



TRANSLATED  
ANNUAL REPORT

2019

**JUMBO**  La PLACE

Jumbo Groep Holding B.V. Prive en open Coöperatie

 pwc

For identification purposes only















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# Foreword

We look back on Jumbo's 2019 financial year, the year on which this report focuses, with satisfaction and pride. We would not have been able to achieve these results without the dedication of all our employees and entrepreneurs. We offer them our sincere thanks for their amazing contribution over the past year.

We continued to shift our emphasis from food retail to food experience in 2019. After all, Jumbo wants to be more than just a supplier of products. We want to inspire our millions of customers with delicious and healthy choices. Every day we rediscover the fact that customers appreciate this. This also lets us successfully continue to distinguish ourselves in a market that is constantly in flux. We take our responsibility towards people, animals and the environment seriously in this respect. We are able and willing to provide added value in these areas. This report explains in detail how we are working to do this.

## 2019 increase in revenue

In 2019, the Jumbo formula was able to realise an increase in revenue of more than €1 billion. Jumbo's consumer revenue totalled €8.432 billion, 14% more than the year prior. This increase in revenue was partly due to organic growth in the existing Jumbo stores and partly to the gradual addition to the Jumbo portfolio of the EMTÉ and Agrimarkt stores acquired. At 6.5%, the organic revenue growth was once again significantly higher than the average growth in the market, which was 4% (source: Nielsen). This caused Jumbo's market share in the Netherlands to increase to over 21% during the last months of last year. The total consumer revenue of the Jumbo Group Holding came to €8.682 billion during the last financial year. €165 million of this related to restaurant chain La Place, which realised revenue growth of 10%, and €85 million related to the EMTÉ stores that had not yet been converted in the first half of the year.

## Delicious and healthy

At the beginning of 2019, we opened the Jumbo Food College *powered by La Place*. This knowledge and training centre run jointly by Jumbo and La Place performs a pivotal function in the changeover from food retail to food experience. More than 400 new recipes have been developed in the first year alone. 'Tasty and healthy' are always the key words which we use to deliberately tie in with growing consumer awareness in relation to food quality and health. We see it as our responsibility to inspire customers and encourage them to use healthier alternatives. We stimulate a healthy lifestyle in other ways as well, with the digital Jumbo Food Coach, for instance. This application provides athletes with personalised help in making well-informed, responsible and delicious nutritional choices. We will be using the experience we amass with this for broader customer groups in the near future. For the rest, we continue to respect the consumer's choice in all cases, even if it is not entirely in line with the principles of a healthy and responsible diet.

## Store network

We meet our customers in more and more locations: in our supermarkets, food markets and online for all their shopping, as well as in our Jumbo City urban stores, where customers can make quick purchases for home or to enjoy en route. A growing number of our locations offer freshly prepared ready meals for takeaway. We are trialling home and work delivery of this range on a small scale. We want to be where the customer is and are therefore looking carefully at how and where we can expand our portfolio of stores. Good locations are scarce, and the rapidly changing wishes and needs of consumers mean we are regularly required to adjust the course of our location policy or adapt stores. There is no question that we want to reinforce our position in the large cities. Our cooperation with HEMA and the purchase of several city locations of Udea will be useful in that regard. Our welcome on the Belgian market at the end of 2019 was heart-warming. Revenue in the first three Jumbo stores in our southern neighbour was well above expectations. This makes us very optimistic about further expansion in 2020 and beyond.

## Online

Our omnichannel strategy continues to pick up. This enables us to serve not only the growing number of consumers who opt for the convenience of online shopping. More and more businesses are also having us deliver their daily shopping to the workplace. We now realise over 4% of our revenue from online. The operation is not yet profitable, however, and further investments are still necessary. We notice that our broad presence as a brand and as provider, with both brick-and-mortar stores and online, results in higher customer loyalty. We also see new customer groups that we are 'meeting' for the first time online and who, as a result of that, end up visiting our stores as well.

## Digital customer relationship

The growing availability of digital data enables us to strengthen the relationship with the customer and improve our revenue model. Sharing data on consumer patterns and purchasing behaviour with suppliers and other interested parties can culminate in a more optimal and personal product range for our customers. Naturally we fully respect the tightened legislation and regulations in relation to data privacy. This also applies for the Jumbo Extras digital customer programme that we introduced on a small scale in 2019 and which we will be offering more broadly this year. With Jumbo Extras, we want to add value to the daily shopping; it also enables us to further personalise our range and deliver customised service.

## Logistics

A great deal of effort was put into completing the mechanised National Distribution Centre (NDC) in Nieuwegein in 2019. With this NDC, Jumbo is anticipating its growth ambitions, customer needs and market developments. 'Nieuwegein' has already received the highest BREEAM certification to date. To be eligible for this sustainability quality mark, among other things environmentally-friendly and energy-saving building materials and lighting were selected, as well as solar panels.

### **Customer focus and cost control**

We are well aware that our ongoing rapid growth, including all the investments that this entails, can result in greater complexity, organisational bureaucracy and higher operating costs. We want to prevent that by constantly working to increase efficiency and keeping expenditure in check. It is very important to us that we can continue to live up to our lowest-price guarantee to the customer. We likewise want our organisation to remain customer-oriented, decisive and enterprising. We are working on that under the project name 'Licence to grow'. An updated executive structure due to be introduced at the start of 2020 will also ensure that we can continue to grow healthily as a company with a passion for the customer and a sharp eye for cost consciousness. The changes ensure a clearer delineation between strategy and policy, on the one hand, and operations, on the other. In order to achieve this, the new position of Chief Operating Officer (COO) was created for day-to-day management within the Management Board. Cees van Vliet was appointed to this position as of 6 January. With his years of operational experience in the retail sector, he is the right person to translate Jumbo's strategic course into day-to-day practice.

### **Society**

Jumbo finds itself very much in the midst of society. From this position, we want to shoulder our responsibility in numerous areas. We prefer to do that in close cooperation with interest groups and other stakeholder groups. There are sometimes conflicts of interest at play. In those cases, we try to balance the needs of people, animals and the environment as much as possible. With regard to sustainability of our product range, we apply the principle of 'feasible for the farmer, affordable for the customer', for instance. This does not always make all interested parties happy from the start, but by keeping the dialogue open we remain alert to what is going on in society.

### **Further growth**

In 2020, too, we will continue to work on our mission: making shopping even more enjoyable. With our retail formulas and La Place restaurant chain, we continue to ensure that delicious and healthy food is easily within everyone's reach. We are counting on further growth, among other ways through expansion of our portfolio of stores in urban areas and new store openings in Belgium. The opening of our mechanised National Distribution Centre in Nieuwegein this year contributes to the faster and more efficient supply of food products to our regional distribution centres and stores. We are convinced that we can find a good balance between realising our growth ambitions and keeping operating costs in check. It is a condition for all investments that we make that these must be necessary and be directly in service of the customer.

We expect to be able to maintain the growth trend of the past several years in 2020, for example. We expect this to be the case for the following year as well, in which our family business will celebrate its hundredth anniversary and in which we hope to achieve consumer revenue of €10 billion. Amazing opportunities and possibilities await us.

Veghel, 18 February 2020

Management Board  
Jumbo Groep Holding B.V.

Frits van Eerd  
Colette Cloosterman-van Eerd  
Ton van Veen





PricewaterhouseCoopers  
Accountants N.V.  
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# Key data

in € million	2019 (after IFRS16)	2019 (before IFRS16)	2018	2017	2016	2015
Consumer revenue Jumbo	8,432	8,432	7,405	7,010	6,679	6,250
Consumer revenue EMTÉ	85	85	262	-	-	-
Consumer revenue C1000	-	-	-	-	-	396
Consumer revenue La Place	165	165	150	124	84	-
<b>Consumer revenue Jumbo Groep Holding (total)</b>	<b>8,682</b>	<b>8,682</b>	<b>7,817</b>	<b>7,134</b>	<b>6,763</b>	<b>6,646</b>
<b>Financial statements revenue</b>	<b>6,874</b>	<b>6,874</b>	<b>6,331</b>	<b>5,734</b>	<b>5,443</b>	<b>5,320</b>
<b>Result</b>						
Normalised operating result before depreciation and amortisation (EBITDA)	637	400	376	354	315	275
Reported operating result before depreciation and amortisation (EBITDA)	608	371	345	350	312	245
Operating result (EBIT)	188	182	181	204	178	123
Result before taxes (EBT)	148	173	169	189	143	89
Result after taxes	115	133	160	156	109	76
Result after taxes (normalised for corporation tax rate changes)	121	140	127	156	109	76
Normalised EBITDA as % of the financial statements revenue	9.3%	5.8%	5.9%	6.2%	5.8%	5.2%
EBIT as % of the financial statements revenue	2.7%	2.6%	2.9%	3.6%	3.3%	2.3%
Result after taxes (normalised) as % of the financial statements revenue	1.8%	2.0%	2.0%	2.7%	2.0%	1.4%
<b>Equity</b>						
Equity	601	619	555	440	319	230
Net debt	2,916	346	309	170	323	472
Net debt/normalised EBITDA (leverage ratio)	4.57	0.86	0.82	0.48	1.03	1.72
<b>Employees</b>						
Number of employees Jumbo	41,707	41,707	37,806	33,024	32,814	31,766
Number of employees EMTÉ	-	-	2,863	-	-	-
Number of employees La Place	2,804	2,804	2,992	2,688	1,805	-
Number of employees Jumbo Groep Holding (total)	44,511	44,511	43,661	35,712	34,619	31,766
<b>Locations</b>						
Number of Jumbo stores	672	672	618	585	580	580
Number of EMTÉ stores	-	-	56	-	-	-
Number of La Place restaurants	105	105	101	92	59	-



# Explanation of key data

## Consumer revenue

Consumer revenue is the revenue (including VAT) realised through sales via the company's own stores, its own La Place restaurants, the affiliated franchisees and the EMTÉ stores belonging to Jumbo. The Jumbo revenue grew by €1.027 billion in 2019, to €8.432 billion, representing an increase of 14%. Of this, 6.5% was due to the strong organic growth in existing Jumbo stores, which was well above the average market growth of 4.0%, and the rest to the conversion of the remaining 56 Jumbo-owned EMTÉ stores into Jumbo stores during 2019. With this, Jumbo realised a market share of over 21% with 672 Jumbo stores. The revenue from the not yet converted Jumbo-owned EMTÉ stores was €85 million during 2019. The revenue from La Place grew by €15 million in 2019, to €165 million, representing a growth of 10%, with 105 restaurants. With these results, Jumbo is again laying a solid foundation for further growth.

## Financial statements revenue

The financial statements revenue is the revenue (excluding VAT) realised by Jumbo, by EMTÉ stores belonging to Jumbo and by La Place. This concerns the total revenue realised through sales via the company's own stores and restaurants and via the distribution centres to third parties (mainly franchisees). In 2019, the financial statements revenue grew by €543 million compared to the 2018 financial year, representing growth of 9%.

## Result

### Implementation of IFRS16

With effect from the 2019 financial year, application of the new IFRS16 on leases is mandatory. This standard has a very large impact on Jumbo's balance sheet total and income statement.

Because of IFRS16, leases need to be reported differently in the financial statements, which means the right-of-use assets and lease liabilities are included on the balance sheet. The rental costs must consequently be deducted from the lease liabilities from 2019 onwards and no longer reported as rental charges in the income statement. This has an extremely large positive impact of €237 million on the EBITDA. The capitalised right-of-use assets are depreciated over the economic life of the underlying asset. These depreciation costs of €231 million are, depending on their nature, reported under cost of sales, selling costs and general management expenses. The lease liabilities are also discounted and that results in a financing charge of €31 million, which is reported under financial income and expenses.

### Normalised and reported EBITDA

The normalised operating result before depreciation is the EBITDA corrected for one-time items. In 2019, these one-time items related to the acquisition and integration of EMTÉ and Agrimarkt. The total size of the one-time items is in line with the previous year. €237 million of the increase of €261 million in the normalised EBITDA in 2019 compared to 2018 was related to the implementation of IFRS16. The remaining increase of €24 million was from growth in revenue and improvements in operational management.

### Operating result (EBIT)

Most of the increase of €7 million in the operating result in 2019 compared to 2018, bringing this to €188 million, was due to the implementation of IFRS16, which accounted for €6 million of this increase. The remaining €1 million in increase was due to growth in revenue and improvements to operational management and was partly cancelled out by the higher depreciation. The depreciation costs increased by €255 million in 2019 compared to 2018, to a level of €419 million. €231 million of this is attributable to the implementation of IFRS16. The remaining increase of €24 million is attributable to a growing level of investment in online, the stores and restaurants, the mechanised distribution centre in Nieuwegein and acquisitions.

### Result before taxes (EBT)

The result before taxes decreased by €21 million in 2019 compared to 2018. This is entirely attributable to the effects of implementing IFRS16 which results in €25 million in additional charges before tax. That is the balance of the effects already explained for the previous items and the financial income and expenditure of €31 million, resulting from the discounting of the lease liability. Without the effect of IFRS16, the regular financial charges would have decreased by €3 million as the result of a further decrease in the interest charges on the long-term liabilities. Based on the accounting policies as these applied for the previous financial year, the result before tax would have increased by €4 million compared to the previous year, to a sum of €173 million.

### Result after taxes

The tax expense for 2019 of €34 million includes a one-time adverse effect of €6 million. The provision for latent tax liabilities was recalibrated as a result of the rate changes in the 2020 Tax Plan with respect to the future rate changes communicated earlier as contained in the Business Sector Act 2019 [*Wet Bedrijfsleven 2019*] which were taken into account in determining the tax position at year-end 2018. If the results after tax for 2018 and 2019 were corrected for the one-time effects resulting from the corporation tax rate change and, in the case of 2019, also for the implementation of IFRS16, the result after tax would have increased by €13 million compared to 2018, to a sum of €140 million.

## Equity

### Equity

The equity further increased to €601 million due to the 2019 results, less the dividend paid out in 2019 and the adjustment in the stamp obligations. Solvency calculated as shareholders' equity divided by total equity and corrected for the 'IFRS16 effect' was 23% at year-end 2019 (2018: 22%). Solvency without correction for the 'IFRS16 effect' was 11% at year-end 2019.

### Net debt

During the course of 2019, the net debt (excluding the IFRS16 impact) rose as a result of the Agrimarkt acquisition to a level of €346 million compared to €309 million last year. This results in a roughly identical leverage ratio of 0.86 at the end of the financial year, compared to 0.82 at the end of 2018. However, as a result of the implementation of IFRS16, the net debt at year-end 2019 was €2,916 million. This would increase the leverage ratio to 4.57. For the rest, this has no impact on the financing and ability to attract financing since the credit institutions already correct for such effects in the covenants.

Liquidity as a percentage of the current assets compared to the current liabilities amounted to 33% at year-end 2019 (2018: 37%) and as such was comparable to last year. In combination with a positive operational cash flow of €602 million during 2019 (2018: €400 million), this was more than adequate.

### Employees

The number of employees represents the size of the workforce at the end of the financial year. These are the employees who were employed by Jumbo, by the EMTÉ stores belonging to Jumbo and by La Place at the end of the financial year. These figures do not include the employees employed by the franchisees. At La Place there was a decrease in the number of employees by 188 compared to the previous year, despite the increase in the number of restaurants. This decrease was the result of the announced closures of Hudson's Bay locations in 2020.

### Locations

The number of Jumbo stores increased to 672 at the end of the financial year, comprising 306 own branches (including 3 new Belgian stores) and 366 franchises. The increase of 54 stores compared to the end of the previous year was the result of the opening of 59 new stores, which included the conversion of 56 EMTÉ stores, and the closure of 5 stores. The number of La Place restaurants grew to 105 at the end of the financial year, consisting of 82 own restaurants and 23 franchises. The increase of 4 restaurants compared to the end of the previous year was the result of the opening of 6 new restaurants and the closure of 2 restaurants. The numbers reported include both the company's own stores and restaurants and the franchisees.

### Investments in (in)tangible fixed assets

<i>in €1,000</i>	2019	2018
<b>Intangible fixed assets</b>		
Goodwill	6,225	103,201
Brand names	-	240
Locations	30,435	163,837
Self-developed software	73,640	49,583
Other	3,037	3,114
	<b>113,337</b>	<b>319,975</b>
<b>Tangible fixed assets</b>		
Land and buildings	-	1,980
Structural facilities	78,274	57,633
Fixtures and fittings	70,829	78,959
Other fixed operating assets	3,040	5,512
Assets in progress	55,314	14,925
	<b>207,457</b>	<b>159,009</b>
<b>Total investments</b>	<b>320,794</b>	<b>478,984</b>



### **Intangible fixed assets**

The increase in goodwill mainly concerns the 2019 acquisition of Agrimarkt by means of a share transaction (in 2018: acquisition of Emté).

The investments in locations also mainly relate to this acquisition. The investments in locations also pertain to the acquisition of new individual Jumbo store locations. The store locations were acquired separately from entrepreneurs, other supermarket businesses or project developers. These acquisitions qualify as assets-liabilities transactions. The location (with lease) and any material fixed assets and employees have been taken over.

There were no investments in brand names during 2019 (2018: acquisition of EMTÉ).

The investments in self-developed software pertain primarily to investments in IT software, licences and Online.

The other investments in intangible fixed assets consist of key money paid in advance for new locations to be acquired in the future, as well as loyalty premiums and divestment contributions to entrepreneurs.

### **Tangible fixed assets**

The investments in the tangible fixed assets relate to the conversion of EMTÉ stores, the conversion of Agrimarkt stores, the opening of new stores and the refurbishment of existing Jumbo stores and La Place establishments. Regular replacement investments were also made in existing stores, distribution centres, the head office, hardware and internal transport equipment.

The investments in assets in progress relate to the construction of the mechanised distribution centre in Nieuwegein.

# Our impact

## SUSTAINABLE CHAIN

**100%**

100% Dutch fruit and vegetables Planetproof certified



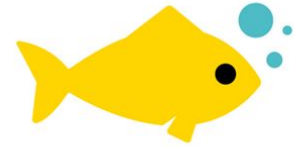
**350**

organic products in our own brand range



**96%**

of fish has a quality mark



## HEALTHY PRODUCTS

**100.000 kg** minder suiker less sugar in breakfast cereals

**31%** of healthy products in product range



## FOOD WASTAGE

**> 300**

stores work with the food banks



## WORKING CONDITIONS IN THE CHAIN

**100%**

of coffee, tea and chocolate has a quality mark



## ENERGY AND EMISSIONS



**5,3%** energy savings

**9%** reduction of the CO<sub>2</sub> footprint

## DIVERSITY AND INCLUSION



**49%** men



**51%** women

## EMPLOYER

**> 250.000**

education and training courses



## PACKAGING AND WASTE

**2%** reduction in waste flows

**> 300** stores with orange peels



## LOCAL INVOLVEMENT

Introduction of 5 Kletsnkassa's [Chatty Cash Registers]



## ANIMAL WELFARE

**100%** of chicken has a quality mark



**99,8%** of eggs has a quality mark



**48%** of dairy has a quality mark

**87%** of pork has a quality mark





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# 2019 Highlights

## January



Former Plus entrepreneur Geert Benders switches to Jumbo



Jumbo launches children's cookbook 'Helden in de keuken' [Heroes in the kitchen]

## February



Start of home delivery in Amsterdam with electric delivery truck



Jumbo says 'yes' to Plastic Pact

## March



Opening of Hub in Middelburg



Making 27 million drinking cups more sustainable



Jumbo gives extra attention to drinking water during the King's breakfast



Opening of Jumbo Food College powered by La Place

## April



Feedback with TryLikes



Move of Flower distribution centre



Introduction of dairy products with 1-star Beter Leven quality mark

## May



Opening of 650th store in Denekamp

## June



Max Verstappen at the Jumbo Racing Days



Jumbo Veggie Chef line grows by 20%



New Jumbo City opens at former EMTÉ location in 's-Hertogenbosch



Millions of Jumbo juice bottles now made from recycled plastic

## July



Jumbo Foodmarket wins first FSIN Excellence Award



New Jumbo Foodmarket opens in Leidschendam



Official opening of the Belgian head office



Agreement with entrepreneurs on sustainable growth and development of e-commerce





Jumbo starts training 400 talents a year in HBO Food Retail & Hospitality



Conversion of EMTÉ stores completed



Jumbo opens first kletskassa [Chatty Cash Register] in fight against loneliness



Introduction of Jumbo Drijfnetue

### August



Acquisition of supermarket chain Agrimarkt from CZAV



Groningen Foodmarket starts pilot with meal delivery site Thuisbezorgd.nl



Start of new recruitment campaign

### September

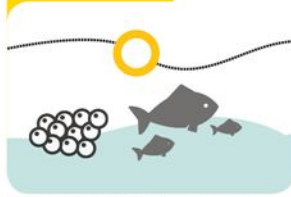


Jumbo sinks teeth into improving breakfast products

### October



Jumbo: best supermarket webshop



Insight into tilapia chain via blockchain



Start of preparations for the new EFC in Bleiswijk

### November



Festive opening of first Jumbo store in Belgium



New Jumbo Foodmarket opens in Goes



New Jumbo City opens near Grote Markt in The Hague

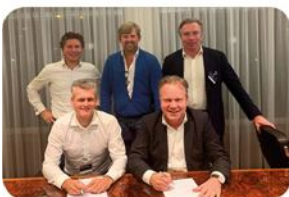


Five years of Jumbo Online

### December



Jumbo and HEMA reach final agreement on cooperation



Agreement with Udea on acquisition of 6 locations



Jumbo wins International Supply Chain Finance Award



Launch of loyalty programme Jumbo Extras



Ten of our products are 'Best Product of the Year' 2019-2020





# Report from the Management Board





# The environment in which we operate

**As a family business, Jumbo finds itself in the midst of society. From this position, we have grown into the second largest supermarket chain in the Netherlands over the past several years. With our unique formula, we work hard to remain a strong player. We also do that by taking into account all the developments happening around us. We want to respond well, quickly and distinctively to the environment in which we operate.**

## Customer wishes and needs

The customer's wishes and needs come first in everything we do. Our customers increasingly appreciate convenience, being relieved of their concerns and the experience surrounding food. We also notice that there is growing demand for better, tastier, healthier and more sustainable food. We want our offering to provide a suitable answer to these changing demands. Consumer behaviour in terms of eating times is also changing. Eating somewhere other than at home is increasingly becoming commonplace. As a result, the traditional dividing line between supermarket and catering establishment is becoming blurred. New players are entering the market, in many cases with a distinctive offering of fresh products and a special customer experience. At Jumbo, we see good opportunities to effectively respond to these and other trends with our retail and catering formats.

## Technology

The changing consumer behaviour also means changes in the competitive playing field. Consumers are increasingly discovering the advantages of ordering their shopping online, for instance, which prompts existing and new providers to seek out attractive earning models in the digital domain. At Jumbo we are making substantial investment in an efficient distribution network for online orders. Our attention is also focused on strengthening the digital relationship with the customer. We are improving the shopping experience on Jumbo.com and via the Jumbo app by making smart use of new technological possibilities. New and innovative payment methods are making their way into both the physical and digital world. The importance of digital information - from online price comparisons to interpreting customer data - is only increasing. This is crucial in a market where margins are traditionally narrow. That is why at Jumbo, we regard the development of our digital infrastructure as an absolute priority.

## Call for transparency

Collecting and processing customer data is subject to ever stricter legislation and regulations. This demands that we keep a close eye on the legal possibilities and its acceptance by the customer. As a socially responsible player, Jumbo wants to answer the growing call for transparency. We are required - and willing - to render account to citizens, politics and interest organisations. That applies in particular for our efforts in relation to sustainability.

## Legislation and labour market

The market in which we operate is highly dependent on changing legislation and regulations. Amendments to environmental, employment and tax legislation have a direct impact on operational management. The climate plans in formation of both the Dutch government and the EU will have far-reaching consequences for the entire business sector. New social legislation and regulations, such as the Balanced Labour Market Act [*Wet Arbeidsmarkt in Balans*] and scrapping of the youth wage, call for changes to employment contracts. The persistent shortages on the labour market will result in higher costs, as will the growing scarcity of transport capacity. New tax regulations and changes in VAT rates also have an impact on prices.



## Upwards pressure on costs

The rapid changes in the market and in society prompt Jumbo to constantly invest in its own formula. We continue to be guided by the changing wishes and needs of our customers, which we respond to with substantial investments in our offering and shopping experience. In 2018, for instance, we started a move from food retail to food experience, whereby we use the reinforcing effect between Jumbo and La Place. The possibilities offered by digitalisation and mechanisation are also helping propel our growth along the right track. As a result, we inevitably come up against upward pressure on the operating costs. In reaction to this, we are constantly on the lookout for possibilities for lowering operating costs and optimising our earning model. That is necessary in order to continue to make good on our lowest-price promise to the customer.



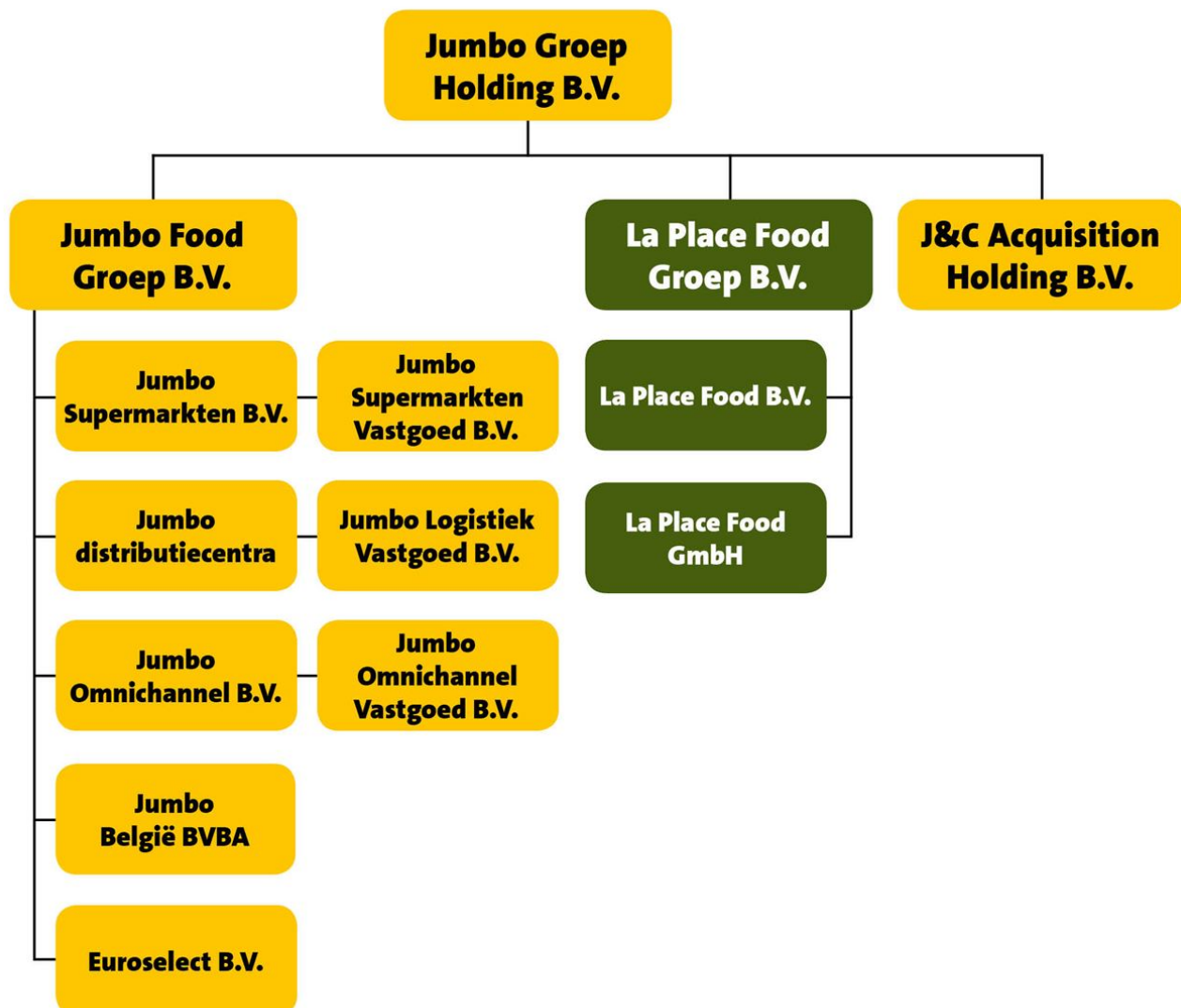
# Our organisation

Jumbo Groep Holding is active in the food market with its Jumbo and La Place formulas.

Jumbo wants to be where the customer is. With the Jumbo Supermarkets, Jumbo Foodmarket, Jumbo City and Jumbo.com formulas, we are deliberately building on an omnichannel proposition, mainly in the Netherlands and, since 2019, in Belgium as well. Always with one goal in mind: customers who are 100% satisfied. Jumbo's portfolio of stores consists of 306 own branches and 366 franchises operated by independent entrepreneurs. With market share of over 21%, we have built a strong position and are the undisputed number two in the Dutch food retail market.

Jumbo also owns the La Place food service formula, which has locations both in the Netherlands and abroad. We also own the nutrition and recipe platform Smulweb, which welcomes more than three million unique visitors per month.

Jumbo is wholly owned by the Van Eerd family. The founder of our company is Supervisory Board chairman Karel van Eerd. Frits van Eerd is Chief Executive Officer and Colette Cloosterman-van Eerd is Chief Customer Officer. Together with Chief Financial Officer Ton van Veen, they constituted the Management Board of Jumbo in 2019. Our head office is located in Veghel. At the end of 2019, we had approximately 90,000 employees (including those at franchises).





# Jumbo

## Jumbo Supermarkets

Our customers can get their daily shopping at more than 670 Jumbo supermarkets throughout the Netherlands. We strive for market leadership in every place where we have a store. Our product range is attuned to the needs of local customers. In this way we are working on an ever-greater degree of refinement and differentiation. Our stores can, for instance, play a role in the region, area, village or for passing footfall.

## Jumbo Foodmarket

With the Jumbo Foodmarket, we bring together healthy, fresh and tasty food at the lowest price. Every day, chefs and other culinary specialists are hard at work here to prepare national and international dishes from the world kitchens of Jumbo and La Place. Customers can choose to purchase just the ingredients they need to prepare a dish at home themselves, buy the dish ready-made, or eat it on site in the Food café. Depending on the demand in the market area and the size of the store, we increasingly use specific components of the Jumbo Foodmarket formula in the regular supermarkets.

## Jumbo City

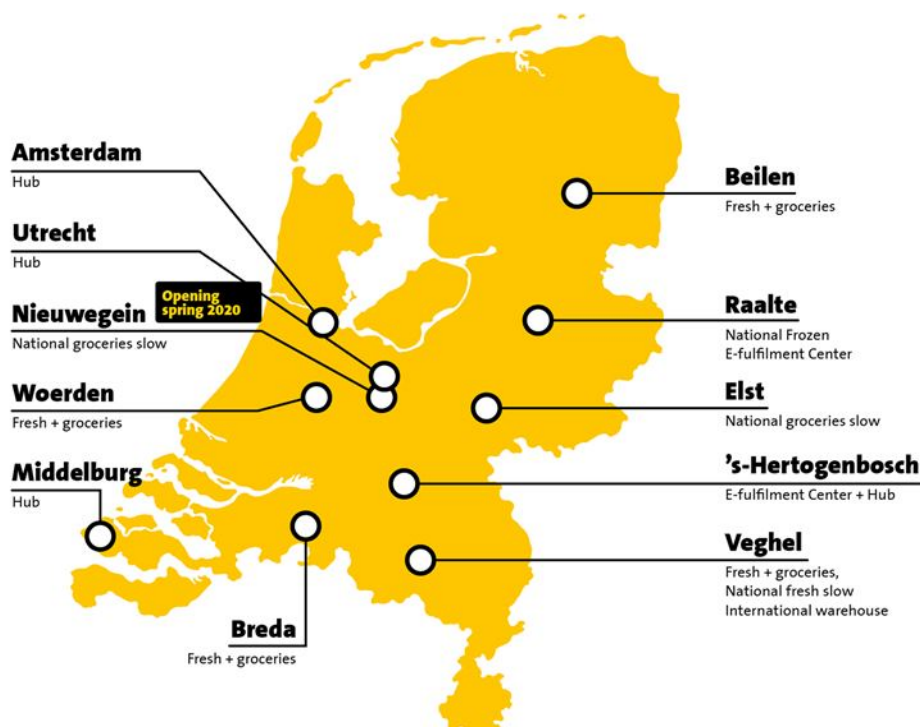
Jumbo City is our contemporary convenience store concept which highlights ultra-fresh, home-cooked meals. Jumbo City is also the ideal stop for a quick buy. In this formula, we combine the best of the Jumbo supermarkets, the Jumbo Foodmarkets and the La Place restaurant chain. With the Jumbo City concept, we want to grow strategically and expand our presence in the increasingly busy city centres in the coming years.

## Jumbo.com

Our customers can also opt to do their shopping via the Jumbo app or in the online store at Jumbo.com. Jumbo.com has made us a rapidly growing player in online shopping. We respond to the growing need of consumers to be able to do their shopping from anywhere, at any time. The online orders are put together in the E-fulfilment Centres (EFCs) in 's-Hertogenbosch and Raalte. Customers can have their order delivered to their home or pick it up at Pick Up Points (PUPs).

## Jumbo distribution centres

Distribution centres throughout the country supply our stores. The national distribution centres are located in Veghel (fresh and groceries), Raalte (frozen) and Elst (groceries). The regional distribution centres are in Woerden (fresh and groceries), Breda (fresh and groceries) and Beilen (fresh and groceries). The construction of a new national automated distribution centre (for groceries) is taking place in Nieuwegein. Online orders via Jumbo.com are processed in the EFCs in 's-Hertogenbosch and Raalte. Jumbo has hubs in Amsterdam, Middelburg, 's-Hertogenbosch and Utrecht, from which shopping is delivered directly to the customer's home.



## Jumbo Belgium

At Jumbo we see abundant opportunities in the supermarket landscape in Belgium. To make the most of those, we started setting up a Belgian organisation in 2018. We have had Jumbo supermarkets in Pelt, Rijkevorsel and Lanaken in Belgium since the end of 2019. Another 12 to 15 supermarkets will be added in Flanders in 2020. We see the potential for over a hundred stores in Belgium in the long term.

## La Place

Over the course of thirty years, La Place has grown into a well-known and successful restaurant formula. The restaurant chain carries an extensive and variable range that changes with the season and uses fresh, honest and, where possible, organic ingredients. La Place observes the principle that the taste of every dish and product must be among the best in its class. In order to achieve that, at La Place we use fresh, honest and pure ingredients, preferably from the region and organic wherever possible. Ingredients are delivered to the locations in the early hours every day. This guarantees freshness. Concern for people, animals and the environment is an important starting point. At La Place, we call this principle *'Eten met Geweten'* [Conscientious Eating]. La Place combines the best of the market with the convenience of a self-service restaurant. At La Place we welcome more than 15 million guests to our 105 restaurants in the Netherlands and abroad every year. We operate different formats as part of the formula.

### La Place restaurants

In La Place Restaurants, guests find an extensive range of hot meals, sandwiches, smoothies, fresh juices, soups, fresh fruit salads, coffee, desserts, vegetables, meats, fish and bread. La Place's restaurants are so-called market restaurants, where guests enter a central area with different counters.

### La Place Express

La Place Express is La Place's take-away formula. We operate this formula mainly in busy city squares, in shopping centres, in lively city neighbourhoods and at departure and arrival points for travellers, such as Schiphol airport and various NS stations. Guests can come here for a full range of sandwiches to eat straight away or take with them. There are also savoury snacks, juices, shakes, soft drinks and seasonal fruit available.

## Smulweb

In 2018, Jumbo acquired the popular nutrition and recipe platform Smulweb. Each month, Smulweb counts more than three million unique visitors who inspire and advise each other on delicious and healthy food. We are learning a great deal from the content on Smulweb and see that this makes a valuable contribution to our strategy, which is increasingly focused on customer convenience and the experience surrounding food. For us, Smulweb is an enrichment of the existing content of Jumbo.com and the Jumbo app.





# Our mission, vision and strategy

With the Jumbo formula, everything centres on the customer. Every day at Jumbo we ask: how can we make it even more enjoyable for our customers? The 7 Certainties constitute the basis for ensuring customers enjoy shopping at Jumbo. They contain the key starting points of our day-to-day business operations. In essence, the 7 Certainties are promises in which we at Jumbo put the customer's wishes at the forefront. At the same time, they form a reference framework that enables us to assess whether we are consistently living up to our promises to the customer.

Involvement in the local and wider community is very important to Jumbo. This is also true of employee development and support for independent retail entrepreneurs. Our overarching goal is to improve Jumbo and our employees day by day and to constantly work on building an excellent organisation. Customer focus is the common theme throughout Jumbo's strategy and working method and forms the basis of the Jumbo formula. Our 7 Certainties are and remain the key starting points in this.

## The 7 Certainties



1. Euros cheaper
2. Service with a smile
3. For all your shopping
4. Fresh really means fresh
5. Smooth shopping
6. Not satisfied? Money back!
7. Your wishes are top priority

### This is what we believe in

At Jumbo we believe that shopping can be enjoyable every day. It is our ambition to become the most customer-oriented company in the Netherlands and - why not? - in the world! Today's customer wants to eat delicious food, feels health is important, wants to be able to make an easy and informed choice and is increasingly cost conscious. So at Jumbo, we are making delicious and healthy food within everyone's reach. And we are where the customer is, always and everywhere. It is important to us that customers enjoy visiting our stores. That they feel they come first for us. And that this is also genuinely the case, whether they visit a store or our online environment.

### What we are aiming for

We are not going to stop until we are the best and most enjoyable supermarket. In fact, we are not going to stop until customers actually feel that is the case! That is why every day, we make things more enjoyable for the customer. And for ourselves. We want to do business together to win over the customer. We surprise, exceed expectations and aim for our highest goal on a daily basis: ensuring customers enjoy shopping with us.

## Strategy

Jumbo operates in a highly competitive market, where prices are permanently under pressure and technological developments pose both new opportunities and challenges. In this dynamic playing field, Jumbo sees the customer and their wishes and needs as the factor that determines everything. Jumbo's 2018-2022 Multi-year Strategy is entirely built around this and is characterised by four priorities:

- **Strengthening the Jumbo formula** so that it becomes even more distinctive in the market.
- **Always and everywhere**, to be where the customer is, and give them the possibility of shopping at Jumbo via different channels.
- **Service for the future**, whereby personal contact - both physical and digital - serves as an important measure.
- Working on **an enterprising organisation** in which employees are challenged to do better every day and to make customers into fans.

## A sustainable message

We use different angles of approach to increase the sustainability of our product range and operations and monitor market developments closely. This enables us to respond adequately to social developments. Within the priorities of the multi-year strategy, we work on five current sustainability topics which are important to customers, employees and other stakeholders:

- **Products that show concern for people, animals and the environment**, which are affordable for the customer and feasible for the farmer.
- **Healthier diet and lifestyle**, putting delicious and healthy food within everyone's reach.
- **Reducing the environmental impact**, from reducing food wastage and packaging to sustainable business operations.
- **A fun employer**, that provides a challenging, pleasant and healthy work environment.
- **Doing business in society**, involved with the local community and part of society.

## How we create value

We want to make a positive difference in society via our business operations. Our value creation model describes how we do that and our value chain describes where we do that.

The value creation model provides insight into what social, economic and environmental capital we utilise, how we add value to that and how that subsequently benefits society. Our value creation model has been put together with reference to our materiality matrix, strategy, sustainability topics and Sustainable Development Goals.

We distinguish six areas in which we create value, specifically:

- **Always, everywhere and for everyone**, using all components of the business (from supply chain through to formula) to ensure customers have an optimal experience of the Jumbo formula.
- **Delicious and healthy**, investing in a delicious, healthy and high-quality product range.
- **Attention to our living environment**, investing in a product range and operations that devote attention to people, animals and the environment.
- **Fun employer**, investing in a good working environment and market-based employee benefits.
- **Good governance**, managing Jumbo efficiently and responsibly.
- **Economic performance**, ensuring Jumbo's continuity.

'Our investments' make it possible to do our work; think of stores, products, transport, employees and adequate finances, for instance. Our long-term strategy in combination with our sustainability topics is the most important way to add value for stakeholders. This determines how we work and what choices we make, in other words: 'What we do'. The starting point here is that shopping must be enjoyable for our customers. The result we achieved in 2019 is reported in 'What is the impact'. The goals for 2019 are described in our material topics. We still need to take a baseline measurement in 2020 for a number of topics. We realise that the impact our work has on stakeholders goes beyond the numbers. We shed more light on this in our material topics.

With value creation, we strive to create positive value for our customers, employees, entrepreneurs, chain partners and society. Customers can count on the fact that they can always turn to Jumbo, no matter where they are, and that the products on Jumbo's shelves have been produced with concern for people, animals and the environment and that Jumbo is of and for everyone. We provide employment to some 90,000 employees (including franchises). It goes without saying that the organisation's continuity is also an important starting point. Safety is our highest priority, but the work is never entirely without risks. It entails risks for our employees and customers which we constantly work to mitigate. This is expressed in a strong focus on a safe and pleasant working environment and strict quality controls on our products.

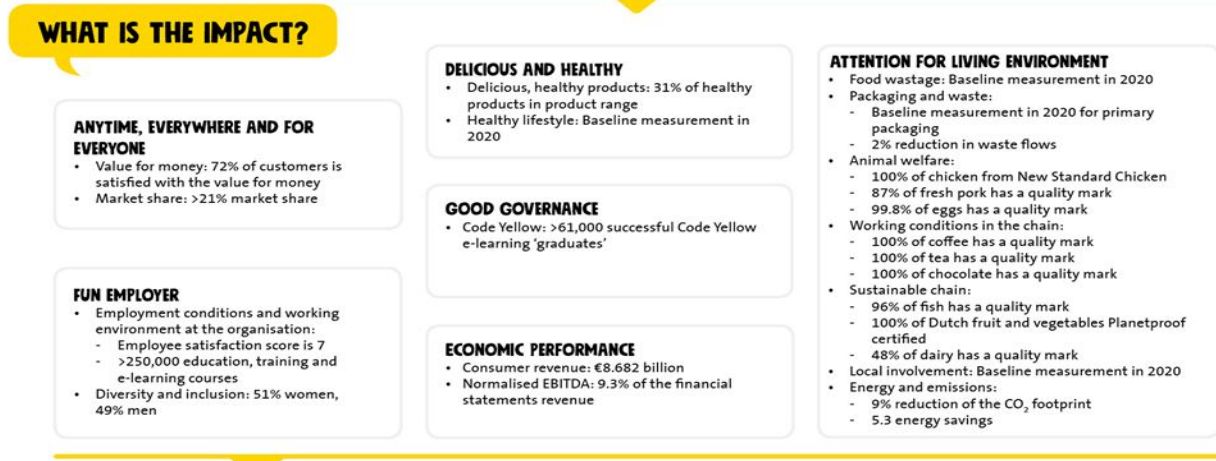
Our work also has an impact on the environment through the emission of CO<sub>2</sub>. We are constantly endeavouring to reduce our footprint by cutting our emissions and making our logistics network more sustainable. The increase in food production and trend towards convenience also drives up the number of packages. Packaging involves using valuable resources which are still often only used once before becoming waste. This is undesirable. Packaging products is a challenging topic entailing numerous dilemmas. Packaging and plastic often have an important function in terms of convenience, product quality and quality retention, but also in combating wastage. There are also many different opinions on more sustainable types of material. Where possible, we endeavour to further reduce food wastage and are constantly working to improve processes.

Jumbo feels that every employee in the supply chain deserves a healthy working and living environment. That is why for years we have been doing our best for good working and living conditions. Given the dynamic and international character of the company and human rights agenda, we are learning more and more about this complex topic every day and how we can continue to improve in this respect.

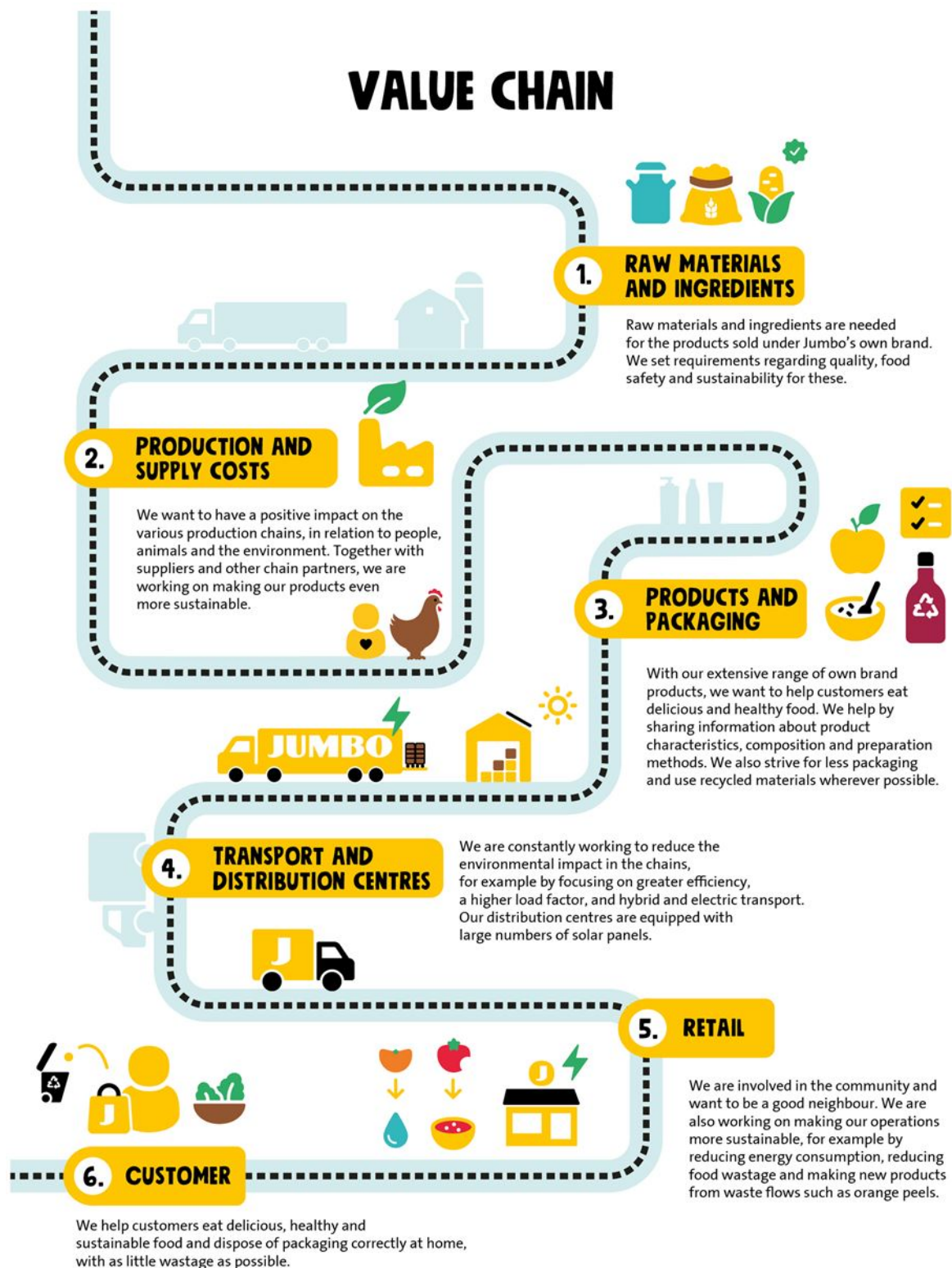


With our activities, we actively contribute to the Sustainable Development Goals (SDGs) of the United Nations. These are the global goals for sustainable development to which the Netherlands has made a commitment. We take responsibility for the following development goals:

- **Good health and well-being**(SDG3), ensure healthy lives and promote well-being for all ages.
- **Decent work and economic growth** (SDG 8), promote inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Sustainable consumption and production** (SDG12), ensure sustainable consumption and production patterns.



The value chain below is an overview of the suppliers and cooperation partners with whom we work to supply Jumbo's own brand products for our customers.



The chapters below contain further elaboration of the strategic pillars and address in more detail specific focal areas within the priorities and sustainability topics mentioned above.



# Strengthening the Jumbo formula

Since 1996, the Jumbo formula has been characterised by the best service, the biggest product range and the lowest price. Employees throughout the Jumbo organisation are constantly working to refine the formula even further. Partly through their efforts, we have succeeded in being even more distinctive on the market.

## Commercial policy

In 2019 we made significant investments in product quality, with even higher value for money as a result. We also introduced numerous innovations. We invested substantially in customer convenience, a new product range and an improved shopping experience focused on delicious and healthy food. We are also succeeding in better meeting local needs, with regional products and other changes to the product range. The positioning as the Netherlands' leading seasonal shop is also bearing fruit. Jumbo further continued its focus on seasonal offers in 2019. These are items that customers use on a daily basis and which are available for a set low price for an entire season. Customers appreciate this approach, as shown by continual research.

We started to expand our online range specially designed for the rapidly growing business market. Business customers can choose from a growing number of products on [Jumbo.com/bedrijven](https://www.jumbo.com/bedrijven) or via the Jumbo app. In order to better meet the needs of business customers, Jumbo offers a large number of new items in single-serving, bulk and wholesale packs.

## Developments in product range

### Jumbo's own brand

At Jumbo, we invested in various areas of our product range in 2019 as well. The number of products carried under Jumbo's own brand increased to over 9,000 this year. There was also a great deal of attention devoted to further improving the quality of Jumbo's own brand. Guaranteeing hygiene and food safety is likewise very important to us. We set strict requirements for Jumbo's own brand. We test, assess and monitor the products sold under Jumbo's own brand. If there are any irregularities, we take immediate action to safeguard food safety. This was the case in 2019 with the major recall action involving pre-packaged sliced meats when it was found that the production location was possibly infected with listeria bacteria.

The brand hierarchy of Jumbo's own brand was also re-examined, resulting in more focus. Numerous packages were updated to better help the customer in terms of declaring ingredients, nutritional value, mode of preparation and proper disposal of packaging. Updates were mainly related to customer convenience and food that is both delicious and healthy.

### Distinctions

We once again received a number of distinctions for Jumbo's own brand this year. We landed a Superior Taste Award for 16 products, including our Caesar Salad, oven-fried chicken fillet, caramel waffles, chocolate and apple pie. In the new edition of the Grote Hamersma wine guide, no fewer than 90 of the over 160 wines tested which are available at Jumbo received a score of 8 or higher. Jumbo's Krokante Natural Chips emerged as the best tested by BNNVARA's consumer platform Kassa. Ten of our products won the 'Best Product of the Year' 2019-2020. We can put the 'Best Product of the Year' label on the following products this year: Jumbo Kaiser Roll, Jumbo Greek-style Yoghurt, Jumbo Wapenaar Semi-matured Cheese, Jumbo Butter, Jumbo Caramel Waffles, Jumbo Aroma Filter Coffee, Jumbo Caesar Meal Salad, Jumbo All-purpose Cleaning Wipes, Jumbo Saté Sauce, Jumbo Crunchy Ridged Paprika Chips and Jumbo Charming Magnolia Fabric Softener. Together with our design studios, we were also awarded prizes for our packaging design this year. Two international Vertex Awards were awarded to packaging used for Jumbo's own brand: a golden distinction for Jumbo's plant-based milk and a bronze for Jumbo Cookies.

## Delicious and healthy food

Our focus on delicious and healthy food has resulted in many new, healthier own brand products and in a further reduction in the sugar, salt and/or fat content of many existing products. This was the case for the entire range of breakfast cereals and jams. Where possible, we are reducing the number of E numbers. We have done this for, among other things, our spices, sauces, herbs and meat and fish seasoning mixes. A derivative aim of the many product introductions in 2019 was to make it easier to choose products that are both delicious and healthy. A hundred new products have debuted on the 'Potato, vegetable and fruit convenience shelf': from carrot-based noodles and snack salads to Buddha bowls and sous-vide asparagus and cauliflower rice. With these kinds of innovations, Jumbo wants to make vegetables more accessible for customers. Inspiring customers and encouraging them to eat vegetables on multiple occasions throughout the day makes it a bit easier to meet the recommended daily amount (250 grams). We also introduced the 'Kies & Mix' [Mix & Match] system for ready-to-cook vegetables. This makes it easy and inexpensive for our customers to eat a healthy and varied diet. In the bakery section, the wholegrain breads have been given a more prominent place and a fibre meter helps customers make a healthy choice. The proportion of vegetables in many convenience meals has been increased. We also launched a new line of gluten-free products in 2019, under the heading '*Lekker vrij van Gluten*' [Deliciously gluten free]. This line was specially developed in collaboration with the Dutch Coeliac Society (NCV) for people with a gluten intolerance. Jumbo continues to focus on healthy innovations such as more and more healthy spreads (100% peanut butter) and wholegrain varieties such as wholegrain couscous. Also being worked on is the introduction of a food choice logo that will help customers make responsible choices in an easily accessible way.



## Vegetarian and vegan

We again expanded Jumbo's Veggie Chef vegetarian line this year. With the introduction of fresh vegan 'mince', vegan 'burgers' and vegan sliced cold 'meats', Jumbo Veggie Chef has grown into the largest vegan/vegetarian own brand range in the Netherlands. This is also thanks to the new Jumbo Veggie Chef snack line, with frozen snacks such as vegetarian oven mini croquettes and 'chicken' nuggets. We also introduced fresh vegan meals, developed in cooperation with well-known chefs. New items in our range include the products from Beyond Burger and 100% plant-based 'salmon fillet'. The expansion of this offering is entirely consistent with our aim of making it easy for customers to eat less meat. With these products we are catering to the growing group of 'flexitarians', who want more alternatives to meat or fish.

## La Place products

The successful cross-pollination between Jumbo and La Place was further expanded this year. More than 200 La Place products are offered on Jumbo shelves. Various fresh pastas, barista milk and buffalo yoghurt were introduced, among others. All these introductions are exclusively available in the Jumbo stores.

## Jumbo Food College *powered by La Place*

Jumbo and La Place are convinced that they can learn a great deal from each other in innovating and improving the food experience in the restaurants and supermarkets. By working together, we also expect to be able to develop innovative meals and meal solutions more quickly, which resulted in some 400 new recipes. That is the conviction that served as the basis for the Jumbo Food College *powered by La Place* started in Veghel at the beginning of 2019, a joint knowledge, development and training centre for new recipes and the skilful preparation of these recipes. Every year, the programme includes more than three thousand training sessions for the food specialists of Jumbo and La Place. There is also special attention to healthy nutrition based on the experience amassed with the Jumbo Food Coach app at PSV and the cyclists of Team Jumbo-Visma.



## Customised product range

Our product range is inspired by the desires and needs of our customers. Because there are as many different tastes and preferences as there are customers, Jumbo is moving more and more towards customisation. The needs in a specific market area also play an important role in this context. This also applies for our Belgian stores, for instance. There are clear differences between the Dutch and Belgian customer. We respond to this by adapting the product range to the customer. We feel it is important that every Jumbo store can cater to individual customers as extensively as possible with a relevant product range. Information from our cash register systems on purchasing behaviour gives accurate insight into local wishes and needs. The data and analysis instruments also result in better availability of items, a more logical organisation of store shelves and more room for local products. We work closely with our suppliers in making the most of these possibilities. The result of this has a positive impact on customer satisfaction. More room is also becoming available on Jumbo store shelves for special and local products. These kinds of developments require regular updating of the stores.

## Appealing campaigns

Jumbo's commercial policy is the foundation for the marketing campaigns we run. With our campaigns we want to convince consumers that Jumbo is the right place for all of their shopping. In our television commercials, it is the characters Bas and Lieke, accompanied by their other family members, who have for several years represented the Jumbo formula.

In 2019, we played strongly on one of the most frequently asked questions in the Netherlands: What are we eating tonight? Thanks to the new television programme *Wat Eten We?* [What are we eating?], customers no longer have to wrack their brains for ideas. Every working day, television chef Roberta Pagnier puts a delicious, healthy, easy to prepare meal on the table. We pay particular attention to the variation and affordability of the meals, which must also be suitable for all ages. The entire week's menu can be found at [Jumbo.com/watetenwe](http://Jumbo.com/watetenwe) and we share it intensively via Jumbo's social media channels. The items for every meal can be ordered online directly and are available in every Jumbo store. Jumbo also introduced a children's cookbook entitled '*Helden in de Keuken*' [Heroes in the Kitchen], with the favourite recipes of 25 heroes from the world of music, sport and YouTube. With '*Helden in de Keuken*', which was part of a sticker collecting campaign featuring young peoples' heroes, Jumbo helped answer the daily recurring question of 'What are we eating tonight?' and taught children to cook in a playful way. With the national campaign '*Momenten om te vieren*' [Moments to Celebrate], we inspire customers with a festive range for special occasions.

The Netherlands was completely under the spell of the Tour de France in 2019, thanks to the flashing start of the Team Jumbo-Visma cycling team. We played on this sporting success in a number of different ways at Jumbo, among others with the introduction of the *Drijftenu*, an airbed in the shape of the recognisable cycling jersey worn by Team Jumbo-Visma. Our sponsorship of Max Verstappen can also count on a great deal of enthusiasm. We reinforced this by organising the Jumbo Race Days and a campaign inviting customers to save for a miniature model of the race car driven by Max.

## Supporting talent

From 1 January 2018, Jumbo has committed for a period of at least five years as head sponsor of the Team Jumbo-Visma skating and cycling team. This gives talented sports people the opportunity to excel. The future belongs to the youth. Jumbo and Visma therefore encourage young talent to start cycling or professionalise their commitment to this sport. The plan includes school projects, support for clubs and a new training team for talented cyclists and cyclo-cross competitors under the age of 23. We also support a number of young, promising, talented sports people who have it in them to grow into sporting icons in society. Max Verstappen is the most outstanding example of these.

We also support various good causes, putting the emphasis in this context on children, health and exercise. This ties in with our policy to inspire customers and encourage them to pursue a healthy lifestyle, incorporating more exercise and healthy nutrition as key elements. Jumbo also sponsors the annual King's Breakfast for primary school pupils, which is entirely in line with the food pyramid. Over the past several years, the King's Breakfast has been put together by Jumbo's Kids Council. Connection was also sought this year with the topic of 'hydration' highlighted in the King's Games. The lemons and oranges in the breakfast packet were used to make a delicious, healthy and refreshing fruit water by the children themselves. In 2019, more than 1.2 million primary school pupils participated in the King's Breakfast.

# Always and everywhere

**At Jumbo, we want to be where the customer is, always and everywhere. Based on this omnichannel thinking, we ensure that customers can shop at Jumbo via a number of channels. Regardless of the retail channel, the customer experience must always be typical of Jumbo. In 2019, we worked intensively on further implementing this strategy. The number of points of sale once again rose, thanks to the opening of new stores, the conversion of the remaining EMTÉ stores, the acquisition of Agrimarkt and the opening of the first stores in Belgium. At the end of 2019, the number of Jumbo supermarkets reached 672. We also invested in our existing stores and added new branches of the Jumbo Foodmarket and Jumbo City urban retail concept to our portfolio. Online activities were also further expanded this year.**

## Jumbo Supermarkets

On 1 July 2018, a consortium of Jumbo and Coop became owner of EMTÉ supermarkets, after which the operation to convert 70 branches into Jumbo stores started in September of that year. One year later, virtually all the EMTÉ stores had been converted. The last store converted to the Jumbo formula was reopened in Enschede on 17 July 2019. Although we are extremely happy with the EMTÉ stores that were acquired and converted into Jumbo stores, the results of EMTÉ were disappointing prior to the conversion. This was due to a substantially lower gross margin than forecast for the EMTÉ formula. According to the consortium, there are indications that Sligro misrepresented EMTÉ's financial position prior to the sale of EMTÉ. The consortium has since brought legal proceedings against Sligro. The first step in this process is the preliminary hearing of officers who, prior to the sale of EMTÉ, were closely involved in establishing the gross margin and the allocation of suppliers' contributions in connection with that. The consortium will also start a main action against Sligro.

In 2019, Jumbo concluded a transaction with the CZAV cooperative for the sale to Jumbo of all shares in the Agrimarkt supermarket chain. This concerns a total of six stores in the south-western part of the Netherlands. Roosendaal, Vlissingen and Middelharnis have reopened as Jumbo supermarkets and Goes has been converted into the first Jumbo Foodmarket in Zeeland. The Agrimarkt stores in Terneuzen and Oud-Beijerland moved forward as Lidl stores. Jumbo opted to retain the popular local regional products from the Agrimarkt product range.

Jumbo has continued to invest in the existing store portfolio, mainly to allow the focus on the food experience to be shown to advantage. For example, 40 stores were entirely renovated in 2019. A total of 54 stores were added to the store portfolio this year, including the remaining EMTÉ supermarkets taken over by Jumbo, the converted Agrimarkt locations and the stores from former Plus entrepreneur Geert Benders.

## Jumbo Foodmarkets

The number of Jumbo Foodmarkets increased to eight in 2019, thanks to the new branches in Leidschendam and Goes. This retail formula relating to the food experience is rated very highly among customers. Jumbo Foodmarket deliberately plays on convenience, inspiration and surprise, precisely those elements that customers are increasingly seeking. The different Jumbo Foodmarkets also distinguish themselves by their extensive range of regional products. The close cooperation between Jumbo and La Place is also highlighted ever-more prominently with this retail format. This is expressed in elements based on the La Place World Kitchens and an extensive range of popular La Place products, from bread to chocolate.

## Jumbo City

Jumbo City combines the knowledge of Jumbo Supermarkets and Jumbo Foodmarket - inspiration and fresh and healthy home cooking - with the strength of La Place: innovative recipes based on homemade products and fresh ingredients. With Jumbo City, Jumbo is penetrating to the heart of the city. We are reaching our customers at the moments and places where there is the greatest need for a convenience store. The opening of two new stores in The Hague and 's-Hertogenbosch, brought the total number of Jumbo City locations to eight in 2019.





## Collaboration with HEMA

At the end of 2019, Jumbo Supermarkets and HEMA reached agreement on the initial plans for a commercial partnership in the Netherlands and Belgium. As Jumbo, we will be taking over the leases of 17 HEMA stores at city locations in several phases. Jumbo and HEMA will also be developing a joint retail concept at six station locations where Jumbo will be providing the range of food products. HEMA will gradually be given access to the Jumbo retail network with a selected range of non-food products. The partnership offers good prospects for both parties to strengthen their retail networks. For Jumbo, with new stores at desirable city locations and for HEMA, with a significant expansion of the number of points of sale at which its offering is available.

## Takeover of six Udea locations

At the end of 2019, we reached agreement with organic wholesaler Udea on the sale of six stores to Jumbo. The sale involved five Marqt stores and one Ekoplaza located in the Randstad area. The plan is to transfer the stores during the first half of 2020. This acquisition enables us to further reinforce our position in the city centres in the Netherlands.

## Jumbo Belgium

We opened the first Jumbo supermarkets in Belgium in 2019, in Pelt, Rijkvorsel and Lanaken. The opening of its first supermarket outside the Netherlands was a special milestone for Jumbo. Earlier in the year, we opened our own office in Brasschaat, from which we will further expand the Belgian organisation. We plan to open another 12 to 15 new supermarkets in Flanders in 2020. We see the potential for over a hundred Jumbo supermarkets in Belgium in the long term.

## Online shopping channels

We saw a strong increase in the revenue from e-commerce in 2019 due to further expansion of the Jumbo online shopping channels. By the end of the year, the share of revenue from online had grown to over 4% of total revenue. The percentage of online orders placed by businesses also rose significantly again this year, with revenue from these orders double that of the previous year.

The pace at which the Jumbo online shopping channels are developing encourages us to constantly attune our strategy to the latest developments. We are now pushing against the limits of the current growth model. In a number of areas, the demand for home delivery exceeds the available capacity. Since the end of 2018, we have been tackling this by delivering from centralised hubs. These are already operational in the regions of 's-Hertogenbosch, Amsterdam, Middelburg and Utrecht. This delivery model is more efficient and sustainable than home delivery via the stores. It also provides better possibilities of effectively scaling up - where necessary - which means we can reach our customers in densely populated urban areas better. This model also results in more customers being able to benefit from a broader selection of narrower delivery windows. In order to increase capacity, we have also started preparations for a third E-Fulfilment Centre (EFC). A suitable location has been found for this in Bleiswijk (Zuid-Holland). The new EFC to be built will serve as a supplement to the existing centres in 's-Hertogenbosch and Raalte. We expect to create over a thousand new jobs in our third EFC, which should be operational at the beginning of 2021. In July 2019, new cooperation agreements were laid down concerning the further growth and development of e-commerce at Jumbo, as well as on the allocation of responsibilities between Jumbo and its entrepreneurs. These apply for a period of three years with effect from mid-2019.

At the end of 2019, Jumbo had 457 Pick-Up Points (PUPs) in the Netherlands for collecting shopping ordered online. Groceries are now delivered to customers' homes from 428 stores.

# Service for the future

**The world around us is changing rapidly. At Jumbo we are closely monitoring all those changes. We are constantly asking how they will impact our service to the customer, which has always been one of our distinctive features. Personal contact is and remains the most important criterion, but we realise that the way in which this contact occurs is also changing. Customers are increasingly online and spend more time en route. They also want more personalisation in their demand for service.**

At Jumbo, we expect that the supermarket of the future will play much more of a service-providing role and will not purely be a place to purchase groceries. We are investing not only in personal service, but also in building a digital relationship with the customer based on the data available. This is based on the success of online ordering, with countless new possibilities for experience, inspiration and education.

## Jumbo Academy

The Jumbo Academy plays an important role in making Jumbo even more service-oriented. In 2019 as well, our internal training centre provided practice-based training for all employees. The common theme throughout the training offerings is thinking and acting based on the customer's wishes. We are well aware that it is the employees who make the difference and play a decisive role in promoting the best service. In 2019 many employees once again brushed up on their skills at the Jumbo Academy. Some 1,250 training programmes centred on the 7 Certainties and customer focus. This included both refresher courses for employees of existing stores and introductions for new colleagues. A constant in the Jumbo Academy's offering is the 'Wij van Jumbo' [We at Jumbo] day. This was once again organised for a large number of stores in 2019. Further reinforcing our company culture is the focus on these days. We also continued with the 'Samen op de winkelvloer' [Together on the shop floor] and 'Samen op de DC-vloer' [Together on the DC floor] projects. The aim of these projects is to promote cooperation within the organisation and increase awareness of the effect that organisational decisions can have on the day-to-day work. With a growing range of e-learning modules, the Jumbo *Leerplein* [Learning Square] is an important part of the Jumbo Academy. A hundred new online training programmes were added in 2019, for instance. In 2019 a total of more than 250,000 training programmes and e-learning modules were successfully completed at the Jumbo Academy. We also organised a series of theme days in 2019. These are aimed at providing employees with ideas and tools enabling them to promote Jumbo's commercial policy in the stores. Approximately 1,800 employees participated in each session.

Jumbo also started a unique collaboration with Avans Hogeschool in 2019 for a full higher professional degree programme in Entrepreneurship & Retail Management. This degree programme, with an emphasis on Food retail & Hospitality, is specially intended for Jumbo and La Place. We believe strongly that the dividing line between food and retail is becoming 'blurred' and therefore want to provide a learning and working environment in which talent can develop maximally in this area. In addition to the existing offering of vocational education programmes, this number one higher professional degree in Entrepreneurship & Retail Management ties in well with our ambitions.

Providing good service is not only a focus in the stores. Customer service is a priority for us during the home delivery of groceries as well. That is why all delivery employees received special training in this area in 2019. Experienced delivery employees will also be accompanying new employees, to teach them the tricks of the trade.

## Personalisation

Numerous technological developments provide interesting new possibilities for establishing even more personal contact with our customers. For instance, via our Jumbo Extras programme, in which we add extra value to the day-to-day shopping. Based on the thinking that the customer is always number 1 for us, we prefer to do this on as personal a basis as possible.

We want to get to know him or her better in order to make the service to the customer more personal and therefore more relevant. What are the customer's personal desires, preferences and needs? We want to amass this knowledge by entering into a continuous one-on-one dialogue with the customer via Jumbo Extras. This puts us in a position to customise the Jumbo offering even further and gives us the opportunity to reward customers personally for their loyalty to Jumbo. In this way, we ensure that customers can enjoy shopping at Jumbo even more.

Jumbo Extras offers various advantages. Customers can redeem points saved for free groceries, for instance, get the highest discount on days out, receive extra stamps for the Cooking & Serving range or benefit from one of the other extras. The current campaigns for which points can be redeemed can always be found in the app, on the website or in an email. We are working hard to develop even more extra services, such as a digital receipt, smoother shopping and digital stamp collection.



We are tackling the development and provision of Jumbo Extras carefully. From the beginning of 2020, we will be introducing the programme step by step in a growing number of stores. In spring 2020, we expect to be able to offer national coverage. Later in 2020, we want to use Jumbo Extras for online orders as well. That requires a major change to our IT systems, which is the focus of a great deal of work at the moment.

## Food Coach

With the Jumbo Food Coach, we are taking things a step further. This application is aimed at providing customers with personalised help in making well-informed, responsible and delicious nutritional choices. As part of a three-year cooperation agreed on in 2018, the Jumbo Food Coach app is now being used by the first-team squad of the PSV football association. The players can use the app to order meals for at home, customised for their personal preferences and training schedule, with just a few clicks. Thanks to the Jumbo Food Coach, they can choose from a broad selection of meals that takes their daily schedule into account in a balanced way. The cyclists of Team Jumbo-Visma have also been using the Jumbo Food Coach app since the end of 2018. The Team Jumbo-Visma performance staff guides the athletes by entering a personal nutrition plan that is tailored to the individual's competition and training schedule. The speed skaters from Team Jumbo-Visma will follow suit in 2020.

Ultimately, we at Jumbo want to also help customers make delicious and sensible food choices, whereby healthy need not be at the expense of flavour, experience and price. Users will be able to choose from a broad range of balanced meals. The app also provides a practical link with Jumbo.com to automatically place orders for the home delivery of the ingredients needed. The more widespread introduction of the Jumbo Food Coach app will take place step by step and the app will become available to a broader audience in 2020.

## Smulweb

At Jumbo we see far-reaching possibilities for providing inspiration, tips, information and advice to customers to help them prepare the most delicious dishes themselves. Digital platforms are ideally suited to this. Based on this thinking, we acquired recipe website Smulweb in 2018. On Smulweb, some 400,000 home cooks share their recipes with each other and with approximately three million users. The wealth of recipes and information on nutrition that Jumbo has brought in house with Smulweb is a fine supplement to our existing offerings in relation to advice and inspiration. Smulweb was voted best culinary website in the Netherlands in 2019. This year we also introduced Smulweb.tv, which provides step-by-step cooking instructions in each video. The new platform quickly attracted over 300,000 visitors. Smulweb's social media channels are also seeing the number of followers increase rapidly: Pinterest (+400%), Facebook (+12.5%) and Instagram (+50%).

## Betaalgemak [Easy pay]

At Jumbo we started on the national introduction of a new cash register system in 2018. This is a first step towards a fully integrated payment solution, called Betaalgemak [Easy pay]. Betaalgemak is based on the customer promise of Smooth Shopping and should ensure a single future-proof payment system for all Jumbo formats and for all contact moments with our customers.

The foundation of Betaalgemak is an in-house developed cash register optimisation model. This model uses factors such as store format, floor area and risk management to determine the optimal number of check-out points in the right mix of type and available functions. This gives the customer more choice and a higher-quality shopping experience. Betaalgemak is not focused only on optimising the existing store situation. The solution also provides for further differentiation of payment options, using self-scan technology and other payment innovations, for instance. We are also closely monitoring the growth in online shopping and changing role of cash in our society. The goal is always to bring ease of payment for the customer in better balance with the risks for Jumbo and our employees.

We introduced self check-out possibilities in a number of Jumbo City stores and regular Jumbo supermarkets in city centre locations in 2019. We also started on the step-by-step introduction of selfscan 2.0 in 2019, a new generation of scanners that is prepared for Betaalgemak and new functionalities relating to Jumbo Extras and Jumbo Food Coach. There was also a major breakthrough with mobile payments in 2019, with Apple Pay now joining Android Pay. Cash payments continue to decline, prompting us to open more and more 'debit card only' registers. For customers who still prefer to pay by cash, we are increasingly working with a so-called closed cash solution. This uses a secure money box which automatically gives the customer the correct change.

## Real-time sentiment of customers and employees

In 2019 we introduced a system with emoji feedback buttons, supplied by the Dutch start-up TryLikes, in a great many Jumbo stores. This allows customers to let us know immediately what they think of our service. The system provides real-time insight into customer appreciation, which means we can improve our service faster and in a more targeted way. TryLikes has already proven itself as an effective means of stepping up efforts towards the goal of 100% satisfied customers. We would like to use a similar system to gauge employee sentiment in the stores and distribution centres as well.





# Enterprising organisation

Together with its employees, Jumbo continued building on an excellent service organisation in 2019. We challenge our employees to do better every day and to work together towards the goal of making customers into permanent fans. This is what makes an organisation future-proof, as do the efforts we put into living up to the success of our 'Every Day Low Price' formula. This principle remains at the foundation of our operations. Our 'Every Day Low Cost' approach is essential for this.

## Excellent service organisation

At Jumbo, we devote a great deal of attention to our strong organisational culture. This is based on the core values of 'Together, Entrepreneurship, Winning'. All Jumbo employees are included in this. By adhering to these core values, we are able to surpass customer expectations, day after day. Since 2019 we have been reinforcing this with a new communication theme for our employees: Everything for the most enjoyable shopping. It is our goal that the Netherlands as a whole enjoys shopping at Jumbo. We have said goodbye to our previous internal theme: We at Jumbo. That arose during the period when we were undergoing rapid growth and were welcoming many new colleagues into our organisation. The message was supposed to bind us together and contribute to a sense of 'us', a sense of belonging and of being in it together. We succeeded well at that.

## Develop and perform

### **Towards a development-focused organisation**

Since 2018, at Jumbo we have been taking major steps towards becoming a development-focused organisation. This transformation is needed because we have grown quickly over the past several years, which has made our organisation more complex. We realise that we must be able to quickly respond to all these changes and that alert employees are the key to success in this respect. Within a development-oriented organisation, employees themselves are actively at the helm of their personal development and performance. We challenge our employees to do better day after day. One way we can achieve that is by encouraging each other to ask for, receive and give feedback. In this kind of culture, we can manage without the traditional assessment cycle. In 2018 we started using new instruments at our head office that no longer link assessment and remuneration. We also started using this approach in our stores and distribution centres in 2019.

We are approaching the further introduction of Develop and Perform (D&P) in our organisation step by step. For the stores, we started with a pilot in 26 branches. Based on the results of that, we developed an approach for broader application. After the Works Council gives its consent, we want to start using D&P in all stores in the course of 2020. For the Jumbo distribution centres, we used sounding board groups to investigate what the best approach is for the colleagues there. The plan is to make the transition to D&P in these business units as well in 2020.

### **Employee talent development**

It is very important that the right Jumbo employee is in the right place. After all, this is what allows us to successfully realise our strategy. Equally important is a stimulating working atmosphere where there is ample room for development. At Jumbo we assume that all of our employees have valuable talents. Sometimes this talent is still budding and would benefit from further development. Jumbo wants to develop all potential talents and deploy them for the organisation. It is not only very important to identify what talents are needed to implement our growth strategy. Attracting and retaining talented employees is also of utmost importance. We try to increase the internal pipeline for filling key positions as much as possible. After all, this is how knowledge and the typical Jumbo DNA is retained. In order to concretely strive for this, we have been working with a so-called talent review since 2018. This is a review that gives us better insight into our employees' talents and ambitions. This insight enables us to manage talent development in a more targeted way. We used this method in 2019 as well, with various internal appointments and moves as a result.

## Jumbo, daar gebeurt het [Jumbo, the place to be]

In order to realise our growth ambitions, we need a lot of 'fresh blood'. We expect to need at least 29,000 new employees per year for the coming years. At a time when there are labour market shortages, that is quite a challenge. Under the motto '*Jumbo, daar gebeurt het*' [Jumbo, the place to be], we want to make clear to potential employees that Jumbo is an attractive employer that offers abundant personal and professional development prospects.

In 2019 we started our new comprehensive employer branding campaign. With this campaign, we make it clear that Jumbo means more than just working in a supermarket. At Jumbo you are surrounded by opportunities; you can work at the head office, at a distribution centre, in a Jumbo City, at an EFC, as part of our delivery service, in our Jumbo Foodmarket or at La Place. In the campaign we show how enjoyable this is. The campaign makes ample use of Facebook, Instagram, YouTube, LinkedIn and online banners.

## Customer-oriented and cost-conscious organisation

At Jumbo we continued to invest in a customer-oriented and cost-conscious organisation in 2019. Our employees were once again trained intensively in these areas. Processes and systems were further optimised to contribute to this principle.

### Balanced wage costs

The importance of properly motivated and service-oriented employees is at the forefront at Jumbo. This is why we devote a great deal of attention to training and educating our employees. We also feel that employees deserve market-based pay and good employee benefits. Wage costs must be kept manageable, however. After all, we are working on a healthy future for Jumbo and all employees. Securing the company's competitive position and its continuity is something that concerns everyone involved.

### Governance model for stores

Jumbo wants to remain an efficiently managed, future-proof company that constantly responds to the wishes and needs of customers. Based on this desire, we started a study into the effectiveness of our current governance model in 2018. In this context, we primarily take the experience and feedback from the stores themselves into account. This investigation produces new knowledge and insights that will help to determine an optimal governance model per store. We tested the first findings in a pilot in 2019. Step by step we looked into how different adapted parts of the governance model work in practice. Periodically we conducted an interim review of the situation with the pilot stores. In doing so we always assigned a great deal of weight to the experiences, tips and advice from employees.





### Employment conditions at Jumbo Logistics

Since 2017 we have had an Employment Conditions Scheme for our logistics employees at Jumbo. This Employment Conditions Scheme, which guarantees modern employee benefits, certainty and fixed wage increases, now applies to all our distribution employees. At the beginning of 2019, we reached agreement with the FNV and CNV trade unions on a solution for a small group of distribution employees to whom the Jumbo Logistics collective labour agreement still applied at that point. As a result, these employees could not claim entitlement to the wage increases and other employee benefits from the Employment Conditions Scheme. As a result of this agreement, all employees now have the same employment conditions and there is no longer any inequality among employees hired prior to 1 April 2019.



### Updates to distribution centres

We also implemented a number of modifications and innovations at the Jumbo distribution centres in 2019. These are aimed at making the work more pleasant, improving logistics and facilitating further growth. For example, the installation of a new SAP inventory ordering system was started in 2019, so that stores and distribution centres will be able to use the same system in due time. The Frozen department in the Jumbo distribution centre in Raalte was expanded to a capacity of 700,000 packages per week and the Fresh department in the National Distribution Centre (NDC) at Zuidkade in Veghel was entirely renovated. The Jumbo distribution centre in Breda was equipped with a new so-called 'warm hall' for potatoes, vegetables and fruit. The size of this area has been significantly expanded because of the increase in the number of stores to be supplied, not only in the immediate surroundings but also in Belgium and, because of the Agrimarkt acquisition, in Zuid-Holland and Zeeland as well.

### Move of flower distribution centre

Jumbo opened a new distribution centre for flowers, including a bindery, in 2019. Because of the growing popularity of flower bouquets, the previous location in Veghel had become too cramped. The new building in Veghel has double the floor space, no less than 5,000 m<sup>2</sup>. At this location, we can continue to satisfy the rapidly growing demand for flowers and accommodate seasonal peaks. The focus is on the production of bouquets. These are hand-tied on location by Jumbo's bouquet binders.

### Automated distribution centre

A great deal of work was put into the construction of the mechanised National Distribution Centre (NDC) in Nieuwegein in 2019. Mid-way through the year, construction company Van de Ven was able to complete the building and supplier Witron had already made a start on preparations for the mechanised systems. With this NDC, we anticipate our growth ambitions, customer needs and market developments. In February 2020 we concluded the six-month test period, after which the first Jumbo stores will be able to be supplied from Nieuwegein in the spring. The new NDC is expected to be fully operational by the end of 2020.

The central location in Nieuwegein ensures that the distances to the stores and regional distribution centres are relatively short. This contributes to reducing CO<sub>2</sub> emissions, of course. We aim for minimal environmental impact, in terms of construction methods and material use as well. We clinched this with the highest BREEAM certification in the world to date. To be eligible for this sustainability quality mark, we use sustainable and energy-saving building materials and lighting wherever possible. We are also equipping the new building with solar panels and an advanced system that supplies so much heat that traditional heating will not be needed.



# La Place

Our La Place food service formula achieved a revenue increase of 10% in 2019, thus maintaining the growth of recent years. Part of the growth is due to the new establishments opened during the year, including two abroad. La Place continues to be interested in city centre locations and also has growing interest in spots where it can welcome travellers: along motorways, at airports, at train stations. The cross-pollination between Jumbo and La Place is bearing fruit in many areas. The newly opened Jumbo Foodmarket stores and Jumbo City stores offer a successful combination of both concepts, while typical La Place influences are increasingly making their way into the regular Jumbo stores. From an organisational perspective, Jumbo and La Place increasingly share resources and expertise. The La Place service office moved to Veghel in 2019, where the joint knowledge, development and training centre Jumbo Food College *powered by La Place* was launched.



The number of La Place establishments reached a total of 105 in 2019. Four new establishments opened in the Netherlands, including the La Place flagship restaurant in the Kalverstraat in Amsterdam. A total of three La Place establishments were extensively refurbished. In early 2020, twelve establishments closed their doors because of the closure of the Hudson's Bay department store. Employees of these establishments were given the opportunity to continue their careers at another La Place or Jumbo location. There was also a decrease in the value of the assets at these locations. The foreign expansion of La Place continued in 2019, with a new restaurant at El Prat airport in Barcelona and a second La Place establishment at Madrid airport. This increased the number of La Place establishments abroad to fifteen. Revenue rose by 10% to approximately €165 million in 2019. La Place employed 2,804 people at the end of 2019.

### ***Zo smaakt versgemaakt***

In the spring of 2019, La Place launched its new brand promise '*Zo smaakt versgemaakt*' (What fresh tastes like). One element of this is a substantial expansion of the range with dozens of new dishes each month, all developed on the basis of the principles of fresh, natural, homemade, healthy and delicious. We also introduced several '*Dagverse Deals*' [Day Fresh Deals] for low prices. With these kinds of updates and innovations at La Place, we continue to consciously pursue our ambition of becoming the undisputed number one in Good Food Fast. The engine behind the innovations is the new Jumbo Food College *powered by La Place*.

We want to continue to surprise customers and offer them an optimal food experience with all kinds of food innovations. Consumers are in search of 'experiences' more than ever before. They want to be surprised by new products in an inspiring environment. The interest in delicious, healthy and sustainable food is likewise growing strongly. Moreover, consumers want to be able to enjoy good and fair food at an attractive price whenever and wherever they want. These developments offer unique opportunities for Jumbo and La Place. After all, our knowledge and expertise lies exactly at the cutting edge of these developments, where hospitality and retail come together.

### **La Place Training Centre**

In order to realise our growth ambitions, we at La Place benefit from constant growth in the number of expert and motivated employees. That is why we devote a great deal of attention to personal growth and development. This is managed by the La Place Training Centre, an approved work placement company set up in cooperation with NCVB Bedrijfsopleidingen [operational training centre]. In 2019, more than 1,100 employees followed a learning-while-working programme on the vocational education (mbo) level at the La Place Training Centre. This one-year programme combines knowledge acquisition with practical experience and culminates in a fully-fledged diploma on the senior secondary vocational level. The participants can apply the theory directly in practice. We also offer transfer opportunities via our own Management Traineeship programme.

### **Optimisation of the organisation and robustness of concept**

At La Place, we want to continue to grow. One of the ways we do this is by focusing strongly on innovation and entrepreneurship. In this way we can become the number 1 in Good Food Fast: a pleasant environment where the key is healthy and good food in combination with fast service. In order to achieve this goal, it is very important that we build a flatter and more efficient organisation. Based on closer cooperation with Jumbo, we expect to be able to take better advantage of our growth opportunities. A number of functions at La Place were integrated with responsibilities and duties at Jumbo in 2019. The La Place service office also moved to Veghel this year.

In addition, we are working on the robustness and flexibility of La Place's revenue model without compromising service and experience. Traditional, fresh preparation on the shop floor has its limitations and is labour intensive. Especially with today's labour shortage, this presents challenges.

### **Distinctions**

La Place won no fewer than two category prizes in the very first edition of the Foodservice Award: for 'Best restaurant' and for 'Best location on the road'. These prizes were awarded during the Horecava in the Amsterdam RAI.

# Risk management

**Our success is largely based on our mission and vision, the quality of the employees and entrepreneurs and the shared strength to identify and make the most of opportunities. We realise that our work entails risks. To be able to successfully implement our strategy, risk management has been an integrated part of business operations.**

## Organisation and risk management

Promptly identifying and correctly responding to possible risks is important for achieving our strategic objectives. There can only be effective risk management if there is ample room for active and open dialogue with our stakeholders in which the main risks are identified and weighed. The degree of risk appetite is primarily the responsibility of the Management Board and Board of Directors. The risk management measures have been integrated in the strategy, procedures and checks, including the planning & control cycle and the business comparisons on the store level and between distribution centres.

The control environment encompasses the behaviour, corporate culture and expertise of the employees in relation to the (risk) management, administrative organisation and an adequately-functioning internal control framework. Our employees think about both the opportunities and risks associated with realising our strategic objectives and ambitions. That is part of our DNA at Jumbo and is an important measure in working together to make the right decisions and weigh the risks. The Management Board and Board of Directors stipulate high standards for this control environment and render account on this to the Supervisory Board and Audit Committee at set times.

The Internal Audit function monitors the strategic risk management process and, among other things, performs operations on the operational processes and reports the outcomes of this to the Management Board, the Supervisory Board and the Audit Committee.

Jumbo is willing to take responsible business risks in order to realise its strategic objectives, whereby the interests of stakeholders are always central. Jumbo avoids risks related to legislation and regulations, customer and employee safety, business continuity, product safety and quality and reputation, however.

## Main risk areas

Below is an overview of the main strategic, operational, financial and legislative and regulatory risks. Provisions and measures have been taken in these areas to limit the potentially detrimental effects of these risks.

## Strategic risks

Risk	Description and/or possible consequences	Measures
Competition	Competition online and in stores from home and abroad and other sectors is increasing and could have an impact on revenue and market share	<ul style="list-style-type: none"> <li>Identifying market opportunities and developments</li> <li>Investing in various distinctive (online) formats</li> </ul>
Reputation	Possible incidents or changes in public opinion could have serious consequences for our reputation or market position	<ul style="list-style-type: none"> <li>Culture and conduct: Jumbo DNA</li> <li>Jumbo's Code of Conduct 'Code Yellow'/ uniform internal guidelines</li> <li>Issue management and media tracking</li> </ul>
Digitalisation and technology	Business models and processes could be overtaken by advanced technological developments	<ul style="list-style-type: none"> <li>Accelerating and investing in digital strategy and technology</li> <li>Focus on improved digital customer experience</li> </ul>
Innovation and changing customer needs	Innovation is moving along at a rapid pace and could potentially result in a limited ability to innovate and/or respond on time to the customer's changing needs	<ul style="list-style-type: none"> <li>Identifying customer needs and trends</li> <li>Focusing on and investing in innovation and trends</li> </ul>



## Operational risks

Risk	Description and/or possible consequences	Measures
Disruption of supply chain	The likelihood of (natural) disasters and man-made risks remains and can cause a detrimental effect on the continuity of business processes	<ul style="list-style-type: none"> <li>Limiting the impact of unforeseen disruptions</li> <li>Continuity plan for distribution centres</li> </ul>
Scarcity on the labour market and sustainable employability	This could potentially lead to perceptible shortages, particularly in distribution and transport	<ul style="list-style-type: none"> <li>Focus and attention for work environment and employment terms</li> <li>Investing in automated distribution</li> </ul>
Product safety and quality	Inability to guarantee product safety or a change in quality perception can have serious consequences for our reputation and market position	<ul style="list-style-type: none"> <li>External testing performed by IFS (International Food Standard) in stores and distribution centres</li> <li>Quality terms and conditions and checks/audits</li> <li>Training and study programmes</li> <li>Supplier management for Jumbo's own brand</li> </ul>
Safety of customers and employees	Unsafe stores could keep customers away and employees and potential employees may no longer be willing to work for Jumbo	<ul style="list-style-type: none"> <li>Investing in prevention (visible and invisible security)</li> <li>Deploying detective measures in stores, distribution centres, EFCs, restaurants and the head office</li> </ul>
Information security	Information flows may be inadequately secured which means data could be lost, which could be damaging for the people involved and, by extension, Jumbo's reputation	<ul style="list-style-type: none"> <li>Investing in preventive and detective measures (technology, processes and awareness)</li> <li>Educating and training employees in preventing cyber risks</li> </ul>

## Financial risks

Risk	Description and/or possible consequences	Measures
Credit risk	Purchasers may not be able to meet the conditions stipulated for the financing and securities provided	<ul style="list-style-type: none"> <li>Periodic monitoring of the recoverability of outstanding receivables at buyers</li> <li>Requiring security such as mortgage registrations for immovable property, bank guarantees, pledging of assets, etc. when providing financing</li> </ul>
Interest rate risk	There is possible exposure to risk in relation to market interest rate developments	<ul style="list-style-type: none"> <li>Monitoring the interest rate risk</li> <li>Using derivatives to hedge the interest rate risk</li> </ul>
Liquidity risk	There is a possibility that current and future liabilities and potential liabilities cannot be satisfied	<ul style="list-style-type: none"> <li>Periodic monitoring of whether the credit facility committed has been satisfied</li> </ul>
Fraud and loss prevention	Possible fraud and/or theft of money and goods in stores, restaurants, EFCs, distribution centres and head office	<ul style="list-style-type: none"> <li>Periodic assessment of the cash/goods movement</li> <li>Daily analysis of cash register transactions</li> <li>Collaboration with agencies such as Detailhandel Nederland, CBL, Retail Security Groep and connection with the FAD (National Warning Register for Combating Fraud in Retail)</li> <li>Investing in product security</li> </ul>

## Legislative and regulatory risks

Risk	Description and/or possible consequences	Measures
Compliance with - changing and growing - legislation and regulations (e.g. GDPR)	Possible non-compliance with legislation and regulations can have a negative impact on Jumbo's reputation and the working climate	<ul style="list-style-type: none"> <li>Jumbo's Code of Conduct 'Code Yellow'/ uniform internal guidelines</li> <li>Monitoring and training in relation to legislation and regulations</li> </ul>
Compliance with reporting legislation	The reliability of the internal and external financial reporting is important	<ul style="list-style-type: none"> <li>The reports to external stakeholders, for example in the form of banking reports and the consolidated financial statements, satisfy the applicable legislation and regulations for financial reporting (Title 9 of Book 2 of the Dutch Civil Code and IFRS)</li> </ul>
Dispute Settlement and Reporting Procedure	Employees must be able to report possible problems, disputes or abuses confidentially. An ethical corporate culture is important	<ul style="list-style-type: none"> <li>Introduction of balanced Speak-Up procedure</li> <li>Internal and external confidential adviser</li> </ul>

## Compliance

Compliance risks are the risks arising from non-compliance with legislation and regulations and internal guidelines and procedures, and which can have an immediate impact on Jumbo, our reputation and our business processes. We identify the following risk areas in this context:

- Compliance with laws and regulations as part of Jumbo's Code of Conduct
- Compliance with financial reporting legislation

### Code Yellow: Jumbo's Code of Conduct

In 2017, the Jumbo code of conduct, entitled Code Yellow, was drafted and made applicable to all Jumbo employees. In 2018, awareness in relation to Code Yellow was expanded to include franchisees with whom we work, as well as the temporary employment agencies. Code Yellow reflects the way in which we as a company represent ourselves in society and helps to strengthen Jumbo's reputation as organisation and employer. Code Yellow not only provides guidelines for complying with the relevant legislation and regulations, but also contains provisions concerning ethical conduct, respectful cooperation and protecting company resources and information. All employees at the head office, in the stores and in the DCs are expected to respect and comply with the Code Yellow. Safeguarding Compliance in all parts of the organisation is one of the objectives for the board of directors and management. The constant activation of Code Yellow has been included in the Internal Control Framework.

### Dispute settlement scheme

One of the core values at Jumbo is respect. We strive for a mature and open relationship with and between employees. It is important to us that employees enjoy their work. We therefore do everything to prevent problems and disputes in the work setting. If problems and disputes nonetheless arise, it is important to Jumbo that these are handled quickly and carefully. Jumbo's Company Regulations contain a dispute settlement scheme for these situations. The dispute settlement scheme also contains a Complaints procedure for undesirable behaviour.

If employees are treated poorly or unfairly, or if there is other undesirable behaviour at work, they can contact an external confidential adviser.

### Jumbo Reporting Scheme

In the Jumbo Company Regulations, the 'reporting scheme' section describes what employees should do in the event of suspicions of internal misconduct. Employees are encouraged to report any misconduct to their manager, to the confidential adviser or to the director Legal. These reports are treated confidentially. Jumbo will never take or allow measures against someone who reports in good faith a possible misconduct. Any form of retaliation will be regarded as a serious violation of Code Yellow and could result in disciplinary measures and even termination of employment. This is entirely consistent with the importance that Jumbo ascribes to an ethical company culture and positive work climate.

### Dispute settlement scheme on Employment conditions

The employment conditions of employees at the head office and stores are laid down in the VGL CLA. The provisions of this CLA are observed at Jumbo. If at any point employees have doubts or questions about this, or if there is something else you disagree with in relation to your employment conditions or working conditions, Jumbo takes this very seriously. Jumbo asks employees not to hesitate to bring up questions or concerns. Employees can turn to their manager or HR to do this. If this does not result in a solution, employees can submit an official complaint. This process is described in more detail in the Company Regulations.



### **Employment Conditions Scheme Monitoring Committee**

A logistics employee can contact the Employment Conditions Scheme Monitoring Committee with a request for advice regarding correct compliance with the Employment Conditions Scheme and the consequences for him or her as an individual employee. The Monitoring Committee consists of two members from Jumbo, two employee representatives and an independent chair. If the Monitoring Committee issues unanimous advice, Jumbo and the employee must follow the advice.

### **Compliance with financial reporting legislation**

The reliability of the internal and external financial reporting is very important to Jumbo. After all, the management of the organisation and internal decision making take place based on this information. The reports to external stakeholders, for example in the form of banking reports and the consolidated financial statements, must also satisfy the applicable legislation and regulations for financial reporting (including IFRS and local financial reporting legislation and regulations). Possible uncertainties and risks in the reporting are mainly related to estimates and the degree of subjectivity in valuation issues. These estimates and assumptions affect the reported assets and liabilities, the statement of off-balance sheet assets and liabilities on the balance sheet date and the income and expenditure in the period being reported on.

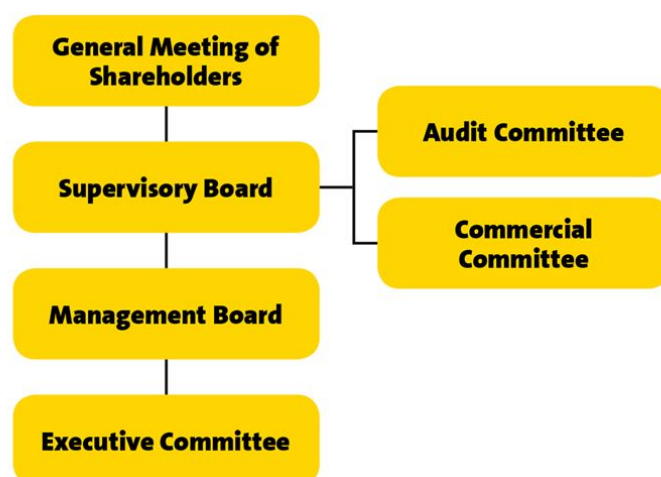
# Corporate governance

The transparent management of the company is very important to Jumbo as a family business. We want to and must take into account the interests of many different stakeholders. Sometimes these interests conflict with each other and we have to reach a careful balance. We account for this, and the way in which we manage the business, in extensive reporting to various target groups. We share information about our approach on [Jumborapportage.com](http://Jumborapportage.com), [Nieuws.Jumbo.com](http://Nieuws.Jumbo.com), [Jumbo.com](http://Jumbo.com) and via external publications.

## Good governance

As a family business, Jumbo is characterised by the close involvement of the founders and owners of the group, the Van Eerd family. The family members work with the Management Board and the Board of Directors to manage the company based on a long-term perspective. In doing so, we apply the Dutch Corporate Governance Code as much as possible.

## Corporate governance structure



	Description	Consultation structure
<b>Shareholders</b>	The Jumbo shares are fully owned by the Van Eerd family and equally divided among Karel van Eerd and his children Colette, Frits and Monique. The family regulations lay down the shareholder relations and agreements. These are aimed at ensuring Jumbo's continuity as a family business. The family regulations have been in force since 2012.	General meeting of shareholders 1 time per year and family meeting 4 times per year.
<b>Supervisory Board</b>	Karel van Eerd is Supervisory Board Chairman. The other supervisory directors are Harry Bruijniks (nominated by the Central Works Council) until 15 April 2019, Antony Burgmans, Piet Coelewijn and Wilco Jiskoot, who is also point of contact for the Jumbo Entrepreneurs' Association. All of the supervisory directors have extensive management experience. There is also a great deal of knowledge on the Supervisory Board about food retail, consumer marketing, supply chain management, e-commerce, digitalisation, financing, mergers and acquisitions and corporate governance.	The Supervisory Board met six times during the reporting year. These meetings take place in accordance with a pre-agreed meeting schedule or are convened if there is a special reason to do so. The Supervisory Board meetings are usually attended by all members. There were no frequent absences on the part of one or more members. The Supervisory Board also met without the Management Board during the reporting year.

There is one vacancy on the Supervisory Board. The Board's aim is to appoint a female colleague for this position, also in a bid to fulfil the legal obligation (in Section 2:391(7) of the Dutch Civil Code) to strive for a more balanced ratio of women to men in management bodies.

<b>Audit Committee</b>	The Audit Committee is made up of Wilco Jiskoot (chair), Harry Bruijnicks (until 15 April 2019) and Piet Coelewijn (ad interim).	The Audit Committee met four times during the reporting year. The Audit Committee supports the Supervisory Board in relation to financial reporting, accounting, the financial statements, financing, tax issues and the internal control and risk management system.
<b>Commercial Committee</b>	The Commercial Committee is made up of Karel van Eerd (chair), Antony Burgmans, Harry Bruijnicks (until 15 April 2019) and Piet Coelewijn (ad interim).	The Commercial Committee met twice during the reporting year. The Commercial Committee supports the Supervisory Board in relation to the commercial strategy and sub-areas relating to that.
<b>Management Board</b>	The Management Board is made up of Frits van Eerd (CEO), Colette Cloosterman-van Eerd (CCO), and Ton van Veen (CFO). Cees van Vliet joined the Management Board in the position of Chief Operating Officer (COO) as of 6 January 2020.	The Management Board meets at least once a week and takes decisions on both the long-term strategy and the day-to-day implementation of that.
<b>Company secretary</b>	Claire Saes is the company secretary. She is also ultimately responsible for Legal Affairs.	

*The composition and ages shown are as of 29 December 2019.*

## Personal details

### Supervisory Board

#### **C.J.M. van Eerd (81) Supervisory Board Chairman**

Mr C.J.M. van Eerd holds Dutch nationality. The year of first appointment was 2009. The term of the appointment expires in 2021.  
*Former principal position:* CEO Jumbo Groep Holding B.V.

#### **A. Burgmans (72)**

Mr A. Burgmans holds Dutch nationality. The year of first appointment was 2009. The term of the appointment expires in 2020.  
*Former principal position:* CEO Unilever.  
*Relevant ancillary positions until April 2018:* Chair of the Supervisory Board AkzoNobel; other ancillary positions until April 2016: Chair of the Supervisory Board at TNT Express, Non-executive Director BP plc.

#### **P. Coelewijn (59)**

Mr P. Coelewijn holds Dutch nationality. The year of first appointment was 2018. The term of the appointment expires in 2022.  
*Former principal position:* CEO Wehkamp B.V.  
*Relevant ancillary activities:* Non-executive Director of BCA Marketplace and Display Data, Supervisory Board member at Royal FloraHolland and Member of the Board and Supervisory Board at Thuiswinkel.org.

#### **W.G. Jiskoot (69)**

Mr W.G. Jiskoot holds Dutch nationality. The year of first appointment was 2009. The term of the appointment expires in 2021.  
*Former principal position:* Member of the Management Board at ABN AMRO.  
*Relevant ancillary activities:* Chairman of the Board of Directors of Constellation Netherlands Holding B.V. and Chair of the Supervisory Board at HEMA.



## Management Board

### G.F.T. van Eerd (52), CEO

Mr G.F.T. van Eerd holds Dutch nationality. Areas of focus: Formula, Marketing, Buying & Merchandising, Sales & Operations, Corporate Communications & Sustainability, La Place and Jumbo Belgium.

*Relevant ancillary activities:* board member at CBL, founder of Frits-Starter.

### C.M.P.W. Cloosterman-van Eerd (53), CCO

Ms C.M.P.W. Cloosterman-van Eerd holds Dutch nationality. Areas of focus: Formula Innovation and Concept development.

*Relevant ancillary activities:* board member at TopSport Community, Member of the Management Board and Supervisory Board at Thuiswinkel.org, driver of NL2025, driver of the National Coalition against Loneliness.

### A.L. van Veen (50), CFO

Mr A.L. van Veen holds Dutch nationality. Areas of focus: Finance, Supply Chain, ICT, Human Resources, Franchise & Real Estate, Data & Personalisation, Legal and Risk & Audit.

*Relevant ancillary activities:* Supervisory Board Chairman for Team Jumbo-Visma, Member of the Supervisory Board at PSV, Member of the Supervisory Board at Rituals Cosmetics, Member of the Advisory Board at Supermarkt Vastgoed.

## Jumbo Board of Directors

*The Executive Committee consists of:*

R.M.J. Bertrand, Formula  
O.M. de Boer, Buying & Merchandising  
H.A.L. Boonstra, Human Resources  
D.R.D. Dijkstra, ICT  
P.A. van Erp, Finance  
T. Hehenkamp, Data & Personalisation  
C.J.A. de Jong, Supply Chain  
R. van Keulen, Marketing  
A.T.J. Willemse, Sales & Operations

*The other members of the Board of Directors are:*

J.A. Heuving, Franchise & Real Estate  
P. Isaac, Jumbo Belgium  
J.C. van de Molengraft, Risk & Audit  
C.P.W. Saes, Legal & Corporate Secretary  
C.S. Trügg, Corporate Communications & Sustainability

## Central Works Council (CWC)

P.J. Schlömer, Chair  
P.C.J. Otsen, Vice chair  
J. Blaak, Member  
C.I.M. Colin, Member  
S. Darkaoui, Member  
R.T. Huitenga, Member  
J. Kamphuis, Member  
T. Lips, Member  
J.J.H. van Meer, Member  
C.J.J.B. van Overveld, Member  
M. de Rozario, Member  
H. van Vliet, Member  
M.C.P. Kortman, Official Secretary

*The composition and ages shown are as of 29 December 2019.*

## Management Board



Frits van Eerd



Colette Cloosterman-  
van Eerd



Ton van Veen



Ralph Bertrand



Olaf de Boer



Alrik Boonstra



Dick Dijkstra



Peter van Erp



Tim Hehenkamp



Karel de Jong



Roy van Keulen



Theo Willemse

## Other members of the board of directors



Jan Heuving



Peter Isaac



Hans van de Molengraft



Claire Saes



Claire Trügg

# Our stakeholders and the materiality matrix

Jumbo is a company at the heart of society. From that position, we attach great importance to corporate social responsibility (CSR) and social involvement. We not only want to be there every day for our customers, we also want to contribute positively to society, among other ways by being a good neighbour. That is why maintaining optimal relationships with all stakeholders is very valuable. We can learn a great deal from listening closely to what is going on in our immediate environment. Shared insights and knowledge also enable our organisation to better respond to various developments in society.

## Towards integrated reporting

At Jumbo we have started on the road towards integrated reporting. The starting shot for this was an extensive stakeholder survey in 2018, which led to a so-called materiality matrix. In the chapter 'About this report', we describe how this matrix was created. In 2019, the material topics from this matrix were tested against the business strategy. We also identified relevant risks and determined the governance indicators. The possibility of managing Jumbo's performance on these topics and reporting on this in an integrated report is an important condition for long-term value creation.

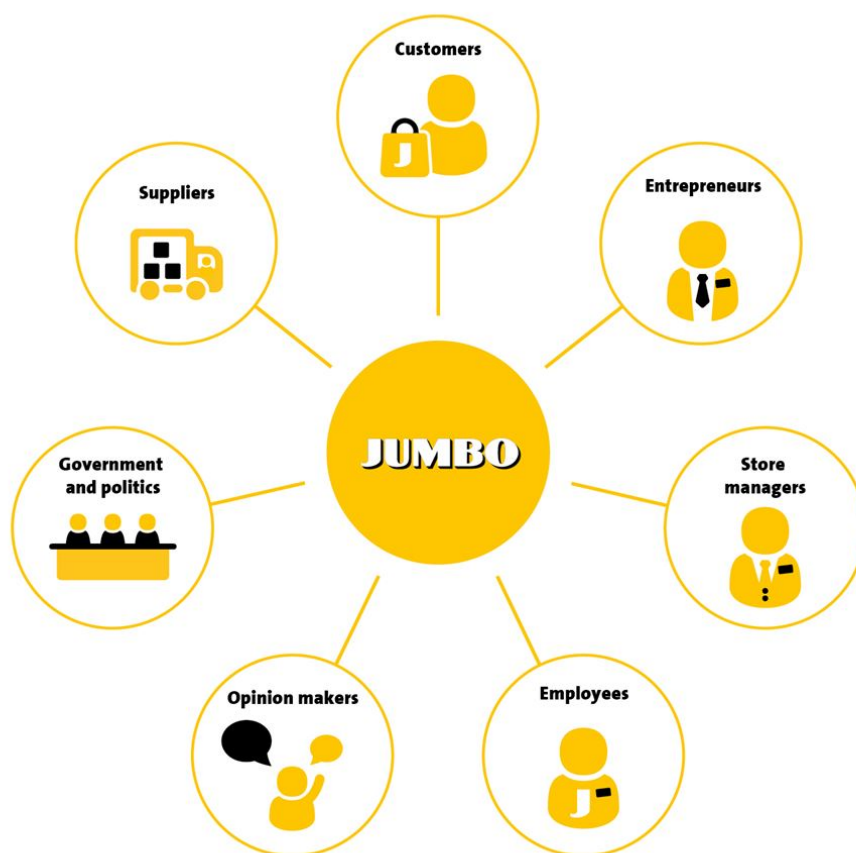
For the materiality analysis, we made a selection from the stakeholder groups relevant to us. An important selection criterion was that the value chain must be fully represented, i.e. from customer to supplier and employee. Among other things, we also looked at groups with a direct relationship to Jumbo, including a reflection of the indirect stakeholders. The selection of stakeholder groups was made under the responsibility of the Director Corporate Communications & Sustainability and was validated by the Management Board.





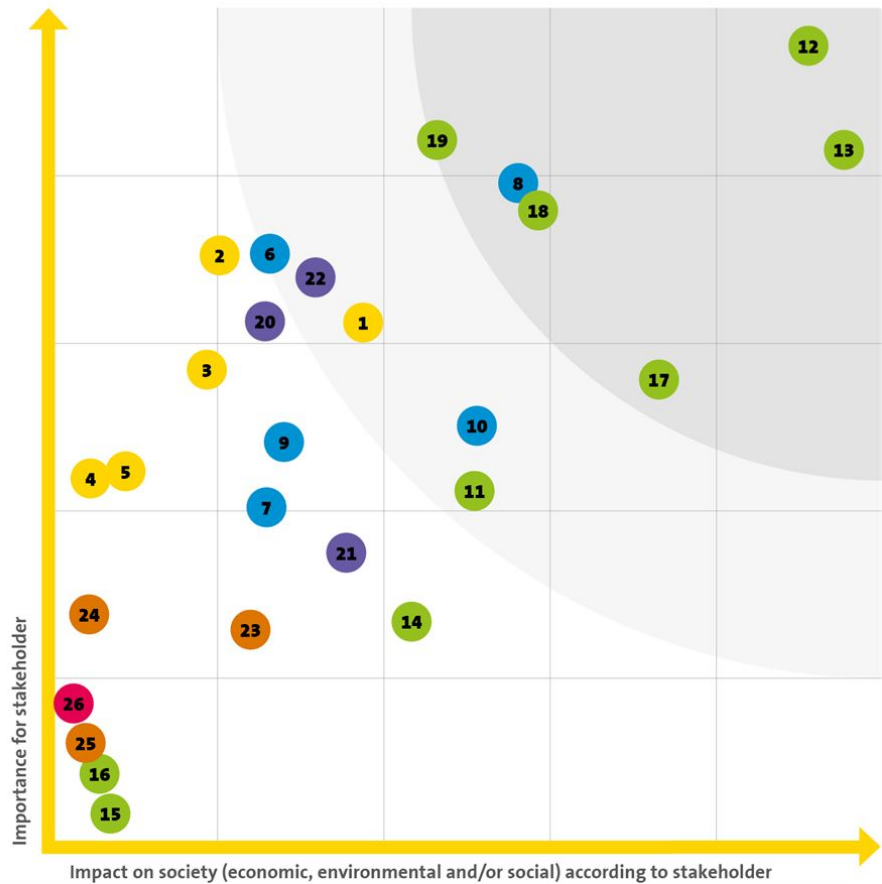
We ultimately defined seven stakeholder groups at Jumbo, specifically:

Stakeholder group	Description
<b>Jumbo customers</b>	Jumbo has been built around the customer. This involves a representative sample from the Dutch population.
<b>Jumbo employees</b>	Jumbo's employees are a crucial part of implementing the formula with excellence. These are people with an employment contract with Jumbo (permanent or temporary, including hired personnel).
<b>Jumbo store managers</b>	Jumbo store managers are responsible for operating Jumbo locations.
<b>Jumbo entrepreneurs</b>	Jumbo is the largest franchise organisation in the Netherlands. Jumbo franchisees are responsible for operating their own Jumbo franchise stores and are affiliated with the Jumbo Entrepreneurs' Association.
<b>Suppliers</b>	Jumbo works intensively with its suppliers and aims for a strategic long-term partnership in this context. Although we at Jumbo do not directly do business with agricultural suppliers, such as growers or livestock farmers, we are conscious of our role in the chain. This group involves Jumbo suppliers, a delegation from producers of our own brand products and brand manufacturers.
<b>Government and politics</b>	Jumbo has contact with representatives from the government and politics on a regular basis. This group includes a delegation from relevant stakeholders in the political-administrative arena with an impact on our policy in relation to the material topics, including supervisory officials.
<b>Opinion makers and civil society organisations</b>	Jumbo has contact with a delegation of relevant retail experts, civil society organisations, NGOs, knowledge institutes and sector organisations on a regular basis. These contacts are focused on aligning ambitions for the longer term and in some cases take place on the level of the board of directors.



The results of the materiality analysis, shown in our materiality matrix, enable us to better determine how our social relevance can be strengthened.

## Materiality matrix



The ten topics below (including definitions) were identified by our stakeholders as 'highly material topics':

1. **Food wastage:** reducing food wastage both in-store and in production, storage and transport, including raising consumer awareness and encouraging consumers to waste less food.
2. **Packaging and waste:** reducing environmental impact through less packaging and packaging with less environmental impact, with the aim of reducing packaging waste and a lower plastic footprint.
3. **Healthy products:** ensuring that healthy products are affordable for the general public.
4. **Working conditions in the chain:** working with manufacturers that offer decent wages and good working conditions (with attention to safety, health, working hours, prevention of child and forced labour and discrimination) to their employees (Fairtrade label, UTZ).
5. **Local involvement:** being a good neighbour and making a positive contribution to the local community via the stores (through local initiatives and sponsorship).
6. **Sustainable chain:** making the chain more sustainable through the responsible use of resources and by purchasing from suppliers who respect the environment and satisfy a sustainability label from an independent body (such as Biologisch, Planetproof, MSC label).
7. **Healthy lifestyle:** encouraging, inspiring and helping customers to eat, cook and live healthier, and adopting responsible policies in relation to unhealthy products.
8. **Value for money:** offering the best value for money (cheapest compared to other supermarkets in the Netherlands).
9. **Working conditions and working environment within the organisation:** offering a market-based salary and good employee benefits (such as leave schemes and pension) and showing great commitment to employees, respect and attention for each other and for a safe working environment (accident and injury prevention).
10. **Animal welfare:** contributing to better animal welfare in the chain by taking the health, living conditions and treatment of animals into account when purchasing animal products (Beter Leven quality mark).

The following two topics were added by Jumbo:

11. **Energy and emissions:** reducing and increasing the sustainability of energy consumption in supermarkets, distribution centres and transport.
12. **Diversity and inclusion:** ensuring a diverse workforce that reflects society, an organisation where everyone feels at home regardless of his/her background and where there is no discrimination based on age, gender, skin colour, race, religion, origin, disability or sexual orientation and everyone is treated equally.

## Material topics

The materiality analysis resulted in a series of topics which, according to stakeholders, are relevant for Jumbo and in which Jumbo can have an impact on society. The table below shows the material topics and form of dialogue for each stakeholder group.

Stakeholders	Material topics	Dialogue
<b>Customers</b>	value for money, healthy products, waste and packaging, food wastage, animal welfare, product safety	Annual customer satisfaction survey, stores, constant research via, e.g., customer panels, Jumbo Service Centre, social media
<b>Employees</b>	Food wastage, waste and packaging, organisation's employment conditions, value for money, service	Periodic employee satisfaction survey, employee representation (Central Works Council, Head Office Works Council, Stores Works Council, Supply Chain Works Council, La Place Works Council), trade unions
<b>Store managers</b>	Local involvement, food wastage, employment conditions, waste and packaging, sustainable chain, service	Various management committees, working groups and focus groups and see employees
<b>Entrepreneurs</b>	Food wastage, local involvement, waste and packaging, sustainable chain, value for money, healthy lifestyle, service	Jumbo Entrepreneurs' Association, various management committees, working groups and focus groups
<b>Suppliers and their suppliers</b>	Waste and packaging, sustainable chain, employment conditions in the chain, food wastage, healthy products, healthy lifestyle, innovation	Visits and supplier visits, one-to-one talks, annual supplier day(s)
<b>Government and politics</b>	Employment conditions in the chain, waste and packaging, healthy products, food wastage, sustainable chain, organisation's employment conditions	Municipalities, provinces such as the province of Noord-Brabant, the Ministry of Public Health, Welfare and Sport, the Ministry of Economic Affairs and Climate, the Ministry of Infrastructure and Water Management, the Ministry of Agriculture, Nature and Food Quality, the Ministry of Social Affairs and Employment, the Netherlands Food and Consumer Product Safety Authority, company visits by members of parliament to Jumbo stores
<b>Opinion makers and civil society organisations</b>	Food wastage, waste and packaging, employment conditions in the chain, sustainable chain, healthy products, local involvement	Civil society organisations: Consultation with stakeholders, such as: CBL, STV, MVO NL, Wakker Dier, the World Wildlife Fund, the Netherlands Society for the Protection of Animals, the Netherlands Nutrition Centre, Friends of the Earth Netherlands, Missing Chapter Foundation, Oxfam Novib, Foodwatch, Max Havelaar, UTZ Certified, Rainforest Alliance, Solidaridad, RSPO, RTRS, the Netherlands Institute for Sustainable Packaging, WeCycle, Fairfood International, Greenpeace, World Animal Protection, the Organisation for Nature Conservation and Environmental Protection, HIVOS, MSC, ASC, ZLTO, Eyes on Animals, Urgenda, Fair Food, Hivos, the National Vegetable and Fruit Action Plan, the Consumers' Association, UNICEF, JOGG, Collaboration with schools, such as: HAS Hogeschool, The Hague Hogeschool, Erasmus University Rotterdam, WUR (Wageningen University & Research) Other: Retail experts, financiers

In 2019, the material topics from this materiality matrix were tested against the business strategy. We also identified risks and determined the governance indicators. The possibility of managing Jumbo's performance on these topics and reporting on this in an integrated report is an important condition for long-term value creation. In this report we already explain for each topic what our approach entails and what results we achieved in 2019. In the 2020 Annual Report, we will discuss our specific targets for these topics in more detail.



## Kids Council

Jumbo has had a Kids Council, an initiative from Princess Laurentien of Orange, since 2011. At the time, this was a first in the supermarket sector. The Kids Council is an initiative of the Missing Chapter Foundation. The thought behind this initiative is that children are given an equal say in the decisions that influence their lives, now and in the future. By allowing children to delve into the world around them, we at Jumbo get useful input in order to look at dilemmas in another way. For the Kids Council, Jumbo has for five consecutive years already been working structurally with the 't Ven primary school from Veghel; the Kids Council is made up of the group 8 class at this school. Each year, the students address an issue by, for instance, talking to Jumbo employees and carrying out research in supermarkets and distribution centres. They also contribute ideas for the menu for the annual King's breakfast. The children also take part in management meetings at Jumbo several times a year, allowing them to share their view of the world with our board members.

## Collaborations and Public-Private Partnerships

Jumbo is active in a number of collaborations and Public-Private Partnerships (PPPs). An overview is given below.

Name	Explanation
Brainport Eindhoven	Under the name 'Brainport Eindhoven Metropolitan Region', Dutch companies Philips, ASML, VDL Groep, Jumbo Supermarkten and High Tech Campus Eindhoven have affiliated themselves as premium partners with PSV with effect from the 2019/2020 season. The companies have the ambition of together putting the Brainport Eindhoven region even more prominently on the map as a world leader in knowledge, high tech and innovation. As Jumbo we are closely involved in the Brainport region, where we focus on technology, innovation and vitality.
Centraal Bureau Levensmiddelenhandel [Dutch Food Retail Association] (CBL)	We are a member of the CBL, the sector association of supermarkets. A wide delegation of Jumbo employees is involved in various topics and consultations. In relation to the product range, employees, distribution centres and stores. The topics of sustainability, health, food safety, alcohol and tobacco compliance, training, safety, energy savings, communication and employment conditions were key here.
Data2Move Community	The Data2Move initiative consists of a research community that focuses on utilisation of the Internet of Things and Big Data for applications for logistics and supply chain management. Researchers and students at the Technical University Eindhoven and Tilburg University are working with several leading companies on this, including Jumbo. Data2Move focuses on four projects in which data use forms the central thread, namely logistics solutions for the so-called last mile, stock management, understanding consumer wishes and requirements and collaborative supply networks.
Evofenedex	We actively participate in the evofenedex association. Jumbo sits in the Board of General Management, is the Chair of the South-East Regional Council, a member of the Council for Private Transport and a member of the Council for Logistics Knowledge. The Councils provide evofenedex with solicited and unsolicited advice on logistical issues of a strategic and tactical nature. Focal points for us are: accessibility, sustainability, trade facilitation, job market (training and career) and innovation.
Green Protein Alliance (GPA)	In this partnership, we joined forces with other suppliers and producers of vegetable proteins. Together these parties work on the so-called protein transition, in which we are striving for a shift from an animal-based diet to one that is more plant-based. The products from the Jumbo Veggie Chef line tie in seamlessly with this, alongside a broad range of products based on plant-based dairy and nuts. In 2019, Jumbo once again participated in the National Week without Meat, during which customers were encouraged to eat more plant-based food.
Krajicek Foundation – King's Breakfast	The Krajicek Foundation gives children in disadvantaged neighbourhoods opportunities to exercise and play together close to home. Expert and intensive guidance on the playgrounds ensures that children are given the chance to develop positively in a safe environment. The Foundation also organises the King's Games every year. At the start of these festivities, we presented the King's Breakfast for the seventh year running, which tied in with the King's Games theme of 'drinking water'. The King's Breakfast was once again in line with the food pyramid guidelines from the Netherlands Nutrition Centre. Jumbo offered a total of 1.2 million breakfasts.

Name	Explanation
Logistics Community Brabant (LCB)	LCB is a collaboration between Technical University Eindhoven, University of Tilburg, Netherlands Defence Academy, Breda University of Applied Sciences, the Municipality of Breda and the Province of Noord-Brabant. LCB is responsible for the sustainable innovation and growth of logistics in North Brabant. As a result, the productivity and quality in the sector is optimised and the economy of Brabant and social welfare in the province improve. Jumbo is a member of the Advisory Council and contributes to the direction and activities of LCB.
Missing Chapter Foundation – Kids Council	The Kids Council is an initiative of the Missing Chapter Foundation. The thought behind this initiative is that children are given an equal say in the decisions that influence their lives, now and in the future. The Kids Council initiative invites children to structurally contribute ideas on strategic and social issues, from their unbiased and creative perspective. This inspires us and we actually use the creative thinking power of the children in our business operations.
University of Groningen and Wageningen University & Research – Transparently healthy & sustainable	The University of Groningen and Wageningen University & Research have started a research project with virtually all supermarkets in the Netherlands, including Jumbo. The ‘Transparently healthy & sustainable’ study focuses on interventions to increase transparency and support consumers in making healthier and more sustainable product choices.
Science Assurance & Advisory Board Food Coach	The Science Assurance & Advisory Board (SAAB) works with us to develop the Jumbo Food Coach. They give their advice in a personal capacity. The SAAB is made up of Prof. A. Jeukendrup, Prof. S. Kremers and Prof. L. van Loon.
Steering Group Sustainability and Focus Group Cross Chain Control Centers (4C) – Top Sector Logistics	This collaboration between the business sector, science and government sets out action lines to further bolster the Top Sector policy. We are a member of the steering group Sustainability, one of the action lines within the Top Sector approach. This action line focuses on the reduction of CO <sub>2</sub> emissions. We are also a member of the 4C Focus Group. This action line focuses in particular on facilitating bundling of shipments.
Netherlands Nutrition Centre	The Netherlands Nutrition Centre focuses on topics such as food safety, health and sustainability. In 2019, we once again devoted attention to the food pyramid guidelines, for decades a well-known initiative of the Netherlands Nutrition Centre. Knowledge from the Netherlands Nutrition Centre has also been edited and used in Hallo Jumbo magazine, to support the Food Coach and category plans.
Wageningen University Research - Going bananas - Where does this banana come from?	We attach great value to chain transparency. Via the ‘Going bananas - Where does this banana come from?’ project, Jumbo focuses on the development of innovative technologies that are able to pinpoint the geographical origin and production method for bananas based on the characteristics of the product. This product can ultimately also serve as an example for the other types of tropical fruit.

# Material topics

In this chapter we explain for each material topic what our approach entails and what results we achieved in 2019.

## 1. Food wastage

**At Jumbo we want to be the supermarket that throws away the least edible food possible. From this point of view, we set up the food chains and our business processes in such a way that we can further reduce waste.**

### How we go about it

We are working hard to optimise food chains, setting our sights in this context mainly on improving logistics and ordering systems, making clear agreements with suppliers on volumes, quality and shelf life, and informing our employees about and involving them in reducing food wastage. We are also making progress by taking a critical look at our store range and organising the store layout more consciously. We are increasingly opting to offer a wider range of products online and guaranteeing freedom of choice there for the customer. Online orders allow us to better monitor the shelf life of food and thus prevent wastage. In our stores, we are increasingly working with initiatives to prevent loss, such as the discounting of products that have reached their best-before date. And with storage tips, advice on correct portioning and recipes, we actively involve our customers in preventing food wastage.

### Results

#### Presentation of product range

Modified shelf presentations for potatoes, vegetables and fruit contribute to reducing food wastage. Refrigerated shelves for potatoes, vegetables and fruit have now been introduced in some thirty Jumbo stores. This directly benefits the quality and shelf life of the products. Several Jumbo entrepreneurs have had a so-called dry misting system installed. This also helps to prevent food wastage. In 2020 Jumbo will carry out a test with a combination of refrigerated shelves and dry misting in the potatoes, vegetables and fruit department. In addition, smaller portions and smaller vegetables, such as mini-cauliflower and mini-broccoli, are increasingly finding their way onto Jumbo's shelves. These solutions have proven to contribute to less food wastage as well.

#### Food banks

Products that are no longer suitable for sale are often still perfectly fine for consumption. More than 300 Jumbo stores and several Jumbo distribution centres already donate to nearly 180 food banks in the Netherlands.

#### Wasting less together

In 2019, we conducted two pilots to reduce food wastage in our stores.

The pilot project *Samen Minder Verspillen* (Wasting Less Together) has started in some one hundred Jumbo stores. This pilot with discounted fresh products should also result in less food wastage. Fresh products with a best-before date of the same day are offered at a reduced price of €0.50, €1 or €2.50. We are closely investigating the impact of this pilot on our donations to local food banks. Ultimately we want to come up with an arrangement that is not at the expense of the food banks. In 2020 we will extend the pilot to all Dutch Jumbo stores.

A pilot with Too Good To Go also ran last year. We will be gradually phasing this out now that we are implementing a different approach to reducing food wastage in our locations.

#### Cooking with leftovers

In our Jumbo Food Markets and Jumbo City stores, as well as via the Hello Jumbo magazine and the popular food and recipe platform Smulweb, we inspire our customers with storage and cooking tips for leftovers. We are also increasingly incorporating products that are no longer suitable for sale in novel foods, such as sauces, soups, banana bread and juices.



## 2. Packaging and waste

**At Jumbo, our aim is to create as little waste as possible with the packaging we use. Our fight against packaging waste is mainly out of concern for the environment.**

### How we go about it

There is much to be gained from smarter packaging, using less and better material and by making reuse and recycling as easy as possible. We opt wherever possible for sustainable materials or mono-material that is easy to recycle. We are also firmly committed to innovation, preferably in collaboration with A-brands, our own suppliers and knowledge partners. The aim is always to work together to achieve better packaging using more sustainable materials. Knowledge also contributes to the reduction of packaging waste. That is why, for example, we work with smart tools that enable our employees to make well-considered packaging decisions. We try to get the best possible insight into the environmental impact of the entire production chain, raw materials, preparation, packaging, logistics and waste. In certain cases, packaging has a positive effect on the environmental impact, for example because it prevents food spoilage and thus wastage. We communicate this clearly to our customers and other stakeholders.

### Results

#### From plastic bag to paper band

We have stopped packaging our organic bananas in plastic bags. Instead, we are using an environmentally-friendly paper band that holds the bananas together. This saves approximately 10,000 kilos of plastic waste per year.

#### Mono-material packaging for meal salads and apples

In order to improve packaging, we are increasingly opting for mono-material packaging, which means using a single type of material. This is the case for meal salads, for instance, where paper wrappers are no longer being used. Our four-packs of apples are also being packaged in recycled cardboard, without plastic foil. This packaging made from one type of material simplifies waste separation and recycling.

#### Replacing black plastic with transparent plastic

Black plastic is difficult to recycle. That is why we no longer use black plastic for the trays used to package mushrooms, mashed potatoes and fresh meals. The plastic caps for fresh juice bottles are also transparent, instead of orange or black.

#### Reusable pouches for bread and vegetables

The reusable pouches have been available in all stores since 2019. This nylon pouches are sturdy and durable. And that is the benefit: the more often you use it, the better it is for the environment.

#### Disposal guide

70% of Jumbo's own brand packaging now has a disposal guide. This provides customers with advice on how to correctly dispose of the used packaging.

#### Making 27 million drinking cups a year more sustainable

In 2019, we investigated where and when our customers and employees use drinking cups. This concerns approximately 27 million cups a year, for which we want a more sustainable solution. At various Jumbo locations we looked at what materials and collection options could be used to reduce the amount of waste from disposable cups. Rijkswaterstaat [the executive agency of the Ministry of Infrastructure and Water Management] identified this initiative as an iconic project on the road to a circular economy.

#### More sustainable fresh juice bottles

We have reduced the weight of the bottles for our freshly squeezed orange juice and adapted the production process so that the bottles now consist of 50% recycled plastic (RPET). In 2019 alone, this saved 20,000 kilos of plastic. Since 2019, all fresh juice bottles consist also of 75% recycled plastic (RPET) and 25% recyclable biobased plastic. This saves approximately 100,000 kilos of new plastic per year.

#### Orange peels in stores

At many Jumbo stores, our customers can tap orange juice themselves, but this freshly squeezed juice creates a lot of orange peels that end up in the residual waste. To counteract this, together with Peel Pioneers and Renewi we started collecting the orange peels and processing them into new products such as cleaning products. The orange peels are already being picked up in over 300 Jumbo stores.

#### Signature of Plastic Pact

We signed the Plastic Pact in early 2019. The Plastic Pact drawn up by the Ministry of Infrastructure and Water Management contains agreements for using less plastic by 2025. The participating parties include supermarkets, plastic producers, environmental organisations, recyclers and financial institutions. For Jumbo, the profit lies in the collaboration in the chain for fewer and better waste flows.

### 3. Healthy products

**At Jumbo we are convinced that delicious and healthy food does not have to be complicated or expensive. That is why we offer a healthy and delicious range of products and help our customers make healthy choices.**

#### **How we go about it**

We notice that customers increasingly need information and advice on delicious, healthy and affordable food. We respond to this need in all our store formats and via all communication channels by showing inspiring possibilities and alternatives that make it easier for customers to add more fruit and vegetables, meat replacements and high-fibre products to their meals, and less salt, sugar and fat if desired. Of course, this also requires constantly adapting and making our product range and recipes healthier, without sacrificing taste and affordability.



#### **Results**

##### **Delicious and healthy food**

Our focus on delicious and healthy food has resulted in many new, healthier own brand products and in a further reduction in the sugar, salt and/or fat content of many existing products. This was the case for the entire range of breakfast cereals and jams. Where possible, we are reducing the number of E numbers. We have done this for, among other things, our spices, sauces, herbs and meat and fish seasoning mixes. A derivative aim of the many product introductions in 2019 was to make it easier to choose products that are both delicious and healthy. A hundred new products have debuted on the 'Potato, vegetable and fruit convenience shelf': from carrot-based noodles and snack salads to Buddha bowls and sous-vide asparagus and cauliflower rice. With these kinds of innovations, Jumbo wants to make vegetables more accessible for customers. Inspiring customers and encouraging them to eat vegetables on multiple occasions throughout the day makes it a bit easier to meet the recommended daily amount (250 grams). We also introduced the 'Kies & Mix' [Mix & Match] system for ready-to-cook vegetables. This makes it easy and inexpensive for our customers to eat a healthy and varied diet. In the bakery section, the wholegrain breads have been given a more prominent place and a fibre meter helps customers make a healthy choice. The proportion of vegetables in many convenience meals has been increased. We also launched a new line of gluten-free products in 2019, under the heading '*Lekker vrij van Gluten*' [Deliciously gluten free]. This line was specially developed in collaboration with the Dutch Coeliac Society (NCV) for people with a gluten intolerance. Jumbo continues to focus on healthy innovations such as more and more healthy spreads (100% peanut butter) and wholegrain varieties such as wholegrain couscous. Also being worked on is the introduction of a food choice logo that will help customers make responsible choices in an easily accessible way.

## Vegetarian and vegan

We again expanded Jumbo's Veggie Chef vegetarian line this year. With the introduction of fresh vegan 'mince', vegan 'burgers' and vegan sliced cold 'meats', Jumbo Veggie Chef has grown into the largest vegan/vegetarian own brand range in the Netherlands. This is also thanks to the new Jumbo Veggie Chef snack line, with frozen snacks such as vegetarian oven mini croquettes and 'chicken' nuggets. We also introduced fresh vegan meals, developed in cooperation with well-known chefs. New items in our range include the products from Beyond Burger and 100% plant-based 'salmon fillet'. The expansion of this offering is entirely consistent with our aim of making it easy for customers to eat less meat. With these products we are catering to the growing group of 'flexitarians', who want more alternatives to meat or fish.

## 4. Working conditions in the chain

**At Jumbo we feel that every employee in the supply chain deserves a healthy working and living environment. We work with various initiatives to improve working conditions.**

### How we go about it

Experience teaches that we can encourage and monitor fair cooperation in the chain through certification, supplier agreements and audits. That is why we make frequent use of these instruments. Where necessary, we take steps to raise the standard. This means that we work to improve working and living conditions on the basis of our human rights policy. We identify risks and tackle them in various chains via the so-called due diligence approach. This starts with knowledge of the chain. We develop initiatives aimed at transparency and gaining more insight into the chain. We also try to improve wages and working conditions in the chains through international partnerships.

### Results

#### Publication of human rights policy

In 2019 we took significant steps towards a more comprehensive human rights policy. We publish about this on [www.jumborapportage.com](http://www.jumborapportage.com). We describe how we are working step by step towards improving working and living conditions in the countries where this is necessary. In addition, we also worked on the 'Responsible Procurement Code' to share with our suppliers. This code constitutes the basis of our purchasing policy. With this we encourage our suppliers, and confront them where necessary, to generously assume their responsibilities in the area of human rights.

#### Publication of world map

Jumbo believes that transparency is important and we are increasingly noticing the need to know where food comes from and under what conditions it was produced. We already have a great deal of insight into our food chains through our supplier system, quality marks and certifications. Based on this information and using our risk analysis, high risk products and ingredients have been identified. In 2019, we developed a world map showing the origins of these risk products and ingredients.

#### Insight into tilapia chain via blockchain

In 2019, we provided insight into our supply chain for tilapia. Jumbo customers can follow the journey tilapia makes from the fish farm in Indonesia to the store in the Netherlands. The QR code on the packaging gives them insight into the various stages of the production process. For this we use advanced blockchain technology, which provides insight into how the fish farm, supplier, distributor and Jumbo are committed to further increasing the sustainability of this farmed fish.

#### Insight into the orange chain

In 2018, we conducted an impact assessment and supply chain mapping for the chain of orange juice concentrate from Brazil in order to gain insight into the conditions at the orange plantations for our orange juice concentrate. This impact assessment resulted in the plantations being Rain Forest Alliance certified since 2019. In this way we contribute to improving the living conditions on the orange plantations in Brazil.

#### Risk analysis for rose chain

In 2018 we extensively mapped out the rose chains and visited our growers in Kenya. Extra checks were carried out in the area of social compliance and environment. In response to the risks, the visit, talks with our supplier and advice from the social organisation Hivos, we decided to have an impact assessment conducted in 2019. This assessment, which we are conducting together with The Impact Institute and a local independent partner, provides us with insight into where there is room for improvement on top of the current certification for social compliance.

#### Cocoa: cooperation in the chain

We carried out an initial risk scan at fifty cocoa suppliers in 2018. This mainly concerned suppliers of chocolate products, pastries and spreads. Our conclusion was that the transparency and complexity of the chains varies considerably. Almost everyone is familiar with the serious and systemic nature of the possible risks in the cocoa chain. That is why in 2019 we looked at how we can work together with other market parties and cocoa suppliers to find an impactful solution for tackling specific issues relating to child labour, deforestation and a living wage.



### **Mango from Côte d'Ivoire**

We started obtaining more insight into our mango chain in 2019. Although many of our mangos come from Peru, our risk analysis shows that the human rights risks are greatest in Côte d'Ivoire. In 2020, together with FairFood and our suppliers, we will delve deeper into the chain in order to obtain insight into the risks and the extent to which they occur in our chains and what actions are needed to minimise any risks that may be present.

### **Coffee: beyond certification?**

In 2019, all suppliers of our own brand coffee provided current information on the countries of origin, volumes and chains. On the basis of this stock taking, we are carrying out a further investigation to determine which certification is most adequate for each country of origin in order to eliminate potential and present risks. We are also in talks with Fairtrade and UTZ to possibly take steps on top of certification, for the countries where this is necessary.

### **Living wage for banana workers**

Through the CBL, Jumbo has joined the IRBC Agreement for the Food Products Sector. Together with civil society organisations, trade unions and the government, we are working to obtain insight and minimise risks of human rights violations and environmental damage, for example, in order to work on making production chains more sustainable. Within this agreement, a number of Dutch supermarket chains, including Jumbo, are working to improve a living wage for workers in banana production. The aim is to reduce the gap between a living wage and a normal wage to 75% in banana production by 2025.

### **Supplier Finance**

In 2019, Jumbo continued offering a so-called Supplier Finance credit facility. This facility is intended to enable suppliers to have quicker access to the liquidity that is tied up in outstanding receivables. With the continued expansion of the Supplier Finance facility and the start of Dynamic Discounting in 2019, Jumbo further improved its payment practices to the benefit of the suppliers. The average payment term for creditors fell from 32 days in 2018 to 29 days in 2019.

With the Supplier Finance facility we won the 'Supply Chain Finance Award' in the Retail & Apparel category in 2019. International recognition for our overall programme of payment solutions for suppliers. In this overall programme, we offer various solutions to a number of target groups, taking fair trade practices into account.

### **Signature of Women's Empowerment Principles**

Jumbo signed the Women's Empowerment Principles of the United Nations in November 2019. These are seven principles that encourage companies to respect women's rights in society in general and in the workplace in particular.

## **5. Local involvement**

**For us at Jumbo, it goes without saying that we are involved at a local level in our stores throughout the country. We like to contribute to making the neighbourhoods in which we operate more pleasant.**

### **How we go about it**

The basics must be in order, which means a safe, pleasant and clean environment. We consciously work on this, together with the other parties in a shopping area or in the vicinity of a logistics hub. We reduce noise nuisance caused by loading and unloading in residential environments as much as possible, for instance. We support local initiatives that are in line with our corporate values, through sponsorship, campaign contributions or the personal involvement of our employees. By devoting personal attention to our customers, we ensure that we show an interest every day. We also increasingly show our involvement with our surroundings through local online media.

### **Results**

#### **Loneliness**

We joined the National Coalition Against Loneliness. We see loneliness as a growing problem in society, but also realise that our stores act as an important meeting place and therefore have a role in combating loneliness. In 2019, for example, we set up the *Klets-kassa* (Chatty Cash Register), to create an extra moment of contact in our stores. Four stores now have such a Chatty Cash Register; we want to expand that number in the near future. We also work with local initiatives, such as the Alles voor Mekaar foundation. Together we opened the first 'Hallo! Alles voor Mekaar coffee corner', a place in the store where neighbourhood residents can chat with each other on a daily basis. Elderly people can also come here for help from professionals and volunteers associated with the Alles voor Mekaar foundation. The first 'Hallo! Alles voor Mekaar coffee corner' was opened by minister Hugo de Jonge in Vlijmen in Brabant in July 2019.



### **Saving for your sport club and school**

With the 'Save for your Sport Club' campaign, we allocate a budget among the participating clubs in every region. They can use the contributions for training materials, care products, sports field equipment, a hanging bench or a climbing pole, for instance. We use a similar set-up to give schools in the neighbourhood a helping hand. Schools can save for games, craft materials, a sandbox or a climbing frame, for instance.

### **Employee ideas**

In addition to sponsoring local sport clubs, charities and events, we encourage store employees to come up with their own ideas and initiatives. They often know the neighbourhood and our customers better than anyone and are well aware of what is needed. This gives rise to all sorts of great initiatives, such as bottle deposit campaigns, clothing collection containers at stores, the handing out of healthy products during the evening four-day marches and local participation in campaigns such as Swim to Fight Cancer.

### **Safety of customers, employees and local residents**

Jumbo takes as its starting point that customers and personnel must be able to shop and work in a safe environment. Investments in visible and invisible security in stores, restaurants, DCs and the head office help make this possible. Every store and distribution centre has at least one safety coach who is specially trained and holds a company emergency response diploma.

## **6. Sustainable chain**

**At Jumbo, together with our chain partners we focus on a product range with the lowest possible impact on the environment. Cooperation with interest groups and certification bodies also contributes to a more responsible offering in our stores.**

### **How we go about it**

Certification, supplier agreements and audits are proven instruments for encouraging and monitoring sustainability in the chain. We strive to be at the forefront in certain areas, to actively communicate and lobby about this in order to elevate this to a new, general standard. This following starting point applies here: Feasible for the farmer and affordable for the customer. Our attention is devoted to working on more transparency in order to gain better insight into the chains. We use contemporary resources for this wherever possible. Internationally we cooperate with initiatives aimed at making food chains more sustainable. This regularly means finding the right balance between, for example, environmental impact, animal welfare, cost price and feasibility for the farmer.

### **Results**

#### **Fish with a quality mark**

The share of revenue from sustainably caught fresh fish was again 96% in 2019. The increase is due to the fact that we increasingly opt for MSC or ASC-certified fish for the Jumbo own brand products.



### Dairy with a quality mark

We took major steps towards making the dairy chain more sustainable in 2019. We were the first supermarket chain in the country to introduce the 1-star Beter Leven label for dairy products. This quality mark looks closely at aspects of the environment, nature and animal welfare. In 2019 we also added PlanetProof certification to Jumbo's own brand dairy products, in addition to the Weidemelk quality mark. PlanetProof puts the emphasis on nature and the environment, without losing sight of animal health and welfare.

### Soy and palm oil

Our efforts to increase awareness among our suppliers in relation to sustainable soy are bearing fruit. The aim is still to use RTRS-certified soy wherever possible throughout the chain. RTRS stands for Round Table Responsible Soy, a certification scheme for the responsible cultivation of soy. With the RTRS Area Mass Balance, we are given better insight into the origin of the soy and the effect of soy cultivation on the rainforest can be better estimated. We also aim, together with our suppliers, to use 100% certified, sustainable palm oil.

### Organic

We carry a wide range of organic products bearing the European Bio logo under the label 'BIO van Jumbo'. We further expanded this range in 2019 to include tinned vegetables, meat replacements and packet soups. The number of organic products carried under Jumbo's own brand increased to approximately 350 in 2019.

### On the way to PlanetProof

In 2016, we made agreements with Greenpeace on making the potato, vegetable and fruit range more sustainable in accordance with the 'On the way to PlanetProof' guidelines. During 2019 we worked intensively on satisfying the agreements, so that by 1 January 2020 all Dutch fruit and vegetables at Jumbo will be 'On the way to PlanetProof'-certified.



## 7. Healthy Lifestyle

**At Jumbo, we want to help customers choose a healthy lifestyle. We do this with advice and inspiration for cooking and eating healthier and exercising more. We also opt for a responsible policy with regard to unhealthy products.**

### How we go about it

We ensure that there is a good foundation and that our customers, depending on their needs, can turn to all our stores and communication channels for healthier alternatives. We show them how they can easily opt for more fruit and vegetables, meat replacements and fibre, and less fat, salt and sugar. We do this by means of recipe ideas, meal planners, working with a new food choice logo, paying extra attention to healthy products, smaller portions and inexpensive seasonal products, and by sharing the knowledge and insights of experts and our own store staff. We believe in 'personalised nutrition' and are taking serious steps to achieve this with the Jumbo Food Coach, for example.

### Results

#### Jumbo Food Coach

With the Jumbo Food Coach, we are taking things a step further. This application is aimed at providing customers with personalised help in making well-informed, responsible and delicious nutritional choices. As part of a three-year cooperation agreed on in 2018, the Jumbo Food Coach app is now being used by the first-team squad of the PSV football association. The players can use the app to order meals for at home, customised for their personal preferences and training schedule, with just a few clicks. Thanks to the Jumbo Food Coach, they can choose from a broad selection of meals that takes their daily schedule into account in a balanced way. The cyclists of Team Jumbo-Visma have also been using the Jumbo Food Coach app since the end of 2018. The Team Jumbo-Visma performance staff guides the athletes by entering a personal nutrition plan that is tailored to the individual's competition and training schedule. The speed skaters from Team Jumbo-Visma will follow suit in 2020.

Ultimately, we at Jumbo want to also help customers make delicious and sensible food choices, whereby healthy need not be at the expense of flavour, experience and price. Users will be able to choose from a broad range of balanced meals. The app also provides a practical link with Jumbo.com to automatically place orders for the home delivery of the ingredients needed. The more widespread introduction of the Jumbo Food Coach app will take place step by step and the app will become available to a broader audience in 2020.

#### Supporting talent

From 1 January 2018, Jumbo has committed for a period of at least five years as head sponsor of the Team Jumbo-Visma skating and cycling team. This gives talented sports people the opportunity to excel. The future belongs to the youth. Jumbo and Visma therefore encourage young talent to start cycling or professionalise their commitment to this sport. The plan includes school projects, support for clubs and a new training team for talented cyclists and cyclo-cross competitors under the age of 23.



### King's breakfast

Jumbo also sponsors the annual King's Breakfast for primary school pupils, which is entirely in line with the food pyramid. Over the past several years, the King's Breakfast has been put together by Jumbo's Kids Council. Connection was also sought this year with the topic of 'hydration' highlighted in the King's Games. The lemons and oranges in the breakfast packet were used to make a delicious, healthy and refreshing fruit water by the children themselves. In 2019, more than 1.2 million primary school pupils participated in the King's Breakfast.

## 8. Value for money

**At Jumbo, our aim is for customers to rate our stores and online channels as representing the best value for money.**

### How we go about it

There are all sorts of ways in which we promote that Jumbo is an and-and formula, with the widest range, the best service and always low prices. For example, we work to ensure that customers unmistakably see us as a supermarket with 'every day low prices' (EDLP). We place as much emphasis as possible on high quality products with our lowest price guarantee, as well as seasonal products that always have the lowest price on the market. For us, high quality also means that products meet the standards set in terms of packaging, environment and social impact. We realise our low prices by, among other things, purchasing competitively. Equally important is our culture of 'every day low costs' (EDLC), which encourages us to look for ways of working efficiently and cost-consciously throughout the food chain every day. Without EDLC, we cannot offer EDLP.

### Results

#### Fixed low prices

We have traditionally distinguished ourselves with a strong offering characterised by high quality and low prices. This is how we help customers in their day-to-day life. In 2019, Jumbo continued to make significant investments in product quality, with even higher value for money as a result. We also constantly measure and monitor the price distance with competitors.

#### Product quality

In 2019 we managed to increase the value for money we offer even further by making significant investments in product quality. Product innovation and quality, alongside price, continue to be the key indicators of customer loyalty. By constantly devoting attention to flavour and freshness, Jumbo strives to permanently exceed customer expectations on this front as well.

#### Seasonal offers

Our positioning as the Netherlands' leading seasonal shop is bearing fruit. We continued our focus on seasonal offers in 2019. These are items that customers use on a daily basis and which are available for a set low price for an entire season. Continuous research shows that customers rate this approach very highly.

#### Large packaging for the business market

In 2019, we significantly expanded our online product range for the fast-growing business market. Business customers can choose from a growing number of products on [Jumbo.com/bedrijven](https://www.jumbo.com/bedrijven) or via the Jumbo app. In order to even better meet the needs of business customers, Jumbo offers a large number of new items in single-serving, bulk and wholesale packs. Naturally this results in lower overall prices.

## 9. Employment conditions and working environment

**Jumbo wants to be known as a good employer. We therefore offer our employees a working environment full of vitality where they can optimally use their skills and an above-average remuneration package.**

### How we go about it

First and foremost, the working environment must be safe, pleasant and clean. We achieve this by, among other things, using the right equipment, strictly observing hygiene regulations and offering all kinds of safety training courses. If we hire foreign flexible workers, we offer suitable accommodation. In the workplace we agree on clear rules of conduct that are brought together in our code of conduct: Code Yellow. We encourage the personal development of our employees, among other ways by generously offering learning and development facilities. In doing so, we encourage colleagues to take charge of their own development. We always take decisions that concern all our employees, such as the modernising employment conditions, in close consultation with the employee participation bodies.

## Results

### Safety

A safe environment and good equipment are of the utmost importance if employees are to enjoy their work. We therefore continued to invest in new, modern resources, but also in the maintenance and improvement of our buildings and installations in 2019. We invested tens of millions in, among other things, mechanical loading aids, reach trucks, safe racking, good LED lighting, paving, modern scanners, voice sets and optimal packaging and waste systems. We also set up a project group to look into how loading and unloading situations can be improved.

### Vitality

In order to provide a pleasant working environment, we also invest in the vitality and health of our employees. We again offered colleagues free fruit and voluntary health check-ups throughout 2019. These check-ups give employees insight into their fitness, health and vitality. We also offer sport and exercise programmes, in addition to the smoking cessation course.

### Jumbo Academy

The Jumbo Academy plays an important role in making Jumbo even more service-oriented. In 2019 as well, our internal training centre provided practice-based training for all employees. The common theme throughout the training offerings is thinking and acting based on the customer's wishes. We are well aware that it is the employees who make the difference and play a decisive role in promoting the best service. In 2019 many employees once again brushed up on their skills at the Jumbo Academy. Some 1,250 training programmes centred on the 7 Certainties and customer orientation. This included both refresher courses for employees of existing stores and introductions for new colleagues. A constant in the Jumbo Academy's offering is the 'Wij van Jumbo' [We at Jumbo] day. This was once again organised for a large number of stores in 2019. Further reinforcing our company culture is the focus on these days. We also continued with the 'Samen op de winkelvloer' [Together on the shop floor] and 'Samen op de DC-vloer' [Together on the DC floor] projects. The aim of these projects is to promote cooperation within the organisation and increase awareness of the effect that organisational decisions can have on the day-to-day work. With a growing range of e-learning modules, the Jumbo *Leerplein* [Learning Square] is an important part of the Jumbo Academy. A hundred new online training programmes were added in 2019, for instance. In 2019 a total of more than 250,000 training programmes and e-learning modules were successfully completed at the Jumbo Academy. We also organised a series of theme days in 2019. These are aimed at providing employees with ideas and tools enabling them to promote Jumbo's commercial policy in the stores. Approximately 1,800 employees participated in each session.

### Remuneration system

The VGL collective labour agreement applies for Jumbo's stores and head office. An agreement was reached with Vakbond CNV on the new VGL collective labour agreement and the collective labour agreement for the food business. The essence of this is a wage increase of 2.5% (with effect from 30 December 2019) and a one-time payment of 1.6%. Relations with the trade unions FNV and CNV were normalised in 2019. All distribution centre employees (with one exception) now fall within the scope of the Employment Conditions Scheme for Logistics. Although a one-time payment is not included in the Employment Conditions Scheme for Logistics, Jumbo also grants this one-time payment to all colleagues employed by Jumbo.

### More than just good pay

We want to make our employment conditions more future-proof. Naturally we believe that good work deserves good pay. That is why we offer an attractive package of employment conditions that includes more than just a good salary. Our efforts to encourage vitality include a new bicycle scheme, vitality programmes and health check-ups. We offer freedom of choice within the employee benefit schemes. We also offer many opportunities for personal development, for example with our training offerings from the Jumbo Academy and our own personal development budget. With our updated lease policy, we are strongly committed to reducing CO<sub>2</sub> emissions, for example by encouraging the use of electric cars.

## 10. Animal welfare

**At Jumbo it is important to us that the animals from which our meat products, eggs and milk products originate have or had a good life. We encourage the use of quality marks with specific animal welfare criteria.**

### How we go about it

Customers have a need for clear information on origin and production conditions. Our experience at Jumbo is that quality marks amply meet this need. That is why we have many products with the Beter Leven quality mark on our shelves. We also encourage the introduction of quality marks for product categories for which no specific animal welfare criteria apply as yet. We strive to be at the forefront in certain areas, to actively communicate and lobby about this in order to elevate this to a new, general standard. This following starting point applies here as well: Feasible for the farmer and affordable for the customer. We actively seek cooperation in the market, with chain partners, industry peers, the government and NGOs. In doing so, we promote a level playing field and the need to jointly raise the bar with regard to animal welfare. At the same time, we call for a sense of reality, for example by paying attention to the dilemma that improved animal welfare regularly comes at the expense of care for the environment.



## Results

### Early feeding

In 2019 we at Jumbo fully switched to the feeding of chicks immediately after birth. This means that all chickens sold under our Nieuwe Standaard Kip (New Standard Chicken) have been given water and food as soon as they hatch from the egg. Prior to this, chicks would often have to wait 24 to 48 hours before being offered food because they had to wait until the rest of the chicks had hatched. Immediate access to food and water has a positive effect on the welfare of the chicks. Jumbo was the first supermarket chain to switch to this method. With the Nieuwe Standaard Kip, Jumbo has been a front-runner in making poultry farming more sustainable for some time.

### Chicken meat products with 1-star Beter Leven quality mark

Jumbo made preparations in 2019 to introduce a 1-star Beter Leven quality mark on its chicken meat products in 2020. This represents a next step in animal welfare. All our chicken meat products already came from the Nieuwe Standaard Kip.

### 1-star Beter Leven quality mark on dairy

Together with the Dutch Society for the Protection of Animals, the Foundation for Nature Conservation and Environmental Protection and the Netherlands Society for the Protection of Birds, Jumbo launched the 1-star Beter Leven quality mark for dairy products. With extra attention to good living conditions for the cows so that they are free to both lie down and eat together as a herd. Moreover, with this quality mark the young cattle also go out to pasture, at least 100 days a year.

## 11. Energy and Emissions

**At Jumbo we aim to set up the entire chain in a climate-conscious and future-proof manner. We want to reduce energy consumption and emissions in our stores and distribution centres and during transport as much as possible.**

### How we go about it

We are constantly looking to reduce our energy consumption in relation to transport and logistics. For example, by using smarter transport and optimising logistics processes, loading more efficiently and planning routes, working towards an emission-free fleet, and encouraging the driving of electric cars and commuting by bicycle. In the area of retail accommodation, in consultation with lessors we are looking at how we can make buildings more sustainable, for example by insulating them better and using sustainable, recycled building materials. Where possible, we aim for the highest sustainability quality mark, such as BREEAM certification. For our stores, distribution centres and the Jumbo head office, we are investigating how we can achieve a more efficient use of energy. To this end, we are investing in energy-saving measures such as LED lighting, refrigerants, heat pumps, solar panels and heat recovery systems. We also purchase green energy.

## Results

### Transmission

In 2019, we updated a large part of our fleet with vehicles that use alternative fuels or are equipped with energy-efficient engines in accordance with the Euro 6 standard. In 2018, we were the first retailer to purchase an all-electric tractor-trailer combination. In that same year we started using electric delivery vans and street scooters, which are now used in Amsterdam and Utrecht. We managed to shorten a number of chains, for example by using direct delivery from our suppliers to our EFCs. In the past, this transport first took place via a regional distribution centre.

### Buildings

We continued construction of our new mechanised national distribution centre in Nieuwegein in 2019. Sustainability according to the BREEAM methodology is a focus in this project. Our aim is for the building to receive the highest qualification to date, BREEAM outstanding, upon completion. We are also investing in our stores to make them more sustainable. In doing so, we are looking for the right balance between sustainability and our EDLC philosophy. In the case of stores that are to be newly built or refurbished, we take various measures from the point of view of sustainability, such as the possibility of solar panels, heat recovery, heat pumps and heat/cold storage installations. We are also expanding our collaboration with lessors when it comes to making buildings more sustainable, for example by taking insulating measures.

### Energy

In 2019, European wind energy accounted for 20% of our total energy consumption. We also encourage self-generation of energy by solar panels on the roofs of our distribution centres, stores and offices. Our distribution centres and offices now accommodate 14,000 solar panels; together they constitute one of the largest solar energy projects in the Netherlands. We also use heat pumps and work continuously on saving energy, by encouraging LED lighting and replacing cooling systems with more energy-efficient variants, for instance.

## 12. Diversity and inclusiveness

**At Jumbo we believe that we are of and for everyone. All customers and employees must feel at home with us and be able to identify with our values.**

### How we go about it

We ensure that our employees reflect society as much as possible so that customers identify with our workforce. When hiring new employees, we strive for diversity in age, gender, origin, skin colour, religion, physical condition and sexual orientation. We are convinced that this also contributes to a creative, innovative and effective Jumbo organisation. For each business unit, we look at how we can increase diversity by defining focal target groups. We also encourage cooperation on the basis of equality. One of the ways we do this is by consciously creating a culture with work processes in which employees have equal rights and obligations. In our leadership programmes we devote a great deal of attention to diversity and inclusiveness; we support leaders in actively promoting diversity.

### Results

#### Women at the top

At the end of 2019, 39% of the senior management at Jumbo were women. The Management Board has one female member (33%). There are no women on the Supervisory Board as yet. We have the express desire to change this in the event of future vacancies.

#### Inclusiveness

We worked on an inclusiveness policy for all business units in 2019. The structural deployment of different target groups is of great value for the stores, distribution centres, the head office and La Place. In the distribution centres, in the stores and at the office we work with an increasing number of so-called beneficiaries of international protection. In the stores and La Place restaurants we reserve jobs for participants and Wajong benefit recipients. We believe it is important to work together on the basis of equality and therefore also help people who deserve support. Our leaders play an important role in this.

## Our objectives and impact

Indicator	Objective	2019	2018
<b>Food wastage</b>			
Euro/kg of discarded food per euro of revenue	Baseline measurement in 2020		
# of stores collaborating with Food Bank		300	0
<b>Packaging and waste</b>			
Kg of packaging material for products per € of revenue	20% less in 2025 than in 2017 (baseline measurement in 2020)		
Quantity of waste (ton/m <sup>2</sup> NSA)	part of objective for packaging and waste	0.116	0.118
<b>Healthy products</b>			
Healthy products in own brand range	determine objective in 2020	31.0%	
<b>Working conditions in the chain</b>			
Products with a social quality mark	Baseline measurement in 2020		
Coffee with a quality mark	All coffee is 100% certified according to Fairtrade or UTZ (Rainforest Alliance)	100%	100%
Tea with a quality mark	All tea is 100% certified according to Fairtrade or UTZ (Rainforest Alliance)	100%	100%
Chocolate with a quality mark	All chocolate is 100% certified according to Fairtrade or UTZ (Rainforest Alliance)	100%	100%
<b>Local involvement</b>			
Customer satisfaction score	Baseline measurement in 2020		

Indicator	Objective	2019	2018
<b>Sustainable chain</b>			
Products with a sustainable quality mark	Baseline measurement in 2020		
Fish with a quality mark	All fish, shellfish and crustaceans for which MSC or ASC certification is available started carrying this quality mark from 2020	96.0%	96.1%
Potatoes, vegetables, fruit with a quality mark	As of 1 January 2020, all Dutch potatoes, fruit and vegetables had the 'On the Way to PlanetProof' quality mark	100%	80%
# of organic products	part of the objective for sustainable supply chain	350	
<b>Healthy lifestyle</b>			
# of customers reached in relation to personalised nutrition (food coach)	Baseline measurement in 2020		
<b>Value for money</b>			
Price perception	determine objective in 2020	72%	
<b>Employment conditions and working environment in the organisation</b>			
Result of Employee Satisfaction Survey (MTO)	determine objective in 2020	7	
Training		3,4742	2,7651
E-learning		222,137	144,236
Education courses		4,607	4,784
<b>Animal welfare</b>			
Meat, eggs and dairy products with an animal welfare quality mark	Baseline measurement in 2020		
Chicken with a quality mark	All fresh chicken is certified in accordance with Jumbo's Nieuwe Standaard Kip protocol	100%	
Pork with a quality mark	All fresh pork is at least 1-star Beter Leven quality mark certified	87%	
Eggs with a quality mark	All fresh eggs are at least barn eggs and 1-star Beter Leven quality mark certified	99.80%	
Dairy with a quality mark	From 2022 only more sustainable milk products, in 2020 only pasture milk in Jumbo's own brand range	48%	
<b>Energy and emissions</b>			
CO <sub>2</sub> footprint of Jumbo Groep Holding (total tons of CO <sub>2</sub> equiv.)		241.9	249.5
Electricity consumption of Jumbo Groep Holding (kWh/m <sup>2</sup> NSA)		431	464
Gas consumption of Jumbo Groep Holding (m <sup>3</sup> /m <sup>2</sup> NSA)		15.3	15.3
Total energy consumption of Jumbo Groep Holding (MJ/m <sup>2</sup> NSA)	20% savings compared to 2010	2	2
CO <sub>2</sub> emissions per roller container (kg CO <sub>2</sub> equiv./roller container)		2.03	2.08
Carbon Footprint (kg CO <sub>2</sub> equiv./m <sup>2</sup> NSA)		321.1	354.6



Indicator	Objective	2019	2018
<b>Diversity and inclusion</b>			
Age structure younger than 25 years		75.1%	75.5%
Age structure 25 - 34 years		8.9%	8.8%
Age structure 35 - 44 years		5.9%	5.9%
Age structure 45 - 54 years		5.9%	5.8%
Age structure 55 years and older		4.2%	4.1%
Ratio of men to women - men		49.0%	49.9%
Ratio of men to women - women		51.0%	50.1%

## Notes

### Food wastage

Even though more fresh products that are susceptible to loss are being sold, there was less food wasted in 2019 than in 2018. The driving force behind this is our programme 'Samen tegen verspillend' [Together against wastage]. Our Sunday opening hours were also extended and we see increased footfall, which contributes to less leftover food on Mondays. Some is also given away to the food bank. In 2020, we will convert our loss figures to the proposed indicator.

### Packaging and waste

Our waste production per square metre of sales floor area (m<sup>2</sup> NSA) decreased by 2.0% compared to 2018. Floor space was added last year, without a proportional amount of extra waste being generated. There was a relatively large decrease in Out-of-Date Products (-10.6%), residual waste (-10.0%) and Paper and Cardboard (-5.0%). The decline is due in part to the fact that we have started to collect more orange peels separately and in part to various initiatives to reduce food wastage. In 2019 we collected 5,545,000 kg of orange peels to make soap and cleaning products. The quantity of foil also fell sharply (-8.8%), but this has less impact on overall waste production because of its relatively small size. The reduction of waste and food wastage is the subject of constant attention. Initiatives to reduce this are being developed via multidisciplinary working groups (such as Zero Waste, Licence to Grow). We are also making waste transport more efficient, partly through the further implementation of cardboard balers.

### Healthy products

Of the own brand range, 31% satisfies the Jumbo health criteria.

### Working conditions in the chain

In 2019, all coffee, tea and chocolate products in Jumbo's own brand range had a Rainforest Alliance, Fairtrade and/or Biologisch (organic) quality mark.

### Local involvement

A baseline measurement for this will be carried out in 2020.

### Sustainable chain

In 2019, 96% of the revenue from all fish, shellfish and crustaceans in the Jumbo's own brand range was generated by products with an MSC, ASC or Biologisch quality mark. In addition, all Dutch fruit and vegetables had the 'On the Way to PlanetProof' quality mark and 350 products had a Biologisch quality mark in 2019.

### Healthy lifestyle

The more widespread introduction of the Jumbo Food Coach app will take place step by step and the app will become available to a broader audience in 2020.

### Value for money

72% of the primary and secondary customers think that Jumbo offers good value for money.

### Employment conditions and working environment in the organisation

Three categories are distinguished: training courses, online training and educational courses. Training courses are offered on location and are subject-oriented, online training is offered via Hello Talent and educational courses are longer and give participants an vocational education or higher professional education diploma, or are subject-oriented courses towards a new position, such as department manager or branch manager.

The training evaluation score in 2019 was 8.6. The number of training participants increased by 25%. The number of employees successfully completing online training also increased by 54%. This was related to, among other things, the completion of the acquisitions of Emté and Agrimarkt. The vocational education courses have been further professionalised and expanded. We also designed the training offerings for Belgium and assisted the first three stores with the opening process.

### **Animal welfare**

All fresh chicken was certified in accordance with Jumbo's Nieuwe Standaard Kip protocol in 2019. Of the fresh pork, 87% is certified with at least the 1-star Beter Leven quality mark. 99.8% of the fresh eggs are at least barn eggs and 1-star Beter Leven quality mark certified. Of the certified eggs, 35% has a 3-star Beter Leven quality mark, 34% a 2-star Beter Leven quality mark (free range) and the remaining 31% qualifies as barn eggs. Of all dairy products on the shelf, 48% have a quality mark (Weidemelk, Planet Proof, Biologisch or Beter Leven quality mark).

### **Diversity and inclusion**

The total number of employees increased significantly by 9%. This increase was mainly due to the hiring of employees at the branches. The ratio of full-time versus part-time employees has remained more or less the same over the past year. The increase in staff is similar across the different age groups. The absolute increase remains the highest among young people under 25 (2,500 new employees). The male/female ratio within the workforce of all branches, offices and distribution centres at Jumbo Groep Holding B.V. showed a small increase in the percentage of women last year.

### **Energy and emissions**

#### *Total energy consumption*

Our total energy consumption per square metre of sales floor area (m<sup>2</sup> NSA) decreased by 5.3% in 2019 compared to 2018. The main reason is the decrease in electricity consumption.

#### *Electricity*

Our total electricity consumption per square metre of sales floor area (m<sup>2</sup> NSA) decreased by 7.0% compared to 2018. The main reason is that a relatively large number of refurbishments took place in 2018, with LED lamps being installed and cooling systems being replaced with more energy-efficient versions. The number of sustainable initiatives is also growing, including solar panel installation and the use of Heat/Cold Storage and heat pumps.

#### *Gas*

Our total gas consumption per square metre of sales floor area (m<sup>2</sup> NSA) remained virtually the same in 2019 compared to 2018. Consumption rose slightly in the stores, while gas consumption fell in the offices. In terms of heating, energy-saving measures are regularly implemented, such as the use of heat recovery from the cooling installation, but this is not yet reflected in a reduction in gas consumption.

#### *Total CO<sub>2</sub> emissions*

Jumbo's total CO<sub>2</sub> emissions per m<sup>2</sup> of NSA decreased by 9.0% in 2019 compared to 2018. The total CO<sub>2</sub> emissions relate to electricity, gas, transport and refrigerants (scope 1 and 2). We have achieved the most important CO<sub>2</sub> savings with new cooling systems. These new cooling systems not only consume less electricity, they also use different kinds of refrigerants that are much more environmentally friendly. Since gas consumption has remained more or less the same, this does not cause any significant fluctuation in CO<sub>2</sub> emissions.

#### *CO<sub>2</sub> emissions from transport*

The CO<sub>2</sub> emissions per roller container transported decreased from 2.08 kg CO<sub>2</sub> in 2018 to 2.03 kg in 2019, a decrease of 2.5%. This decrease is mainly due to a higher load factor of the vehicles. As the online market grows, trucks can be used more efficiently. If we only look at the regular transport to stores, the CO<sub>2</sub> emissions per roller container transported have decreased by 2.9%. In addition to the higher load factor and the use of cleaner engines (Euro6), the first electric truck was used in 2019. The CO<sub>2</sub> emissions per roller container transported for e-commerce (to EFCs) decreased by 13.2% thanks to a higher load factor.



# SERVICE





# Report from the Supervisory Board

**The Supervisory Board is pleased to determine that Jumbo achieved its key strategic and financial objectives for the reporting year in 2019. Jumbo also grew into a leading omnichannel player on the Dutch food market this year. Together with La Place, significant steps were again taken in the transition from food retail to food experience.**

Jumbo owes its strong growth largely to further expansion of the store portfolio. In addition to the conversion of the last 56 EMTÉ stores to the Jumbo formula and the acquisition of four Agrimarkt stores, two new Jumbo Food Markets and two Jumbo City convenience stores were added to the portfolio. Entry into the Belgian market went particularly successfully. La Place also saw its revenue rise again, this year by 10%.

The commercial collaboration with HEMA and the acquisition of six Udea stores offers Jumbo numerous opportunities for further growth in the Randstad conurbation.

Jumbo managed to maintain the strong growth of its online activities in 2019. Although this is a positive development, this channel remains loss-making for the time being. Nevertheless, Jumbo will have to continue to invest in this. Today's customers also want to be able to do their shopping online.

Jumbo constantly focuses on putting the customer first in everything it does. Extra attention was devoted to this in 2019, with means of communication aimed at the attitude and behaviour of employees. Jumbo has also expressed its passion for customers on other fronts, with Jumbo Food College *powered by La Place* and Jumbo Extras, for instance.

In 2019 Jumbo took the first, important steps towards integrated reporting. With this, Jumbo sends a clear signal that it takes sustainable business operations seriously and that it expects to create (social) value for the short, medium and long term by means of strategy, governance, performance and prospects.

Jumbo wants to prevent the rapid growth of recent years from culminating in too much complexity and bureaucracy. This requires smarter organisation, so that the company remains agile and decisive. Jumbo will be further optimising its organisation in this area under the project name 'Licence to grow'. First and foremost, Jumbo remains an enterprising and customer-oriented business, with a passion for the customer and a keen eye for cost awareness.

The renewal of the executive structure should contribute to this. The new position of Chief Operating Officer (COO) was created on the Management Board for this. Cees van Vliet took up this position on 6 January 2020. Cees is a retail man in heart and soul and brings with him a great deal of experience. His knowledge and capacities ideally complement the strengths of the Management Board.

## Supervisory Board meetings

The Supervisory Board met six times during the reporting year. These meetings take place in accordance with a pre-agreed meeting schedule or are convened if there is a special reason to do so. The Supervisory Board meetings are usually attended by all members. There were no frequent absences on the part of one or more members. The Supervisory Board also met without the Management Board during the reporting year.

The following topics were on the agenda during the 2019 reporting year: development of the food retail market in general, implementation of the corporate strategy as laid down in the Strategic Multi-year Plan and made more concrete in the Year Plan, initiatives for the Jumbo formula and differentiation, marketing campaigns, periodic discussion of the results, financing of the business, risk management and control systems, integrated reporting, Jumbo's governance model and other topics relating to the Supervisory Board's role in monitoring the business.

There was particular attention devoted this reporting year to the acquisition of EMTÉ, Agrimarkt and six Udea stores, the commercial collaboration with HEMA, the opening of the first Jumbo stores in Belgium, further mechanisation of the logistics network, the Jumbo organisation, the starting points of the Jumbo formula and the strategic plans concerning La Place. The 2020 Year Plan was also approved, including the budget for 2020.

The composition of the Supervisory Board changed during the reporting year due to the resignation of Mr Bruijniks on 15 April 2019. The vacancy for a new supervisory director has not yet been filled.

#### **Audit Committee**

In 2019, the following topics were among those discussed in the Audit Committee: the financial results for Jumbo and La Place, the 2019 financial statements, financing and tax issues, strategic projects, compliance, supply chain management, the Year Plan, the audit charter, the management letter and the audit report from the external auditor and the quarterly Risk & Audit reports. Discussions were also held with the external auditor without the attendance of the Management Board.

#### **Commercial Committee**

The following topics were among those discussed in the Commercial Committee in 2019: brand positioning and marketing policy, the fan score, format differentiation, product range policy, market penetration, development in revenue and price policy.

#### **General Meeting, financial statements, profit appropriation and discharge**

The 2019 financial statements are accompanied by an audit opinion from PricewaterhouseCoopers Accountants N.V.

The Supervisory Board advises the General Meeting to adopt the 2019 financial statements and add the 2019 result to the other reserves in line with the proposal from the Management Board. The Supervisory Board also advises the General Meeting to grant the Management Board discharge for the policy pursued and the Supervisory Board for the supervision exercised.

The Supervisory Board feels it is important to express its appreciation for the major efforts made by the Management Board and all the employees during the reporting year, as well as for the results achieved during this year.

Veghel, 18 February 2020

Supervisory Board  
Jumbo Groep Holding B.V.

Karel van Eerd  
Antony Burgmans  
Piet Coelewij  
Wilco Jiskoot





# Annual accounts 2019





# Consolidated balance sheet as of 29 December 2019

Before profit appropriation, in €1,000

ASSETS	Note	29 December 2019	30 December 2018
<b>Fixed assets</b>			
Intangible fixed assets	1	1,630,479	1,605,122
Tangible fixed assets	2	477,943	377,874
Right-of-use assets	3	2,514,108	-
Financial fixed assets	4	68,034	34,639
Deferred tax assets	5	1,908	-
		<b>4,692,472</b>	<b>2,017,635</b>
<b>Current assets</b>			
Assets held for sale	6	17,939	15,747
Inventories	7	179,243	180,455
Trade debtors and other receivables	8	310,618	282,055
Corporate income tax	9	6,074	-
Cash and cash equivalents	10	66,489	57,573
		<b>580,363</b>	<b>535,830</b>
<b>TOTAL ASSETS</b>		<b>5,272,835</b>	<b>2,553,465</b>
<b>LIABILITIES</b>			
	Note	29 December 2019	30 December 2018
<b>Group equity</b>			
Issued capital		8	8
General reserves		486,451	395,092
Unappropriated result		114,880	160,194
<b>Total group equity</b>	11	<b>601,339</b>	<b>555,294</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	2,315,131	-
Loans and other liabilities	13	402,021	346,702
Pensions and other deferred remuneration	14	20,197	19,529
Deferred tax liabilities	15	173,671	164,822
Provisions	16	2,966	18,970
Derivative financial instruments	17	9	160
		<b>2,913,995</b>	<b>550,183</b>
<b>Current liabilities</b>			
Lease liabilities	12	254,515	-
Loans and other liabilities	13	39,299	74,539
Provisions	16	4,484	23,483
Corporation tax	9	-	7,340
Trade creditors and other accounts payable	18	1,459,203	1,342,626
		<b>1,757,501</b>	<b>1,447,988</b>
<b>Total liabilities</b>		<b>4,671,496</b>	<b>1,998,171</b>
<b>TOTAL LIABILITIES</b>		<b>5,272,835</b>	<b>2,553,465</b>



# Consolidated income statement for 2019

<i>in €1,000</i>	Note	2019	2018
<b>Net revenue</b>	20	<b>6,874,246</b>	<b>6,331,006</b>
Cost of sales	21	-5,624,313	-5,193,979
<b>Gross revenue result</b>		<b>1,249,933</b>	<b>1,137,027</b>
Other operating income	23	119,691	118,376
Selling costs	24	-887,704	-830,766
Administrative costs	25	-197,848	-156,535
Total expenses		-1,085,552	-987,301
<b>Net revenue result</b>		<b>284,072</b>	<b>268,102</b>
Amortisation of intangible fixed assets	1	-95,062	-78,601
Impairment of tangible fixed assets, intangible fixed assets, or right-of-use assets or reversal of impairment	26	-539	-8,306
<b>Operating result</b>		<b>188,471</b>	<b>181,195</b>
Financial income	27	2,551	2,284
Financial expenses	27	-42,542	-14,199
<b>Result before taxes</b>		<b>148,480</b>	<b>169,280</b>
Taxes	28	-33,600	-9,086
<b>Result after taxes accruing to shareholders</b>		<b>114,880</b>	<b>160,194</b>



# Consolidated statement of comprehensive result for 2019

<i>in €1,000</i>	Note	2019	2018
<b>Result after taxes</b>		<b>114,880</b>	<b>160,194</b>
<b>Results that will not be reclassified to the income statement</b>			
Actuarial results on defined benefit plans	14	800	-1,552
Taxes on changes to defined benefit plans	15	-162	344
Changes in fair value of derivative financial instruments	17	151	2
Taxes on changes in fair value of derivative financial instruments	15	-31	-8
		758	-1,214
<b>Total result</b>		<b>115,638</b>	<b>158,980</b>
<b>Total result accruing to shareholders</b>		<b>115,638</b>	<b>158,980</b>

# Consolidated cash flow statement for 2019

According to the indirect method, in €1,000

	Note	2019	2018
<b>Cash flow from operational activities</b>			
<b>Operating result</b>		<b>188,471</b>	<b>181,195</b>
Adjustments for:			
Depreciation and amortisation of tangible fixed assets, intangible fixed assets and right-of-use assets	1, 2, 3	414,877	155,377
Impairments/reversal of impairments	26	1,624	8,306
Result on divestments of assets		-9,593	-9,401
Movement in right-of-use assets and lease liabilities		37,249	-
Movement in long-term receivables, non-current liabilities and provisions		-48,826	-3,961
		<u>583,802</u>	<u>331,516</u>
Movements in working capital:			
Movement in inventories		1,212	-2,823
Movement in trade debtors and other receivables		-27,189	-55,624
Movement in trade creditors and other accounts payable		90,701	176,646
<b>Cash flow from business operations</b>		<b>648,526</b>	<b>449,715</b>
Corporation tax paid		-46,299	-50,182
<b>Net cash flow from operational activities</b>		<b>602,227</b>	<b>399,533</b>
Cash flow from investment activities			
Investments in tangible fixed assets/intangible fixed assets		-284,541	-220,978
Divestments of tangible fixed assets/intangible fixed assets		3,894	4,371
Investments in assets held for sale		-15,904	-13,851
Divestments of assets held for sale		47,901	50,570
Acquisition of interests		-51,666	-283,832
Disposals of interests		3,847	1,454
Long-term receivables provided	4	-30,019	-14,173
Repayments on long-term receivables	4	6,939	9,788
Interest received		2,090	2,837
<b>Net cash flow from investment activities</b>		<b>-317,459</b>	<b>-463,814</b>
Cash flow from financing activities			
Drawdown long-term loans	13	100,000	175,000
Repayments on long-term loans	13	-50,000	-75,000
Payments under lease commitments	12	-248,515	-858
Interest paid		-5,109	-5,899
Dividend paid out	11	-52,500	-44,000
Jumbo participation scheme		-19,728	-23,798
<b>Net cash flow from financing activities</b>		<b>-275,852</b>	<b>25,445</b>
<b>Total net cash flow</b>		<b>8,916</b>	<b>-38,836</b>
Opening balance cash		57,573	96,409
<b>Closing balance cash</b>	<b>10</b>	<b>66,489</b>	<b>57,573</b>

# Consolidated movements in group equity 2019

The movements in group equity for 2019 were as follows (see note 11):

<i>before profit appropriation, in €1,000</i>	Issued capital	General reserves	Unappropriated result	Total group equity
<b>Balance at start of 2019 financial year before application of IFRS16</b>	<b>8</b>	<b>395,092</b>	<b>160,194</b>	<b>555,294</b>
First application of IFRS16	-	-	-	-
<b>Balance at start of 2019 financial year with application of IFRS16</b>	<b>8</b>	<b>395,092</b>	<b>160,194</b>	<b>555,294</b>
Result after taxes	-	-	114,880	114,880
Appropriation of profit previous financial year	-	160,194	-160,194	-
Actuarial results on defined benefit plans	-	638	-	638
Fair value of derivative financial instruments	-	120	-	120
<b>Total result</b>	<b>-</b>	<b>160,952</b>	<b>-45,314</b>	<b>115,638</b>
Adjustment of stamp obligations	-	-17,093	-	-17,093
<b>Total other movements in equity</b>	<b>-</b>	<b>-17,093</b>	<b>-</b>	<b>-17,093</b>
Payment of dividend to Stichting Jumbo Groep	-	-52,500	-	-52,500
<b>Total movements in relationship with shareholders</b>	<b>-</b>	<b>-52,500</b>	<b>-</b>	<b>-52,500</b>
<b>Balance at end of 2019 financial year</b>	<b>8</b>	<b>486,451</b>	<b>114,880</b>	<b>601,339</b>

The movements in group equity for 2018 were as follows:

<i>before profit appropriation, in €1,000</i>	Issued capital	General reserves	Unappropriated result	Total group equity
<b>Balance at start of 2018 financial year</b>	<b>8</b>	<b>283,860</b>	<b>156,446</b>	<b>440,314</b>
Result after taxes	-	-	160,194	160,194
Appropriation of profit previous financial year	-	156,446	-156,446	-
Actuarial results on defined benefit plans	-	-1,208	-	-1,208
Fair value of derivative financial instruments	-	-6	-	-6
<b>Total result</b>	<b>-</b>	<b>155,232</b>	<b>3,748</b>	<b>158,980</b>
Payment of dividend to Stichting Jumbo Groep	-	-44,000	-	-44,000
<b>Total movements in relationship with shareholders</b>	<b>-</b>	<b>-44,000</b>	<b>-</b>	<b>-44,000</b>
<b>Balance at end of 2018 financial year</b>	<b>8</b>	<b>395,092</b>	<b>160,194</b>	<b>555,294</b>



# Notes to the consolidated financial statements

## General

### The company and its activities

The activities of Jumbo Groep Holding B.V. (Chamber of Commerce number 17136209), with registered office at Rijksweg 15 in Veghel, and its group companies consist mainly of food retail and hospitality.

These consolidated financial statements were prepared by the Management Board and signed on 18 February 2020. The 2019 annual report and accounts will be submitted for adoption to the General Meeting on 18 February 2020.

### Statement of compliance with International Financial Reporting Standards

The consolidated financial statements and notes are in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the European Union and with Title 9 of Book 2 of the Dutch Civil Code (Dutch financial reporting rules).

### General principles

The consolidated financial statements of Jumbo Groep Holding B.V. have been prepared based on historical cost to the extent IFRS does not prescribe a different valuation policy for specific items. This latter situation applies for: assets held for sale, deferred tax liabilities, the Jumbo participation scheme, derivative financial instruments and defined benefit schemes.

Jumbo Groep Holding B.V.'s financial year covers a period of 52 or 53 weeks and ends on the Sunday closest to 31 December of the particular year. The 2019 financial year consisted of 52 weeks and ended on 29 December 2019. The comparative 2018 financial year also consisted of 52 weeks. The 2018 financial year started on 1 January 2018 and ended on 30 December 2018.

The consolidated financial statements have been prepared in euros; this is also the functional currency. The amounts in the financial statements have been rounded off to the nearest €1,000, unless stated otherwise.

### Consolidation principles

The consolidated financial statements of Jumbo Groep Holding B.V. include the financial data of companies belonging to the Group and other legal entities in which Jumbo can exercise predominant control over the financial and operational policy.

There is predominant control at the moment Jumbo can exert control over the participation, is exposed to variable revenues from its involvement in the participating interest, and Jumbo is able to manage the relevant activities of the participation. If Jumbo does not have the majority of the voting rights or similar rights in a participation, it takes into account all the relevant facts and circumstances in assessing whether it can exercise control of the participation.

The financial data of the consolidated group companies, with the exception of J&C Acquisition Holding B.V. and subsidiaries, are fully included in the consolidated financial statements, taking into account the elimination of intercompany relations and transactions. Based on the economic reality, J&C Acquisition Holding B.V. is reported in Jumbo Groep Holding B.V. proportionately for 66.67% because of a temporary joint business activity whereby only the shareholders are supplied. The recognition percentage is based on the financial distribution and allocation of the stores, i.e. 66.67% for Jumbo Groep Holding B.V. and 33.33% for Coop Holding B.V.

The following participations were included in the consolidation with Jumbo Groep Holding B.V. at the end of the financial year (as a percentage of share capital):

<b>Company</b>	<b>Registered office</b>	<b>2019</b>	<b>2018</b>
Jumbo Food Groep B.V.	Veghel	100%	100%
- Jumbo Distributiecentrum B.V.	Veghel	100%	100%
> Jumbo Logistiek Vastgoed B.V.	Veghel	100%	100%
- Jumbo Supermarkten B.V.	Veghel	100%	100%
> Jumbo Supermarkten Vastgoed B.V.	Veghel	100%	100%
> EMTÉ Kapelle B.V.	Veghel	100%	-
- Euroselect B.V.	Veghel	100%	100%
- Jumbo Omnichannel B.V.	Veghel	100%	100%
> Jumbo Omnichannel Vastgoed B.V.	Veghel	100%	100%
- EMTÉ J Supermarkten B.V.	Veghel	-	100%
- Jumbo België BVBA	Antwerp	100%	100%
<b>La Place Food Groep B.V.</b>	Veghel	100%	100%
- La Place Food B.V.	Veghel	100%	100%
- La Place Food GmbH	Montabaur	100%	100%
<b>J&amp;C Acquisition Holding B.V.</b>	Veghel	50%	50%

Jumbo made the following changes in the corporate structure in 2019:

- Jumbo Supermarkten Vastgoed B.V. acquired EMTÉ Kapelle B.V. as of 1 July 2019.
- EMTÉ J Supermarkten B.V. was transferred from Jumbo Food Groep B.V. to Jumbo Supermarkten B.V. with effect from 15 July 2019. EMTÉ Supermarkten B.V. (disappearing company) subsequently merged with Jumbo Supermarkten B.V. with effect from 15 July 2019. on 4 December 2018.
- Jumbo Supermarkten B.V. acquired Agrimarkt B.V. on 31 October 2019. As of 5 December 2019, Agrimarkt B.V. (disappearing company) merged with Jumbo Supermarkten B.V. on 4 December 2018.

The two-tier board structure applies to Jumbo Groep Holding B.V. The company is managed by the board of directors. Supervision is exercised by the Supervisory Board.

Hereafter, Jumbo Groep Holding B.V. together with its participations will be referred to as Jumbo or the Group, unless stated otherwise.

Jumbo Groep Holding B.V. is the parent company of the Group. Stichting Jumbo Groep manages 100% of the issued shares and was incorporated to promote the interests of the ultimate shareholders of Jumbo Groep Holding B.V. Stichting Jumbo Groep is not a parent company since Stichting Jumbo Groep is not entitled or exposed to variable revenues on account of its involvement in Jumbo.

### **Business combination**

A business combination is recognised based on the purchase accounting method as of the acquisition date. This is the date on which predominant control passed to Jumbo Groep Holding B.V.

Jumbo measures the goodwill as of the acquisition date as the positive difference between the compensation transferred less the fair value of the identifiable acquired assets and obligations entered into. If the difference is negative, a book profit from a favourable purchase is recognised in the income statement.

The compensation transferred does not include any amount for settling existing relationships. Such an amount is recognised in the income statement. Transaction costs incurred by Jumbo in acquiring a business combination, not being the costs for issuing liability or equity instruments, are recognised in the income statement when they are incurred.

## Foreign currencies

Receivables, debts and liabilities denominated in foreign currencies are converted to euros at the exchange rate on the balance sheet date. Transactions in foreign currencies during the reporting period are recognised in euros in the consolidated financial statements at the exchange rate on the transaction date. Differences arising from the conversion are recognised in the income statement.

Jumbo has interests in companies that are located in the European Union, primarily the Netherlands, and which use the euro as functional and reporting currency.

## Estimates

In putting together Jumbo's consolidated financial statements at the end of the 2019 financial year, the management had to make certain estimates and assumptions. These estimates and assumptions affect the reported assets and liabilities, the statement of off-balance sheet assets and liabilities on the balance sheet date and the income and expenditure in the period being reported on.

The estimates relate in particular to the expected term of lease liabilities with the associated discount rate as a result of recognition in accordance with IFRS16. The estimates also relate to the recognition of the supplier contributions, the other deferred remuneration, the deferred tax liabilities and assets, the provisions and the determination of the fair value of the assets, provisions and debts from activities acquired via takeovers. The actual results may deviate from these estimates and assumptions.

The assumptions, expectations and forecasts used as the basis for the estimates in the consolidated financial statements are as accurate as possible a reflection of the outlook for Jumbo. The management is of the opinion that there is a reasonable basis for the assumptions, expectations and forecasts. The estimates reflect Jumbo's views on the dates on which they were made. Estimates relate to known and unknown risks, uncertainties and other factors. This means that the actual results could deviate from the expected results.

## Effects of introducing new principles for the current financial year

The most significant change in standards and interpretations for Jumbo for the 2019 financial year concerns IFRS16.

IFRS16 'Leases' replaces the current standard for leases (IAS17) and provides a framework for reporting lease contracts. This new standard is in force for financial years starting on or after 1 January 2019. The new standard requires lessees to capitalise the right-of-use assets arising from leases under the fixed assets. The lessee must also recognise a lease liability under these contracts in the balance sheet. This also eliminates the difference for the lessee between a finance and operational lease. Exceptions are leases with a term of less than 1 year or low-value assets. Jumbo has applied this standard with effect from the 2019 financial year, i.e. 31 December 2018.

Initially Jumbo expected to capitalise total right-of-use assets of approximately €3,556,000, and to recognise total lease liabilities of approximately €3,553,000, with effect from the 2019 financial year. Of this lease liability, €246,000 can be classified as current. In 2019, the assumptions regarding the aforementioned expected opening balance sheet for right-of-use assets for first-time application of IFRS16 were reassessed, partly on the basis of the professionalisation of the process. As a result, the right-of-use assets to be capitalised became €2,561,771 upon first application of IFRS16 and an amount of €2,595,994 in lease liabilities was recognised, of which €217,157 can be classified as current. This reduction is largely due to the adjustment of the maximum lease term from 20 to 15 years. For further explanation see note 3.

Besides the franchise constructions with Jumbo, Jumbo's other activities as lessor are very limited in scope and have no significant impact on the financial reporting. The sublease activities do require additional disclosure, however. This is included in note 4 financial fixed assets, where the contracts for leasing out are valued.

At year-end 2018, the off-balance-sheet rights and commitments included a sum of €1,403,247 for operational lease and rent commitments. As a result of the application of IFRS16, the right-of-use assets for land and buildings were valued at €2,556,535 in the opening balance sheet. The difference of €1,153,288 is largely due to a reassessment of the expected term (increase of €1,357,554). The difference was also caused by a portion of the liabilities that is conditional and included under the off-balance-sheet rights and commitments or which no longer applies (reduction of €143,096), by discounting of the lease liability (reduction of €41,704) and by contracts with a term shorter than 12 months or a lower value (reduction of €19,466).

At year-end 2018, a sum of €37,753 had been included in off-balance-sheet rights and commitments in respect of operational lease liabilities for transport (including internal transport, means of transport and other assets). As a result of the application of IFRS16, the right-of-use assets for means of transport and other operating assets were valued at €24,371. The reduction of €13,382 was caused by contracts with a term of less than 12 months and the portfolio approach for means of transport based on average remaining term.



Jumbo used the simplified transition method for the first application of IFRS16, whereby the comparative figures are not adjusted. Jumbo adhered to the following principles in this context:

- Leases with a remaining term of less than 12 months or a present value of less than €5 are not valued.
- The opening balance sheet value for the provision for onerous contracts related to rental losses and vacancy of land and buildings is, upon first application, deducted from the opening balance sheet value of right-of-use assets.
- For the 'means of transport' and 'other operating assets' categories included in right-of-use assets, the portfolio approach was applied with a single discount rate.
- Jumbo did not perform any reassessment or reclassifications on items already capitalised under tangible fixed assets and intangible fixed assets.

Jumbo also did not use the practical application for not reassessing leases; all leases were assessed for application of IFRS16.

Right-of-use assets are calculated based on the discounted lease liabilities as of 31 December 2018, with deduction of any prepaid costs. The discount rate used is equal to Jumbo's incremental borrowing rate, taking into account the term of the contract. A weighted average of 1.1% applies for the lion's share of the lease portfolio.

At year-end 2019, the application of IFRS16 had an impact on the operating result of €6 million in income, on the result before tax of €25 million in expense and on the result after tax of €18 million in expense.

In addition, with effect from 1 January 2019, clarification has been provided on how to treat uncertainties in tax positions. Jumbo applies this adjustment in these consolidated financial statements. Other amendments to standards and interpretations effective in 2019 did not result in changes to these financial statements.

#### **Effects of introducing revised principles for future years**

The following standards, changes to standards and interpretations were not yet in force for 2019 and have not been applied to these consolidated financial statements, therefore. Jumbo is not applying these standards and interpretations early. Only amendments that have a potentially significant impact on Jumbo are included below.

The definition in IFRS3 relating to a business combination is changing, clarifying that a business combination exists only if both an input and a substantial process are present that results in the possible generation of an output. The definition of 'output' has also been amended. The amendment applies with effect from 1 January 2020 and Jumbo will apply this amendment with effect from 2020.

Amendments to IFRS10 'Consolidated financial statements' and IAS28 'Investments in associates and joint ventures' clarify the accounting policies relating to sales between investors and their participating interests or joint ventures. The date of introduction of these amendments is not yet known.

A clarification of the concept of materiality is included in IAS1 and IAS8, which apply from 2020. On the basis of this clarification, the organisation must assess materiality in the context of the financial situation as a whole. The meaning of primary users of the financial statements has also been clarified.

Various amendments have been implemented in the Conceptual Framework. These amendments have no direct impact on the accounting standards, but will form the basis for new standards to be defined. Jumbo monitors the developments and assesses the possible impact when such new standards are announced.

The interbank benchmark rates (including EURIBOR) will be replaced or reformed. From 1 January 2020, benchmark rates used must comply with the EU Benchmark Regulation. Given the limited size and remaining term of the financial instruments held by Jumbo that are based on interbank benchmark rates, this amendment has no direct significant impact.

Jumbo monitors developments in relation to revised legislation and regulations and determines, where applicable, what the impact is on the reporting.

#### **Determination of fair value**

A number of accounting principles and Jumbo's information provision require that the fair value of both financial and non-financial assets and liabilities be determined. The level in the fair value hierarchy to which such valuations are assigned is mentioned in this context. In accordance with IFRS13, a number of valuation levels are defined for determination of the fair value of the financial instruments recognised:

- Level 1: listed market prices (not corrected) in active markets for identical assets or liabilities.
- Level 2: input that is not a listed market price falling under level 1 and which is observable for the asset or the liability, either directly (in the form of a price) or indirectly (derived from a price).

- Level 3: input for the asset or liability which is not based on observable market data (non-observable input). In making this determination, Jumbo uses generally accepted valuation models.

The methods used to determine the fair value are stated below for the relevant items.

### **Intangible assets**

The fair value of intangible assets acquired in the context of business combinations is based on the expected present value of the cash flows from the use of the asset (level 3).

### **Tangible fixed assets**

The fair value of tangible fixed assets acquired in the context of business combinations is based on the market value. The market value is the estimated amount for which the asset can be traded between a well-informed buyer and seller in a business transaction between third parties (level 3).

### **Inventories**

The fair value of the inventories acquired in a business combination is determined based on the estimated sale price as part of ordinary business operations less the estimated costs for selling and preparing the inventories for sale and less a reasonable profit margin based on the efforts required for preparing the inventories for sale and selling the inventories (level 3).

### **Financial instruments (such as receivables and debts)**

The trade and other receivables, trade payables and other liabilities are stated at fair value upon initial recognition and subsequently at amortised cost, whereby the effective interest method is used, with deduction of the provisions deemed necessary for the risk of irrecoverability. These provisions are determined on the basis of individual assessment of the receivables. When determining the effective interest rate, mark-ups and discounts at the moment of the acquisition are taken into account. Jumbo's participation scheme is valued - upon initial recognition and subsequently - at the present value of the expected purchase amount for which the participations will be bought. The valuations of the financial instruments mentioned fall under level 3.

### **Derivative financial instruments (derivatives)**

The fair value of derivative financial instruments is the estimated amount that Jumbo would receive or pay to settle the contract as of the balance sheet date, taking into account the current interest rate and current creditworthiness of both contract parties. These valuations are checked for reasonableness using techniques based on discounted cash flows on the basis of the conditions and the terms of the contract and using the market interest rate for a similar instrument as of the valuation date (level 2).

### **Impairments of fixed assets**

An impairment is recognised if the recoverable amount of an asset is lower than the carrying amount; the recoverable amount is the higher of the net realisable value and the value in use, which is the present value of the estimated future cash flows that could be generated from use of the fixed asset. The most important estimates made in determining the recoverable value relate to the revenue multiple to be used, the discount rate, the remaining economic life and the growth percentage included in the cash flow forecasts, the operational costs and the estimates of the future margins to be achieved as well as the residual value of the assets (if applicable).

An impairment is recognised in the income statement. In the reporting periods subsequent to an impairment, the company reviews whether there are indications that an impairment that has been recognised in relation to a fixed asset may have to be reversed. If there are such indications, the recoverable amount of that asset is recalculated and the carrying amount is increased to the recoverable amount. The increase in the carrying amount due to the reversal of an impairment is limited to the carrying amount that would apply for the asset if the original impairment had not been taken. Reversals of impairments are recognised in the income statement. Impairments in relation to goodwill are not reversed.

### **Goodwill and brand names**

The goodwill and brand names are subjected annually to a so-called impairment test, whereby it is calculated whether an impairment needs to be taken. Regarding capitalised goodwill and brand names, impairment tests are performed based on the future expected cash flows, taking into account a discount rate before tax to determine the present value of these future cash flows. If it emerges that based on the impairment test calculations, an impairment must be taken, this is first allocated to the goodwill and brand names presented for the particular cash flow-generating unit, before the impairment is allocated to the other fixed assets. The cash flow-generating unit for goodwill and brand names is defined at the level of the particular formula.

### **Other intangible fixed assets and tangible fixed assets and right-of-use assets**

At least once a year, the company assesses whether there are any indications that an individual fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the relevant asset is determined. If it is impossible to determine the recoverable amount of the individual asset, the recoverable value of the cash flow-generating unit of which that asset comprises part is determined. For the purposes of this assessment, Jumbo has defined the cash flow-generating unit for brand names based on all the locations present that operate under the particular brand name at the moment of the impairment

test. For the other intangible fixed assets, tangible fixed assets and right-of-use assets, Jumbo has defined the cash flow-generating unit to be the related location, unless the assets in question are not directly connected to the location. In that event, as is the case for brand names, the cash flow-generating unit is determined based on all the operational locations present at the moment of the impairment test. In determining the size of an impairment, developments in the market area corresponding to a location are also taken into account.

## Principles governing the valuation of assets and liabilities

### Intangible fixed assets

Intangible fixed assets include goodwill, brand names, locations, self-developed software and other intangible fixed assets.

#### Goodwill

Goodwill is calculated as the difference between the acquisition price paid for acquisitions and the fair value of the assets and liabilities acquired (taking into account the valuation of locations). Goodwill is capitalised and, if applicable, subject to the deduction of cumulative impairment losses. Goodwill is not amortised.

#### Brand names

The valuation of the brand names acquired is based on the so-called discounted cash flow method based on estimated future free cash flows. The brand names are capitalised and, if necessary, subject to deduction of cumulative impairment losses. Brand names are not amortised, since the particular brand names are actively used in the operation of the business currently and in the future.

#### Locations

Locations are valued at the amount of the costs incurred, less cumulative amortisation and cumulative impairment losses. Purchase prices paid to acquire locations are capitalised to the extent the future economic benefits associated with these accrue to Jumbo and Jumbo has the power of disposal over the capitalised assets. The valuation of locations acquired is based on the so-called discounted cash flow method. Amortisation takes place on a straight-line basis assuming an expected economic life of 5 to maximum 20 years without residual value. Key money paid for the acquisition of new locations is also included under locations. These down payments are indeed amortised from the moment stores are opened at these locations.

#### Self-developed software

Costs of self-developed software are capitalised if the criteria for capitalisation are satisfied. Capitalisation only takes place during the development phase. Capitalised software is amortised on a straight-line basis from the date it is taken into use for the estimated economic life and at the expense of the result, if applicable with deduction of cumulative impairment losses.

#### Other intangible fixed assets

The other intangible fixed assets consist of contributions provided to entrepreneurs and software purchased from third parties. The contributions to entrepreneurs are capitalised to the extent the future economic benefits associated with these accrue to Jumbo. Costs relating to software purchased from third parties are capitalised if the criteria for capitalisation are satisfied.

After initial recognition, capitalised other intangible fixed assets are valued at the amount of the costs incurred, less cumulative amortisation and cumulative impairment losses. Other intangible fixed assets are amortised on a straight-line basis from the date taken into use for the estimated economic life and at the expense of the result.

The amortisation rates used at the moment the intangible fixed assets are taken into use are:

Goodwill	0%
Brand names	0%
Locations	5% - 20%
Self-developed software	20%
Other	20%

The amortisation of the intangible fixed assets is recognised separately in the income statement.

### Tangible fixed assets

The tangible fixed assets include land and buildings, structural facilities, fixtures and fittings and installations and other fixed operating assets.



## Land and buildings

Land and buildings are valued at acquisition cost less cumulative straight-line depreciation and cumulative impairments. Depreciation is calculated on a straight-line basis from the date the asset is taken into use, taking into account any residual value. Land is not depreciated.

## Other tangible fixed assets

Other tangible fixed assets, including structural facilities, fixtures and fittings and installations and other fixed operating assets, are valued at acquisition value, less cumulative depreciation and cumulative impairments. The depreciation is based on the estimated economic life and is calculated based on a fixed percentage of the acquisition price, taking into account any residual value. The asset is depreciated from the moment it is ready to be taken into use.

Costs for major maintenance are included in the carrying amount of the asset, with application of the component approach.

The depreciation rates used for the tangible fixed assets are:

Land and buildings	0% - 4%
Structural facilities	10%
Fixtures, fittings and installations	10% - 33.3%
Other fixed operating assets	10% - 33.3%
Assets in progress	0%

The depreciation of the tangible fixed assets is recognised under the cost of sales, selling costs and administrative expenses.

## Right-of-use assets

Jumbo has right-of-use assets relating to land and buildings, means of transport and other operating assets. Right-of-use assets are valued at cost, comprising the initial amount of the lease liability, any amounts paid in advance or at the inception of the lease, initial directly attributable costs and an estimate of the decommissioning and restoration costs to be incurred to restore the asset used to its original condition in accordance with the terms of the contract. Right-of-use assets are reduced by cumulative straight-line depreciation and cumulative impairments and are corrected for any remeasurements of the lease liability. The asset is depreciated from the moment it is ready to be taken into use. The depreciation period has been set at a maximum of 15 years, which is equal to the expected term of each individual lease.

Jumbo maintains several company buildings and sites that are not fully used for regular business operations. In those cases, Jumbo locations are rented out to third parties. The locations rented out to third parties generate rental income for Jumbo, but are retained because of the strategic importance of these locations for Jumbo's business operations. Jumbo's starting point is not to own properties for sales locations. The carrying amount of right-of-use assets relating to these kinds of rental agreements with third parties is included as part of the right-of-use assets. Land and buildings rented out to entrepreneurs are considered part of the normal business operations as they contribute directly to Jumbo's business operations. The right-of-use assets relating to the leases to third parties follow the valuation method applied to all right-of-use assets for land and buildings.

The depreciation costs on account of right-of-use assets are recognised under the cost of sales, selling costs and general management expenses.

## Financial fixed assets

The loans provided are recognised initially at fair value and subsequently at amortised cost after deduction of any provisions for irrecoverability that are deemed necessary. The company assesses the classification of the business model in accordance with IFRS9 and the 'Solely Payments of Principal and Interest' test (hereafter: SPPI test) is applied. In classifying the business model, the company reviews whether debt instruments are held to collect the contractual cash flows or if the contractual cash flows are held so that they can be collected and subsequently sold. If this is the case, the SPPI test is performed to determine whether the cash flows generated are exclusively caused by payments of the principal and interest. Depending on the business model, the outcome of the SPPI test and the presence of options that must be valued at fair value, the amortised cost price method or fair value method is applied.

The prepaid contributions are stated at nominal value, with deduction of the decreases in value deemed necessary in the event of cash flow set-backs expected in future years. The periodic discharges of the prepaid contributions are charged directly to the revenue.

Finance leases are rental contracts where Jumbo relets more than 75% of the term of the lease mainly to entrepreneurs. This makes Jumbo a lessor. Finance leases are recognised initially at fair value and subsequently at amortised cost after deduction of any provisions for irrecoverability that are deemed necessary. The rent receipts during the financial year are deducted from this item.

### Assets and liabilities held for sale

Fixed assets or groups of assets are designated as 'held for sale' if it is highly likely that the carrying amount will be realised primarily via sale and not via the continued use of the assets.

The assets held for sale are valued at the lower of carrying amount or fair value, with deduction of the estimated selling costs. Any necessary impairments are recognised at the expense of the result. No depreciation or amortisation is recognised on these assets any longer as soon as they have been classified as assets held for sale. The liabilities associated with the assets held for sale are shown separately under the liabilities held for sale.

### Inventories

The inventories consist primarily of trade goods and packaging and are valued at the lower of acquisition price and net realisable value. This lower net realisable value is determined by individual assessment of the inventories. The acquisition price encompasses the last known purchase price and directly attributable additional costs, including transport costs, less the directly attributable supplier contributions. The net realisable value is the estimated sale price in the ordinary course of business less the costs that still need to be incurred, such as selling costs. Valuation at the last known purchase price can result in unrealised price increases. Given the high turnover rate of the inventories, this effect is negligible for the overall valuation. As such, this valuation does not differ significantly from the first-in, first-out method.

### Trade debtors and other receivables

The trade debtors and other receivables are stated at fair value upon initial recognition and subsequently at amortised cost, which is equal to the nominal value, with deduction of the downward value adjustments deemed necessary for the risk of irrecoverability. These downward value adjustments are determined on the basis of the individual assessment of the receivables. The amortised cost is determined based on the effective interest rate.

### Cash and cash equivalents

Cash and cash equivalents consist of cash, bank credit balances and time deposits with an original term of maximum three months. Cash and cash equivalents are recognised at nominal value. Given the short-term nature of the cash and cash equivalents, the nominal value is virtually the same as the fair value. If assets cannot be freely disposed of, this is mentioned in the notes.

### Group equity

Financial instruments issued are classified as equity or as a financial liability depending on the economic reality of the contractual stipulations of the instrument. Ordinary shares issued are classified under group equity. Costs that are directly attributable to the issue of ordinary shares are deducted from the group equity, after deduction of any taxes.

### Lease liabilities

Lease liabilities are initially recognised at the unpaid lease payments discounted at the implied rate of interest, with the exception of leases with a term of less than 12 months or a value of less than €5. The incremental borrowing rate consists of the following components: the risk-free interest rate based on Dutch government bonds, Jumbo-specific credit mark-up and a mark-up based on the risk category of the underlying assets. If this interest rate cannot be reliably determined, the incremental borrowing rate of the lessee must be used. Jumbo uses the incremental borrowing rate as the discount rate, taking into account the expected term of the lease, which amounts to a weighted average of 1.1%. The right-of-use assets are determined and valued on the basis of the lease liabilities.

The expected term of a contract includes determining the lease period as the non-cancellable period of a lease contract, including the periods covered by an option to renew the contract if it is reasonably certain that Jumbo will exercise this option and including the periods covered by an option to terminate the contract if it is reasonably certain that Jumbo will exercise this option.

Lease payments included in the valuation of the lease liability are:

- fixed payments less lease incentives receivable;
- variable lease payments that are index-linked or based on an interest rate and which are valued at initial recognition on the basis of the index or interest rate at the inception date;
- amounts expected to be owed by Jumbo in respect of residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that Jumbo will exercise this option; and
- payments of penalties for termination of the lease, if the lease period used reflects the exercise by Jumbo of an option to terminate the lease.

After initial recognition, valuation takes place at (amortised) cost. The lease liability is increased to reflect the interest on the liability, less any lease payments made, and revalued to reflect any reassessment or modifications in the lease. Interest on the lease liability and variable lease payments not included in the valuation of the liability are recognised in the income statement.

Jumbo mainly uses sales locations, i.e. land and buildings, by contracting leases and has limited ownership of land and buildings. The initial term of leases for sales locations in the Netherlands is generally 10 years with continuous renewal options of 5 years each. As concerns the property leases, Jumbo expects to make use of the renewal options for the majority of the portfolio and to continue the locations for the long term on average. Differentiation is also applied for locations based on attention profile, which can result in adjustments in the expected use of renewal options. The exercise of renewal options is mainly within Jumbo's control, as a result of legal protection. In Belgium, the initial term of leases is often 3 years with continuous renewal options of 3 years each. A maximum term of 15 years applies to Jumbo store locations and a maximum term of 10 years applies to La Place. Service costs are not included in the valuation of the lease liability, but recognised directly in the income statement. In addition, Jumbo has leases related to means of transport and other operating assets valued under IFRS16, assuming an average lease term of 3 to 7 years.

Remeasurements or modifications of the lease liability arise from changes in lease payments, changes in the lease term or in the assessment of an option to purchase the underlying asset, changes in amounts under residual value guarantees and changes in the discount rate. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use assets. If the carrying amount of the right-of-use assets has been written down to zero and there is a further reduction in the lease liability, the remeasurement is recognised in the income statement.

### **Loans and other liabilities**

Loans and other liabilities, with the exception of lease liabilities, are debts to financial institutions, a participation scheme, triple net obligations concerning immovable property and other loans and commitments. Interest-bearing loans taken out and liabilities are initially valued at fair value less transaction costs for acquisition. After initial recognition, interest-bearing loans and liabilities are valued at amortised cost, which is the nominal value less the non-amortised costs of acquisition. Jumbo's participation scheme is valued - upon initial recognition and subsequently - at the present value of the expected purchase amount for which the participations will be bought. The movements in value are recognised in the income statement under financial income and expenditure.

The costs of acquisition are amortised at the expense of the income statement over the term of the respective financing agreements such that there is a constant effective interest rate throughout the term.

### **Pensions and other deferred remuneration**

Jumbo has a number of pension schemes. The pension schemes are financed by contributions to pension administrators, i.e. industry-wide pension funds and insurance companies. In the pension obligations, a distinction is made between defined contribution plans and defined benefit plans.

#### **Defined contribution plans**

A defined contribution plan is one in which Jumbo pays fixed contributions to a separate entity and has no legal or constructive obligation if the pension fund has insufficient assets to pay all the benefits to employees in connection with the employees' service years in the current and previous periods. As soon as the contributions are paid, Jumbo has no further payment obligations. The pension contributions are recognised in the income statement as the costs of employee benefits in the year to which they relate.

Prepaid pension contributions are recognised as an asset to the extent this results in a repayment in cash or set-off with future contributions. Contributions to a defined contribution plan which are payable more than 12 months after expiration of the period in which the employees perform the related services are discounted to their present value.

#### **Defined benefit plans**

Defined benefit plans are all pension schemes that are not a defined contribution plan. The obligation under the defined benefit plans is the balance of the present value of the defined benefit obligations on the balance sheet date less the fair value of the fund investments held in connection therewith. Jumbo's obligation under defined benefit plans is calculated separately for each scheme annually based on the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future outflow of funds based on the interest rates of high-grade corporate bonds with comparable maturities.

If the calculation results in a positive balance for Jumbo, the recognition of the asset is limited to an amount that is at most equal to any unrecognised pension costs of past employment and the present value of economic benefits in the form of any future refunds or reduction in future pension contributions. In calculating the present value of economic benefits, the minimum financing obligations that apply to Jumbo's separate schemes are taken into account. An economic benefit is available for Jumbo if it can be realised within the term of the scheme or upon settlement of the obligations of the scheme. Actuarial gains and losses arising from changes to the actual developments or actuarial assumptions are recognised in the consolidated statement of comprehensive result. If the pension entitlements under a scheme are changed or if a scheme is curtailed, the ensuing change in entitlements in relation to past service time or the gain or loss on that curtailment is recognised directly in the income statement. Jumbo recognises gains or losses in relation to the settlement of a defined benefit plan at the moment that an official decision has been taken.



### **Other liabilities in relation to employee benefits**

Other liabilities in relation to employee benefits are benefits that constitute part of the remuneration package. This liability includes the deferred remuneration (jubilee benefits and occupational disability benefits). The liability recognised is the best estimate of the amounts necessary to settle the particular liability as of the balance sheet date. The calculation takes into account the likelihood that employees will not be eligible for a jubilee benefit because of early departure from the company. The liability is calculated taking into account the time value of money by recognising the liability at present value.

### **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are recognised as temporary differences between the value of the assets and liabilities according to the valuation principles and principles for determining the result used in these financial statements, on the one hand, and the tax regulations, on the other. The deferred tax assets and liabilities are calculated at the tax rates known at the end of the reporting year, at which future settlement is expected to take place. Deferred tax assets, with the inclusion of those deferred tax assets arising from losses carried forward, are recognised if, based on the current information available, it is likely that the asset will be realised in the future. Deferred tax assets and liabilities are stated at nominal value.

### **Provisions**

Provisions are made for obligations enforceable by law or constructive obligations on grounds of events on or before the balance sheet date when it is probable that an outflow of resources will be required and the size of these can be reliably estimated. Provisions are valued by discounting the expected future cash flows using a discount rate that reflects the current market estimations of the time value of money and the risks specific to the liability. Interest accrual on the provisions is recognised as a financing expense.

### **Restructuring provision**

The restructuring provision relates to costs associated with the restructuring of activities and is formed if a constructive or legal obligation has arisen for Jumbo.

### **Provision for onerous contracts**

The provision for onerous contracts is formed if the benefits Jumbo expects to achieve from a contract are lower than the unavoidable costs of complying with the obligations under the contract.

### **Other provisions**

The other provisions consist mainly of provisions for legal claims.

### **Derivative financial instruments**

Derivative financial instruments, including the interest-hedging instruments used by Jumbo to manage the interest rate risk on the interest-bearing debts, are recognised at fair value. The fair value of derivative financial instruments is based on the stock exchange quotation or other market listing, excluding transaction costs. If no stock exchange quotation is available, the fair value of the derivative financial instrument is set based on the estimated amount that Jumbo would receive or pay to settle the contract as of the balance sheet date, taking into account the current interest rate and current creditworthiness of both contract parties. Changes in the fair value of derivative financial instruments are recognised in the result, with the exception of instruments which serve to hedge future cash flows and which qualify as effective (hedge accounting). Changes in the fair value of these derivative financial instruments are recognised in the consolidated statement of comprehensive result. If necessary, the valuation of the derivative financial instruments takes into account the credit risk of the contract parties involved.

### **Trade creditors and other accounts payable**

Obligations to trade creditors are non-interest-bearing debts and are valued upon initial recognition at fair value, i.e. the value at which settlement is expected to take place.

The other current liabilities are likewise recognised at fair value. The current liabilities include stamp obligations. The fair value of the stamp obligations is equal to the nominal value of the stamps in circulation. Government levies are also included under the other current liabilities. The government levies are recognised in the period in which the government levy arises.

After initial recognition of obligations to trade creditors and other current liabilities, valuation takes place at (amortised) cost. If the time effect is material, the liability is valued at present value.

# Principles used to determine the result

## Net revenue

The net revenue consists of the income from the provision of goods and services, including catering, to consumers and retail, less discounts and excluding taxes levied on the revenue. The net revenue from goods/service provision to consumers is recognised upon settlement by consumers at the cash register. The net revenue from goods/service provision to franchisees and third parties is recognised upon delivery from the distribution centres or delivery from suppliers. Income from services is recognised prorated to the degree to which the services have been performed, based on the costs incurred up to the balance sheet date in the context of the service provision as a proportion of the estimated costs of the total service provision to be performed. The cost price of these services is attributed to the same period. In campaigns in which consumers can save points that can be redeemed in future for discounts on products, the future discount is reported at the time of the initial purchase. This results in an obligation for Jumbo until the moment consumers use the points for the discount.

## Cost of sales

The cost of sales includes the acquisition price of the goods supplied less the supplier contributions realised. The cost of sales also includes the costs associated with operating the distribution centres, including transport to the stores. Also included are the IFRS16 depreciation costs for right-of-use assets, where these relate to distribution centres.

## Other operating income

Leases for which less than 75% of the term of the rental contract is relet by Jumbo to mainly entrepreneurs are reported as operating leases. This makes Jumbo a lessor. The other operating income includes the compensations charged to franchisees and other buyers for services provided. This also includes the income received for delivering store and catering operations to franchisees, income in connection with the sale of assets and the delivery of store and catering operations to third parties.

## Selling costs

The selling costs consist of the costs directly and indirectly related to the sale of goods and services, including catering. This includes the costs relating to the operation of the company's own stores and the costs incurred by the head office to support the sales activities, including marketing costs for the stores and the franchisees. Also included are the IFRS16 depreciation costs for right-of-use assets, where these relate to sales locations.

## Administrative costs

The administrative costs include the costs incurred in the context of managing the Group's activities. Also included are the IFRS16 depreciation costs for right-of-use assets, where these relate to locations which are neither distribution centres nor sales locations.

## Financial income and expenses

The financial income is the interest income on invested funds and interest income on financial subleases. The financial expenses include the interest expense on borrowed funds, interest on lease liabilities on account of right-of-use assets, financing costs on provisions and liabilities and movements in fair value in the participation scheme. Financial income and expenses are recognised in the income statement on the basis of the effective interest method.

## Taxes

The taxes on the result of the reporting year consist of the corporation tax owed or to be received on the commercial result, taking into account exempt elements of the result. Profit tax is recognised in the income statement unless it relates to items recognised in the statement of comprehensive result, in which case the tax is recognised in the statement of comprehensive result.

The tax payable and deductible for the financial year is the expected tax payable on the taxable income for the financial year, calculated using tax rates determined on the report date, and any corrections to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent it is probable that in the future taxable profits will be available that can be used for the realisation of the temporary difference. Deferred tax assets are revised and lowered each year on the report date if it is no longer probable that the related tax benefit will be realised.

## Consolidated cash flow statement

The consolidated cash flow statement is prepared using the indirect method. Cash in the cash flow statement consists of the cash and cash equivalents. Cash flows are divided into cash flows from operational activities, investment activities and financing activities.

Cash flows denominated in foreign currencies have been converted at the rates used in the income statement. Profit tax receipts and expenditure are included under the cash flow from operational activities. Interest receipts and expenditure are included under the cash flow from investment activities and the cash flow from financing activities, respectively. Any dividends paid are included under the cash flow from financing activities.

The payment of the lease instalments under the finance lease is designated an expense from financing activities.

Transactions not involving any exchange of cash are not included in the consolidated cash flow statement.

## Significant transactions

### Acquisition of Agrimarkt

On 31 October 2019 Jumbo Supermarkten B.V. acquired all shares in Agrimarkt B.V., including real estate locations. As such Jumbo became the owner of six Agrimarkt supermarkets in the southwest of the Netherlands. Four stores have been converted to the Jumbo formula, with Agrimarkt in Goes becoming repurposed as the first Jumbo Foodmarket in the province of Zeeland. Jumbo sold the real estate and the operation of the other two locations to its industry peer Lidl.

The purchase of Agrimarkt is consistent with Jumbo's strategy. The supermarket locations provide Jumbo with better nationwide coverage and expansion of its portfolio of stores.

The acquisition added €6,125 in net revenue to Jumbo in 2019. If this acquisition had belonged to Jumbo the entire year, the net revenue would have been approximately €51,859 higher. The total net revenue on annual basis is approximately €57,984. The costs relating to the acquisition totalled €1,088 and are recognised in the consolidated income statement under administrative costs.

The purchase price paid to acquire the Agrimarkt supermarkets amounted to €48,830. The credit facility was used to finance the acquisition. The goodwill arising from the acquisition, determined at €12,862, consists mainly of higher revenue potential after store conversion. The goodwill is not tax deductible.

The goodwill (currently) determined is the goodwill based on actual information at the end of 2019 and most recent estimates by the management in relation to facts and circumstances at the end of 2019. New information in 2020 concerning the estimates at the end of 2019 could still have an effect on the goodwill determined. As a result of this, the value of the particular goodwill under the (preliminary) purchase price allocation could still change before 31 October 2020.

The following assets were acquired and obligations entered into as a result of the acquisition:

	<b>On 31 October 2019</b>
Goodwill	12,862
Locations	16,576
Tangible fixed assets	166
Assets held for sale	24,907
Trade debtors	1,374
Cash	1,330
Deferred tax liabilities	-3,921
Provisions	-823
Other liabilities	-3,641
<b>Total assets and liabilities acquired</b>	<b>48,830</b>

The valuation techniques used to determine the fair value are as follows:

- Goodwill: the fair value of the goodwill is the difference between the fair value of the purchase price owed, less the fair value of the identifiable acquired assets and obligations entered into.



- Locations: the fair value of locations is determined by means of market approach, using the discounted cash flow method to look primarily at the estimated future free cash flows which an average market participant could realise with these locations.
- Tangible fixed assets: the fair value is determined based on the estimated amount for which the asset could be traded between a well-informed buyer and seller in a business transaction between third parties.
- For assets held for sale, consisting of land and buildings and inventory, the valuation is based on the market value, the estimated amount for which the asset could be traded between a well-informed buyer and seller in a business transaction between third parties at the moment of acquisition. All assets held for sale were sold in 2019.
- Trade debtors: are valued at fair value, i.e. the value at which settlement is expected to take place.
- Cash and cash equivalents: the fair value of the cash and cash equivalents is equal to the nominal value.
- Deferred tax liabilities: deferred tax assets and liabilities are recognised as temporary differences between the value of the assets and liabilities upon acquisition. The deferred tax assets and liabilities were valued using the tax rates known at the time of the acquisition.
- Provisions: consisting of jubilee benefits and a restructuring provision, recognised at the best estimate of the amount required to settle the liability on the balance sheet date.
- Other liabilities: consisting of, among other things, liabilities arising from contracts taken over, taxes and contributions payable and other liabilities are valued at fair value, i.e. the value at which settlement is expected to take place.

# Notes to the consolidated balance sheet

## 1. Intangible fixed assets

The movements in the intangible fixed assets for 2019 were as follows:

1. **Goodwill**
2. **Brand names**
3. **Store locations**
4. **Self-developed software**
5. **Other**

	1	2	3	4	5	Total 2019
<b>Balance at start of financial year</b>						
Acquisition value	750,252	32,299	1,094,093	176,114	60,177	2,112,935
Cumulative amortisation	-	-	-398,816	-67,063	-41,934	-507,813
<b>Carrying amount at start of financial year</b>	<b>750,252</b>	<b>32,299</b>	<b>695,277</b>	<b>109,051</b>	<b>18,243</b>	<b>1,605,122</b>
<b>Movements during the financial year</b>						
Investments	-	-	10,064	73,640	3,037	86,741
Acquisitions via business combinations	6,225	-	20,371	-	-	26,596
Disposals	-	-	-1,222	-	-	-1,222
Transfers within intangible fixed assets	-	-	-	227	-227	-
Transfers from assets held for sale	-	-	111	-	-	111
Amortisation	-	-	-53,149	-35,183	-6,730	-95,062
Impairments	-	-240	-3,070	-	-	-3,310
Reversal of impairments	-	-	11,503	-	-	11,503
	<b>6,225</b>	<b>-240</b>	<b>-15,392</b>	<b>38,684</b>	<b>-3,920</b>	<b>25,357</b>
<b>Balance at end of financial year</b>						
Acquisition value	756,477	32,059	1,123,131	249,981	62,978	2,224,626
Cumulative amortisation	-	-	-443,246	-102,246	-48,655	-594,147
<b>Carrying amount at end of financial year</b>	<b>756,477</b>	<b>32,059</b>	<b>679,885</b>	<b>147,735</b>	<b>14,323</b>	<b>1,630,479</b>

The movements in the intangible fixed assets for 2018 were as follows:

	1	2	3	4	5	Total 2018
<b>Balance at start of financial year</b>						
Acquisition value	647,051	32,059	939,249	126,531	59,121	1,804,011
Cumulative amortisation	-	-	-345,334	-45,768	-36,488	-427,590
Carrying amount at start of financial year	647,051	32,059	593,915	80,763	22,633	1,376,421
<b>Movements during the financial year</b>						
Investments	-	-	15,318	49,583	3,114	68,015
Acquisitions via business combinations	103,201	240	148,519	-	-	251,960
Disposals	-	-	-655	-	-	-655
Transfers to assets held for sale	-	-	-5,669	-	-	-5,669
Amortisation	-	-	-49,802	-21,295	-7,504	-78,601
Impairments	-	-	-9,229	-	-	-9,229
Reversal of impairments	-	-	2,880	-	-	2,880
	<b>103,201</b>	<b>240</b>	<b>101,362</b>	<b>28,288</b>	<b>-4,390</b>	<b>228,701</b>
<b>Balance at end of financial year</b>						
Acquisition value	750,252	32,299	1,094,093	176,114	60,177	2,112,935
Cumulative amortisation	-	-	-398,816	-67,063	-41,934	-507,813
Carrying amount at end of financial year	<b>750,252</b>	<b>32,299</b>	<b>695,277</b>	<b>109,051</b>	<b>18,243</b>	<b>1,605,122</b>

For further explanation of the recognition and reversal of impairments, see note 26.

### Goodwill

Goodwill was formed as a result of the acquisition of Super de Boer, C1000, AC restaurants, EMTÉ and, in 2019, Agrimarkt (€12,862). The goodwill consists primarily of advantages on the procurement market as the result of volume advantages and consequently better margins and expected synergy benefits, also in relation to better national coverage and lower per-unit costs as a result.

In the acquisitions to goodwill, an adjustment to the acquisition of EMTÉ is included in the amount of negative €6,637. This consists of adjustments to the valuations of the acquired companies of €6,287, of which €3,109 related to tangible fixed assets (before impact of deferred tax liability: €4,145) and an adjustment of the purchase price of €350.

### Brand names

The La Place and EMTÉ brand names, acquired in the takeovers of La Place and EMTÉ, are recognised under brand names. In 2019, the EMTÉ brand name was fully written down (€240).



## 2. Tangible fixed assets

The movements in the tangible fixed assets for 2019 were as follows:

1. Land and buildings
2. Structural facilities
3. Fixtures and fittings
4. Other fixed operating assets
5. Assets in progress

	1	2	3	4	5	Total 2019
<b>Carrying amount at start of financial year before application of IFRS16</b>	<b>10,554</b>	<b>165,503</b>	<b>174,394</b>	<b>9,334</b>	<b>18,089</b>	<b>377,874</b>
Acquisition value first application of IFRS16	-10,062	-	-	-	-	-10,062
Cumulative depreciation first application of IFRS16	6,874	-	-	-	-	6,874
<b>Carrying amount at start of financial year with application of IFRS16</b>	<b>7,366</b>	<b>165,503</b>	<b>174,394</b>	<b>9,334</b>	<b>18,089</b>	<b>374,686</b>
<b>Movements during the financial year</b>						
Investments	-	70,920	71,810	2,239	55,314	200,283
Acquisitions via business combinations	-	7,354	-981	801	-	7,174
Divestments	-5	-92	-3,795	-2	-	-3,894
Disposals	-294	-1,967	-91	-269	-4	-2,625
Transfers within tangible fixed assets	-1,991	-1,907	4,833	-733	-202	-
Depreciation and amortisation	-137	-30,037	-59,157	-3,419	-	-92,750
Impairments	-	-5,946	-1,941	-	-	-7,887
Reversal of impairments	-	1,916	1,040	-	-	2,956
	<b>-2,427</b>	<b>40,241</b>	<b>11,718</b>	<b>-1,383</b>	<b>55,108</b>	<b>103,257</b>
<b>Balance at end of financial year</b>						
Acquisition value	6,089	392,779	476,638	33,903	73,197	982,606
Cumulative depreciation	-1,150	-187,035	-290,526	-25,952	-	-504,663
<b>Carrying amount at end of financial year</b>	<b>4,939</b>	<b>205,744</b>	<b>186,112</b>	<b>7,951</b>	<b>73,197</b>	<b>477,943</b>

The movements in the tangible fixed assets for 2018 were as follows:

	1	2	3	4	5	Total 2018
<b>Balance at start of financial year</b>						
Acquisition value	20,883	294,442	390,097	44,324	16,505	766,251
Cumulative depreciation	-7,820	-166,286	-250,096	-36,185	-	-460,387
<b>Carrying amount at start of financial year</b>	<b>13,063</b>	<b>128,156</b>	<b>140,001</b>	<b>8,139</b>	<b>16,505</b>	<b>305,864</b>
Movements during the financial year						
Investments	19	56,715	76,123	5,183	14,923	152,963
Acquisitions via business combinations	1,961	918	2,836	329	2	6,046
Divestments	-1,765	-210	-752	-989	-	-3,716
Disposals	-	-559	-868	-27	-	-1,454
Transfers within tangible fixed assets	-	7,555	5,398	388	-13,341	-
Transfers to assets held for sale	-1,980	-434	-679	-3	-	-3,096
Depreciation and amortisation	-744	-25,426	-46,920	-3,686	-	-76,776
Impairments	-	-1,318	-968	-	-	-2,286
Reversal of impairments	-	106	223	-	-	329
	<b>-2,509</b>	<b>37,347</b>	<b>34,393</b>	<b>1,195</b>	<b>1,584</b>	<b>72,010</b>
<b>Balance at end of financial year</b>						
Acquisition value	51,349	343,462	508,209	40,998	18,089	962,107
Cumulative depreciation	-40,795	-177,959	-333,815	-31,664	-	-584,233
<b>Carrying amount at end of financial year</b>	<b>10,554</b>	<b>165,503</b>	<b>174,394</b>	<b>9,334</b>	<b>18,089</b>	<b>377,874</b>

For further explanation of the recognition and reversal of impairments, see note 26.

The total amount of the depreciation of the tangible fixed assets recognised in the income statement is €92,750 (2018: €76,776).

Some of the assets recognised in the category fixtures and fittings are leased to franchisees. The carrying amount of these assets at the end of 2019 is €7,392 (2018: €8,139). The rental includes cash registers, scales, scanners, hand terminals and card payment equipment. In 2019, rental income amounts to €4,073 (2018: €3,733), recognised under other income, see note 23.

#### Finance leases of assets

In 2019, the finance leases were reported in accordance with IFRS16 and included in right-of-use assets, see note 3. In 2018, land and buildings included finance leases in the amount of €3,188.

### 3. Right-of-use assets

The movements in the right-of-use assets were as follows:

1. Land and buildings
2. Means of transport
3. Other operating assets

	1	2	3	Total 2019
<b>Carrying amount at start of financial year before application of IFRS16</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Acquisition value first application of IFRS16	2,556,535	21,356	3,015	2,580,906
Cumulative depreciation first application of IFRS16	-19,135	-	-	-19,135
<b>Carrying amount at start of financial year with application of IFRS16</b>	<b>2,537,400</b>	<b>21,356</b>	<b>3,015</b>	<b>2,561,771</b>
<b>Movements during the financial year</b>				
Investments	86,220	8,512	669	95,401
Divestments	-3,620	-	-	-3,620
Depreciation	-218,695	-7,853	-517	-227,065
Remeasurements	92,390	-83	-	92,307
Impairments	-7,164	-	-	-7,164
Reversal of impairments	2,478	-	-	2,478
	<b>-48,391</b>	<b>576</b>	<b>152</b>	<b>-47,663</b>
<b>Balance at end of financial year</b>				
Acquisition value	2,731,525	29,785	3,684	2,764,994
Cumulative depreciation	-242,516	-7,853	-517	-250,886
<b>Carrying amount at end of financial year</b>	<b>2,489,009</b>	<b>21,932</b>	<b>3,167</b>	<b>2,514,108</b>

For further explanation of the recognition and reversal of impairments, see note 26. For an explanation of the related lease liabilities, see note 12; for off-balance-sheet rights and commitments, see note 19.

#### Opening balance sheet

In 2019, the assumptions regarding the expected opening balance sheet value for right-of-use assets for first-time application of IFRS16 were reassessed, partly on the basis of the professionalisation of the process. As a result, the announced opening balance sheet value of the right-of-use assets of €3,556,000, as reported in the 2018 financial statements, was adjusted to €2,561,771 as initial valuation. This is mainly due to the adjustment of the maximum lease term from 20 years to 15 years for Jumbo locations and to 10 years for La Place locations (in total: negative €929,788) and other adjustments such as not including contracts with a term shorter than 12 months in the initial valuation, late entry of contracts, still deducting the current portion of the provision for rental losses and rent adjustments (in total: negative €64,441).

#### Land and buildings

The leases for Jumbo, La Place and other locations, including any related sites and car parks, are recognised in land and buildings.

The carrying amount of right-of-use assets relating to rental agreements with third parties (2019: €73,580, of which €769 with related parties) is included as part of the right-of-use assets.

#### Means of transport

Lease contracts for passenger cars, home delivery vans and semi-trailers are included in means of transport.

#### Other operating assets

Leases for paper balers are recognised in other operating assets.



## 4. Financial fixed assets

The financial fixed assets consist of:

	2019	2018
Loans provided	19,769	6,209
Prepaid contributions	33,541	26,334
Net investment in leases	12,877	-
Prepaid expenses	1,847	2,096
	<b>68,034</b>	<b>34,639</b>

The movements in the loans provided were as follows:

	2019	2018
<b>Gross balance at start of financial year</b>	<b>10,064</b>	<b>10,837</b>
New advances	17,075	6,799
Acquisitions via business combinations	-	2,031
Repayments received	-4,565	-9,653
Other movements	-20	50
<b>Gross balance at end of financial year</b>	<b>22,554</b>	<b>10,064</b>
Provision	-2,785	-3,855
<b>Net balance at end of financial year</b>	<b>19,769</b>	<b>6,209</b>

The loans provided are loans to entrepreneurs and other loans. An amount of €1,170 is expected to be repaid in 2020 on the loans to entrepreneurs. An amount of -€12,500 is expected to be repaid on the other loans provided in 2020. Most of the loans to entrepreneurs are not interest bearing. In 2019, a sum of €435 was allocated to the provision for loans provided and a sum of €1,505 was released from the provision for loans provided.

The movements in present value are included under other movements. The discount rate is based on the market interest rate of 2.6%.

The loans provided do not include any receivables from related parties (2018: €nil).

The movements in the prepaid contributions were as follows:

	2019	2018
<b>Gross balance at start of financial year</b>	<b>28,925</b>	<b>27,177</b>
New advances	12,944	7,374
Repayments received	-39	-135
Depreciation and amortisation	-7,364	-5,602
Other movements	-	111
<b>Gross balance at end of financial year</b>	<b>34,466</b>	<b>28,925</b>
Write-down	-925	-2,591
<b>Net balance at end of financial year</b>	<b>33,541</b>	<b>26,334</b>

The prepaid amounts mainly concern contributions to entrepreneurs which are written off over the course of the term.

The movements in the finance leases in 2019 as the result of the introduction of IFRS16 were as follows:

	2019	2018
<b>Balance at start of financial year before application of IFRS16</b>	-	N/A
First application of IFRS16	15,088	N/A
<b>Balance at start of financial year with application of IFRS16</b>	<b>15,088</b>	<b>N/A</b>
Repayments received	-2,335	N/A
Calculated interest	124	N/A
<b>Balance at end of financial year</b>	<b>12,877</b>	<b>N/A</b>

Finance leases are the leases for the renting out of land and buildings, mainly to entrepreneurs, for 75% or more of the lease period. In 2019, a sum of €2,211 was received from entrepreneurs, consisting of €2,335 in repayments and €124 in calculated interest on rent receivable.

The net investment in leases expire as follows:

	2019	2018
Terms expiring within 1 year	2,130	N/A
Terms expiring in 1 to 5 years	5,842	N/A
Terms expiring after 5 years	4,905	N/A
	<b>12,877</b>	<b>N/A</b>

## 5. Deferred tax assets

The deferred tax assets and liabilities are formed for the temporary differences between the commercial and tax principles used for valuing assets and liabilities and determining the result and the offsettable losses. Deferred tax assets are of a long-term nature. Deferred tax assets and liabilities are netted per tax jurisdiction in the balance sheet.

The movements in the deferred tax assets and liabilities were as follows:

	2018		Movements during the financial year		2019	
	Receivable	Liability	First application of IFRS16	Via income statement	Receivable	Liability
Right-of-use assets	-	-	-1,778	51	-	-1,727
Lease commitments	-	-	1,778	-66	1,712	-
Other assets and liabilities	-	-	-	-30	-	-30
Loss compensation	-	-	-	1,953	1,953	-
Balance of deferred receivables and liabilities	-	-	-	-	-1,757	1,757
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,908</b>	<b>1,908</b>	<b>-</b>

## 6. Assets held for sale

The assets held for sale consist of:

	2019	2018
Intangible fixed assets	-	5,669
Tangible fixed assets	17,939	10,078
	<b>17,939</b>	<b>15,747</b>

The assets held for sale are assets available for divestment whereby the effectuation is expected to be realised within 12 months.

The sales proceeds from assets held for sale are recognised as other operating income. See note 23.

## 7. Inventories

The inventories consist primarily of trade goods and packaging.

The carrying amount of the inventory of trade goods that is valued at lower net realisable value totals €7,593 (2018: €15,739), taking into account selling costs still to be incurred. The provision in the inventories valuation includes the write-down to fair value. The movements in the provision are recognised via the income statement.

## 8. Trade debtors and other receivables

The trade debtors and other receivables consist of:

	2019	2018
Trade debtors	274,502	243,510
Receivables from subsequent payments	2,138	2,302
Prepayments and accrued income	33,978	36,243
	<b>310,618</b>	<b>282,055</b>

The item trade debtors includes a provision for irrecoverability in the amount of €7,531 (2018: €7,755).

At year-end 2019, the trade debtors included receivables from related parties in the amount of €2,875 (2018: €558), no provision for irrecoverability has been recognised here (in conformity with 2018).

The receivables in back payments are receivables from entrepreneurs in relation to back payments schemes that will be received in the coming year. No reliable estimate can be made of the receipts for the subsequent years and for this reason, no receivable has been recognised.

The prepayments and accrued income include prefinancing of property in development, prepaid expenses, receivables from employees and other receivables and prepayments.

## 9. Corporation tax

The current (immediate) tax assets and liabilities relate to the tax positions of the relevant business units, consisting of tax years not yet settled, with deduction of input taxes or provisional refunds.

## 10. Cash and cash equivalents

The cash and cash equivalents are fully at the free disposal of Jumbo, with the exception of €6,696 (2018: €nil) in connection with bank guarantees issued.

## 11. Group equity

### Issued capital

The issued and paid-up capital at year-end 2019 consists of 8.008 ordinary shares (2018: 8.008). The nominal value per ordinary share is €1 (1 euro).

The authorised capital amounts to €90, consisting of 90,000 ordinary shares, each with nominal value of €1 (1 euro).

All shares are entitled to dividend.

### General reserves

Jumbo maintains general reserves on grounds of provisions in the articles of association. The balance is at the disposal of the shareholders, with the exception of the statutory reserves on grounds of Dutch legislation and regulations, as stated in note 2 of the notes to the company balance sheet.

As of year-end 2019, the full nominal amount of the stamp obligations is recognised in accordance with the requirements of IFRS9 - Financial instruments. This resulted in a change in the general reserves in the amount of €17,093.

In 2019, a dividend of €52,500 was paid out to the Stichting Jumbo Groep (also a shareholder and investor in Jumbo Onroerend Goed B.V.). A substantial part of this amount was directly reinvested in Jumbo Onroerend Goed B.V. by Stichting Jumbo Groep.

The movements in the general reserve are set out in the consolidated movements in group equity.

### Unappropriated result

The unappropriated result is formed by the balance of profits that have not been paid out. The balance is at the disposal of the shareholders. The movements in the unappropriated result are set out in the consolidated movements in group equity.

### Earnings and dividend per share

	2019	2018
Weighted average number of shares	8,008	8,008
Ordinary earnings per share (x €1)	€14,346	€20,004
Diluted earnings per share (x €1)	€14,346	€20,004
Dividend per share (x €1)	€6,556	€5,495



## 12. Lease liabilities

The lease liabilities, to which the right-of-use assets are linked, can be specified as follows:

	2019	2018
<b>Non-current lease liabilities</b>		
Land and buildings	2,299,408	N/A
Means of transport	13,136	N/A
Other operating assets	2,587	N/A
	<b>2,315,131</b>	<b>N/A</b>
<b>Current lease liabilities</b>		
Land and buildings	245,146	N/A
Means of transport	8,785	N/A
Other operating assets	584	N/A
	254,515	N/A
<b>Total lease liabilities</b>	<b>2,569,646</b>	<b>N/A</b>

The movements in the lease liabilities in 2019 were as follows:

	2019	2018
<b>Balance at start of financial year before application of IFRS16</b>	<b>N/A</b>	<b>N/A</b>
First application of IFRS16	2,595,994	N/A
<b>Balance at start of financial year with application of IFRS16</b>	<b>2,595,994</b>	<b>N/A</b>
Investments in leases	95,401	N/A
Remeasurements of leases	92,307	N/A
Repayments	-248,515	N/A
Calculated interest	31,358	N/A
Other movements	3,101	N/A
	<b>-26,348</b>	<b>N/A</b>
<b>Balance at end of financial year</b>	<b>2,569,646</b>	<b>N/A</b>

In 2019, a sum of €248,515 in repayments on the lease liabilities was recognised. In addition, a sum of €31,358 in interest was recognised in the income statement in relation to the lease liabilities in respect of right-of-use assets for land and buildings, means of transport and other operating assets.

Jumbo uses the incremental borrowing rate as the discount rate, taking into account the expected remaining term of the lease. In 2019 this results in a weighted average of 1.1%.

The lease liabilities fall due as follows (not discounted):

	2019	2018
Terms expiring within 1 year	284,156	N/A
Terms expiring in 1 to 5 years	958,875	N/A
Terms expiring after 5 years	1,509,343	N/A
	<b>2,752,374</b>	<b>N/A</b>

Lease liabilities with a term of less than one year or an underlying asset with a low value of less than €5 are not included in the lease liabilities and right-of-use assets. Costs under these contracts are recognised in the income statement for a sum of €14,922 for leases with a term of less than one year and for a sum of €7,197 for leases with an underlying asset with a low value. These costs relate to the lease of land and buildings, means of transport such as cars and trucks, internal transport such as forklift trucks, store automation, copying equipment and other machinery and fixtures and fittings.

Variable lease payments are not included in the lease liabilities or in the right-of-use assets. Variable lease payments are recognised in the income statement for €431 in 2019. These relate to leases for company buildings where part of the lease amounts payable are related to the revenue achieved by Jumbo and/or La Place at such a location.

The total lease liabilities of €2,569,646 includes an amount of €213,832 relating to lease liabilities with related parties in respect of the lease of a number of sales locations of Jumbo and La Place, a number of distribution centres and the head office of Jumbo.

For further explanation of right-of-use assets, see note 3.

For related off-balance-sheet rights and commitments, see note 19.

## 13. Loans and other liabilities

The loans and other liabilities consist of:

	2019	2018
<b>Long-term loans and other liabilities</b>		
Bank loans	374,397	311,462
Participation scheme	-	-
Liabilities on account of triple-net distribution centres	4,167	4,805
Liabilities on account of triple-net retail buildings	20,426	20,714
Finance lease commitments	-	5,934
Other liabilities	3,031	3,787
	<b>402,021</b>	<b>346,702</b>
<b>Short-term loans and other liabilities</b>		
Bank loans	37,500	50,000
Participation scheme	-	21,921
Liabilities on account of triple-net distribution centres	639	586
Liabilities on account of triple-net retail buildings	288	211
Finance lease commitments	-	949
Other liabilities	872	872
	<b>39,299</b>	<b>74,539</b>
<b>Total interest-bearing loans</b>	<b>441,320</b>	<b>421,241</b>

The movements in the bank loans can be presented as follows:

	2019	2018
<b>Gross balance at start of financial year</b>	<b>362,500</b>	<b>262,500</b>
Repayments	-50,000	-75,000
Drawdowns	100,000	175,000
<b>Gross balance at end of financial year</b>	<b>412,500</b>	<b>362,500</b>
Current repayment obligations	-37,500	-50,000
Deferred bank fees	-603	-1,038
<b>Net balance at end of financial year</b>	<b>374,397</b>	<b>311,462</b>

The bank loans contracted are part of the 5-year financing agreement concluded on 11 May 2016. Interest equal to the Euribor rate plus a mark-up is owed on the bank loans contracted. The average interest rate in 2019 was 0.97% (2018: 1.11%).

The bank fee netted on the loans is the costs paid to the banks when the credit facility was contracted. These costs are charged to the financial income and expenses item in the income statement proportionately over the term of the financing agreement.

#### Participation scheme

From 2012 to mid-2015, Jumbo gave independent entrepreneurs and the management the option of participating in the company through profit-sharing certificates. In the years 2017 to 2019, inclusive, Jumbo availed of its right to repurchase one-third of the outstanding participations each year. Jumbo repurchased the remainder of the outstanding participations in 2019, bringing the balance to nil at the end of the financial year.

#### Triple net liabilities

The liabilities include triple net liabilities in the amount of €926 (2018: €797), which will be used in operation of the business within 1 year. This amount consists of a release of €3,741 (2018: €3,689) and a discounting of €2,815 (2018: negative €2,891). The triple net liabilities stem from lease contracts entered into on the basis of so-called triple net conditions, whereby Jumbo has committed to pay all owner's charges associated with the rented property during the term of the lease contracts. The liabilities arising from these contracts have been recognised by Jumbo as non-current liabilities and concern the present value of estimated future cash flows. The cash flows are discounted to present value using a discount rate based on an interest rate that applies for similar financing agreements and which is appropriate for the average expected remaining term. The remaining term of the liabilities on grounds of triple net distribution centres is 6 years and the remaining term of the liabilities on grounds of triple net store premises is 15 years.

#### Finance lease liabilities

The finance lease liabilities are the obligations under finance lease agreements entered into for immovable property. These liabilities are discounted to present value using a discount rate based on an interest rate that applies for similar financing agreements and which is appropriate for the average expected remaining term. In 2019, these finance lease liabilities were reported in accordance with IFRS16, see notes 3 and 12.

#### Other liabilities

The other liabilities arose from the acquisition of EMTÉ and relate to procurement contracts.

## 14. Pensions and other deferred remuneration

The liabilities on account of pensions and other deferred remuneration consist of:

	2019	2018
Pension obligation based on defined benefit plans	8,523	9,182
Other liabilities in relation to employee benefits	11,674	10,347
	<b>20,197</b>	<b>19,529</b>

## Pension obligation based on defined benefit plans

1. Defined benefit obligations
2. Fair value of fund investments
3. Net pension assets and obligations (balance 1 and 2)
4. Chargeable to the income statement
5. Recognised directly in group equity

2019	1	2	3	4	5
<b>Balance at start of financial year</b>	<b>53,338</b>	<b>-44,156</b>	<b>9,182</b>		
<b>Movements during the financial year</b>					
Pension entitlements granted to year of service	-	-	-	-	-
Acquisitions via business combinations	3,916	-3,916	-	-	-
Interest expense/income	968	-800	168	168	-
Contributions by employer	-	-17	-17	-	-
Contributions by employees	-	-	-	-	-
Return on fund investments	-	-6,200	-6,200	-	-6,200
Experience adjustments	-252	-	-252	-	-252
Changes to financial assumptions	5,917	-	5,917	-	5,917
Changes to demographic assumptions	-265	-	-265	-	-265
Pension benefits paid	-1,247	1,247	-	-	-
Value transfers	-56	56	-	-	-
Curtailement of pension scheme	-	-	-	-	-
Other movements	-10	-	-10	-10	-
	<b>8,971</b>	<b>-9,630</b>	<b>-659</b>	<b>158</b>	<b>-800</b>
<b>Balance at end of financial year</b>	<b>62,309</b>	<b>-53,786</b>	<b>8,523</b>		
<b>2018</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Balance at start of financial year</b>	<b>51,369</b>	<b>-42,257</b>	<b>9,112</b>		
<b>Movements during the financial year</b>					
Pension entitlements granted to year of service	1,293	-	1,293	1,293	-
Pension costs of elapsed service years	-	-	-	-	-
Interest expense/income	963	-797	166	166	-
Contributions by employer	-	-646	-646	-	-
Contributions by employees	-	-323	-323	-	-
Return on fund investments	-	-1,409	-1,409	-	-1,409
Experience adjustments	1,018	-	1,018	-	1,018
Changes to financial assumptions	2,496	-	2,496	-	2,496
Changes to demographic assumptions	-553	-	-553	-	-553
Pension benefits paid	-1,276	1,276	-	-	-
Curtailement of pension scheme	-1,957	-	-1,957	-1,957	-
Other movements	-15	-	-15	-15	-
	<b>1,969</b>	<b>-1,899</b>	<b>70</b>	<b>-513</b>	<b>1,552</b>
<b>Balance at end of financial year</b>	<b>53,338</b>	<b>-44,156</b>	<b>9,182</b>		



Jumbo has its defined benefit plan administered at pension insurers. These are primarily career average pay schemes with conditional indexation, while a few of the insured schemes involve indexation linked to the indexation of an industry-wide pension fund. The employer's obligation for active schemes consists of the annual premium, any indexations, administration costs and single premiums for individual outbound value transfers. The employer's obligations for inactive schemes consist of the single premiums for outbound value transfers and any indexations. The financing schemes are laid down in insurance contracts between Jumbo and the pension insurers. These schemes fall under the Pensions Act. If these contracts expire, there is a risk that taking out new contracts could result in higher pension costs.

All schemes are inactive as of the end of 2019. In 2019, €17 in premium contributions (2018: €nil) was paid by the employer.

The fund investments are 100% insured contracts. The value of the fund investments is based on the guaranteed values of these contracts. The pension insurer is responsible for the fund investments. The fund investments are not divided up by pension contract. The pension insurers periodically prepare an analysis for aligning the fund investments and pension obligations in the short and long term. Based on the outcomes of the aforementioned analyses, the pension insurers adjust the nature and composition of the investments, if necessary, in line with the expected terms of the pension obligations. The term of the liabilities relating to the defined contribution plans ranges from 10 to 30 years.

The main actuarial assumptions used in calculating the pension obligations are shown in bandwidths below.

	2019	2018
Discount rate	0.8%-1.2%	1.5%-2.0%
Expected future real pay increases general	N/A	1.8%
Expected future real pay increases individual	N/A	0%-3.0%
Expected future inflation	1.9%	1.8%
Expected pension increase for active participants	N/A	0%
Expected pension increase for inactive participants	0%-1.8%	0%-1.8%

The AG Forecast Table 2018 was used for 2019 (2018: AG Forecast Table 2018).

The sensitivity analysis below is based on the most plausible changes in the actuarial assumptions which could occur at the end of the reporting period, while the other actuarial assumptions remain constant. The effect on the present value of the defined benefit obligations is shown below. A decrease in the discount rate and an increase in indexation would result in an increase in the pension obligation. An increase in the discount rate and a decrease in indexation would result in a decrease in the pension obligation.

	2019	2018
Decrease in discount rate by 0.5%	6,896	5,846
Increase in discount rate by 0.5%	-5,975	-5,060
Decrease in indexation by 0.5%	-3,165	-3,322
Increase in indexation by 0.5%	7,042	6,228

### Contribution to defined contribution plans

The defined contribution plans consist mostly of schemes at industry-wide pension funds. Jumbo is affiliated with several industry-wide pension funds. Multiple companies are required by law to be affiliated with the industry-wide pension funds. All the affiliated companies pay a self-financing premium to the industry-wide pension fund. At the end of 2019, the large majority of the employees were participants in the industry-wide pension funds for the food business (Stichting Bedrijfstakpensioenfonds voor het Levensmiddelenbedrijf) and the food service business (Stichting Bedrijfstakpensioenfonds Foodservice). The funding ratios of these funds were 94.7% and 104.4%, respectively, as of the balance sheet date 2019 (2018: 103.4% and 107.3%, respectively). Both industry-wide pension funds have a recovery plan in which the premium is a steering instrument. No additional premiums are expected in the coming years alongside the regular self-financing premiums.

Jumbo expects to make a contribution in 2020 in the form of premiums totalling €38,035 (2019: €31,179) to the defined contribution plans.

### Other liabilities in relation to employee benefits

The other liabilities in relation to employee benefits consist of a provision for jubilee benefits and a provision for occupational disability benefits.

The movements in the other liabilities in relation to employee benefits were as follows:

	Jubilee bonuses	Occupational disability	Total 2019	Total 2018
<b>Balance at start of financial year</b>	<b>8,807</b>	<b>1,540</b>	<b>10,347</b>	<b>9,734</b>
Allocations	1,097	-	1,097	968
Acquisitions via business combinations	60	-	60	1,262
Releases	-	-	-	-269
Withdrawals	-431	-262	-693	-1,607
Movements in present value	828	35	863	259
<b>Movements in carrying amount</b>	<b>1,554</b>	<b>-227</b>	<b>1,327</b>	<b>613</b>
<b>Balance at end of financial year</b>	<b>10,361</b>	<b>1,313</b>	<b>11,674</b>	<b>10,347</b>
Long-term	10,006	1,017	11,023	9,695
Short-term	355	296	651	652
<b>Balance at end of financial year</b>	<b>10,361</b>	<b>1,313</b>	<b>11,674</b>	<b>10,347</b>

## 15. Deferred tax liabilities

The deferred tax assets and liabilities are formed for the temporary differences between the commercial and tax principles used for valuing assets and liabilities and determining the result. The differences mainly arise from the recognition of (historic) acquisitions. The provision for tax liabilities is predominantly long term in nature. Deferred tax assets and liabilities are netted per tax jurisdiction in the balance sheet.

The movements in the deferred tax assets and liabilities were as follows:

	2018		Movements during the financial year	2019	
	Receivable	Liability		Receivable	Liability
Intangible fixed assets	-4,453	152,649	15,690	-3,076	166,962
Tangible fixed assets	-8,219	3,449	4,691	-5,074	4,995
Right-of-use assets	-	-	555,020	-	555,020
Financial fixed assets	-	1,000	385	-	1,385
Pensions and other deferred remuneration	-1,968	-	119	-1,849	-
Provisions	-415	1,044	-817	-188	-
Lease commitments	-	-	-561,345	-561,345	-
Non-current liabilities	-1,042	160	7	-875	-
Other assets and liabilities	-782	209	594	-	21
Reinvestment reserve	-	23,190	-5,495	-	17,695
Balance of deferred receivables and liabilities	16,879	-16,879	-	572,407	-572,407
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>164,822</b>	<b>8,849</b>	<b>-</b>	<b>173,671</b>

The movements during the financial year have been recognised as follows:

	Via acquisition of business combinations	First application of IFRS16	Via income statement	Via total result	Total movements during the financial year
Intangible fixed assets	3,356	-	12,334	-	15,690
Tangible fixed assets	2,847	-	1,844	-	4,691
Right-of-use assets	-	643,448	-88,428	-	555,020
Financial fixed assets	-	-	385	-	385
Pensions and other deferred remuneration	-	-	-43	162	119
Provisions	-	-	-817	-	-817
Lease commitments	-	-643,448	82,103	-	-561,345
Non-current liabilities	-	-	-24	31	7
Other assets and liabilities	225	-	369	-	594
Reinvestment reserve	-	-	-5,495	-	-5,495
Balance of deferred receivables and liabilities	-	-	-	-	-
<b>Net deferred tax balances</b>	<b>6,428</b>	<b>-</b>	<b>2,228</b>	<b>193</b>	<b>8,849</b>

The '2020 Tax Plan' adopted contains changes to the corporation tax rate. To determine the deferred tax, the corporation tax rate was increased to 25% (2018: 22.55%) as of 2020 and 21.70% as of 2021 (2018: 20.50%). The deferred tax liabilities as of the end of 2019 are recognised on balance at the adjusted rates.

A sum of €18,646 of the deferred tax liability (2018: €18,432) is short term.

The movement in the deferred taxes in the statement of comprehensive result concerns the tax on the actuarial results on the defined benefit plans of €162 (2018: -€344) and the taxes on the unrealised remeasurements of the derivative financial instruments of €31 (2018: €8).

### Fiscal unity

At the end of the 2019 financial year, all the Dutch group companies included in the consolidation were included in Jumbo Groep Holding B.V.'s tax entity for turnover tax from the moment of incorporation or acquisition, with the exception of Euroselect B.V. and J&C Acquisition Holding B.V.

At the end of the 2019 financial year, all the Dutch group companies included in the consolidation were included in Jumbo Groep Holding B.V.'s tax entity for corporation tax from the moment of incorporation or acquisition, with the exception of J&C Acquisition Holding B.V.

Because of their inclusion in a tax entity, the group companies of Jumbo Groep Holding B.V. are each jointly and severally liable for the tax debts of the particular tax entity.

## 16. Provisions

The provisions can be specified as follows:

	2019	2018
Restructuring	4,044	15,609
Onerous contracts	2,716	23,897
Other provisions	690	2,947
	<b>7,450</b>	<b>42,453</b>
Long-term	2,966	18,970
Short-term	4,484	23,483
	<b>7,450</b>	<b>42,453</b>

The provisions are valued at present value. The discount rate is based on the risk-free interest rate of 0.20% (2018: 0.90%).

The restructuring provision was created for the restructuring of the head office and the stores. In the context of mechanisation, an existing distribution centre will be closed in the long term and some of the employees will become redundant, despite efforts aimed at the sustainable employability of employees.

The movements in the provisions are as follows:

	Restructuring	Onerous contracts	Miscellaneous	Total 2019	Total 2018
<b>Balance at start of financial year before application of IFRS16</b>	<b>15,609</b>	<b>23,897</b>	<b>2,947</b>	<b>42,453</b>	<b>46,989</b>
First application of IFRS16	-	-19,135	-	-19,135	N/A
<b>Balance at start of financial year with application of IFRS16</b>	<b>15,609</b>	<b>4,762</b>	<b>2,947</b>	<b>23,318</b>	<b>N/A</b>
Allocations	5,339	1,325	17	6,681	24,379
Releases	-455	-3,371	-1,554	-5,380	-18,992
Withdrawals	-16,477	-	-728	-17,205	-11,189
Movements in present value	28	-	8	36	1,266
<b>Movements in carrying amount</b>	<b>-11,565</b>	<b>-2,046</b>	<b>-2,257</b>	<b>-15,868</b>	<b>-4,536</b>
<b>Balance at end of financial year</b>	<b>4,044</b>	<b>2,716</b>	<b>690</b>	<b>7,450</b>	<b>42,453</b>
Long-term	-	2,716	250	2,966	18,970
Short-term	4,044	-	440	4,484	23,483
<b>Balance at end of financial year</b>	<b>4,044</b>	<b>2,716</b>	<b>690</b>	<b>7,450</b>	<b>42,453</b>



## 17. Financial instruments

### General

Jumbo uses various financial instruments in the course of normal business operations to hedge financial risks. Jumbo's financial instruments include cash and cash equivalents, loans provided, trade debtors and other receivables, interest-bearing loans and other long-term liabilities, current account credits, trade creditors and other accounts payable and derivative financial instruments. The cash and cash equivalents, interest-bearing loans and current account credits are held or taken out with renowned banks and financial institutions with a high credit rating. Loans provided are exclusively provided by Jumbo if necessary and sensible on the basis of responsible entrepreneurship. Starting points for loans to entrepreneurs include that the loan agreement must be officially documented, there must be sound operational planning with an expected positive result and structural monitoring of the development in the operations and financing during the term of the loan. As concerns the other financial instruments, Jumbo seeks to enter into financial transactions with financially sound counterparties. Jumbo enters into transactions in derivative financial instruments in order to hedge the risks related to financial instruments. Derivative financial instruments are not held for trading purposes.

In its normal operations, Jumbo uses various financial instruments that expose Jumbo to liquidity, credit and market risks. Jumbo estimates that these risks have an extremely limited impact on the operation of the business. Compared to the previous year, Jumbo's business operations were not affected to a greater or lesser extent by these risks. Jumbo's policy for managing these risks has not changed since the previous year.

### Managing the working capital

Jumbo pursues a financing policy which centres on continuity of the business and which takes into account the management of the working capital (the capital held to perform the operational activities). Jumbo must satisfy the requirements stipulated by the lenders in covenants. As of 29 December 2019 and 30 December 2018, Jumbo satisfied the requirements stipulated.

### Liquidity risk

The liquidity risk is the risk that Jumbo will be unable to satisfy its financial obligations at a certain moment. Jumbo maintains sufficient cash and cash equivalents and has adequate credit facilities at its disposal to minimise the liquidity risk, under both normal and more challenging circumstances. The cash flows are monitored closely and planned in order to minimise the liquidity risk. The liquidity risk is limited since there is sufficient latitude in the existing credit facilities.

### Credit facilities

The financing agreement was concluded on 11 May 2016 and has a term of 5 years, with the option of a 2-year renewal, which was exercised in 2019. The financing agreement was also expanded to include an extra facility in 2019. The financing agreement was concluded with the bank syndicate made up of ABN AMRO Bank, Rabobank, ING and Deutsche Bank.

The credit facilities at year-end 2019 are as follows:

	Credit facility	Amount used
Term Loan	237,500	237,500
Revolving Facility	300,000	175,000
Ancillary	150,000	-
<b>Gross balance at end of financial year</b>	<b>687,500</b>	<b>412,500</b>

In relation to the credit facilities mentioned, a covenant has been agreed with the banks that can be summarised as follows: the (corrected) net debt as a percentage of the EBITDA (cumulative EBITDA on a 12-month progressive basis). The banks correct the net debt for the effects of the implementation of IFRS16.

To secure the credit facility, Jumbo provided as security the joint and several liability of all subsidiaries belonging to Jumbo.

### Financial instruments

The interest on the financing is variable and based on the Euribor plus a mark-up. The refinancing has a floor at 0%, the interest payable cannot be lower than the mark-up.

Some of the interest rate risk is hedged using interest rate derivatives. The interest rate derivatives are interest rate swaps, which, like the financing, have a floor at 0%. As of 29 December 2019, interest rate swaps with a total value of €125,000 had been taken out, which gradually expire over the term and end on 30 June 2020. On the balance sheet date, €125,000 (2018: €150,000) of the credit facility applied is hedged. The interest rate swaps have a negative market value of €9 (2018: €160).

### Contractual terms of the financial liabilities

Below are the contractual terms of the financial liabilities including mandatory repayments and interest payments by Jumbo on the balance sheet date. The interest charges have been estimated taking into account an average Euribor rate of 0% and a debt reduction in accordance with the multi-year planning.

	Carrying amount	Contractual cash flows	Less than one year	1-5 years	More than 5 years
<b>2019</b>					
Bank loans	411,897	419,457	40,886	378,571	-
Lease commitments	2,569,646	2,752,374	284,156	958,875	1,509,343
Participation scheme	-	-	-	-	-
Other financing obligations	3,903	3,925	872	3,053	-
Derivative financial instruments	9	29	29	-	-
Stamp obligations	38,417	38,417	38,417	-	-
Creditors and other accounts payable	1,420,786	1,420,786	1,420,786	-	-
	<b>4,444,658</b>	<b>4,634,988</b>	<b>1,785,146</b>	<b>1,340,499</b>	<b>1,509,343</b>
<b>2018</b>					
Bank loans	361,462	370,625	53,149	317,476	-
Participation scheme	21,921	21,921	21,921	-	-
Other financing obligations	11,542	13,303	2,334	9,799	1,170
Derivative financial instruments	160	173	144	29	-
Creditors and other accounts payable	1,342,626	1,342,626	1,342,626	-	-
	<b>1,737,711</b>	<b>1,748,648</b>	<b>1,420,174</b>	<b>327,304</b>	<b>1,170</b>

### Credit risk

Credit risk is the risk of financial loss for Jumbo if a buyer or counterparty in a financial instrument fails to comply with the contractual obligations entered into.

Jumbo's credit risk consists of credit risk on financing provided to buyers, securities furnished to financial institutions for the financing provided to buyers and trade receivables.

For the financing provided and the security provided to financial institutions for the financing arrangements provided to buyers, Jumbo requires that the particular buyers furnish security in return, including mortgage registrations for immovable property, bank guarantees and the pledge of assets, receivables and life insurance entitlements.

The maximum credit risk is the carrying amounts of the financial assets on the balance sheet date as follows:

	2019	2018
Financial fixed assets	68,034	34,639
Trade debtors	274,502	243,510
Other receivables, prepayments and accrued income	36,116	38,545
Cash and cash equivalents	66,489	57,573
	<b>445,141</b>	<b>374,267</b>

To determine the provision for financial assets, the expected credit losses model is applied in accordance with IFRS9. Three stages are distinguished in the new model. These stages relate to the assessment of the counterparty's credit quality. The provision for financial assets and trade debtors is largely determined and calculated on the basis of stage 3, whereby actual payment arrears have already arisen. Jumbo availed of the possibility of applying the simplified approach under IFRS9 for determining the provision relating to the trade debtors.

The ageing breakdown of these trade debtors as of the balance sheet date is as follows:

	2019	2018
Not due	214,747	194,016
Overdue by 0-30 days	11,703	21,040
Overdue by 31-60 days	14,172	19,282
Overdue by 61-90 days	11,727	4,277
Overdue by more than 90 days	29,684	12,650
	<b>282,033</b>	<b>251,265</b>
Provision for bad debts	-7,531	-7,755
<b>Carrying amount of receivables</b>	<b>274,502</b>	<b>243,510</b>

The fair value adjustments resulting from the possible irrecoverability of the trade debtors take place on individual basis. In relation to the receivables that are not yet due and not written down, there were no indications on the balance sheet date that these would not be paid.

The movements during the year in the provision for irrecoverability in relation to trade debtors were as follows:

	2019	2018
<b>Balance at start of financial year</b>	<b>-7,755</b>	<b>-13,293</b>
Allocations	-2,490	-5,997
Acquisitions via business combinations	-	-333
Withdrawals	625	2,429
Provision released	2,089	9,439
	<b>224</b>	<b>5,538</b>
<b>Balance at end of financial year</b>	<b>-7,531</b>	<b>-7,755</b>

As of the balance sheet date, there was no concentration of credit risks at certain parties. The maximum credit risk was also mitigated by the securities obtained in relation to the assets. These are explained in note 19 under purchase and repurchase commitments and other guarantees.

#### Market risk

Market risk is the risk that Jumbo's income or the value of financial instruments will be detrimentally affected by changes in interest rates.

#### Interest rate risk

The interest rate risk is limited to any changes in the market value of loans taken and provided. The loans Jumbo has entered into have a floating interest rate. Jumbo has taken out interest rate derivatives to limit the interest rate risks.

As of the end of the 2019 financial year, Jumbo has interest rate derivatives with terms to the end of 2020. The fair value of the interest rate derivatives is the estimated amount that Jumbo would have to pay to settle the contract as of the balance sheet date, taking into account the current interest rate and current creditworthiness of the contract parties with whom the interest rate derivatives have been taken out. From the 2017 financial year, Jumbo applies hedge accounting for the interest rate derivatives newly taken out.

Movements in the fair value of the interest rate swaps are recognised under the derivative financial instruments and in the consolidated statement of comprehensive result. At year-end 2019, 30.3% of the interest-bearing debts was hedged using interest rate derivatives (2018: 41.1%). The average interest rate on the interest-bearing debts was 0.97% in 2019 (2018: 1.11%).

The counterparty risk is judged to be extremely low since the interest rate derivatives have been taken out with leading financial institutions. Nor are any margin calls included in the contracts.

### Interest rate sensitivity analysis

The goal of managing the interest rate risk is to limit the effect of short-term interest rate fluctuations on the group results. In the long term, however, permanent changes in interest rates will affect the result.

On the balance sheet date, the interest rate profile of Jumbo's interest-bearing financial instruments is as follows, taking into account the effective hedging instruments linked to these instruments:

	2019	2018
<b>Fixed-interest instruments</b>		
Financial assets	1,595	1,595
Financial liabilities	163,417	150,000
<b>Floating-interest instruments</b>		
Financial assets	66,863	58,338
Financial liabilities	286,897	211,462

The financial assets relate to interest-bearing loans and borrowings and cash and cash equivalents, the financial liabilities relate to bank loans drawn down and stamp obligations.

### Sensitivity analysis of cash flow for instruments with a floating interest rate

Fluctuations in the variable interest rate are largely hedged using the interest rate derivatives. Nevertheless, an increase in the Euribor rate will, to a certain extent, translate into higher interest expenses.

In the event of a decrease of 100 basis points in the interest rates (Euribor) over 2019 (to the extent this is possible), the group result before taxes would remain the same. After all, the Euribor was negative for the whole of 2019 and both the financing and the interest rate derivatives have a floor of 0%. In the event of an increase of 100 basis points in the interest rates (Euribor) over 2019, the group result before tax would decrease by €2,051 as the result of rising interest expenses on the financing, largely compensated by the receipts from the interest rate derivatives. This is assuming that all other variables were to remain constant.

### Financial instruments included in the balance sheet and fair value

The determination of the fair value of (derivative) financial instruments is explained in the accounting policies, whereby the level in the fair value hierarchy is reported. No transfers of financial instruments took place between the different hierarchies.



On the balance sheet date, the fair value and corresponding hierarchy of the financial instruments were as follows:

	2019	2019	2019	2018	2018	2018
	Carrying amount	Fair value	Hierarchy	Carrying amount	Fair value	Hierarchy
<b>Fixed assets</b>						
Financial fixed assets (a)	68,034	68,034	3	34,639	34,639	3
	<b>68,034</b>	<b>68,034</b>		<b>34,639</b>	<b>34,639</b>	
<b>Current assets</b>						
Trade debtors (a)	274,502	274,502	3	243,510	243,510	3
Cash and cash equivalents (a)	66,489	66,489	1	57,573	57,573	1
	<b>340,991</b>	<b>340,991</b>		<b>301,083</b>	<b>301,083</b>	
<b>Non-current liabilities</b>						
Bank loans (c)	374,397	374,397	2	311,462	311,462	2
Participation scheme (d)	-	-	3	-	-	3
Finance lease commitments (c)			2	5,934	5,934	2
Derivative financial instruments (e)	9	9	2	160	160	2
	<b>374,406</b>	<b>374,406</b>		<b>317,556</b>	<b>317,556</b>	
<b>Current liabilities</b>						
Bank loans (c)	37,500	37,500	2	50,000	50,000	2
Participation scheme (d)	-	-	3	21,921	21,921	3
Finance lease commitments (c)	-	-	2	948	948	2
Customer loyalty stamps (c)	38,417	38,417	2	N/A	N/A	
Trade creditors (c)	1,201,192	1,201,192	3	1,140,668	1,140,668	3
	<b>1,277,109</b>	<b>1,277,109</b>		<b>1,213,537</b>	<b>1,213,537</b>	
<b>Total financial instruments</b>	<b>2,060,540</b>	<b>2,060,540</b>		<b>1,866,815</b>	<b>1,866,815</b>	
<b>Total per category</b>						
(a) Loans, receivables and cash and cash equivalents	409,025	409,025		335,722	335,722	
(b) Investments held to end of maturity	-	-		-	-	
(c) Financial liabilities at amortised cost	1,651,506	1,651,506		1,509,012	1,509,012	
(d) Financial liabilities at fair value	-	-		21,921	21,921	
(e) Financial liabilities with changes in value in group equity	9	9		160	160	
<b>Total</b>	<b>2,060,540</b>	<b>2,060,540</b>		<b>1,866,815</b>	<b>1,866,815</b>	

The carrying amount of the loans and receivables approximates the fair value because any irrecoverability is expressed in the value at the end of the financial year.

The fair value of the interest-bearing long-term liabilities approximates the amortised cost, given the floating interest rate based on the 3-month Euribor rate agreed on during the term. The carrying amount of the other financial liabilities approximates the fair value. The liabilities are stated at fair value, which is the value at which settlement is expected to take place.

## 18. Trade creditors and other accounts payable

The trade creditors and other accounts payable consist of:

	2019	2018
Trade creditors	1,201,192	1,140,668
Employee-related liabilities	83,839	73,430
Taxes and social security charges	49,893	28,263
Stamp obligations	38,417	18,230
Accruals and deferred income	85,862	82,035
	<b>1,459,203</b>	<b>1,342,626</b>

The trade creditors includes a receivable in relation to purchase bonuses and promotional contributions still to be received. As of the end of the 2019 financial year, this receivable amounts to €67,569 (2018: €65,056). At year-end 2019, the trade creditors included a debt to related parties in the amount of €4,255 (2018: €2,378). The trade creditors includes a debt concerning excise duties in the amount of €14,446 (2018: €87).

Jumbo gives its suppliers the possibility of availing of Supply Chain Finance. This allows suppliers to be paid earlier by the banks where Jumbo has taken out the facility, with deduction of interest that is in line with the market. Jumbo itself continues to pay at the payment time contractually agreed with the supplier and as a result the facility has a positive effect on the working capital.

Because of the further expansion of the Supplier Chain Finance facility, the start of the Dynamic Discounting programme and the introduction of quicker payment for smaller suppliers, Jumbo further improved its payment facilities to the benefit of the suppliers in 2019. The average payment term for trade creditors once again decreased in 2019, to 29 days compared to 32 days in 2018. This is a response to society's desire to pay trade creditors more quickly. See the specification of the actual payment periods below.

	2019	2018
Trade creditors (incl. VAT)	1,201,192	1,140,668
VAT amount in trade creditors	-136,936	-120,911
Supply Chain Finance and Dynamic Discounting facilities and other	-515,056	-448,998
<b>Trade creditors (normalised)</b>	<b>549,200</b>	<b>570,759</b>
Cost of sales	5,624,313	5,193,979
Purchases of non-trade goods and services and other	1,210,201	1,332,095
<b>Total purchases (normalised)</b>	<b>6,834,514</b>	<b>6,526,074</b>

Payment term Trade creditors	29 days	32 days
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The payment period has been determined by dividing the normalised trade creditors by the normalised total purchases and multiplying the result of that by the number of days in a year. For a correct calculation, trade creditors are corrected for VAT; outstanding amounts relating to the Supply Chain Finance and Dynamic Discounting facilities are left out of consideration as these amounts are directly available to the suppliers. This gives us a normalised balance of trade creditors. In order to determine total purchases, both the cost of sales and the purchase of non-trade goods and services must be included. If necessary, adjustments are also made to purchases in case of acquisitions during the financial year in order to determine the correct total purchase values related to the trade creditors concerned.

The reservations for employee-related liabilities also include a debt for pensions in the amount of €9,695 (2018: €4,844).

In relation to stamp obligations, a total of €62,674 in stamps were issued in 2019 (2018: €50,897), specifically 626,740,000 stamps (2018: 508,970,000 stamps). The movement in the stamp obligations in 2019 amounts to €20,187 and consists of regular movements of €3,094 and a one-time movement of €17,093. The one-time movement was caused by an adjustment to the nominal value in accordance with the requirements of IFRS9 - Financial Instruments (see note 11).

The accruals and deferred income consist mainly of interest payable, property-related items and other accounts payable, accruals and deferred income. These current liabilities are not interest-bearing.

## 19. Off-balance sheet rights and commitments

### Contingent receivables

Jumbo has contingent receivables from former and current entrepreneurs in relation to subsequent settlement schemes for, among other things, purchase considerations and investment contributions. The contingent receivables are contractually agreed with the stipulation that if there is excess profit and/or discontinuation profit in any future year, the entrepreneur will pay part of this contingent receivable to Jumbo. To some extent, the size of the future economic benefits associated with the aforementioned receivables cannot be reliably determined. A receivable for the subsequent settlement schemes has been included in the balance sheet exclusively for the portion that can be reliably estimated.

In relation to this, in 2019 and previous reporting years, a sum of €2,138 was included under other receivables, prepayments and accrued income (2018: €2,302). Jumbo cannot estimate the size of the receivable for 2019 and beyond with adequate certainty.

### Legal proceedings

J&C Acquisition Holding B.V. brought legal proceedings against Sligro in 2019. According to J&C Acquisition Holding B.V., there are indications that prior to the sale of EMTÉ, Sligro misrepresented EMTÉ's financial position. The first step in this process is the preliminary hearing of officers who, prior to the sale of EMTÉ, were closely involved in establishing the gross margin and the allocation of suppliers' contributions in connection with that. J&C Acquisition Holding B.V. will most likely also start a main action against Sligro.

### Investment commitments for locations

At year-end 2019, Jumbo had entered into investment commitments of €1,700 for the acquisition of new locations (2018: €23,700). €1,700 will be effectuated in 2020 (2018: €6,325).

### Purchase agreements

Agreements have been contracted with third parties for amounts of €1,000 or more.

The liabilities fall due as follows:

	2019	2018
Terms expiring within 1 year	60,107	113,630
Terms expiring in 1 to 5 years	58,705	88,500
Terms expiring after 5 years	1,382	-
	<b>120,194</b>	<b>202,130</b>

At the end of the 2019 financial year, Jumbo had also entered into various procurement contracts for the supply of goods and services which are in reasonable proportion to the normal business operations.

### Purchase and repurchase commitments and other guarantees

Entrepreneurs have pledged inventory items to third-party financiers for the financing extended to entrepreneurs. Jumbo gives these third-party financiers repurchase commitments in relation to these inventory items. These commitments are secured with the inventory items which would be received back, so that the credit risks are mitigated.

Jumbo has also issued warranties and direct guarantees to the aforementioned third-party financiers in connection with the financing taken by the entrepreneurs. In the guarantees provided to the third-party financiers, the inventory items of the relevant entrepreneurs are pledged directly to Jumbo.

At year-end 2019, Jumbo had given purchase and repurchase commitments and other guarantees up to a sum of €24,488 (2018: €30,273).

### Operational lease liabilities and rental obligations

Jumbo has contracted operational lease agreements for the distribution centres, internal transport, vehicles and other assets in use. Jumbo also leases immovable property (hereafter: retail property) and sublets some of this property, mainly to entrepreneurs. Some of the leases for distribution centres and retail property have been contracted on the basis of so-called 'triple net' conditions. In these cases, Jumbo is responsible for the full owner's charges. The conditions under which leases are contracted are based primarily on economic considerations and market conditions at the time the lease is concluded.

In 2019, the operational leases were reported in accordance with IFRS16 and included in lease liabilities, see note 12. The related right-of-use assets, for this see note 3. The lease liabilities contained below relate to obligations entered into in 2019, with effect from 2020 or later.

The minimum rental obligations under operational lease contracts fall due as follows:

	2019	2018
<b>Rental obligations (immovable property)</b>		
Terms expiring within 1 year	13,703	179,216
Terms expiring in 1 to 5 years	32,196	643,801
Terms expiring after 5 years	17,861	580,230
	<b>63,760</b>	<b>1,403,247</b>

The total off-balance-sheet liability for operational leases for immovable property amounts to €63,760 (2018: €1,403,247). This does not include any liability with related parties (2018: €107,394).

The minimum receivables from the subletting of immovable property held under operational lease contracts fall due as follows:

	2019	2018
<b>Rent receivables (immovable property)</b>		
Terms expiring within 1 year	92,555	85,599
Terms expiring in 1 to 5 years	276,330	270,651
Terms expiring after 5 years	112,527	125,572
	<b>481,412</b>	<b>481,822</b>

The total off-balance-sheet receivable for operational leases for immovable property amounts to €481,412 (2018: €481,822). These receivables include a sum of €1,291 (2018: €293) from operational leases with related parties.

In 2019, rental income of €97,143 (2018: €96,091) was credited to the income statement for operational leases for immovable property.

In 2019, the operational lease liabilities were reported in accordance with IFRS16 and included in lease liabilities. The total off-balance-sheet liability for operational leases for internal transport, vehicles and other assets is shown below:

	2019	2018
<b>Operational lease commitments (internal transport, vehicles and other assets)</b>		
Terms expiring within 1 year	N/A	11,765
Terms expiring in 1 to 5 years	N/A	22,951
Terms expiring after 5 years	N/A	3,037
	<b>N/A</b>	<b>37,753</b>

#### Other liabilities

Jumbo has agreed on commitments with entrepreneurs in relation to financial compensations and contributions to be provided and has also entered into commitments with third parties. The total of these commitments amounted to €224,177 at year-end 2019 (2018: €225,764). The commitments to entrepreneurs are primarily investment and divestment contributions, transition allowances, opening contributions, closing costs, operating contributions and goodwill guarantees. Pending legal disputes are not included in the balance sheet if the outgoing cash flows could not be reliably estimated.



# Notes to the consolidated income statement

## 20. Net revenue

The net revenue is the revenue (excluding VAT) realised by Jumbo, by EMTÉ stores belonging to Jumbo and by La Place. This is the revenue realised through sales via the company's own stores and restaurants and via the distribution centres to third parties (mainly franchisees). The net revenue can be broken down as follows:

	2019	2018
Jumbo own stores	3,249,074	2,908,366
Jumbo franchise	3,518,090	3,315,459
La Place restaurants	107,081	107,181
	<b>6,874,246</b>	<b>6,331,006</b>

## 21. Cost of sales

The cost of sales consists of:

	2019	2018
Cost of inventories	-5,223,912	-4,857,846
Other costs	-400,401	-336,133
	<b>-5,624,313</b>	<b>-5,193,979</b>

## 22. Employee benefits

The employee benefits are recognised in the income statement under the financial statements items cost of sales, selling costs and administrative costs. A breakdown of the employee benefits is shown below:

	2019	2018
Salaries	-523,872	-458,171
Social security contributions	-85,893	-74,204
Pension costs based on defined benefit plans	9	679
Pension costs based on defined contribution schemes	-34,659	-30,007
Other employee benefits	-7,108	-18,483
	<b>-651,523</b>	<b>-580,186</b>

Jumbo employed an average of 16,224 fulltime equivalents in 2019 (2018: 14,471), of which 135 (2018: 51) outside the Netherlands.

## 23. Other operating income

The other operating income consists of:

	2019	2018
Income from property letting	95,649	95,096
Services provided to franchisees	9,644	9,203
Revenue from sale of immovable property	5,233	9,401
Miscellaneous	9,165	4,676
	<b>119,691</b>	<b>118,376</b>

Jumbo's starting point is not to own properties for sales locations. Rental income from immovable property therefore only relates to income from sublease agreements.

With effect from 2019, rental income from immovable property has been recognised as part of the other operating income. In previous years, this rental income was netted off against rental charges and therefore recognised as selling costs. The change in accounting treatment arose in response to the introduction of IFRS16. The comparative figures have been adjusted for better comparability over the years.

The income from the sale of immovable property mainly concerns the sale of Agrimarkt property (2018: EMTÉ property). A sum of €1,231 of this relates to income from sales and leaseback transactions (2018: €9,090).

## 24. Selling costs

The selling costs consist of:

	2019	2018
Labour costs	-452,512	-389,796
Depreciation/amortisation costs	-262,422	-58,109
Marketing costs	-64,664	-67,283
Property rental costs	-1,610	-201,739
Other selling costs	-106,496	-113,839
	<b>-887,704</b>	<b>-830,766</b>

The shift of property rental costs to depreciation costs is attributable to the implementation of IFRS16.

Other selling costs mainly relate to housing costs, including energy, cleaning and maintenance costs.

## 25. Administrative costs

The general management expenses consist of:

	2019	2018
Labour costs	-101,241	-98,707
Depreciation/amortisation costs	-21,911	-8,633
Property rental costs	-7,185	-7,496
Other general management expenses	-67,511	-41,699
	<b>-197,848</b>	<b>-156,535</b>

Other general management expenses mainly relate to maintenance costs for automation.

The fees for external auditor PricewaterhouseCoopers Accountants N.V. which were charged to the income statement (attributed to the relevant financial year) can be summarised as follows:

	2019	2018
Audit of the financial statements	-585	-671
Other audit engagements	-23	-6
Tax consultancy services	-	-
Other non-audit services	-123	-
	<b>-731</b>	<b>-677</b>

There were no costs incurred in relation to the rest of the PwC network in 2019 and 2018.

## 26. Impairments of tangible and intangible fixed assets and right-of-use assets

The impairments relate to the intangible fixed assets, tangible fixed assets and right-of-use assets. An asset is subject to impairment if the carrying amount exceeds the recoverable amount. Jumbo assessed whether there are any indications as of the balance sheet date for possible impairments of the intangible or tangible fixed assets or right-of-use assets. An indication relates to changes in market circumstances or sales areas or to developments concerning a location. If there is an indication, an impairment test is performed on the level of the individual asset or on the level of the cash flow-generating unit to which the asset belongs. For goodwill acquired through the acquisitions of Super de Boer, C1000, EMTÉ and Agrimarkt, the cash flow-generating unit has been defined at the level of Jumbo Supermarkten; for goodwill acquired through the acquisition of AC restaurants and for the brand name related to the acquisition of La Place, Jumbo has defined the cash flow-generating unit at the level of La Place. For the other intangible fixed assets, tangible fixed assets and right-of-use assets which cannot be assessed on the individual level, Jumbo has defined the cash flow-generating unit to be the related location. In determining the size of an impairment, developments in the market area corresponding to a location are also taken into account. The estimated future cash flows, which are used in calculating the value in use, are discounted based on the weighted average cost of capital of 4.5% (2018: 6.5%) after taxes, which corresponds to 7.3% (2018: 11.3%) before taxes. The percentages used in 2019 relate to the weighted average cost of capital after the introduction of IFRS16. The growth rate and allocated operational expenses used in future cash flows are related to Jumbo's strategic plan and the future expectations for the particular locations. The cash flow horizon to be used is equal to the remaining economic life. Jumbo assumes that a location will contribute to the operation of the Jumbo formula for 20 years, unless it is known that the location will be sold or closed in the near future. In calculating any impairments, the replacement investments, working capital developments and any residual value of tangible fixed assets are taken into account in relation to the cash flows.

The valuation models have been applied consistently, with the exception that the introduction of IFRS16 was taken into account in 2019. This resulted in the recognition of the carrying amount of right-of-use assets in the calculation of the value in use of a cash flow-generating unit. The calculation of the market value of a cash flow-generating unit takes into account both the carrying amount of right-of-use assets and the carrying amount of the lease liabilities.

Reasonable, possible changes to the starting points of the recoverable value calculated as of the end of the year, such as a 0.5% increase in the discount rate in the final value calculation, a 0.5% decrease in the growth rate, or a decrease of the calculated revenue multiple of 1 also do not result in material impairments other than as mentioned below. It has also been concluded that there is enough latitude in the calculations, which is why no detailed sensitivity analysis is included.

The impairments during the financial year can be explained as follows:

### Goodwill and intangible fixed assets with an indefinite life

The impairment calculations for assessing goodwill and the brand names did not result in any impairments. It is noted here that the goodwill acquired through the acquisition of Agrimarkt was assessed for possible impairments; this goodwill was not tested in 2019 since the goodwill (currently) determined could still change on grounds of the (provisional) purchase price allocation until 31 October 2020.

The recoverable amounts, i.e. the values in use, of the cash flow-generating units that have been defined for items under goodwill and brand names, as stated above, are substantially higher than the carrying amounts for the goodwill and brand names. The carrying amount of the goodwill acquired in previous acquisitions allocated to the cash flow-generating unit Jumbo amounts to €750,405. The goodwill acquired in the acquisition of AC restaurants totals €6,072 and the carrying amount of the La Place brand name totals €32,059; these have been attributed to the La Place cash flow-generating unit. See also note 1.

### Other intangible fixed assets

The impairment calculations for assessing the locations and other intangible fixed assets resulted in impairments totalling €3,310 (2018: €9,229) and reversals of impairments totalling €11,503 (2018: €2,880). The impairments relate to brand rights and locations; the reversals of impairments relate to locations. See also note 1.

### Tangible fixed assets

The impairment calculations for the tangible fixed assets resulted in impairments totalling €7,887 (2018: €2,286) and a reversal of impairments totalling €2,956 (2018: €329), which related to structural facilities and fixtures and fittings. See also note 2.

### Right-of-use assets

Right-of-use assets were included in the impairment calculations for the first time in the 2019 financial year. These calculations resulted in impairments of €7,164 and a reversal of impairments of €2,478 on right-of-use assets. See also note 3.

### Assets held for sale

The impairment calculations for the assessment of the assets held for sale resulted in impairments totalling €200 (2018: €nil). In 2019, no reversals of impairments were recognised on assets held for sale (2018: €nil).

## 27. Financial income and expenses

The item financial income and expenses can be specified as follows:

	2019	2018
<b>Financial income</b>		
Interest income on leases	124	-
Other interest income and similar revenue	2,427	2,284
	<b>2,551</b>	<b>2,284</b>
<b>Financial expenses</b>		
Interest expenses on lease commitments	-30,701	-
Interest on loans from credit institutions	-4,300	-3,991
Movement in value of participation scheme	-	-1,853
Movement in value of pensions	-168	-166
Write-down participation fee banks	-436	-436
Other interest expense and similar costs	-6,937	-7,753
	<b>-42,542</b>	<b>-14,199</b>
<b>Balance at end of financial year</b>	<b>-39,991</b>	<b>-11,915</b>



## 28. Taxes

	2019	2018
Current tax expense	-33,280	-40,927
Deferred tax expense	-320	31,841
<b>Taxes</b>	<b>-33,600</b>	<b>-9,086</b>

The reconciliation between the nominal tax rate and the effective tax burden is as follows:

	2019		2018	
Result before taxes		148,480		169,280
Nominal tax rate	-25.0%	-37,108	-25.0%	-42,310
Rate changes	-4.3%	-6,442	19.8%	33,515
Other corrections	6.0%	8,899	3.2%	5,340
Adjustments to previous years	0.7%	1,051	-3.3%	-5,631
<b>Effective tax rate / Taxes</b>	<b>22.6%</b>	<b>-33,600</b>	<b>-5.4%</b>	<b>-9,086</b>

The rate changes relate to the '2020 Tax Plan' adopted, which contains changes to the corporation tax rate. The corporation tax rate will be adjusted to 25% (2018: 22.55%) as of 2020 and 21.70% as of 2021 (2018: 20.50%). The deferred tax liabilities as of the end of 2019 are recognised at the adjusted rates, which has an effect of negative €6,442 (2018: €33,515) on the taxes in the income statement.

The other corrections mainly concern the innovation box.

## 29. Related parties

The transactions with related parties take place at arm's length. The main transactions are explained below.

### Stichting Jumbo Groep

The directors of Stichting Jumbo Groep are members of or closely related to the board of directors under the articles of association of Jumbo Groep Holding B.V.

### F.E.G. Beheer B.V.

The director of F.E.G. Beheer B.V. is a member of the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with F.E.G. Beheer B.V. consist of management fees.

### C.E.G. Beheer B.V.

The director of C.E.G. Beheer B.V. is a member of the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with C.E.G. Beheer B.V. consist of management fees.

### M.E.G. Beheer B.V.

The director of M.E.G. Beheer B.V. is closely related to the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with M.E.G. Beheer B.V. consist of management fees.

### Van Eerd Beheer B.V.

The director of Van Eerd Beheer B.V. is closely related to the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with Van Eerd Beheer B.V. involving a total of €13,300 (2018: €12,113) consisted mainly of rent for immovable property.

### Jumbo Onroerend Goed B.V.

Jumbo Onroerend Goed B.V. has directors who are also members of the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with Jumbo Onroerend Goed B.V. involving a total of €4,046 (2018: €3,965) consisted mainly of rent for immovable property.

#### **La Place Food Vastgoed B.V.**

La Place Food Vastgoed B.V. has directors who are also members of the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with La Place Food Vastgoed Goed B.V. involving a total of €3,932 (2018: €3,833) consisted mainly of rent for immovable property.

#### **Van Eerd Onroerend Goed B.V.**

Van Eerd Onroerend Goed B.V. has directors who are also members of the board of directors under the articles of association of Jumbo Groep Holding B.V. The transactions with Van Eerd Onroerend Goed B.V. involving a total of €1,911 (2018: €1,246) consisted mainly of rent for immovable property and the charging on of investments.

#### **DCJ B.V.**

DCJ B.V. has directors who are also directors of Jumbo Groep Holding B.V. The transactions with DCJ B.V. involving a total amount of €3,225 (2018: €72) consisted mainly of rent for immovable property and the constructional investments for the mechanised National Distribution Centre (NDC) in Nieuwegein.

#### **Stichting Beheer Gelden Stimuleringsregeling Jumbo**

The Stichting Beheer Gelden Stimuleringsregeling Jumbo aims to facilitate a scheme to encourage a uniform way of cooperating for all Jumbo supermarkets, in order to operate, safeguard and successfully market the formula.

#### **Remuneration of directors and Supervisory Board members**

In 2019, the remuneration granted to directors involving a sum of €7,032 (2018: €5,462) consisted of management fees and employee benefits. The increase in 2019 mainly concerned one-time payments related to exceptional performance.

In 2019, the Supervisory Board members were granted remuneration totalling €384 (2018: €319). No loans, advance payments or guarantees were provided to the Supervisory Board members.

### **30. Provisions in the articles of association concerning profit appropriation**

Article 30 of the articles of association stipulates that the profit is adopted according to generally accepted standards and that the profit is at the free disposal of the General Meeting, with due observance of the provisions in this article. On the understanding that the company can only make profit distributions to the shareholders to the extent that the equity is greater than the statutory reserves and reserves according to the articles of association (paragraph 2).

Distribution of profit takes place after the adoption of the financial statements showing that this is justified. Interim distributions are permitted, with due observance of the provisions in the previous paragraph.

The profit achieved in any financial year is at the free disposal of the General Meeting, with due observance of the provisions in paragraph 2, and can either be added to the reserves or paid out to shareholders and, to the extent such have been issued, the holders of profit-sharing certificates.

Payments chargeable to a dividend reserve can, without prejudice to the provisions in paragraph 2, take place at all times pursuant to a resolution from the General Meeting. A dividend is made payable at the time and place stipulated by the General Meeting. Dividends which are not claimed within 5 years after they are made payable revert to the company.

#### **Appropriation of the result for the 2018 financial year**

The 2018 financial statements were adopted in the General Meeting held on 15 April 2019. The General Meeting decided that the result for the 2018 financial year would be added to the general reserves in the amount of €160,194.

This appropriation did not change with respect to the proposal made to this end in the 2018 financial statements.

#### **Proposed appropriation of 2019 result**

In anticipation of the decision of the General Meeting, the result for 2019 in the amount of €114,880 will be added to the other reserves. The proposal to add the €114,880 to the other reserves has not yet been incorporated in the financial statements.

### 31. Post balance sheet date events

At the end of 2019, Jumbo Supermarkten B.V and HEMA B.V. reached agreement on plans for a commercial partnership in the Netherlands and Belgium. As part of this agreement, Jumbo will take over the leases for 17 HEMA stores in phases from 2020.

At the end of 2019 Jumbo Supermarkten B.V. also reached agreement with Udea B.V. to acquire six stores in 2020.

Besides the above, no significant events occurred after the balance sheet date of 29 December 2019 which provide further information on the actual situation on the balance sheet date and which require recognition and/or disclosure in the 2019 financial statements.

# Company balance sheet as of 29 December 2019

Before profit appropriation, in €1,000

ASSETS	Note	29 December 2019	30 December 2018
<b>Fixed assets</b>			
Financial fixed assets	1	898,441	757,473
		<b>898,441</b>	<b>757,473</b>
<b>Current assets</b>			
Intercompany current account		383,283	395,797
Corporate income tax		2,606	-
Other receivables, prepayments and accrued income		-	88
Cash and cash equivalents		6,249	12,651
		<b>392,138</b>	<b>408,536</b>
<b>TOTAL ASSETS</b>		<b>1,290,579</b>	<b>1,166,009</b>
<b>LIABILITIES</b>			
	Note	29 December 2019	30 December 2018
<b>Equity</b>			
Issued capital		8	8
Statutory reserve		147,735	109,051
General reserves		338,716	286,041
Unappropriated result		114,880	160,194
<b>Total equity</b>	2	<b>601,339</b>	<b>555,294</b>
<b>Provisions</b>	3	<b>173,676</b>	<b>164,788</b>
<b>Non-current liabilities</b>	4	<b>374,406</b>	<b>311,622</b>
<b>Current liabilities</b>			
Short-term loans and other liabilities		37,500	71,921
Credit institutions		100,830	52,611
Corporation tax		-	7,763
Other accounts payable, accruals and deferred income		2,828	2,010
		<b>141,158</b>	<b>134,305</b>
<b>Total liabilities</b>		<b>689,240</b>	<b>610,715</b>
<b>TOTAL LIABILITIES</b>		<b>1,290,579</b>	<b>1,166,009</b>



# Company income statement for 2019

<i>in €1,000</i>	<b>2019</b>	<b>2018</b>
Result from participations after taxes	118,722	131,759
Balance of other income and expenses after taxes	-3,842	28,435
<b>Net result</b>	<b>114,880</b>	<b>160,194</b>

# Notes to the company financial statements

## General accounting principles for the preparation of the financial statements

The company financial statements were prepared in accordance with the provisions in Title 9 of Book 2 of the Dutch Civil Code. With application of Section 362 (8) of the Dutch Civil Code, the valuation principles and principles used for determination of the result are in accordance with the valuation principles used by Jumbo Groep Holding B.V. in the consolidated financial statements. See the notes to the consolidated financial statements for the valuation principles and principles used for determination of the result.

The company financial statements have been prepared in euros. The amounts in the financial statements have been rounded off to the nearest €1,000, unless stated otherwise.

The financial data of Jumbo Groep Holding B.V. are incorporated in the consolidated financial statements so that using Section 2:402 of the Dutch Civil Code, an abbreviated income statement in the company financial statements suffices.

## Participations

Participations in group companies in which significant influence is exerted on the business and financial policy are valued at net asset value, but no lower than zero. This net asset value is calculated on the basis of the valuation principles of Jumbo Groep Holding B.V. as applied in the consolidated financial statements.

Participations with a negative asset value are stated at zero. If the company wholly or partly guarantees the debts of the particular participations or has the constructive obligation to enable the participations (for its share) to pay its debts, a provision is formed. In determining the size of this provision, provisions for irrecoverability already deducted from receivables from the participation are taken into account.

## Intercompany current account

The current accounts with group companies are stated at fair value upon first recognition and subsequently at amortised cost.

# Notes to the company balance sheet

## 1. Financial fixed assets

The financial fixed assets are the participating interest (expressed as a percentage of share capital) in Jumbo Food Groep B.V. in Veghel of 100% (2018: 100%), La Place Food Groep B.V. in Veghel of 100% (2018: 100%), Jumbo België BVBA in Antwerp of 0.01% (2018: 0.01%) and J&C Acquisition Holding B.V. in Veghel of 50% (2019: 50%). Based on the economic reality, which involves a joint operation based on the financial distribution and allocation of the stores, i.e. 66.67% for Jumbo Groep Holding B.V. and 33.33% for Coop Holding B.V., J&C Acquisition Holding B.V. is recognised as a 66.67% participation.

The movements in the participating interests are as follows:

	2019	2018
<b>Balance at start of financial year</b>	<b>757,473</b>	<b>619,826</b>
Acquisition business combinations	-	38,627
Sale of participating interest	-	-31,532
Direct equity movements participations	22,246	-1,207
Result from participations	118,722	131,759
<b>Balance at end of financial year</b>	<b>898,441</b>	<b>757,473</b>

## 2. Equity

See note 11 of the notes to the consolidated financial statements as well as the statement of the consolidated movements in group equity 2019.

### Statutory reserve

A statutory reserve for participations in relation to self-developed software was formed in accordance with Section 2:389 (6) of the Dutch Civil Code.

The movements in the reserve were as follows:

	2019	2018
<b>Balance at start of financial year</b>	<b>109,051</b>	<b>80,763</b>
Movements chargeable to the withheld profits reserve	38,684	28,288
<b>Balance at end of financial year</b>	<b>147,735</b>	<b>109,051</b>

On grounds of Dutch law and regulations, the statutory reserves cannot be paid out as dividend to Jumbo shareholders.

## 3. Provisions

The provisions consist of a deferred tax liability of €173,676 (2018: €164,788). The provision for Jumbo's tax liabilities is included on the company balance sheet of Jumbo Groep Holding B.V., the head of the tax entity for corporation tax. The provision for the tax liabilities of J&C Acquisition Holding B.V. in the amount of -€5 (2018: €34) is included in the participating interest J&C Acquisition Holding B.V. The total provision for tax liabilities in the amount of €173,671 is explained in note 15 of the consolidated financial statements.

## 4. Non-current liabilities

The non-current liabilities consist of bank loans and derivative financial instruments (see notes 13 and 17 of the consolidated financial statements).

	2019	2018
Bank loans	374,397	311,462
Derivative financial instruments	9	160
	<b>374,406</b>	<b>311,622</b>

## 5. Off-balance sheet rights and commitments

In connection with the use of the publication exemptions for the group companies included in the consolidation, as referred to in Title 9 of Book 2 of the Dutch Civil Code, Section 403 (1) (f), the company has accepted joint and several liability for debts arising from all juridical acts of the following subsidiaries: Jumbo Food Groep B.V., Jumbo Distributiecentrum B.V., Jumbo Logistiek Vastgoed B.V., Jumbo Supermarkten B.V., Euroselect B.V., Jumbo Omnichannel B.V., Jumbo Omnichannel Vastgoed B.V., Jumbo Supermarkten Vastgoed B.V., La Place Food Groep B.V., La Place Food B.V. and EMTÉ Kapelle B.V.



# Other explanations and the signatures on the financial statements

## Employees

Jumbo Groep Holding B.V. did not have any employees in 2019 (2018: 0).

## Profit appropriation and appropriation of the result

Details concerning the profit appropriation and result according to the articles of association are contained in note 30 to the consolidated financial statements.

## Post balance sheet date events

The post balance sheet date events are contained in note 31 to the consolidated financial statements.

## Signature of the financial statements

Veghel, 18 February 2020

On behalf of the Management Board,

Signed by:

**G.F.T. van Eerd**

Chief Executive Officer

Signed by:

**C.M.P.W. Cloosterman-van Eerd**

Chief Customer Officer

Signed by:

**A.L. van Veen**

Chief Financial Officer

On behalf of the Supervisory Board,

Signed by:

**C.J.M. van Eerd**

Supervisory Board Chairman

Signed by:

**A. Burgmans**

Signed by:

**P. Coelewij**

Signed by:

**W.G. Jiskoot**



# Other information



# Profit appropriation according to the articles of association

Article 30 of the articles of association stipulates that the profit is adopted according to generally accepted standards and that the profit is at the free disposal of the General Meeting, with due observance of the provisions in this article. On the understanding that the company can only make profit distributions to the shareholders to the extent that the equity is greater than the statutory reserves and reserves according to the articles of association (paragraph 2).

Distribution of profit takes place after the adoption of the financial statements showing that this is justified. Interim distributions are permitted, with due observance of the provisions in the previous paragraph.

The profit achieved in any financial year is at the free disposal of the General Meeting, with due observance of the provisions in paragraph 2, and can either be added to the reserves or paid out to shareholders and, to the extent such have been issued, the holders of profit-sharing certificates.

Payments chargeable to a dividend reserve can, without prejudice to the provisions in paragraph 2, take place at all times pursuant to a resolution from the General Meeting. A dividend is made payable at the time and place stipulated by the General Meeting. Dividends which are not claimed within 5 years after they are made payable revert to the company.

# Independent auditor's report

To: the board of directors and the supervisory board of Jumbo Groep Holding B.V.

## Report on the translated financial statements for the period 31 December 2018 to 29 December 2019

### Our opinion

In our opinion, the accompanying translated financial statements for the period 31 December 2018 to 29 December 2019 of Jumbo Groep Holding B.V., are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the general notes of the translated financial statements.

### *The translated financial statements*

The translated financial statements of Jumbo Groep Holding B.V., Veghel ('the company'), derived from the audited financial statements for the period 31 December 2018 to 29 December 2019 comprise English translations of:

- foreword, key, data, 2019 highlights;
- report from the Management Board;
- report from the Supervisory Board;
- the consolidated and company balance sheet as of 29 December 2019;
- the consolidated and company income statements for the year then ended;
- the consolidated statement of comprehensive result for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated movements in group equity for the year then ended;
- the related notes to the financial statements; and
- other information.

The audited financial statements and the translated financial statements do not reflect the events that occurred subsequent to the date of our report on the audited financial statements.

### *The audited financial statements and our auditor's report thereon*

We expressed an unmodified audit opinion on the audited financial statements in our report dated 18 February 2020.

### **Responsibilities of the board of directors for the translated financial statements**

The board of directors is responsible for the preparation of the translated financial statements in accordance with the basis described in the general notes of the translated financial statements.

### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the translated financial statements are consistent, in all material respects, with the audited statutory financial statements based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Rotterdam, 30 April 2020

PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.G. Bod RA



# About this report

## Reporting period and scope

This report was written for all Jumbo employees, customers, civil society organisations, supermarket entrepreneurs, lenders, suppliers, government authorities and other interested parties. The scope of this report encompasses Jumbo Groep Holding B.V., including the Jumbo locations and stores operated by independent entrepreneurs, the head office, the distribution centres and La Place. Jumbo aims to make the content of this report readable and interesting for everyone.

Jumbo Groep Holding B.V.'s financial year covers a period of 52 or 53 weeks and ends on the Sunday closest to 31 December of the particular year. The 2019 financial year consisted of 52 weeks and ended on 29 December 2019. 2018 financial year ended on 30 December 2018. The report was drawn up with the involvement of those responsible for the departments within the Jumbo organisation. The data in this report relate to the performance of Jumbo and not to the performance of other parties in the value chain, unless stated otherwise.

## Integrated report

### Reporting of financial information

The reliability of the internal and external financial reporting is very important to Jumbo. After all, the management of the organisation and internal decision making take place based on this information. The reports to external stakeholders must also satisfy the applicable legislation and regulations for financial reporting (Title 9 of Book 2 of the Dutch Civil Code and IFRS). Present uncertainties and risks in the reporting are mainly related to estimates and the degree of subjectivity in valuation issues. These estimates and assumptions affect the reported assets and liabilities, the statement of off-balance sheet assets and liabilities on the balance sheet date and the income and expenditure in the period being reported on.

The assumptions, expectations and forecasts used as the basis for the estimates are as accurate as possible a reflection of the outlook for Jumbo. The estimates reflect Jumbo's views on the dates on which they were made and relate to known and unknown risks, uncertainties and other factors. This means that the actual results could deviate from the expected results. Jumbo does not expect any material differences in that respect.

### Reporting of non-financial information

We have published our CSR reporting online since 2012. This ensures our ambitions and results in the field of sustainability are accessible to a wide audience. Here we describe what we do, why and how. Transparency is very important to us and we try to improve our reporting every year. In cooperation with independent parties, we have improved data collection and control of non-financial information greatly in recent years. These data have not been externally verified but have been validated.

Jumbo is as complete as possible and bases decisions on the data available now. These are data from our own systems such as SAP, SIM, PIM, IRI and Youforce. Since 2017, the CSR annual report has been integrated in the corporate annual report.

## Transparency

The standards and guidelines in accordance with which Jumbo reports are the GRI Standards, internally applied reporting criteria, transparency guidelines from the Transparency Benchmark, Corporate Governance Code, EU Directive on the Disclosure of Non-Financial Information and information on diversity.

Jumbo acknowledges and endorses the Universal Declaration of Human Rights from the United Nations (UN), the Guiding Principles for Business and Human Rights from the UN, and the OECD guidelines for multinational companies.

# Materiality

## Creation of the materiality matrix

The chapter 'Materiality' contains a great deal of information about the topics that are highly material for Jumbo. The materiality matrix was created by means of an extensive stakeholder survey that we carried out in 2018. The results of this so-called materiality analysis can help us better determine how we can strengthen our social relevance. The analysis was performed among the stakeholder groups most important for us: customers, employees, store managers, entrepreneurs, suppliers, the government, opinion makers and civil society organisations.

The topics to be considered come from a great many guidelines, such as the Sustainable Development Goals, Global Reporting Initiative, International Integrated Reporting Framework, United Nations Guiding Principles, Transparency Benchmark and the Jumbo multi-year strategy. This produced a long list which, after internal consultation on the Board of Directors, was reduced to a shorter but still diverse overview of topics. This was ultimately presented to the stakeholder groups.

The materiality analysis resulted in a series of topics which, according to the stakeholders, are relevant for Jumbo Supermarkets (excluding Jumbo Belgium and La Place) and in which Jumbo can have an impact on society. The performance on these topics and the stakeholders' expectations were also included in the survey. These are described in the chapter 'Material Topics'.

## GRI table

Jumbo adapted the format of its reporting on the basis of GRI standards this year. See the GRI table below.

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
<b>General disclosures</b>			
<b>Organisational profile</b>			
102-1	Organisation name	Our organisation	
102-2	Main brands, products and/or services	Our organisation	
102-3	Location of the organisation's head office	Our organisation	
102-4	The number of countries in which the organisation operates and names of countries that either have large scale activities or which have specific relevance for the sustainability issues discussed in the report	Our organisation	
102-5	Ownership structure and legal form	Our organisation	
102-6	Sales markets (geographic distribution, sectors served and types of customers/beneficiaries)	Our organisation	
102-7	Size of the reporting organisation	Key data	
102-8	Workforce composition	Our objectives and impact	Under our objectives and impact, Jumbo provides insight into the % of employees per age category and ratio of men to women. No further breakdown is made by type of contract (permanent or temporary, full-time or part-time). We will investigate what further breakdown would be relevant next year and can be included in our annual report.

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
102-9	Description of the organisation's supply chain	Our mission, vision and strategy; How we create value	
102-10	Significant changes during the reporting period in terms of the organisation's size, structure, ownership or supply chain	Foreword; The environment in which we operate	
102-11	Explanation on the application of the precautionary principle by the reporting organisation	How we create value; Risk management	
102-12	Externally developed economic, environmental and social charters, principles or other initiatives endorsed by the organisation	About this report	
102-13	Key memberships in associations (such as sector associations) and national and international interest organisations	Our stakeholders and the materiality matrix	
102-14	The statement from the organisation's highest decision-making authority on the relevance of sustainability for the organisation and its strategy for approaching sustainability	Foreword	
<b>Ethics and integrity</b>			
102-16	Description of the values, principles, standards and behavioural norms adhered to by the organisation, such as a code of conduct.	Our mission, vision and strategy; Risk management	
<b>Corporate governance</b>			
102-18	The organisation's governance structure	Corporate governance	
<b>Stakeholder involvement</b>			
102-40	List of stakeholder groups that the organisation has involved	Our stakeholders and the materiality matrix	
102-41	Percentage of employees who fall under a collective labour agreement	Material topics	Jumbo has included this information qualitatively in the chapter 'Material topics' in the annual report. We will investigate what further breakdown would be relevant next year and can be included in our annual report.
102-42	Basis for assessing and selecting the stakeholders that should be included.	Our stakeholders and the materiality matrix	
102-43	Way in which stakeholders are involved	Our stakeholders and the materiality matrix	

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
102-44	The key topics and issues which came to the fore from the consultation with the stakeholders and how the organisation responded to these, among other ways via its reporting. Report for each topic/issue which stakeholder group broached the topic/issue.	Our stakeholders and the materiality matrix	
<b>Reporting</b>			
102-45	a. Overview of all companies included in the consolidated financial statements or similar documents. b. Overview of all companies included in the consolidated financial statements or similar documents but not covered in this report.	a. Notes to the consolidated financial statements (general notes) b. Notes to the consolidated financial statements (general notes)	
102-46	a. Process for determining the content and specific delineation of the report. b. Explanation of the starting points used by the organisation for determining the content of the report.	a. About this report; Our stakeholders and the materiality matrix b. About this report; Our stakeholders and the materiality matrix	
102-47	Overview of all material topics ascertained during the process of determining the content of the report.	Our stakeholders and the materiality matrix	
102-48	Consequences of any reformulation of information provided in an earlier report and the reasons for this reformulation.	About this report	
102-49	Significant changes with respect to previous reporting periods in terms of scope and delineation.	About this report	
102-50	The reporting period to which the information provided pertains	About this report	
102-51	The date of the most recent previous report	19-Feb-19	
102-52	Reporting cycle	Annual	
102-53	The 'in accordance with' option selected	About this report	
102-54	The application level selected	Core	
102-55	GRI Content Index	Standards	
102-56	Policy in relation to assurance	About this report	



GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
<b>Specific standard disclosures</b>			
<b>Food wastage</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Euro/kg of discarded food per euro of revenue	Our objectives and impact	A baseline measurement will be carried out in 2020
Own indicator	# of stores collaborating with Food Bank	Our objectives and impact	
<b>Packaging and waste</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Kg of packaging material for products per € of revenue		A baseline measurement will be carried out in 2020
Own indicator	Quantity of waste (ton/m <sup>2</sup> NSA)	Our objectives and impact	
<b>Healthy products</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	% of healthy products in our own brand range	Our objectives and impact	
<b>Working conditions in the chain</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Products with a social quality mark		A baseline measurement will be carried out in 2020
Own indicator	% of coffee with a quality mark	Our objectives and impact	
Own indicator	% of tea with a quality mark	Our objectives and impact	
Own indicator	% of chocolate with a quality mark	Our objectives and impact	

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
<b>Local involvement</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Customer satisfaction score	Our objectives and impact	A baseline measurement will be carried out in 2020
<b>Sustainable chain</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Products with a sustainable quality mark		A baseline measurement will be carried out in 2020
Own indicator	Fish with a quality mark	Our objectives and impact	
Own indicator	Potatoes, vegetables, fruit with a quality mark	Our objectives and impact	
Own indicator	# of organic products	Our objectives and impact	
<b>Healthy lifestyle</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	# of customers reached in relation to personalised nutrition (food coach)	Our objectives and impact	A baseline measurement will be carried out in 2020
<b>Value for money:</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Price perception	Our objectives and impact	

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
<b>Employment conditions and working environment in the organisation:</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Result of Employee Satisfaction Survey (MTO)	Our objectives and impact	
Own indicator	Training	Our objectives and impact	
Own indicator	E-learnings	Our objectives and impact	
Own indicator	Education courses	Our objectives and impact	
<b>Animal welfare</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	Meat, eggs and dairy products with an animal welfare quality mark		A baseline measurement will be carried out in 2020
Own indicator	Chicken with a quality mark	Our objectives and impact	
Own indicator	Pork with a quality mark	Our objectives and impact	
Own indicator	Eggs with a quality mark	Our objectives and impact	
Own indicator	Dairy with a quality mark	Our objectives and impact	
<b>Energy and emissions</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	CO <sub>2</sub> footprint of Jumbo Groep Holding	Our objectives and impact	
Own indicator	Electricity consumption of Jumbo Groep Holding (kWh/m <sup>2</sup> NSA)	Our objectives and impact	
Own indicator	Gas consumption of Jumbo Groep Holding (m <sup>3</sup> /m <sup>2</sup> NSA)	Our objectives and impact	
Own indicator	Total energy consumption of Jumbo Groep Holding (MJ/m <sup>2</sup> NSA)	Our objectives and impact	
Own indicator	CO <sub>2</sub> emissions per roller container (kg CO <sub>2</sub> equiv./roller container)	Our objectives and impact	
Own indicator	Carbon Footprint kg CO <sub>2</sub> equiv./m <sup>2</sup> NSA	Our objectives and impact	

GRI Standard #	Disclosure	Chapter / notes	Omission from 2019 annual report
<b>Diversity and inclusion</b>			
103: Management Approach	103-1 Notes and delineation per material topic	Our stakeholders and the materiality matrix; Material topics	
	103-2 The management approach and the elements of this approach		
	103-3 Evaluation of the management approach		
Own indicator	% of age structure	Material topics; Our objectives and impact	
Own indicator	% man to woman ratio	Material topics; Our objectives and impact	










#### Credits

This annual report is a publication of  
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