

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ETN. FRANZ COLRUYT,
LIMITED LIABILITY COMPANY, ESTABLISHED AT 1500 HALLE,
EDINGENSESTEENWEG 196, BE-400 378 485 TO THE ORDINARY GENERAL
MEETING OF SHAREHOLDERS, TO BE HELD ON 26 SEPTEMBER 2012 AT 16 P.M.
AT THE REGISTERED OFFICE OF THE COMPANY.

Dear Sirs,

In accordance with our statutory duties and those under the articles of association, we hereby present the report on the exercise of our office over the 2011/2012 reporting period

1. We have the honour of submitting the financial statements for the 2011/2012 reporting period for your approval.
2. Appropriation of the result:

The profit of the reporting period before tax amounts to:	216,087,551.07 EUR
Income tax	- 95,910,018.23 EUR

Profit of the reporting period after tax	120,177,532.84 EUR
Transfer to tax-free reserve	708,055.39 EUR

Profit available for appropriation	119,469,477.45 EUR
Profit brought forwards from previous period	313,488.56 EUR

Profit to be distributed	119,782,966.01 EUR

We propose to you that this net profit be appropriated as follows:

* DIVIDENDS:

Coupon no 2: 156,169,984 shares x 0.95 EUR = 148,361,484.80 EUR

Basis of calculation:

168,294,930	profit-making shares at 31/3/2011	
+ 225,194	shares at capital increase personnel on 23 December 2011	
- 12,447,336	number of treasury shares at 5 June 2012	
+ 97,196	treasury shares intended for profit sharing (Sept 2012)	

156,169,984	shares	+ 148,361,484.80 EUR

* APPROPRIATION TO THE STATUTORY RESERVE:	+ 619,283.50 EUR
* DIRECTORS' FEES:	+ 3,429,075.23 EUR
* PROFIT SHARE REPORTING PERIOD 2011/2012	+ 8,969,234.66 EUR
* DRAWING ON THE AVAILABLE RESERVE:	- 242,023,596.49 EUR
* PROFIT CARRIED FORWARD	+ 200,427,484.31 EUR

* TOTAL	119,782,966.01 EUR

3. The Board of Directors proposes to the Annual General Meeting that a gross dividend of 0.95 EUR per share be granted to shares participating in the profits of the 2011/2012 reporting period.

Of the gross dividend of 0.95 EUR, shareholders will receive a net of 0.713 EUR after deduction of the 25 % withholding tax on movables, in exchange for coupon no. 2 of their Colruyt shares.

VVPR strip holders will benefit from a reduced withholding tax on the dividends. For those shares the net dividend per share will be 0.751 EUR after deduction of the 21 % withholding tax on movables.

The law of 28 December 2011 containing several stipulations, and meanwhile amended by the programme law of 29 March 2012, has increased the ordinary rate of withholding tax on movables for VVPR strips from 15% to 21%. This programme law has furthermore introduced a new additional levy of 4% on the interests and dividends (on which a withholding tax on movables of 21% is applied) awarded or made payable from 1 January 2012 to taxpayers liable to pay personal income tax and the receipts per year of whom amount to more than 20,020 EUR.

Ever since 1995, capital increases reserved for employees of the Colruyt Group have always involved the issue of such VVPR strips.

For foreign shareholders, the amount of the net dividend may differ depending on the double taxation treaties in force between Belgium and the various countries.

We must receive the necessary certificates no later than on 16 October 2012.

The Board of Directors proposes to the General Meeting to make the dividend for the 2011/2012 financial year payable as from 3 October 2012 upon presentation of coupon no 2 at the counters of the financial institutions.

BNP Paribas will act as Principal Paying Agent of the dividends.

4. Comments with the financial statements.

Below is an explanation with the main accounting information for the 2011/2012 reporting period.

STATEMENT OF FINANCIAL POSITION - ASSETS - Non-current assets

The carrying value of the NON-CURRENT ASSETS of Etn. Fr. Colruyt NV amount to 3,180.23 million EUR as compared to 3,414.19 million EUR last reporting year, an increase by 6.85%.

The net carrying amount of the INTANGIBLE NON-CURRENT ASSETS is 17.34 million EUR as compared with 12.64 million EUR last year, an increase with 4.70 million EUR or 37.22%.

Depreciation and impairment of intangible non-current assets amount to 3.88 million EUR. New investments amount to 8.68 million EUR and consist of investments in software.

The net carrying amount of the PROPERTY, PLANT AND EQUIPMENT is 151.95 million EUR as compared to 129.48 million EUR last financial year, an increase of 22.47 million EUR or 17.35%. Write-downs amount to 48.56 million EUR.

Sections 'Land and Buildings' and (Other Property, Plant and Equipment' include the immovable fixtures concerning internal and externally rented buildings.

This heading rose from 38.41 million EUR to 52.33 million EUR, an increase by 13.92 million EUR or 36.24% as a result of alterations in existing Colruyt stores, opening of new Colruyt stores and investments in the distribution centres.

The fixtures of buildings rented from the real estate company of Colruyt Group, namely Colim CVBA, are presented under class 22 instead of class 26. From the approach that, because of the sustainable relationship between the companies of the group, this is about investments in buildings rather than other investments, economically speaking.

The net book value of the 'Plant, machines, equipment and furniture' amounts to 96.47 million EUR as compared with 86.73 million EUR last reporting period, an increase by 9.74 million EUR or 11.23%.

Apart from new investments in the amount of 41.57 million EUR this reporting period, depreciation amounts to 37.16 million EUR.

The FINANCIAL NON-CURRENT ASSETS amount to 3,010.94 million EUR as compared with 3,272.07 million EUR last reporting period, a decrease of 261.13 million EUR or 7.98%.

The variance can mainly be explained by a further elaboration of the interest in associated companies and the establishment of Colruyt Mobile NV on the one hand and an impairment of investments in Infoco NV, Intrion NV and W-Cycle NV (the former Fraxicor) and a capital decrease of Colruyt Group Services NV on the other hand.

Furthermore, Etn. Franz Colruyt NV has developed its investment in offshore wind farms via Belwind, Northwind and Parkwind.

STATEMENT OF FINANCIAL POSITION - ASSETS - Current assets

The current assets amount to 1,251.60 million EUR as compared to 1,078.26 million EUR last reporting period, an increase by 173.34 million EUR or 16.08%.

The section on Merchandise increases by 7.00 million EUR, an increase of 2.12% as compared to last reporting period as a result of the increase in the central stock and the branch stores stock.

Trade receivables < 1 year increase by 9.12 million EUR or 2.37% as compared to the past reporting period as a result of increased invoicing to subsidiaries and external parties. We can also observe an increase in the section of sales to be invoiced.

The treasury shares purchased are recognised in the investments of 373.07 million EUR at a value of 372.39 million EUR (12,355,249 treasury shares at 31/03/2012).

The liquid assets increased from 48.06 million EUR to 141.92 EUR, an increase by 93.86 million EUR or 195.27%, also as a result of the rising percentage of payments due via EFT (from 49% to 55%) and the Colruyt payment card (collection via SEPA).

This reporting year, Etn. Franz Colruyt NV closed the reporting period with a positive checking account with respect to the group's internal financing company Finco NV of 56.39 million EUR.

STATEMENT OF FINANCIAL POSITION - LIABILITIES - Equity

The equity of Etn. Franz Colruyt NV amounts to 844.14 million EUR compared with 877.33 million EUR in the previous reporting period, an increase by 33.19 million EUR or 3.78%.

At 31 March 2012 the capital of Etn. Franz Colruyt NV amounts to 239,096,264.58 EUR represented by 168,520,124 shares.

In the course of the 2011/2012 reporting period the capital was increased by 6,192,835.00 EUR by means of a capital increase reserved for employees. This capital increase became effective on 23 December 2011 and represented 225,194 shares.

The capital authorised, but not subscribed is 200,000,000 EUR.

The Board of Directors did not proceed to a capital increase on this basis in the course of the reporting period.

The total amount of issue premiums, resulting from the creation of warrants that have expired in the meantime has remained unchanged since 1999 and amounts to 49,578.70 EUR.

The proposal of the General Meeting to process the result of the 2011/2012 reporting period has already been explained in section 2.

The figures presented are subjected to adoption by the Annual General Meeting.

The provisions for risks and expenses amount to 6.84 million EUR. The increase by 1.31 million EUR can be explained on the one hand by the increase in the provision for early

retirements and on the other hand by the increase in the provision for long-term contracts concerning green coffee.

STATEMENT OF FINANCIAL POSITION - LIABILITIES - Liabilities

The outstanding amounts with regard to liabilities on more than one year, being long-term loans, amount to 2,412.77 million EUR compared with 2,412.77 million EUR in the previous reporting period. This section contains loans issued by Finco NV and Colruyt Group Services NV for a total value of 2,405.07 million EUR.

Liabilities over no more than one year amount to 1,153.44 million EUR compared with 1,182.17 million EUR last reporting period, a decrease of 28.73 million EUR or 2.43%. The decrease can be explained on the one hand because Etn. Franz Colruyt NV closed the financial year with a negative checking account with respect to Finco NV of 21.27 million EUR whereas this reporting period there is a positive balance of 56.39 million EUR.

On the other hand, the supplier liabilities increased. These trade payables consist for the most part of external suppliers requiring payment totalling 466.14 million EUR compared with 523.87 million EUR last year.

The other liabilities include a sum of 160.76 million EUR for payable dividends, directors' fees and employee participation in the profit for the 2011/2012 reporting period.

INCOME STATEMENT

Operating results

Revenue in the 2011/2012 reporting period amounted to 5,469.29 million EUR excluding VAT compared with 5,151.06 million EUR in the 2010/2011 reporting period. This is an increase by 318.23 million EUR or 6.18%.

The increase of the revenue can be explained on the one hand by the increase in the number of stores, run by the Etn. Franz Colruyt NV and, on the other hand by an increase in revenue per m² in the existing stores. As in the past few years, Colruyt consistently and transparently continued to pursue the lowest prices policy in the past reporting period. Colruyt guarantees its customers the lowest price for each product at any moment.

The gross margin on sales amounts to 1,266.51 million EUR (23.16 % of the revenue) compared with 1,173.27 million EUR (22.78% of revenue) last reporting period.

Reimbursements of publicity costs that relate to the purchase of goods are recognised in the gross margin on sales.

The non-current assets produced amount to 22.94 million EUR and mainly consist of investments made by the internal technical departments (fitting out central buildings and stores).

The other operating income amounts to 226.89 million EUR compared with 214.69 million EUR in the previous reporting period and mainly comprises reimbursements of publicity costs

and other miscellaneous operating income that does not directly relate to the sale of merchandise and invoices passed on to subsidiaries.

Purchases of raw and ancillary materials and merchandise have increased by 5.66% and amount to 4,202.78 million EUR compared with 3,977.79 million EUR in the previous reporting period.

The costs of services and miscellaneous goods amount to 477.42 million EUR compared with 431.32 million EUR last year, an increase of 46.10 million EUR or 10.69%.

We notice an increase in heading 'rent land and buildings' paid to Colim CVBA.

Transport costs have increased partly because of the increased number of stores and the growing revenue, but also because of an increase in the rates on-charged by the carriers mainly due to the increased price of diesel.

The heading "Remuneration, pensions and other employee costs" comprises the cost of wages, including the provisions for holiday pay and end-of-year bonuses, and amounts to 596.76 million EUR, compared with 556.53 million EUR in the previous reporting period. This is an increase by 7.23% compared with last reporting period.

Depreciation of fixed assets amounts to 52.51 million EUR as compared to 57.59 million EUR last reporting period, a decrease of 5.08 million EUR. This decrease can be explained by the fact that depreciations in the previous reporting period partly related to real estate brought in Colim CVBA through transfer of a business unit at 30 November 2010 and rented from Colim CVBA since that date.

The provisions recognised in the operating profit/loss amount to 1.15 million EUR, compared with -8.13 million EUR in the previous reporting period. Last reporting period a provision for major repairs and soil decontamination was reversed. This reporting period provisions were built up concerning the long-term contracts to buy green coffee.

The other operating costs amount to 15.51 million EUR as compared with 7.51 million EUR in the previous reporting year. The losses on participations amount to 10.27 million EUR and relate to the settlements of the companies Mitto NV and Colruyt Deutschland GmbH and the contribution of the participation Northwind NV in the company Parkwing NV. The impairment with regard to settlements was entered in the books last reporting period and concerns a reclassification of the section on impairments to the heading on losses this reporting period.

The operating profit of the 2010/2011 reporting period amounts to 372.76 million EUR compared with 358.86 million EUR in the previous reporting period, an increase by 13.90 million EUR or 3.87%.

The operating profit amounts to 425.27 million EUR compared with 416.45 million EUR in the previous reporting period, an increase by 8.82 million EUR or 2.12%.

Financial results

The financial result, the difference between income and expenses, amounts to -111.14 million EUR compared with +24.26 million EUR in the past reporting period.

Income from financial assets include received interests on borrowings granted to subsidiaries and associated companies for a total amount of 1.71 million EUR as compared with 61.06 million EUR last reporting period. Last reporting period interim dividends were received from subsidiaries for 60 million EUR as well as interests on borrowings granted for an amount of almost 1 million EUR.

Income from current assets includes interests received on advances to subsidiaries and miscellaneous interests for an amount of 0.45 million EUR.

The other financial income amounts to 0.15 million EUR and consists of capital premiums, payment discounts obtained, compensation non-cash payment and commissions on securities.

The financial costs consist on the one hand of paid interests on loans received from Finco NV and Colruyt Group Services NV for 99.92 million EUR, and on the other hand of impairments as a result of the appraisal of current assets at market value, 12.16 million EUR of which relate to the value of the treasury shares on the reporting date. The other financial costs of 0.97 million EUR relate to bank costs, commissions on bank guarantees, stock exchange costs, etc.

Profit from ordinary activities

For the 2011/2012 reporting period the profit from ordinary activities amounts to 261.62 million EUR compared with 383.12 million EUR in the previous reporting period, a decrease of 121.50 million EUR or 31.71%.

Extraordinary result

The impairments on financial non-current assets amount to 48.86 million EUR and mainly relate to the participations in Infoco NV and W-Cycle NV (the former Fraxicor).

Profit of the reporting period.

Etn. Fr. Colruyt NV ended the 2011/2012 reporting period with a PROFIT BEFORE TAX of 216.09 million EUR compared with 380.36 million EUR in the previous reporting period. This is a decrease by 164.27 million EUR or 43.19%.

The variance is mainly related on the one hand to a positive extraordinary result of 60 million EUR in the past reporting period (as a result of the dividend received from subsidiaries Infoco NV and Davytrans NV) and on the other hand to the extraordinary impairments on participations and the increased interest expense in the current reporting period.

The TAXES on the result amount to 95.91 million EUR.

The average tax rate is 44.38 %, which is the estimated tax for the reporting year compared with the profit before tax.

In the previous reporting period, the tax amounted to 110.11 million EUR or 28.95 % of the profit before tax.

The increased tax burden can be explained principally by the non-deductibility of impairments on investments.

The PROFIT AFTER TAX of Etn. Franz Colruyt NV after tax from the 2011/2012 reporting period amounts to 120.18 million EUR, compared with 270.34 million EUR in the previous reporting period. This is a decrease by 150.16 million EUR or 55.54%.

The PROFIT FOR APPROPRIATION of Etn. Franz Colruyt NV for the 2011/2012 reporting period amounts to 119.47 million EUR, compared with 274.86 million EUR in the previous reporting period.

Cash flow

The cash flow of Etn. Franz Colruyt NV is 170.15 million EUR for the 2011/2012 reporting period compared with 327.91 million EUR in the previous reporting period.

Based on the current information, the company has no knowledge of risks and uncertainties other than the ones mentioned in the annual report of the Colruyt Group (cf. annex I).

5. Important event after the reporting date

In the framework of the centralisation of green energy within the Colruyt Group, Etn. Franz Colruyt NV will, in the course of the next reporting period, bring in all its activities with regard to the generation of renewable energy (by means of photovoltaic systems) in the capital of WE Power NV by means of a business sector contribution. The legal transfer of ownership will take place on 1/7/2012 with accounting retroaction to 1/4/2012.

Colruyt Group sold the assets of the industrial automation company Intrion NV and the business sector Colam to a company established by the management of Intrion NV.

As from the new reporting period Etn. Franz Colruyt NV and a number of its suppliers will start to exchange orders, dispatch notes and invoices by means of EDI.

6. There are no circumstances known that might appreciably affect the company's development.

7. Apart from the activities in the field of research and development for the development of new private software, research and development was performed in the framework of environment-friendly technologies and renewable energy, among which the hybrid tractor, hydrogen projects and refrigerated carts.

8. The company does not have branch offices

9. The Board of Directors gives notice that in September 2012 the parent company of the Colruyt Group, Etn. Fr. Colruyt NV will distribute a share of its profit to the employees of the group. Within the purview of the law of 22 May 2001, profit-sharing is awarded. It will consist in the award of shares or money, at the employee's discretion. The shares will be distributed from among those held by Etn. Franz Colruyt NV. Moreover, in the framework of

the national CEA 90 on non-recurring result-linked benefits, a bonus in money will be awarded

10. Since April 2007, the group is subjected to the investigation the Belgian authorities on competition conduct into alleged infringements on Belgian legislation concerning competition with regard to perfumery, chemist's and care products. The Group extends its full cooperation to this investigation. Until today, insufficient elements are known to make a relevant risk estimate.

Otherwise the company has no knowledge of risks or uncertainties other than those mentioned in the group's annual report.

11. Compared with the previous reporting period, changed group valuation rules were applied for the balancing of the financial statements at 31/03/2012.

The adaptation concerns depreciation terms for property, plant and equipment:

Land	Unlimited
Buildings	Maximum 30 years
Fixtures	10 to 15 years
Fittings, machinery equipment, furnishings and vehicles	3 to 20 years
Information processing equipment	3 to 5 years

Declining-balance depreciations are used with the exception of rented buildings and private cars in which case straight-line depreciation is chosen.

12. Treasury shares

For several years, the Extraordinary General Meeting of Shareholders has granted the authorisation to the Board of Directors of Etn. Fr. Colruyt NV to purchase treasury shares. These acquisitions of shares are done according to article 620 of the Companies Code as well as according to articles 205 to 207 of the Royal decree of 30 January 2001.

The Extraordinary General Meeting of Shareholders of 16 October 2009 has decided to renew the aforementioned authorisation of the Board of Directors for a period of 5 years.

The Board of Directors has already made use of the authorisation that was granted several times by entering into purchase agreements with financial institutions for the purpose of purchasing treasury shares of the company. The Board of Directors authorises the Chairman and the CFO of the company to decide within which execution terms and conditions the treasury shares can be purchased.

In accordance with article 622, paragraph 1 of the Companies Code the voting rights connected to treasury shares or no-par stock held by the company or its subsidiaries have been suspended.

Pursuant to article 207 of the Royal decree of 30 January 2001, as amended by royal decree of 26 April 2009, the information about the purchase transactions executed must be simultaneously published and communicated to the CBFA at the latest on the seventh stock

market day following the date of execution of the transaction. The purchase of treasury shares by the company is published by means of a press release.

At 31 March 2012 Etn. Franz Colruyt NV owned 12,355,249 treasury shares for a total value of 384,545,064.82 EUR.

During the current reporting period 2,593,913 treasury shares were purchase for a value of 79,464,277.48 EUR.

The average purchase value of treasury shares amounts to 31.124 EUR/share.

At 31 March 2012 the market value amounted to 30.140 EUR/share.

In the books of Etn. Franz Colruyt NV an impairment of 12,157,565.02 was recorded for this.

On 5/06/2012 Etn. Franz Colruyt NV owned 12,447,336 treasury shares.

Hence Etn. Fr. Colruyt EUR NV and its subsidiaries together own a total of 12,447,336 treasury shares. This is 7.39 % of the total number of shares issued (168,520,124).

Of these shares, 97,196 will be issued to employees who wish to receive their participation in 2011/2012 profits in the form of shares, on the resolatory condition of approval by the Annual General Meeting.

The ability to buy treasury shares makes it possible for the Board of Directors to take advantage of the opportunities they believe they recognise in the fluctuations of Colruyt shares on the stock market: it offers them the possibility to acquire treasury shares at a relatively low price.

In accordance with article 622, Par. 1 of the Companies Code, the Board of Directors decides that the dividends of the shares or share certificates held by the Etn. Fr. Colruyt NV will not be paid out for the period that these are held. The voting rights connected to these shares have also been suspended.

Purchasing treasury shares means that no dividend need be paid on those shares and thus more liquidity remains within the company. For the other shareholders this means added value for the shares in circulation.

13. No use is made of financial instruments.

14. A number of special assignments were entrusted to the auditor further to the capital increase reserved for the employees and the raising of the preferential right.

15. The declaration concerning "Sustainable Corporate Governance" as well as the "Audit committee" can be consulted in part IV 'Corporate Governance' of the annual report 2011/2012 of Colruyt Group (cf. annex II).

16. The remuneration report 2011/2012 is published in part IV 'Corporate Governance' of the annual report of Colruyt Group (cf. annex III).

17. The declaration on the internal audit and risk management is published in part IV 'Corporate Governance' of the annual report 2011/2012 of Colruyt Group (cf. annex I).

18. During the past reporting period, no transactions have taken place that can give cause for a conflict of interests in the sense of articles 523 and 524 of the Companies Code.

19. The Board of Directors proposes to reappoint Mr François Gillet (national number 60.02.06-407.08 mentioned with his explicit authorisation) as director for a period of four years as per reporting period 2012/2013 to be reappointed at the General Meeting in 2016.

20. The Board of Directors proposes to reappoint the company ANIMA NV, for which Mr Jef Colruyt acts as a permanent representative, as director of the company. This reappointment applies for a period of four years to be reappointed at the General Meeting in 2016.

21. The Board of Directors has not issued any securities falling within the authorised capital in the course of the reporting period.

22. We ask you to grant the directors discharge for the exercise of their mandate during the past reporting period.

23. We ask you to grant the auditor discharge for the exercise of his mandate during the past reporting period.

Halle, 22 June 2012

NV HERBECO
With as permanent representative
PIET COLRUYT
Director

JEF COLRUYT
Director

OVERVIEW APPENDIXES

- I. Declaration on the internal audit and risk management
- II. Declaration on "Sustainable Corporate governance", as well as the "Audit committee"
- III. The remuneration report

APPENDIX I : Risk management and internal audit

1.1. General

In conformity with the mission, Colruyt Group aims to conduct a policy of "corporate social responsibility". This policy translates into the concrete strategic and operational objectives of the group and of each division within the group. In the framework of normal management, the group is exposed to a large number of risks as a result of which the aforementioned objectives may be affected or may not be realised. Managing these risks is a core task of every member of the general management within each of their domains. To support the general management in taking charge of their responsibilities, the group has set up a set of risk management and control systems which aim at offering reasonable certainty in the following areas:

- realisation of the strategic and operational objectives;
- effectiveness and efficiency of the business processes;
- reliability of financial reporting;
- conformity with applicable legislation and regulations.

This part of the annual report will discuss the most important characteristics of these systems as well as the most relevant risks for the group.

For the set-up of these risk management and internal audit systems, the group drew inspiration from the COSO reference framework principles.

1.2. Components of the risk management and internal audit systems

1.2.1. Management environment

The group's management environment is the base-line for all other components of the risk management and internal audit systems and is mostly represented by the corporate culture. Its identifying characteristics are founded on a number of pillars including our group mission, values, staff and organisational structure which are all geared to each other (the group's "organisational model") and contribute, in the spirit of "expertise" and "entrepreneurship", to the conscious effort of dealing with risks and risk management when weighing possibilities and taking decisions. To that end, we also refer to part 2 of this annual report where the group's mission and values are stated in detail.

Concretely, the group's management environment includes the following elements:

- propagating and guarding the group values ("pool of values"), codes of conduct and policies;
- the style of leadership and the exemplary role of management;
- establishing delegation and responsibilities ("decision matrix");
- ensuring the expertise of our staff (function descriptions, selection process, competence management through evolution interviews and training plans).

Most of these pillars of the management environment are currently being further elaborated and strengthened in the framework of a programme of 12 group projects launched in 2009 ("Colruyt Group 2012" programme).

1.2.2. Risk management process

1.2.2.1. Background and objective

Colruyt Group has developed a number of coordinating processes in terms of structured and systematic risk management that are based on the principles of Enterprise Risk Management (ERM). This initiative goes by the project name "Coris" (**Colruyt Group Risk Management**) and its objectives are, first, to increase the risk awareness of all staff and, second, to chart and subsequently manage the risks we are exposed to. We want to encourage our staff to take controlled risks: entrepreneurship is after all founded on taking risks. To this end, all supervisors and staff concerned attend Coris training sessions. By the end of 2012, all activities of the group are to have been subjected to the Coris course as described below.

1.2.2.2. Process and methodology

The entire group is divided into roughly 25 domains. Each domain must go through the following process steps in a structured manner: risk identification, risk analysis, risk evaluation, risk response (setting up additional management measures if required), monitoring and corrective measures. This process is coordinated and facilitated by the Risk Management team which reports to the Management team and, through the Audit Committee, to the Board of Directors.

The most important risks related to the activities of the Colruyt Group are represented in a risk universe that is divided into five categories:

- **Strategic risks:** like market dynamics, planning and allocation of means, important initiatives, acquisitions and communication.
- **Operational risks:** these include marketing and sales, acquisitions, stocks and production, human resources and organisation, information technology, fixed assets and theft.
- **Financial risks:** this includes risks related to the financial markets (interest rates, currencies, raw materials), liquidity and credit, capital structure, accounting and financial reporting.
- **Legal risks:** personal interaction rules (ethics, fraud), legal risks, regulations.
- **Force majeure risks:** natural disasters, fire, acts of terrorism, power failures.

To assign a risk score to the identified risks consistently, scales were established for "probability" on the one hand and "impact" on the other hand. The scale related to impact is based on the amount of risk appetite established by the Board of Directors for the group. Using risk scores, a risk matrix is established for every group domain in which risks are typified as high, average or low. The high risks are attributed a risk response which involves a plan of action to reduce the risk score to within established tolerance parameters. The high and average risks are also monitored.

All risks are included in the risk register of the domain involved with indication of the risk tolerance and of the relevant KRIs (Key Risk Indicators). Furthermore, each risk is attributed to a risk owner who is responsible for setting up and implementing action plans (if required) and for monitoring and following up on his risks. Each domain has a risk coordinator assigned to it who administers and follows up on the risk register and who ensures that risk management is given the necessary attention within the domain.

The Coris programme has established that members of the Management team including risk management as a separate section in their periodic activities report.

1.2.2.3. Most significant risks of the Colruyt Group

The most significant risks of the group and the internal audit and management measures that apply to them are discussed in paragraph 1.2.3.2. below.

1.2.3. Measures relating to risk management and internal audit

1.2.3.1. General: process and systems approach

Risks are attributed a risk response using the management measures and internal audits that are built into processes and systems. For new processes and systems, this is carried out at the moment of design and development; as regards existing processes and systems, newly established risks are managed through the introduction of additional measures and internal audits (process and system optimisation). The Business Processes & Systems division supports the design and optimisation of processes and systems and therefore also the integration of management measures and controls therein, while the persons responsible for process are risk owners and therefore bear the final responsibility of ensuring their process is "under control".

1.2.3.2. Important risks and management measures of the Colruyt Group

1.2.3.2.1. Strategic risks

• Risks related to market dynamics

An important strategic risk of the group has to do with the evolution of consumer spending and cost inflation. Since Colruyt wants to guarantee consumers the lowest market prices, the actions of competitors can influence the group's profitability. This is why the group, where possible, attempts to question continuously its cost structure and to implement efficiency improvements.

• Risks related to expansion

The group pursues a growth strategy which, in addition to autonomous growth, also encompasses growth through take-overs. Consequently, the success of this growth also depends on the extent to which the group manages to conduct take-overs and integrate them successfully into its existing activities. In case of international acquisitions, the group is also exposed to economic, social and political risks connected to activities in those countries. The group attempts to mitigate the above-mentioned take-over risks as much as possible through a formalised take-over process, including thorough due diligence activities.

1.2.3.2.2. Operational risks

• **Supply chain risks**

The continuous supply of the group's distribution centres and shops is of crucial importance to realise our objectives. To reduce supply risks, the group strives for a transparent relationship with all its suppliers. Additionally, no single supplier has a dominant position that would endanger the supply. Finally, problems of scarcity or supply can be dealt with through the network of the Coopernic purchasing association. To avoid the supply risk as much as possible the group strives to establish long-term contracts with its suppliers. Also the non-availability or inaccessibility of distribution centres can have a significant impact on the continuity of our activities. As regards this risk, the group has put in place the required continuity programmes and contingency measures.

• **HR-related risks**

The group has trade union representatives in most of its activities in Belgium and France. A good and constructive social climate contributes to the growth and development of the company. Social actions within or outside of our organisation can have a negative influence on the continuity of the group's activities in the sense that supply, sales, production or supporting services can be temporarily disrupted. Colruyt group attempts to minimise this risk by handling a strategy of open and transparent communication with all staff as well as entering into a constructive dialogue, which includes listening, with all social partners.

• **IT risks**

The group depends significantly on its IT systems which comprise infrastructure, networks, operating systems, applications and databases. Although these systems are maintained by a group of experienced specialists, its failure, even for one day, may involve an immediate turnover loss for the group. The group attempts to secure the continuity of data processing by means of various mirror and backup systems, continuity planning and contingency back-up scenarios.

1.2.3.2.3. Financial risks

• **Financial reporting**

The risk management and internal audit systems relating to the process of financial reporting are described in detail in paragraph 1.3. below.

• **Currency, interest, credit and liquidity risks**

Considering the nature and the set-up of the activities, the group is exposed to these financial risks, with the exception of credit risk, to a limited extent only. These are described in greater detail in the Explanation with the consolidated annual accounts in the chapter "Risks related to financial instruments".

1.2.3.2.4. Legal risks

• **Risks related to product liability**

The production, packaging and sales of food products and other goods for resale may entail risks of product liability, returns and/or replacement obligations. Products may be soiled, contaminated or defective or may contain alien objects and, unintentionally, may still have been distributed by the group. Consequently, the group may be exposed to claims relating to product liability. Even if the claims with regard to product liability are not successful, as a result of the claims, the group may suffer from an impact on its reputation that such a claim for damages would entail. The group takes out insurance policies against risks of product liability and of recalls. The group is also actively involved in food safety and carries out extensive quality controls on products intended for sale and sets up programmes together with its suppliers to monitor the quality on a permanent basis. With regard to non-food articles, the group demands from its suppliers' adherence to the previously agreed return and/or replacement obligations.

• **Risks related to environmental liability**

In general, the group may always be held responsible for the restoration of accidental environmental damage, regardless of whether this environmental damage was caused by the group or by a previous owner or tenant. The group has taken out insurance policies for this kind of risk. With regard to its petrol station activities, the group adheres to the inspection obligations imposed by law and furthermore carries out additional inspections to detect any pollution in time. A decontamination plan is drawn up immediately upon detection of any pollution.

• **Regulatory risks**

The group is subject to the existing laws and regulations of each country in which it is active as well as the laws and regulations imposed by the EU. As a result of its listing on Euronext Brussels, the group is subject to Belgian and European corporate governance legislation applicable to companies listed on the stock exchange. The group strives to respect its legal obligations. Because of changing legislation or regulations, the group may be obligated to invest further in its administrative or other processes when the legal framework changes.

Changes in the regulations of a country or region where the group is active may influence the result of Colruyt Group. As far as possible, the group tries to offset changes pro-actively by adopting an innovative and progressive attitude. The best example of this is the environmental legislation where potentially harsher emission controls are anticipated by proactive investments in solar and wind energy and hybrid trucks. Furthermore, changes in tax laws, both positive and negative, may influence the group's realised profits.

To keep the regulation risks under control, the group has set up the required competence centres and compliance activities.

- **Risks concerning health and safety**

The risks regarding work-related accidents and obligations concerning the personnel are covered by means of insurance policies with external insurers. Furthermore, the group strives to avoid health and safety incidents as much as possible through extensive safety and prevention programmes.

1.2.3.2.5. Force majeure risks

- **Fire, natural disasters, acts of terrorism, malicious acts**

The group manages these insurable risks by a combination of external insurance and our own coverage. The group bases its decision both on its safety and prevention programmes and on the cost of external coverage. External insurance is used when available at a reasonable cost on the insurance market or when insurance policies are mandatory.

The group also uses its reinsurance company Locré, which is a wholly-owned subsidiary. The objective of this reinsurance company is to offer permanent flexibility in its risk programme and to optimise its cost according to the risks.

The group tries to avoid as much as possible damage to buildings and business interruption that result from fire, explosions or other dangers using programmes related to fire safety and prevention.

- **Black-outs and power failures**

The adverse effects of these risks are covered by damage insurance policies. Furthermore, the group has a number of continuity programmes and contingency back-up plans and means (like mobile electricity and cooling units) available if such an incident occurs.

1.2.4. Information and communication

To allow staff of the various hierarchical levels within the group to perform their tasks properly and to allow them to assume their responsibilities, the group has extensive and far-reaching information and communication streams. This ranges from transactional data, to support the completion of individual transactions, to operational and financial information with regard to the performance of processes and activities and such from department to group level. As a general principle, staff members receive the information they need to perform their duties, while supervisors receive data relating to elements on which they have an impact.

The principal streams in terms of steering information regard:

- financial scoreboard (management reporting): turnover, gross profit, labour costs, other direct and indirect costs and depreciations, EBIT and EBITDA;
- operational reporting: detailed reports with regard to turnover, gross profit, labour costs, shop contribution, shop productivity;
- cockpit reporting: realisation versus expectation of the most important financial and operational KPIs;
- project reporting for the purpose of project follow-up.

1.2.5. Monitoring

Monitoring relates to safeguarding the effective functioning of the risk management and internal audit measures and is based on three lines of defence.

The first line involves monitoring by the management itself based on supervision, analysis and follow-up of the information mentioned in the previous paragraph, following up on exception reports and monitoring in the context of the Coris course (KRIs). When required, actions for corrective measures are initiated. It is mostly those responsible for the process who carry out these monitoring activities.

The second line is comprised of the business team controllers who, based on the reporting of the financial and operational results and KPIs, as well as on the analysis of these, obtain the necessary insight in the performance of activities and processes and fulfil a signalling and advisory function with regard to the persons responsible for operations.

Finally, there is the third line of defence: the Board of Directors supervises the proper operation of the risk management and internal audit systems through the Audit Committee (see also part 5 paragraph B.1. of this annual report). To this end, the Audit Committee uses the information provided by external auditors. Furthermore, the Audit Committee interacts with the Risk Management team (internal audit) on a quarterly basis in which the activities of this team and its results are reported and the planning, if required, is adjusted by the Audit Committee.

Both the external audit and the risk management assess the set-up and operation of the internal audits incorporated in processes and systems from their respective point of view: for the external audit this concerns the certification of the annual group accounts, for risk management, greater emphasis is laid on the management of process risks and on the possible negative consequences of these.

1.3. Risk management and internal audit regarding the financial reporting process

Reporting financial figures late or incorrectly can have a great impact on the reputation of the Colruyt Group. To ensure the quality and the timeliness of the produced and reported financial figures, the group has introduced the following management measures and internal audits:

1.3.1. Closing process

While the accounts are balanced on a monthly basis, chiefly for the benefit of management reporting, the group's financial figures are consolidated quarterly based on a formalised closing process. This process provides the various process steps and a time line for each step, the figures to be delivered as well as other information, the roles and responsibilities of and the interaction between the various players in the process. The process is monitored and followed up by a closure coordinator who is not otherwise involved in the process. At the end of every closure, the process is evaluated and adjusted if required. During the semi-annual and annual closure, the process also provides coordination with external auditors at regular intervals. To support the closure process, a reporting manual was drawn up and introduced and an IFRS competence team was set up.

1.3.2. Quality control delivered figures

The closure process passes through several departments including accounting, corporate analysis, consolidation and corporate controlling, the last in connection with the supply of information to the Board of Directors. Every department carries out quality controls in segregation of duties, both on the figures obtained from the previous process step and on the figures they produced themselves. These quality controls mainly relate to reconciliation of, eg, the different general ledgers, or of, eg, accounts, matching financial reporting with management and operational reporting, variance analysis and validation rules (e.g. of consolidation streams and modes). At the end of the closing process, the consolidated figures are analysed in relation to preceding periods and the fluctuations must be accounted for. Furthermore, the financial results realised must be checked against the expectations. For financial figures to be published, the printer's proofs are compared to the financial figures provided. Finally, a final verification is carried out by the CFO.

1.3.3. Communication financial reporting

To communicate and inform as transparently as possible, Colruyt Group publishes financial press releases at previously agreed dates. Furthermore, the communication efforts of the management are expressed through road shows and regular telephone contact as well as physical visits of and to investors and analysts. Finally, more than 20 analysts publish reports with financial information about the Colruyt Group at regular intervals.

APPENDIX II: Declaration of corporate / sustainable governance

2.1. Corporate / sustainable governance declaration

2.1.1. Reference code

The Law of 6 April 2010 on the reinforcement of corporate governance in listed companies was published in the Belgian Official Gazette on 23 April 2010. Most of the newly introduced obligations apply as of this 2011/2012 financial year. For the most part, these relate to the establishment of a Remuneration Committee within the Board of Directors and the provisions on the remuneration of the Directors and senior management.

The Board of Directors has decided, as of publication of the law, to designate the Belgian Corporate Governance Code 2009 as the reference for corporate/sustainable governance within the Colruyt Group. In the meantime, this code was designated as the legally mandatory frame of reference by the Royal Decree of 6 June 2010. The code was published on 28 June 2010 in the Belgian Official Gazette together with the Royal Decree of 6 June 2010.

In conformity with the "comply-or-explain" principle, below we explain where the Colruyt Group has departed from the recommendations in the Code during this financial year:

At the moment, the Board of Directors has two executive and seven non-executive directors, two of whom are independent directors.

The Board of Directors believes that increasing the number of members must also involve enrichment in experience and competencies without jeopardising the efficiency of its operation.

The Board of Directors has set up an Audit Committee with one independent director and two non-executive directors. Based on the current composition of the Board as well as on the various competencies present, this composition is optimal for an efficient functioning of this committee.

The Remuneration Committee, comprising two independent directors and a non-executive director, was established after the General Meeting of 21 September 2011. The first remuneration report of the Remuneration Committee is published in this 2011/2012 annual report.

The Board of Directors has not established a Nomination Committee. The nominations therefore remain under the authority of the full Board of Directors. The candidate directors are nominated by the full Board of Directors and presented to the General Meeting.

Appointments of managers are established by proposal of the Chairman of the Management team and approved by the full Board of Directors.

In keeping with the long-held tradition at Colruyt Group, Jef Colruyt is at the same time Chairman of the Board of Directors and Chairman of the Management team and of the Future Board. This deviation of the recommendations of the Belgian Corporate Governance Code for listed companies is justified considering the history of the Colruyt Group and the wish of the reference shareholders to entrust one of them with the leadership of the Management team.

2.1.2. Charter

2.1.2.1. General Meeting

The annual General Meeting of Shareholders takes place on the last Wednesday of the month of September at 4 p.m. at the head office. If that day is a holiday, the meeting will be held on the next business day.

The Board of Directors and the Auditor can call the General Meeting and determine the agenda.

The General Meeting must also be called within one month of a shareholder request representing at least 1/5 of the authorised capital.

All General Meetings are convened in accordance with the law. One or more shareholders who jointly hold at least 3% of the authorised capital and who satisfy the legal formalities to participate in the meeting can have items placed on the agenda and submit proposals for resolutions. The formalities to register agenda items and proposals must comply with the legal provisions and must be made known to the company no later than the 22nd day before the meeting.

Every share is entitled to one vote. To be admitted to the meeting, every shareholder, before the opening of the session, first must provide proof of his capacity of shareholder by having his shares registered no later than the date of registration and second must make his wish to participate in the meeting known to the company in writing no later than the sixth day before the date of the meeting.

Holders of bearer shares must convert these bearer shares to registered shares or, if they prefer, dematerialised shares prior to the meeting.

The registered shares are recorded in the register of shareholders at the company and the dematerialised shares must be registered in an account of a recognised account holder or clearing institution in conformity with Article 474 of the Belgian Companies Code.

Shareholders vote in person or by proxy. The proxy holder must be appointed pursuant to Article 20 of the Articles of Association. Every proxy holder must meet the conditions to be allowed to attend the meeting.

Shareholders who meet the legal formalities to be allowed to attend the meeting as stipulated by Article 20 of the Articles of Association can submit their questions to the company's head office or electronically from the moment the call is published and no later than the 6th day before the meeting. This right to submit questions is provided by Article 20bis of the Articles of Association.

The General Meeting cannot consider items that are not on the agenda.

2.1.2.2. Board of Directors

Composition

The composition of the Board of Directors is the result of the structure of share ownership in the company in which the family shareholders with the support of Sofina N.V. are reference shareholders. The family shareholders ensure, as they have in the past, the stability and continuity of the company and thus look after the interests of all shareholders. They elect to propose a limited number of representatives with diverse backgrounds, broad experience and thorough knowledge of the company as directors. The directors make up a small team with the necessary flexibility and efficiency to adapt to any contingencies and opportunities on the market.

There are no statutory rules for the appointment of the directors and the extension of their mandate. The Board of Directors has decided to nominate candidates for renewable terms of no longer than four years.

It is the exclusive right of the General Meeting of Shareholders to appoint (and if necessary to dismiss) the directors.

At this time, the Board of Directors has two executive directors and seven non-executive directors, two of which are independent directors.

The Board of Directors believes that increasing the number of members must involve enrichment in experience and competencies without jeopardising the efficiency of its operation.

In keeping with the long-held tradition at the Colruyt Group, Jef Colruyt is at the same time Chairman of the Board of Directors and Chairman of the Management team and of the Future Board. This deviation of the recommendations of the Belgian Corporate Governance Code for listed companies is justified considering the history of the Colruyt Group and the wish of the reference shareholders to entrust one of them with the leadership of the Management team.

Working of the Board of Directors

The Board of Directors meets every quarter according to a previously determined schedule. The meetings are held in the second half of the months of September, November, March and June.

When necessary, interim meetings are scheduled to discuss specific subjects or to take decisions within a limited time frame.

The Board of Directors can only take valid decisions if at least half of the members of the Board are present or represented. All decisions by the Board of Directors are taken by absolute majority of votes. In case of a tie, the Chairman casts the deciding vote.

During the quarterly meetings of the Board of Directors, thoughts are exchanged and decisions are taken about the general strategic, cultural, economic, commercial, financial and fiscal matters of the companies that belong to the group. This is carried out based on a file that, in addition to the consolidated information about Colruyt group, contains extensive information about each of the sectors within the group and the various companies of the group.

Fixed agenda items include financial results, financial prospects, investment prospects and activities report per sector within the Colruyt Group.

The directors receive their files at least five days before the meeting.

Committees within the Board of Directors

The Board of Directors has set up an Audit Committee with one independent director and two non-executive directors. This committee collaborates with the group's Management team and the Auditor.

The Audit Committee has drawn up internal regulations. These regulations are published on our website: www.colruytgroup.com, financiële info.

The members of the Audit Committee do not receive any special remuneration as members of this committee.

The Board of Directors has also established a Remuneration Committee with two independent directors and one non-executive director.

The Remuneration Committee carries out tasks, described in Article 526quater para. 5 of the Belgian Companies Code, concerning the remuneration policy (in the broadest sense) of the Directors and the members of the Management team. The Remuneration Committee will also prepare an annual remuneration report for the Board of Directors. After approval by the full Board, this remuneration report will be included in the declaration of corporate governance. The explanation of the remuneration report before the General Meeting of Shareholders, as well as its communication to the Works Council, is amongst the competences of the Remuneration Committee.

Considering the limited number of members within the Board of Directors, there is no Appointment Committee at this time.

Remuneration

There is no protocol regarding the performance of the director's function. It is not common policy to allow directors credits or advances. The directors do not receive bonuses or share-related incentive programmes, nor do they receive any advantages in kind or advantages related to a pension plan.

In their capacity as director, the executive directors receive the same remuneration elements and advantages as the Colruyt Group's executive management.

The remuneration of Directors (individual) and of members of the Management team (collective) are published in the remuneration report that is included under point 2.2.4.

2.1.2.3. Day-to-day management

Under the chairmanship of Jef Colruyt, the Management team of the Colruyt Group is composed of the general managers of the various sectors of the group in addition to the Chief Financial Officer, the Chief Executive Officer, the Human Resources Manager, the Technology and Real Estate Manager and the Business Processes and Systems Manager.

The Colruyt Group Management team determines the global strategy and the policy options at the group level and ensures the coordination between the various sectors of the group.

Future Board and Strategy meetings are held for each sub-activity on specific themes like 'corporate responsibility', 'communication', 'marketing', 'human resources', and so on.

The General Future Board is composed of all the Directors of the Colruyt Group. As a consultation and connection platform, it focuses primarily on the development of a long-term vision of the group and discusses the common vision and objectives of the group.

These meetings are scheduled at set dates, every four and eight weeks respectively, and are chaired by Jef Colruyt, Chairman of the Board of Directors.

Furthermore, there are bi-weekly/monthly executive meetings chaired by the general management with the managers of the various sectors. This is where the established policy options take shape.

The day-to-day management of the company is divided between the General Managers and the managers of the group services (Finances, Human Resources and Organisation, Business Processes and Systems and Technology and Real Estate).

Every manager listed under the title Future Board has a separate obligation within their individual departments to ensure compliance with all legal, regulatory, organic and conventional provisions and bear the responsibility in case of breach thereof. With the exception of Jef Colruyt, the members of the Colruyt Group Management team are bound to their employer by a labour contract.

2.1.2.4. Appropriation of profit or treatment of loss – dividend policy

The General Meeting can, on the proposal of the Board of Directors, decide to allocate fully or partially the distributable profit to a free reserve or to carry them over to the following financial year.

The Board of Directors aims to increase the annual dividend per share at least in proportion to the increase in group profits. Although this is not fixed rule, at least one-third of the group's economic profit is paid out annually in the form of dividends and bonuses.

Pursuant to the provisions of the company's Articles of Association, at least 90% of the distributable profit (excluding employee profit sharing) is reserved for the shareholders and no more than 10% is reserved for the Directors.

2.1.2.5. Shareholders/Shares

Transparency Notification

Any shareholder who holds at least 5% of the voting rights must comply with the Law of 2 May 2007 on the disclosure of significant participation, the Royal Decree of 14 February 2008 and the Belgian Companies Code.

The statutory thresholds per 5% bracket apply. Those persons concerned must send a notification to the Financial Services and Markets Authority (FSMA) and to the company.

The most recent transparency notification is published in the company's annual report and on the website at www.colruytgroup.com, financiële info.

The most recent transparency notification shows that there is a reference shareholder group in the share ownership structure. The Colruyt family and the Sofina Group are shareholders who act by mutual agreement.

These shareholders have also reported that they held more than 30% of the issued shares with voting rights, pursuant to the Law of 1 April 2007 on public offers.

Inside information – Measures to prevent market abuse and the use of inside information

The Etablissements Franz Colruyt NV have drawn up trading regulations that include measures to prevent market abuse and the use of inside information.

As regards transactions for their own account in shares of the company or in derivatives or other financial instruments connected to these by managers or other persons holding managerial responsibility, the Board of Directors of the Etablissements Franz Colruyt has drawn up a series of rules governing the execution of such transactions and their publication (hereafter called the Trading Regulations).

The Trading Regulations apply to the members of the Board of Directors, the Management team and all key employees of Etablissements Franz Colruyt and its subsidiaries, who, because of their position or employment with the Colruyt Group, regularly or incidentally, due to their involvement in an operation to which price-sensitive information is connected, have access to inside information (hereafter called Insiders).

Insiders of the Etablissements Franz Colruyt NV and its subsidiaries are absolutely forbidden from engaging in insider trading or sharing this inside information with others.

The Etablissements Franz Colruyt NV have appointed a supervisor who is responsible for supervising compliance with these trading regulations. Unless otherwise provided, the supervisor is the Secretary of the Board of Directors. His task includes drawing up and updating a list of insiders, as well as determining the closed and restricted periods, checking the transactions, granting clearance, etc.

The Etablissements Franz Colruyt NV trading regulations include provisions for a number of periods during which transactions in financial instruments are prohibited.

The periods during which no trading of shares may take place are determined by the CFO. In addition, at any other time that is considered sensitive and when people have knowledge of sensitive information that has not yet been made public, the supervisor may announce additional restricted periods.

Insiders are regularly informed of the existence of closed and restricted periods and the obligations imposed by statute and administrative law related to the abuse or the illegal publication of this confidential information.

Outside the restricted periods, the key employees must inform the supervisor before concluding a transaction in financial instruments of the company. In addition, the trading regulations also stipulate that the supervisor must be informed before members of the Board of Directors and the Management team buy or sell financial instruments directly or indirectly. Once the transaction has been concluded, the Directors and the members of the Management team are also obligated to advise the supervisor of this in writing.

All persons with managerial responsibilities within Etablissements Franz Colruyt NV and/or its subsidiaries and, if necessary, anyone who is closely connected to these persons, shall inform the Financial Services and Markets Authority (FSMA) of transactions executed in their names (or for their account) in shares, derivatives or other related financial instruments of the company.

Finally, Franz Colruyt NV, pursuant with the Law of 2 August 2001 and the Royal Decree of 5 March 2006, maintains lists of employees or persons who work for the company and/or its subsidiaries by virtue of e.g. an employment agreement and who in one way or another regularly or occasionally, by virtue of their involvement with an operation to which price-sensitive information is connected, have access to inside information.

Every person whose name appears on the list(s) will be informed of such and is requested to read and sign the trading regulations. In doing so, they acknowledge that they are aware of their status as insider and that they are aware of the obligations imposed on them by statute and administrative law connected to this inside information.

2.1.2.6. Information for the shareholders

All useful information for the shareholders is published on our website at www.colruytgroup.com, financiële info. All interested parties may register with the company to receive automatic notifications each time the website is modified or any time new financial information is published on the website.

2.2. Events during the financial year

2.2.1. Audit Committee

The Audit Committee has drafted an internal code that is published on our website at www.colruytgroup.com.

François Gillet and Piet Colruyt (NV Herbeco), Non-Executive Directors, and Willy Delvaux (BVBA Delvaux Transfer), Independent Director, form the Audit Committee. Under the chairmanship of François Gillet, the committee held meetings on 17 June 2011, 16 September 2011, 22 November 2011 and 19 March 2012. During each meeting, the financial figures in the working document for the meeting of the Board of Directors were examined in detail and explained by the CFO. In addition, the auditors presented their audit of the semi-annual and annual results at each meeting. Finally, a quarterly report for each meeting was also drafted for the committee by the Colruyt Group's Risk Management team (internal audit).

The recommendations and the findings of the Audit Committee are standard items on the agenda for the Board of Directors' meeting.

All members of the Audit Committee were present at the each meeting.

This year, the Audit Committee also carried out an evaluation of its operation and of its most significant activities.

2.2.2. Remuneration Committee

The Remuneration Committee was set up following the General Meeting of 21 September 2011. Astrid De Lathauwer (BVBA Unitel) and Willy Delvaux (BVBA Delvaux Transfer), independent directors, and Wim Colruyt, non-executive director, make up the Remuneration Committee.

The Remuneration Committee drafted an internal code which has been published on our website at www.colruytgroup.com.

Under the chairmanship of Astrid De Lathauwer (BVBA Unitel), the Remuneration Committee held meetings on 9 January 2012, 15 February 2012 and 19 March 2012. The main objective of these meetings was to describe and formalise the group's remuneration policy at the proposal of the Chairman of the Board of Directors of the Colruyt Group.

The Committee also made proposals for remunerating the members of the Board of Directors. The result of these activities is the remuneration report published in its entirety under item 2.2.4.

This report was finalised during the Remuneration Committee meeting of 5 June 2012.

The "Compensation and benefits" team of the Human Resources and Organisation department provided its support at each of the meetings.

All members of the Remuneration Committee were present at each meeting.

2.2.3. Meetings of the Board of Directors

At the proposal of the Board of Directors, Astrid De Lathauwer (BVBA Unitel) was appointed as independent director by the General Meeting of 21 September 2011.

During this financial year, the Board of Directors held four ordinary General Meetings, namely, in June 2011, September 2011, November 2011 and March 2012. The first three meetings each lasted a full day and the principal points were the discussion and development of the services provided by the various labels and the group's trading activities. The March 2012 meeting was held in Rochefort-sur-Nenon (Dole, France) and lasted two days. The Directors were given an overview of the activities in France and met the local management. At the same time, the Directors visited several Colruyt shops.

The June and November meetings were preceded by a half day of information on the semi-annual and annual results presented by the Chief Financial Officer.

In the summer of 2011, the Chairman also organised a day to perform a thorough evaluation of the Board, the Directors and their interactions with the shareholders, the Management team, the Committees and the Auditor. After the preparatory individual consultations, this process began on 1 June 2012 and will run until the end of the 2012/2013 financial year. During this process, the Directors will evaluate the way in which they work together within the Board itself, as well as their interactions with the Audit Committee and the Remuneration Committee on the one hand and with the Management team on the other. The operation of the Board in light of the mission and the corporate values of the group will also be important items on the agenda.

All Directors were present at each of the meetings.

During the 2011/2012 financial year, no transactions occurred that could give rise to a conflict of interest within the meaning of Sections 523 and 524 of the Belgian Companies Code. This applies to both Etablissements Franz Colruyt NV and its subsidiaries.

APPENDIX III: Remuneration report for the 2011-2012 financial year

The Remuneration Committee makes recommendations regarding the remuneration of Directors, including the Chairman of the Board of Directors. These recommendations are subject to the approval of the full Board of Directors and then by the General Meeting.

The Remuneration Committee compares the remuneration of the Directors with that of the directors in other companies, so as to arrive at a proper remuneration for the Directors.

The general management of Colruyt Group has proposed that the current remuneration policy of the group be established. The proposal is explained for and reserved with the Remuneration Committee, and approved by the Board of Directors.

The Remuneration Committee submits for approval by the Board of Directors recommendations regarding the remuneration of the Chairman of the Management team and, on recommendation by the Chairman of the Management team, regarding the other members of the Management team information on the general principles of the remuneration policy.

Directors

The Remuneration Committee has opted to make payments of emoluments for the director's term of office, independent of the number of meetings of the Board of Directors or one of its committees. In addition, a proposal will be made to the General Meeting to pay out a part of the profits in the form of a share in profits to the Board of Directors.

Management team

A basic principle in the remuneration of members of the Management team is the managing of a reasonable basic wage in line with the practice of a relevant basket of companies, and a variable wage depending on company and individual results. This remuneration is supplemented with market-based group insurance, disability and hospitalisation insurance. The companies for which the remuneration practice is consulted include both large Belgian companies and foreign companies with fundamental activities in Belgium and are of the kind and scale sufficiently comparable with the Colruyt Group.

Another basic principle in the remuneration of the members of the Management team, which today are all based in Belgium (1), is the managing of a number of principles that apply to all employees of the group in Belgium. In this way, they all receive a participation in the profits as determined in the Law of 22 May 2001 in the participation of the profits and the capital of the company, as well as a bonus linked to the non-recurrent results as provided in the Law of 21 December 2007.

Finally, the remuneration of the members of the Management team is made up so that the group succeeds in guaranteeing the recruitment and retention of members of management.

(1) One member of management has "split pay" in accordance with the distribution of his responsibilities and activities in Belgium and France.

Information on the composition of the remuneration of the members of the Board of Directors and the Management team

Board of Directors

All directors of the group receive emoluments as salary for their terms of office.

Management team

For the Chairman of the Management team, the on-target variable wage equals the basic wage. For the other members of the Management team the variable wage is 50% to 75% of the basic wage. The variable wage is equal to a maximum of 1.75 times the on-target variable wage.

The variable wage of members of the Management team does not include share-based remuneration. In this way, the Board of Directors seeks to avoid motivation to engage in speculative behaviour.

Insofar as the variable wage of the members of the Management team comprises participation in profit that is awarded them based on the profit sharing plan that applies in the relevant financial year, it will be paid in cash or in shares, without discount, at the option of the member of management.

The remuneration policy for the next two financial years will be adapted for the Chairman of the Management team with the evolution of the financial targets on the one hand and the adjustment of individual qualitative and quantitative performance criteria on the other.

In other words, there are no substantial adjustments expected to the remuneration policy in comparison with the reported financial year.

There are no arrangements regarding a right to recovery, in favour of the company, of variable remuneration that is allocated based on incorrect financial information.

In 2011/2012, the members of the Board of Directors were given the following remuneration:

	Emoluments received in 2011/2012 (1)	Bonuses 2011/2012 financial year
Anima (2)	348,655 EUR	972,423 EUR
Herbeco	87,164 EUR	818,884 EUR
Farik	87,164 EUR	818,884 EUR
François Gillet (3)	87,164 EUR	818,884 EUR
Jef Colruyt	87,164 EUR	
Frans Colruyt	87,164 EUR	
Wim Colruyt	87,164 EUR	
Willy Delvaux (BVBA Delvaux Transfer), independent director	87,164 EUR	
Astrid De Lathauwer (BVBA Unitel), independent director	65,373 EUR	

(1) Gross amounts on an annual basis

(2) Jef Colruyt's emoluments as Chairman of the Board of Directors will be paid to Anima NV

(3) The remuneration of François Gillet will be paid to Rebelco S.A., a subsidiary of the Groep Sofina, his employer.

(4) The remuneration of Ms De Lathauwer (BVBA Unitel) was prorated in accordance with the time that she was Director with the group during the financial year.

A proposal will be submitted to the General Meeting of the shareholders of 26 September 2012 to allocate EUR 3,429,075 by way of bonus to the Directors who are responsible for the reference shareholders of the group, with the exception of Executive Directors and Directors who have a working relationship with the company. Because these bonuses are not connected to the individual performances of the Directors, they do not represent variable remuneration. These bonuses represent 1% of the net profit for the 2011-2012 financial year and are awarded to guarantee stability in the management of the company.

According to statutory provisions, at least 90% of the distributable profits are intended for the shareholders and at most 10% for the Directors.

Information regarding the performance-related remuneration of the members of the Management team

Seventy percent of the variable wage of the Chairman of the Management team and the other members of the Management team will be determined by collective criteria based on the Colruyt Group's company profits. Thirty percent of the variable wage is determined by individual criteria, including in particular qualitative criteria like working atmosphere, staff turnover, team building, service of staff, prevention policy regarding accidents at work, and so on. All criteria are determined in light of the mission and the value of the group. The Chairman has available an additional envelope of 10% of the variable wage which can be for exceptional performance of one or more managers.

The variable wage that results from the realisation of the collective performance criteria can be allocated to a maximum of only 50% if the member of the Board has accomplished only half of the performance criteria on individual basis.

If the group EBIT falls below a certain threshold, then no more variable wage will be allocated.

The Chairman of the Management team and the members of the Management team will be evaluated on an annual basis, during the first quarter following the end of the financial year. This evaluation relates to the last financial year and to the evolution of the individual competence and performance targets over the previous three years.

Information related to the remuneration of the Chairman of the Management team and the members of the Management team

The remuneration that was directly or indirectly paid to the Chairman of the Management team, included in the 2011-2012 financial year:

Basic salary	448,682 EUR
Variable remuneration in cash	618,284 EUR
Amounts paid for group insurance	63,720 EUR
Additional components	9,900 EUR

The Extraordinary General Meeting of 13 October 2011 decided to use the authorisation of the arrangement provided under Article 520ter of the Belgian Companies' Code and to relinquish explicitly the application of the arrangement regarding the final acquisition of shares and share options as well as to relinquish the arrangement regarding the distribution in time of the payment of the variable remuneration to all persons who fall within the field of application of these provisions. The company will therefore not be connected to the limitations as provided under Article 520ter of the Belgian Companies Code.

The remuneration, which was paid directly or indirectly to the members of the Management team, includes globally in the 2011-2012 financial year:

Basic salary	1,802,440
	EUR
Variable remuneration in cash	1,646,122
	EUR
Amounts paid for pension	308,739 EUR
Other components	30,840 EUR

These figures show gross amounts on an annual basis. Johan Geeroms's severance pay is not included in the above. Social security contributions are paid on the gross wages. The Directors can opt to receive their participation in profits in the form of shares pursuant to the Law of 22 May 2001. In total, they therefore acquire 503 shares. The value of these shares is included in the above calculation.

The Board of Directors has opted not to allocate any share-based remuneration, except for shares that the members of the Management team can acquire under the Profit Sharing Plan. These shares are blocked for a period of 2 years.

No substantial adjustments were made as regards the remuneration of the Chairman of the Management team and the other members of the Management team in comparison with the past financial year.

Information on severance pay

The members of the Management team have no individual contractual agreements with Colruyt Group insofar as this relates to their severance pay.

Johan Geeroms, member of the Management team, left the company during the 2011-2012 financial year. At the proposal of the Chairman of the Management team and with the approval of the Remuneration Committee and the plenary Board of Directors, Johan Geeroms received severance pay equal to 18 months of basic and variable wage as appreciation for his many years of service to the company, his strategic contribution and the value he added to the group.