from the floor on them and the Annual Report. The chairman requested the shareholders to limit themselves in the first instance to two concisely worded questions, so as to give everyone the chance to ask questions. The chairman also requested those asking questions to state their name and, if applicable, the name of the organisation they represented.

Mr Bongers (Teslin Capital Management) commented:

2018 had been a significant year for Sligro Food Group. The company had been transformed into a purely foodservice business and further steps had been taken in Belgium. He wanted to address three important developments.

Firstly, he wanted to compliment the directors on the sale of EMTÉ. Teslin had been a proponent of selling rather than continuing to invest in the food retail arm and was very impressed by the care with which the process had been completed and the non-recurring special dividend paid to the shareholders. Another feature of the year had been the launch of the long-term strategic partnership between Heineken and Sligro. Despite a difficult start, he thought that Sligro had in this way reinforced its position going forward. The convenience for customers had been increased by creating a one-stop shop, Sligro had access to a large group of new customers and there was potential for improved margins from optimising the supply chain. Finally, he wanted to refer to the long-delayed opening of the site in Antwerp, a new milestone that would hopefully further enhance Sligro's position in Belgium.

Partly in view of these positive developments, he wanted to draw attention to the following subjects. Firstly, the stagnation in the results in recent years despite the growth of the foodservice business. Operating margins were under pressure from a rapidly increasing cost structure. The underlying operating result had not increased on balance between 2015 and 2018 while sales had increased by almost 30% in the same period, largely as a result of acquisitions. This meant a fall in margins, in broad terms, from 5% to 4%. He realised that part of this was related to the shift from cash-and-carry to the delivery service, which generated a lower margin, and to acquisitions with a lower margin profile for the time being. There were, however, some causes which raised concerns. These were the trend in the margin on cash-and-carry in the

Netherlands, which had fallen considerably, and the increase in the start-up costs in 2018 related to the opening of the sites in Belgium and their associated pay-back period. He asked the directors to monitor these developments carefully and to make improvements in them. Secondly, the Sligro share price. As already mentioned, he was pleased that Sligro had become a purely foodservice business with a clear focus. In this respect, he saw better prospects for sustainable value creation by Sligro over the longer term. A downside, however, was that as a result Sligro had become an attractive acquisition candidate. A robust value based on strong strategic and corporate governance fundamentals offered the best protection against this. He drew attention to the increased external interest in Sligro given its more focused structure and in this context wanted to remind the directors of the greater urgency for optimum performance and ensuring a good share price. Finally, after an eventful year during which much focus had been placed on internal matters, Sligro was stronger in the Netherlands and Belgium. This gave confidence for the future. He expected that with the Back to Business theme, the business would be ready this year to take an initial step towards greater profitability and he wished it every success in this.

The Executive Board responded as follows to Mr Bongers' comments.

*(K. Slippens)* He expressed thanks for the compliments and agreed with the areas requiring attention. He believed that in the presentations Rob and he had shown that these were areas that they were working hard on. The fact they agreed with those areas did not, however, mean that they could endorse Mr Bongers' expectations since, as was well-known, Sligro did not publish forecasts.

Mr Snoeker asked the following questions:

- 1) Walking along the corridor just then, he had noticed a poster on the wall showing that Sligro shares had been floated on the market thirty years earlier. In the intervening period, the price had increased about 33-fold. Including dividends that was about 15%, which was of course an excellent return. In the last 15 years, however, growth had been rather lower and the trend had been about 3% per year. Until 2013, there had been a growth target of about 10% including acquisitions. This had then been changed to 3% organic growth plus acquisitions. Overall, the net effect had apparently been nil. His first question was what was the expected trend for the coming years including acquisitions?
- 2) EBIT of €82 million for the past year was also a little below the trend level of earlier years. His question was whether this could affect the amount of the dividend?
- 3) If he had understood it properly, the most attractive point of the entire Heineken deal was in fact that 14,000 additional customers could be obtained. Was that right?

These questions were answered as follows:

- 1) *(R. van der Sluijs)* The growth target was now indeed formulated differently from a few years previously. There were a number of fundamental matters underlying this. Sligro had strongly expanded its position in the market in recent years, certainly in the Netherlands. As a result, it had itself become a larger determinant of the market, and so it was also more difficult to generate strong outperformance of the market organically. It was of course still the ambition to continue to perform better than the market but that outperformance would probably be less strong than had been seen historically. Sligro was still looking for good acquisitions but the opportunity had to arise. Consequently, growth through acquisitions would more often be irregular. In Belgium, Sligro still had a relatively limited position in the market. There was a lot still to gain and there was scope for clear outperformance of market growth and that would naturally affect the group. He expected that Sligro would be able to grow the combination of the Netherlands and Belgium over the next few years and achieve its

goals in that area. The issue with acquisitions was always whether opportunities would arise. Sligro was certainly ready for them and prepared to act.

2) and 3) (*R. van der Sluijs*) The question was right and also in line with the areas for attention that had been raised by Teslin. Sligro had seen that it had had to work harder in recent years, and achieve much higher sales, for same profit. There were plenty of explanations for this, but they were not enough for the future. Plans were focused on improving profitability, which tied in with the third question. As well as the additional customers, Sligro expected significant cost savings from combining the logistics networks. He thought that significant cost savings could be achieved in transport and the distribution centres once the infrastructure of thirteen Heineken sites and ten Sligro sites became the final network of ten sites. And as for the effect on the dividend, irrespective of the fact that he would not be caught commenting today on future expectations, it was of course the profit figure, and he would not deny this, that would be a significant driver into the future. In addition, the group's cash flow and financial position were two significant factors to bear in mind when considering the dividend.

Mr Rienks asked the following questions:

1) What was the rationale for the decision to pay the non-recurring special dividend of €7.57 per share which returned the full amount of the proceeds from the sale of EMTÉ to the shareholders? On the one hand this was not covered by the dividend policy while on the other hand, apart from an extra dividend, there were other good ways of using the proceeds from the sale of EMTÉ, such as repaying debt.

2) He asked for comments on the growth percentages, indicating how much was attributable to inflation, to growth in the overall market and to changes in market share.

These questions were answered as follows:

1) (*R. van der Sluijs*) It was of course a unique situation that Sligro suddenly had so much cash available following the sale of EMTÉ. Naturally, all the various alternatives for using it had been considered, including looking at the company's finances and a sound debt/equity ratio, at the cash generating ability of the business itself and also at the relationships with suppliers. After considering all the options, at the time there was no other use for the capital and it was thought that it was also important that the shareholders could eventually decide for themselves where to spend the funds. This was the reason for the decision to return the money to the shareholders. This was in line with policy as he saw it.

2) (*R. van der Sluijs*) Looking at the market overall, there was growth of over 5% in consumer spending, which included 2.5% to 3% inflation. That meant that about half of overall market growth was from greater volume. The latter figure was significant for Sligro as this was its market: the supply market and the volumes it could generate. There was of course inflation in Sligro's market too and he thought that about a third of the growth had come from inflation and two-thirds from volume. This was generally the same for all players in the market and so Sligro's extra growth compared with the market figure of about 3%, came from competitors. This included both the shift as a result of acquisitions, for example the acquisition of the Heineken drinks wholesaler, and the part won in competition with competitors.

Mr Jorna (VEB) asked the following questions:

1) In January of the year, he had read a report that an urban planning official in Antwerp had issued an adverse opinion on Sligro's site in Antwerp and that the planning permission had been withdrawn. Could light be thrown on this?

2) The report was fine but lacked country segmentation. Would that soon be included in the reporting when there was a new IT system?

3) He thought the photo on page 39 of the Annual Report of a man carrying a heavy barrel under his arm was demeaning. Something really had to be done about this.

These questions were answered as follows:

- 1) (*K. Slippens*) It would be possible to talk all afternoon about what had happened during the planning permission process for the site in Antwerp, but there simply was not time for that. One official of the Municipality of Antwerp had indeed issued an adverse opinion to the Municipal Executive further to the planning application. The Executive had then set that opinion aside and granted the permit. A Belgian competitor had continually tried to obstruct Sligro using any number of legal procedures. This had used up a lot of time and money, but in the end it had been possible to open the site.
- 2) (*R. van der Sluijs*) He thought that the decision to have a single central IT system was a very important precondition for the future, especially in view of the ambition of going further than operations in just two countries. Sligro was, therefore, trying to put this in place in a sound way. On segmentation, he thought it was important that the organisation, management and setting of goals ran parallel with the way they were reported externally. A new organisational structure had been implemented from 1 January with separate responsibilities in the Netherlands and Belgium and this would be reflected in the reporting for 2019. It could, therefore, be expected that there would be more detailed information on country segmentation in the 2019 Annual Report, although this did not depend on the implementation of a single central IT system.
- 3) (*K. Slippens*) To give away a little secret, the barrel was empty and the pose was only for the photo. In all seriousness, Sligro had fantastic equipment in the distribution centres for moving heavy barrels. Nevertheless, physical distribution at customers' sites, especially in beer cellars, was very hard work and there were two people in each delivery vehicle to do it.

Ms Claessens (VBDO, Vereniging van Beleggers voor Duurzame Ontwikkeling) complimented Sligro Food Group on its clear annual report and ongoing attention to and search for innovative solutions to limit the adverse impact of the industry on nature and the environment. Ms Claessens then asked the following questions:

- 1) A new theme this year was climate adaptation. This was the issue of how a business could prepare for the effects of climate change. Sooner or later, climate change would affect business operations and she was very interested to know what opportunities and risks Sligro saw for its operations from climate effects.
- 2) During the year, Sligro had joined the Round Tables on soya and palm oil. VBDO was very satisfied with this. These organisations brought people together but deforestation was still a very big problem. Sligro had opted to use credits to improve the sustainability of certain palm oil growers. How had those growers been selected and how did this credit system work?
- 3) Moving to the SDGs, the seventeen Sustainable Development Goals of the United Nations, Sligro has selected seven of them and they were listed in the Annual Report. It did not say, however, why they had been selected or how it was thought that company policy could contribute to them. She would be grateful to see more information on this in the next annual report.
- 4) Her final question was on the environment. Recycling waste was fine but reduction was better. What concrete targets had Sligro set with respect to reducing waste, paper and, in particular, plastic over the next few years?

These questions were answered as follows:

- 1) (*K. Slippens*) Sligro of course also saw changes in the climate. They could lead to more frequent failed harvests. If, for example, the wine harvest failed in one part of the world, in the first place all of us, as humanity, would suffer. In addition, two things

would occur in the industry. First, wine from that region would go up in price and demand for it would tend to be held back. Secondly, greater supply would be offered from other regions. Sligro would act on this. It took sustainability seriously, trying to do the right thing in a way that was appropriate to the company; in other words, Sligro did what it could and where it had control. Subjects such as waste and packaging were good examples of this alongside developments in transport. Sligro believed very much in measures where the commercial interest went hand in hand with society's interests. As a result, you were extra motivated to do more.

2) (*K. Slippens*) Sligro had only recently joined the Round Tables and it was still a question of learning how they operated, what the positive points were, and where the company could play a more explicit role. Consequently, some modesty was in order. In the credit system, you paid for credits and the proceeds went to a given region. Sligro had opted for the variant in which the proceeds went directly to the growers. It had investigated which growers delivered the most to its suppliers and they received its credits.

3) (*K. Slippens*) Sligro had embraced the goals where it thought it could have the greatest impact with its operations. It had sympathy for the other goals but could have less effect on them and so they had not been selected. The selected goals had been translated into the CSR approach which addressed five themes and a category for other matters. The company used three columns: 'people', 'society' and 'environment'. The matrix was filled in with a large number of action points that Sligro was working hard on. Completed matters that had been satisfactorily ensured were removed from the list and new points were added.

4) (*K. Slippens*) Sligro was co-operating as part of the Dutch Food Retail Association (CBL), with improving the recycling of packaging. The target agreed by the CBL was that there would be 20% less packaging material at the sites and, more importantly, that 95% of the remaining packaging material would be recyclable by 2025.

Mr Spanjer congratulated Sligro Food Group on the sale of EMTÉ. He then asked the following questions.

1) Page 5 of the 2018 Annual Report stated that Sligro was awaiting a recalibration of the foodservice market. But it was market leader. The company's own vision on this was something he thought was missing.

2) Page 8 of the 2018 Annual Report stated that Sligro planned to excel in a difficult transport market in 2019. In that connection he suggested that the on-board computers in the lorries should be equipped with English text as these days many people from other European countries who had a command of English were employed. As a result, these people could be deployed better.

These questions were answered as follows:

1) (*K. Slippens*) Sligro thought it was a good thing that the Dutch Foodservice Institute (FSIN) was properly identifying the players which actually have a role in the foodservice market including, therefore, online players. That was closer to reality. It also had to be accepted that this was simply a market that that it was not possible to measure as accurately as the retail market. Some caution was needed on the degree of detail, since there was simply no clarity.

2) (*K. Slippens*) Irrespective of the issue of whether the on-board computers had English functionality, he could say that Sligro made extensive use of foreign drivers. But it was not alone in this; the rest of the Netherlands and the rest of Europe did the same. There was a shortage of drivers and that could not be solved in this way. But all improvements helped, including this type of initiative.

Mr Van Riet asked the following questions:

- 1) He noticed Heineken listed among the acquisitions in the 2018 Annual Report. An acquisition of Heineken would mean that Sligro had taken Heineken over and could delist it from the stock market but that was not possible as only a small part of Heineken had been taken over.
- 2) Sligro was doing quite well in the Flemish part of Belgium but he saw very little in Walloon part. He wondered why that was.

These questions were answered as follows:

- 1) (*K. Slippens*) As a result of the strategic partnership between Heineken and Sligro, Sligro was performing Heineken's logistics activities for the Dutch hospitality industry, except for deliveries of tanker beer. It had also taken over Heineken's wholesale activities for the other food and non-food ranges, including soft drinks, bottled water, spirits, wine, tea and coffee as part of the partnership. He thought it was clear that that was what was meant by the Heineken acquisition.
- 2) (*K. Slippens*) In Belgium, Sligro was present in Brussels with the fish business, Océan Marée, and in Liège with a cash-and-carry warehouse as a result of the acquisition of ISPC and so it had taken cautious steps into Wallonia. It would perhaps help to look at the size of the Belgian market: 60% of the foodservice market was in Flanders, 20% in Brussels and 20% in Wallonia. Wallonia was a beautiful area with fine forests and hills but rather fewer hospitality outlets.

Mr Van de Water asked the following questions:

- 1) He saw reference in the annual report to the sale and leaseback of a distribution centre in Berkel en Rodenrijs. How exactly was this shown in the figures, as this was not at all clear to him?
- 2) He noted the distinction drawn between different categories of sites, indicated by the Roman numerals from one to four. What were the differences between these categories?

These questions were answered as follows:

- 1) (*R. van der Sluijs*) The premises in Berkel en Rodenrijs were a delivery site. Sligro had sold it and rented it back on a long-term lease. It was not Sligro's intention to hold as much property as possible and so, depending on market conditions, it always examined what was preferable – ownership or leasing – whenever there was a change. The considerations for Berkel en Rodenrijs were as follows. At the time, Sligro had built the premises in Berkel en Rodenrijs using the then applicable BREEAM certification. There had been various advantages to this, subject to Sligro remaining the owner of the premises for a certain time. That period had expired the year before and the premises had then been sold and leased back. The way this was shown in the figures was that the sale made a book profit of almost €2,000,000. That was a plus in the profit. Set against that, a start had been made on dismantling the head office as the shareholders had seen. The residual carrying amount had been charged to the profit and that was in total also almost €2,000,000. Therefore, the book profits and losses as a result of movements in property were on balance nil in the figures for both tax and reporting purposes. The write-down of the carrying amount of the head office was a non-cash item. But the proceeds of over €20,000,000 from the sale of the premises in Berkel en Rodenrijs had of course handsomely offset the company's capital expenditure in cash flow terms.
- 2) (*R. van der Sluijs*) When Sligro opened a site, consideration was always given to the surrounding area, the supply situation and type of customer in the market area served by the site. A decision was then made for a site with a more limited product range without the fresh food groups or for a broader product range with all fresh food

groups. Type I was the variant with a limited product range without the fresh food groups. It was more suited to smaller market areas, where the addition of fresh food groups would lead to high levels of wastage. Types III and IV were the variants with the fresh food groups, with Type IV being the largest variant, located mainly in very large cities, where the full range could be displayed.

Mr Dekker asked the following questions:

1) He referred to pages 43 and 44 of the 2018 Annual Report. He was concerned about sickness absence rates in the Netherlands in combination with the common practice in the Netherlands of working with high levels of temporary staff. Looking at the large number of vacancies and the fact that in his opinion the phenomenon of temporary staff had gone too far, he asked for a comment on company policy.

2) Shareholders mainly saw sickness absence rates as a kind of thermometer for the organisation. The 2018 Annual Report showed high absence rates for Belgium, perhaps as a result of a different measurement approach, albeit with a fall from 11.4% in 2017 to 10.3% in 2018. The obvious question was whether there were concerns about the sickness absence rate in Belgium, although it was clearly declining, and whether it was possible to say anything about measures to improve the situation, or targets.

These questions were answered as follows:

1) (*K. Slippens*) To start with the temporary staff, there was a need for a certain flexible layer for two reasons. Firstly, there was a difference in workload between the busy summer period and other, less busy periods. And secondly, when there was an acquisition, some absorptive capacity was desirable to take on the acquired employees. Sligro's need for temporary staff in the flexible layer was actually fairly limited, although there were currently very many flexible staff for the simple reason that it was not possible to get sufficient permanent staff in the Netherlands.

Unemployment was currently at a historically very low level; he thought it was actually at the minimum level that could ever be achieved in the Netherlands. Sligro would like to have more employees on permanent and longer contracts. Very many projects were in train with partners to implement this.

2) (*K. Slippens*) Different measurement methods meant that the sickness absence rates in Belgium were not comparable with those in the Netherlands. Sligro's sickness absence rate in Belgium was not excessively high by Belgian standards. By Dutch standards they were of course very high percentages. In both the Netherlands and Belgium, Sligro was working with a range of programmes to achieve a permanent reduction in sickness absence. For example, with cultural programmes and attention to fitness but also coaching on lifting techniques, etc. The sickness absence percentage in Belgium had fallen since Sligro had bought JAVA. He, therefore, had no particular concerns on this.

Mr Broenink asked the following question:

On one of the slides on the new organisation structure, he had seen country teams for the Netherlands and Belgium and a third box with dashes for a third country. It was stated on page 38 that Sligro did not want to expand too quickly into another country. But he was now very curious as to whether there were specific plans for expanding into this or that country, whether it was simply a matter of waiting for a bargain or whether the company was working on a long-term plan.

This question was answered as follows:

1) (*K. Slippens*) The chart he had referred to was intended to show the broader perspective of the model. He thought that a number of things had to be done before



moving into a third country. They included the company structure, on which several good steps had already been taken but where a number of steps still had to be taken. The ERP system was also a significant factor. SAP should ideally be implemented before Sligro moved into a third country. In addition, the company wanted to have learnt the lessons from Belgium and shown that the various assumptions made in Belgium were working. It was, therefore, in the next two years, simply a question of putting every effort into doing as well as possible in the Netherlands and Belgium and so it would be quite good in the course of the next year to again examine what other countries in Europe were attractive.

#### 4. Financial statements

##### 4.a. Implementation of the remuneration policy in 2018

If, as was the case, the business of a meeting included adoption of the financial statements, implementation of the remuneration policy had to be a separate item on the agenda before the resolution to adopt the financial statements.

The remuneration policy was published on the [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) website. It had been approved by the shareholders during the AGM on 23 March 2016 and had remained unchanged since then.

All the remuneration reports from 2005 onwards, including the report on the previous year, 2018, had also been published on the website. Remuneration details were also disclosed in the 2018 Annual Report, on page 116.

Mr Rijna stated that there had been no change in the implementation of the remuneration policy in 2018 compared with other years. With respect to implementation of the remuneration policy in 2019, the 2018 Annual Report stated (page 86) that in 2018 the Supervisory Board had decided to increase the salaries of the CEO and the CFO by 10% from 1 January 2019. Sligro Food Group examined the remuneration of the Executive Board once every three years. After 2016, this was, therefore, done again in 2019. Mr Rijna commented on this decision. For the contents of his comments, see the slides of Mr Rijna's presentation as published on the [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) website (Annual General Meeting of Shareholders 2019).

Mr Jorna (VEB) asked the following questions:

- 1) The Executive Board's variable remuneration fell in 2018 to 39% of the 'on target' level. Was this mainly as a result of the weak profits, which determined 50% of the variable remuneration, or were there other matters where it had been said the KPIs had not been achieved?
- 2) Mr Strijbosch would be leaving Sligro Food Group. The remuneration report stated there were still some options in his name. How would they be settled? Would Mr Strijbosch be receiving severance pay or not?

These questions were answered as follows:

- 1) (*F. Rijna*) This was set out in the remuneration report and Mr Jorna's conclusion was correct. A large part of the lower variable remuneration was related to the failure to achieve the profit target. There were also four qualitative targets, one of which had not been achieved.
- 2) (*R. van der Sluijs*) The options would be settled in accordance with the commitment, therefore including the related conditions. Mr Strijbosch had decided to continue his

career outside Sligro Food Group. The date of his departure had been agreed amicably. No redundancy arrangements had been discussed.

#### **4.b Presentation concerning the audit of the financial statements by the external auditors**

For this item, the chairman gave the floor to Mr Jan Hendriks, partner at Deloitte Accountants, Sligro Food Group's auditors. He had ultimate responsibility for the audit of Sligro Food Group's 2018 financial statements and, in that capacity, would comment on the external auditors' examination of them. For the contents of his presentation, see the slides shown by Mr Hendriks as published on the [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl) website (Annual General Meeting of Shareholders 2019).

Mr Jorna (VEB) asked the following questions:

- 1) Sligro faced a major IT operation and in the past some companies had failed as a result of such things. Had the new structure been examined in respect of continuity?
- 2) He did not want to know exactly what was in the Management Letter but what kinds of issues had been raised in the new one?

These questions were answered as follows:

- 1) (*J. Hendriks*) The IT operation was indeed a major one in the offing. In general, there were extensive discussions on IT four or five times a year with the company's CIO, focusing more on the ongoing IT operation insofar as it was relevant to the performance of the audit of the financial statements. With respect to assessing the new structure, it was important to note that auditors could no longer offer consultancy services. He could not, therefore, offer advice on the actual structure of processes as the supervisory authorities would assume he had been too biased on the actual performance of the implementation projects. However, he had of course discussed a large number of safeguards that the business had itself set up when implementing the new IT system, but his role in this was limited. It would remain limited until he saw the initial implementation actually take place.
- 2) (*J. Hendriks*) He would not address individual points in the Management Letter. A Management Letter was principally a letter from the auditors to the company's Executive Board and Supervisory Board. He could say that in general terms a Management Letter was written as constructive criticism and was discussed extensively with both the Audit Committee and the full Supervisory Board.

Mr Spanjer asked the following question:

How did he regard the participating interest in Spar?

This question was answered as follows:

(*J. Hendriks*) The holding in Spar was still significant to Sligro Food Group's financial statements. Spar had its own auditors: Ernst & Young. In view of the significance of the value of Spar to the financial statements of Sligro Food Group, Deloitte Accountants instructed the Ernst & Young audit team to perform work specifically for the audit of Sligro Food Group's group financial statements. They also visited the management of Spar on several occasions to discuss both the way in which Spar management was running the business and the figures. In this context, they also extensively reviewed Ernst & Young's files. They subsequently also examined an internal audit report drawn up for them by Ernst & Young. The co-operation with Ernst & Young was good.

#### 4.c. Adoption of the 2018 financial statements (resolution)

The chairman opened the floor to questions on the financial statements, which formed the second part of the Annual Report (from page 91).

Mr Jorna (VEB) asked the following question:

There would be a large investment in the distribution centres as Heineken was being integrated. The contract with Heineken was, however, only for fifteen years. How could it be ensured that there would not be a huge write-down after fifteen years if the contract with Heineken was not renewed?

This question was answered as follows:

*(R. van der Sluijs)* In this case, Sligro had taken into account that it would be possible to amply recover the investment being made within that period. This had, therefore, been allowed for. There was of course no guarantee that the contract would be continued after fifteen years although it was thought that if the partnership was successful, it could certainly be discussed. On the other hand, Sligro also had the ambition to still grow organically, outside the partnership with Heineken, during the next few years. That growth of fifteen years could easily be equal to the volume being delivered for Heineken today. It was not, therefore, thought to be a problem.

Thereafter the chairman announced that the resolution had been carried and the 2018 financial statements had been adopted.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,130,207
votes against	:	0
abstentions	:	0

#### 4.d. Profit retention and dividend policy

The profit retention and dividend policy had not been changed.

Sligro Food Group aimed to achieve a *regular* dividend of approximately 60% of the profit after tax, excluding the extraordinary result. The dividend was paid in cash.

Depending on the development of the solvency and liquidity position, a proposal could be made to declare a *variable* dividend.

The dividend would be paid in two instalments, consisting of an *interim dividend* in the second half of the year and a *final dividend* after the Annual General Meeting of Shareholders. The interim dividend would, in principle, be set at half the regular dividend of the previous year.

#### 4.e. Adoption of the profit appropriation for 2018 (resolution)

This agenda item concerned the application of the profit retention and dividend policy.

With the approval of the Supervisory Board, the Executive Board proposed that the profit be appropriated as stated on page 148 of the Annual Report.

In connection with the effects of the sale of EMTÉ, it was proposed on this occasion only to drop the structure of a regular portion and a variable portion and to consider the overall dividend when setting the dividend for 2018.

It was proposed to distribute a regular dividend for 2018 of €1.40 per share, which was the same as the total dividend for 2017.

Of the total dividend, €0.55 per share had been paid as an interim dividend on 1 October 2018, leaving a final dividend of €0.85, which would be payable on 3 April 2019

A shareholder (name not stated) asked the following question:  
Why had the decision been made for a total dividend rather than a dividend in the form of share consolidation? The way the dividend was now being paid in effect meant that there was a deduction, a withholding tax. If he compared this with what Akzo had done, and with what TomTom had recently done with a share consolidation as the business was becoming smaller, he thought that a share consolidation could have been decided on. He wanted to know why a cash dividend with withholding tax had been opted for.

This question was answered as follows:  
*(R. van der Sluijs)* In the past, there had been periods when Sligro had offered the option of paying the dividend in shares or cash. It had evolved into the current policy under which dividends were only paid in cash. This was done in part because of the company's strong cash-generating ability. And so Sligro wanted to distribute the dividend in the form of cash. It was up to individual shareholders to decide what to do with that cash dividend. This, of course, brought the disadvantage that there could indeed be a tax. Consideration had also been given in the context of the decision on the non-recurring additional dividend related to the sale of EMTÉ, for example, to the possibility of a capital reduction or repurchase of the company's shares. However, the extent to which these could be done was very limited as a result of the composition of capital, position on the stock market and the free availability and churn in shares. In that form, it was not possible to distribute the amounts that Sligro had wanted to pay out to the shareholders at that time. As a result, the decision had been made to maintain the structure as in the company's policy.

The resolution adopting the profit appropriation for 2018 was approved by the meeting.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,130,207
votes against	:	0
abstentions	:	0

#### **4.f. Granting of discharge to the Executive Board in respect of its management (resolution)**

The meeting granted discharge to the Executive Board in respect of its management in 2018.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,130,207
votes against	:	0
abstentions	:	0

#### **4.g. Granting of discharge of the Supervisory Board in respect of its supervision (resolution)**

The meeting granted discharge to the Supervisory Board in respect of its supervision in 2018.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,130,207
votes against	:	0
abstentions	:	0

#### **5. Authorisation of the Executive Board to repurchase the company's own shares (resolution)**

As stated in the notes to the agenda, it was proposed to authorise the Executive Board, for a period of 18 months, to purchase fully paid shares of Sligro Food Group N.V. either on the stock exchange or privately, up to a maximum of 10% of the issued capital and for a price no more than 10% above the market price at the time of the transaction, provided that any such decision by the Executive Board had the approval of the Supervisory Board. This authorisation would be valid until 20 September 2020.

The resolution was carried.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,129,433
votes against	:	774
abstentions	:	0

#### **6.a. Extension of the period for which the Executive Board is authorised to issue shares (resolution)**

It was proposed to extend the Executive Board's authority to issue shares granted on 21 March 2018 for 18 months from the date of the Meeting, therefore until 20 September 2020, provided that any such decision by the Executive Board had the approval of the Supervisory Board. It was also proposed to limit the authorisation to 10% of the issued capital, plus 10% if the issue was part of a merger or takeover.

Mr Broenink asked the following question:  
Were there concrete plans to exercise this authority?

This question was answered as follows:

(K. Slippens) No, there were currently no such plans but they could arise in the future.

The resolution was carried.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	35,619,832
votes against	:	3,510,375
abstentions	:	0

#### **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)**

It was proposed to extend the Executive Board's authority to restrict or suspend pre-emptive rights of shareholders on the issue of shares granted on 21 March 2018 for 18 months from the date of the Meeting, therefore until 20 September 2020.

Mr Van Riet (200 shares) voted against the resolution.

Mr Broenink (2 shares) voted against the resolution.

Mr Van Erum (134 shares) voted against the resolution.

The resolution was carried.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	35,619,496
votes against	:	3,510,711
votes against	:	0

#### **7. Reappointment of Mr J.H. Kamps to the Supervisory Board of Sligro Food Group N.V. (resolution)**

Mr J.H. Kamps' first four-year term of office would expire in 2019. He had let it be known he was available for reappointment.

Mr Kamps had been a member of the Supervisory Board of Sligro Food Group N.V. for the previous four years. During that period, he had been on the Audit Committee, in the first year as member and in the last three years as chairman. Mr Kamps had demonstrated his vast experience as an executive as well as his financial expertise, both of which he had developed as member of the Board of Management and CFO of a major listed company in the Netherlands.

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

Currently, Mr Kamps was a member of the Board of Management and CFO of Royal Boskalis Westminster, meeting the standards in the Management & Supervision Act.

Mr Kamps held no Sligro Food Group N.V. shares.

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

The resolution to reappoint Mr Kamps was carried.

number of shares on which valid votes were cast	:	39,130,207
votes for	:	39,130,207
votes against	:	0
abstentions	:	0

## 8. Any other business and adjournment

Mr Rienks asked the following questions:

- 1) He would like a comment on the different formats at the Antwerp, Ghent and Liège sites.
- 2) Were there items in the Belgian product range that could be introduced in the Netherlands, such as fish processed in Brussels?
- 3) Why had the meat products centre in Enschede also been sold to Jumbo and Coop? He thought it would have been good to have retained it.

These questions were answered as follows:

- 1) (*K. Slippens*) The formats currently in Antwerp, Ghent and Liège were not yet the same. In Antwerp it was Sligro-ISPC and in Ghent and Liège it was still ISPC. In due course, Ghent and Liège would also become Sligro-ISPC sites. Sligro-ISPC was in fact a mix of Sligro and ISPC.
- 2) (*K. Slippens*) There were certainly attractive products in Belgium and these were gradually being brought to the Netherlands and in the other direction some Dutch products were being added to the Belgian range. This would of course be much easier once there actually was a central distribution centre for all of the Benelux. He did not think, however, that this would be done for fish, as there was also a fine fish business, SmitVis, in Veghel.
- 3) (*K. Slippens*) The meat products centre was sold to Jumbo and Coop as part of EMTÉ. The meat products centre premises were, however, still owned by Sligro and so he would certainly be pleased to talk with Mr Rienks if he was particularly interested in the building!

Mr Spanjer asked the following question:

He had read in the 2018 Annual Report that Sligro Food Group had two cultural brands: 'Green Blood' and 'Salt & Pepper'. Why did a single company not have a single culture?

This question was answered as follows:

(*K. Slippens*) If you wanted to have foreign operations, you had to allow the local management team its own expression in some areas. You would, as boss of the entire business, be very pleased if they chose the same cultural values, since that was actually the point. It was fine that the Belgian management team had given their cultural values a different name. In the Netherlands, the colour green was used in the logos; in Belgium, at JAVA, it was purple. Personally, he thought the name 'Salt & Pepper' was a great choice, and he was happy that the underlying significance was the same as for 'Green Blood'. That was the point.

Ms Claessens (VBDO) asked the following questions:

- 1) Would all space being built under the plans for the coming year be constructed using BREEAM standards?
- 2) She congratulated Mr Kamps on his reappointment but, as a result of it, the proportion of women around the table was still not 30%. What did Sligro think of the 'name and shame' policy on diversity that was now being mentioned by politicians?

These questions were answered as follows:

1) (*K. Slippens*) The greatest amount of space would indeed be constructed according to BREEAM. That meant that the three new large distribution centres in Deventer, Breda and Maastricht were being built according to that standard.

2) (*K. Slippens*) Sligro wholeheartedly supported the criteria and the desire to have a more diverse community within Sligro Food Group but did not believe it should be a sort of race against the clock and that if you were not careful, forced by a quota, you might not make the best choice for a given position. He thought, however, that diversity went beyond just male/female. Diversity also involved young and old, experienced and inexperienced, and different cultures. Sligro was looking at a very broad package of areas for attention and especially at competences needed within the profile for a position. If it was possible within that to take a step towards more balance in diversity, in any of the dimensions mentioned, the company would be pleased to do that – with enthusiasm but not forced by the discipline of a quota. Those were not just fine words but it was easy to see from the history of Sligro Food Group that the percentage of women at the head office, including in more senior positions, was gradually increasing. That was a route Sligro was happy with.

There being no other business, the chairman closed the meeting, thanking everyone for their contributions and invited those present to the lunch.

The chairman, F. Rijna

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