

# **Eurocommercial Properties N.V.**

## **SUPERVISORY BOARD RULES**

governing the internal proceedings of the supervisory board

*Effective as of 8 May 2019 – revision 5 November 2019*

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## **1 DEFINITIONS AND CONSTRUCTION**

### **1.1 Definitions**

- 1.1.1 In these rules capitalised terms have the meaning as set out in Schedule 1.
- 1.1.2 Any reference in these rules to "in writing" means in writing or by other reproducible electronic communication.

### **1.2 Construction**

- 1.2.1 Schedules are part of these rules.

## **2 COMPOSITION OF THE SUPERVISORY BOARD, DIVISION OF DUTIES AND RESPONSIBILITIES**

### **2.1 Composition of the Supervisory Board**

- 2.1.1 The Supervisory Board prepares a profile of its size and composition, taking into account the nature of the Company's business and the Supervisory Board's activities. The current profile is set out in Schedule 2.
- 2.1.2 The Supervisory Board must prepare a rotation schedule to prevent, where possible, reappointments occurring at the same time. The current rotation schedule is set out in Schedule 3.

### **2.2 Responsibilities**

- 2.2.1 The general responsibilities of the Supervisory Board are set out in Schedule 4.

### **2.3 Chairman and Vice-Chairman**

- 2.3.1 The Supervisory Board appoints one of the Supervisory Directors as Chairman and one of its members as Vice-Chairman.
- 2.3.2 The Chairman cannot be a former Managing Director and must be independent in accordance with best practice provision 2.1.8 of the Code.
- 2.3.3 The responsibilities of the Chairman and the Vice-Chairman are set out in Schedule 5.

## **3 COMMITTEES OF THE SUPERVISORY BOARD**

### **3.1 General**

- 3.1.1 The Supervisory Board may assign certain tasks to one or more permanent or ad hoc committees comprising one or more Supervisory Directors.

- 3.1.2 The task of Supervisory Board committees is to prepare the decision-making of the Supervisory Board. Establishing committees does not diminish the responsibility of the Supervisory Board and the Supervisory Directors for obtaining information and forming an independent opinion. The committees cannot adopt resolutions on behalf of the Supervisory Board.
- 3.1.3 The Supervisory Board appoints Supervisory Board committee members. For each committee, the Supervisory Board appoints a chairman from among committee members, and a secretary who can be appointed as the Company Secretary. The secretary does not need to be a Supervisory Director.
- 3.1.4 Supervisory Board committees report on a regular basis to the Supervisory Board about their actions, reviews, proposals and findings.

### **3.2 Permanent Committees**

- 3.2.1 The Supervisory Board has the following permanent committees:
- (a) the Audit Committee, with duties and internal proceedings as set out in Schedule 6;
  - (b) the Nomination and Remuneration Committee, with duties and internal proceedings as set out in Schedule 7; and

### **3.3 Ad hoc committees**

- 3.3.1 The Supervisory Board may establish ad hoc committees.
- 3.3.2 The duties and internal proceedings of ad hoc committees are set out in writing by the Supervisory Board and form part of these rules.

## **4 COMPANY SECRETARY**

### **4.1 Duties and responsibilities**

- 4.1.1 The Company Secretary assists the Supervisory Board. The Company Secretary ensures that the proper procedures as required by law, the Articles of Association or these rules are complied with. The Company Secretary assists the Chairman in organising Supervisory Board meetings.

### **4.2 Appointment and dismissal**

- 4.2.1 Subject to the Supervisory Board's approval, the Management Board appoints and dismisses the Company Secretary. The Supervisory Board may recommend the appointment or dismissal of the Company Secretary to the Management Board.

## **5 MEETINGS OF THE SUPERVISORY BOARD AND DECISION-MAKING**

### **5.1 Convening meetings and agenda**

- 5.1.1 Meetings are held in accordance with a meeting schedule to be annually set by the Supervisory Board. Additional meetings are convened at any Supervisory Director's request.
- 5.1.2 Meetings are convened in a timely manner by the Chairman or, if the Chairman and Vice-Chairman positions are vacant (*ontstentenis*) or the Chairman and Vice-Chairman are unable to act (*belet*), by any Supervisory Director. The notice sets out the meeting agenda. The usual notice period is four weeks unless there are urgent reasons to serve a shorter notice period. The Supervisory Director convening a meeting sets the agenda for that meeting. Supervisory Directors may submit agenda items to the Supervisory Director convening the meeting.

## **5.2 Meeting location**

- 5.2.1 Meetings are normally held at the Company's offices, but may also take place elsewhere if all Supervisory Directors agree to this.
- 5.2.2 Meetings may also be held by telephone, videoconference or electronic communication, provided that all participants can hear each other simultaneously. Supervisory Directors attending the meeting by telephone, videoconference or electronic communication are considered present at the meeting.

## **5.3 Attendance**

- 5.3.1 A Supervisory Director may be represented at a meeting by another Supervisory Director holding a proxy in writing.
- 5.3.2 The Supervisory Board may require that certain officers and external advisers attend its meetings.

## **5.4 Chairman of the meeting**

- 5.4.1 The Chairman or, if the Chairman is not present at the meeting, the Vice-Chairman chairs the meeting. If both the Chairman and the Vice-Chairman are not present at a meeting and the Chairman has not appointed another Supervisory Director as chairman of that meeting, the Supervisory Directors present at the meeting will appoint one of them as chairman of that meeting.

## **5.5 Adoption of resolutions - quorum requirements**

- 5.5.1 The Board of Supervisory Directors shall pass its resolutions with a majority of at least three-fourths of the votes cast at a meeting at which at least three members of the Board of Supervisory Directors are present or represented. If the required quorum is not represented, no second meeting may be held in conformity with the provisions laid down by law. In the event of any vacancy on the Board of Supervisory Directors, the Board of Supervisory Directors may nonetheless pass legally valid resolutions, provided that all Supervisory Directors in office are present or represented at the

meeting and provided that the resolutions are passed with a majority of at least three-fourths of the votes cast.

- 5.5.2 A Supervisory Director shall not participate in any deliberations and decision taking if with respect thereto he has a direct or indirect interest adverse to the interest as mentioned in article 22, paragraph 1, last sentence of the Articles of Association.
- 5.5.3 If as a consequence thereof the Board of Supervisory Directors can not pass a resolution, the entire Board of Supervisory Directors shall remain fully competent.
- 5.5.4 The lastmentioned provision shall however not apply to any (Board)resolution that has to be passed by the Board of Supervisory Directors in case the Board of Management does not have the authority to do so on account of article 15, paragraph 6 of the Articles of Association; if in such case all members of the Board of Supervisory Directors have a direct or indirect interest adverse to the interest as mentioned in article 22, paragraph 1, last sentence of the Articles of Association, the Board of Management itself will remain competent to pass such resolution, without prejudice to the authority of the Board of Supervisory Directors to whether or not grant its approval for such resolution on account of article 15, paragraph 7 of the Articles of Association.
- 5.5.5 The chairman of the meeting ensures that adopted resolutions are communicated to Supervisory Directors not present at the meeting without delay.

## **5.6 Adoption of resolutions - majority requirements**

- 5.6.1 Each Supervisory Director has one vote.
- 5.6.2 Where possible, the Supervisory Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a majority of at least three-fourth of the votes cast, in accordance with article 24 of the Articles of Association of the Company.
- 5.6.3 If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

## **5.7 Meeting minutes**

- 5.7.1 The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:
  - (a) by a resolution adopted at a next Supervisory Board meeting; or
  - (b) by the chairman and secretary of the particular meeting, after having consulted the Supervisory Directors present or represented at that meeting.

## **5.8 Adopting resolutions without holding a meeting**

- 5.8.1 The Supervisory Board may also adopt resolutions without holding a meeting, provided that:
  - (a) the resolutions are adopted in writing or by reproducible electronic communication; and

- (b) all Supervisory Directors entitled to vote have consented to adopting the resolutions without holding a meeting.

5.8.2 Clauses 5.6.1 through 5.6.2 apply to adopting resolutions without holding a meeting.

## **5.9 Evidence of adopted resolutions**

5.9.1 Resolutions can be evidenced by a statement signed by the Chairman and the Company Secretary.

5.9.2 Resolutions adopted at a specific meeting can also be evidenced by a statement signed by the chairman and the secretary of that meeting.

## **6 CONFLICTS OF INTEREST**

### **6.1 Preventing conflicts of interest**

6.1.1 Any conflict of interest between the Company and Supervisory Directors should be prevented. The Supervisory Board is responsible for dealing with any conflicts of interest between Supervisory Directors and the Company.

6.1.2 Supervisory Directors must be alert to conflicts of interest and may not:

- (a) compete with the Company;
- (b) demand or accept substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- (c) provide unjustified advantages to third parties at the Company's expense;
- (d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

### **6.2 Definition**

6.2.1 For purposes of clauses 6.1 through **Error! Reference source not found.**, a "conflict of interest" means:

- (a) a direct or indirect personal conflict of interest within the meaning of article 2:140(5) BW that is of material significance to the Company and the business; and
- (b) any other situation which causes reasonable doubt about whether the Supervisory Director concerned is primarily guided in the decision-making process by the interests of the Company and its business.

6.2.2 A Supervisory Director has a potential conflict of interest if the Company intends to enter into a transaction with a legal entity:



- (a) in which that Supervisory Director has a material financial interest;
- (b) whose management or supervisory board includes a member who has a family law relationship with that Supervisory Director; or
- (c) where that Supervisory Director has a management or supervisory position.

### **6.3 Consequences**

- 6.3.1 A Supervisory Director may not participate in the Supervisory Board's or a committee's deliberations and decision-making process on a subject where the Supervisory Director is found to have a conflict of interest pursuant to clause 6.5.1. The Supervisory Director does not qualify as a Supervisory Director entitled to vote in relation to that subject.

### **6.4 Obligation to report**

- 6.4.1 A Supervisory Director, other than the Chairman or Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman, or in the Chairman's absence, the Vice-Chairman. The Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Vice-Chairman or, in the Vice-Chairman's absence, to the other Supervisory Directors. The Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman or, in the Chairman's absence, to the other Supervisory Directors. The Supervisory Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

### **6.5 Determination of conflicts of interest**

- 6.5.1 The Supervisory Board decides whether a Supervisory Director has a conflict of interest, without the Supervisory Director being present.

### **6.6 At arm's length. Supervisory Board approval**

- 6.6.1 Management Board resolutions on a subject where the Supervisory Board has found one or more Managing Directors to have a conflict of interest and if the conflict of interest is of material significance to the Company or to the relevant Managing Director, require the approval of the Supervisory Board. The Supervisory Board may only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.

## **7 RELATIONSHIP WITH THE MANAGEMENT BOARD AND GENERAL MEETING**

### **7.1 Main contact**

7.1.1 The Chairman is the main contact on behalf of the Supervisory Board for the Management Board and the General Meeting.

7.1.2 The Vice-Chairman is the main contact on behalf of the Supervisory Board in matters regarding the Chairman's performance.

## **7.2 General Meeting - requests for information**

7.2.1 The Supervisory Board adequately provides any information the General Meeting requires, unless overriding interests (*zwaarwegende belangen*) of the Company or any laws, rules or regulations applicable to the Company prevent the Supervisory Board from doing so.

7.2.2 If the Supervisory Board decides not to provide the General Meeting with all information requested based on overriding interests of the Company, the Supervisory Board must explain this.

## **7.3 Management Board - annual evaluation**

7.3.1 The Supervisory Board regularly, and at least annually, evaluates the performance of the Management Board and the Managing Directors. The evaluation takes place without the Managing Directors being present.

## **7.4 Managing Directors and majority shareholders - conflicts of interest**

7.4.1 The Supervisory Board is responsible for dealing with conflicts of interest between Managing Directors or majority shareholders and the Company.

7.4.2 The rules of the Management Board set out the following rules on conflicts of interest for Managing Directors:

- (a) a Managing Director must, without delay, report any conflict of interest or potential conflict of interest to the Chairman and the other Managing Directors. The Managing Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree;
- (b) the Supervisory Board decides whether a Managing Director has a conflict of interest, without the Managing Director being present; and
- (c) Management Board resolutions on a subject where the Supervisory Board has found one or more Managing Directors to have a conflict of interest if the conflict of interest is of material significance to the Company or to the relevant Managing Director (i) may only be adopted if the transaction is to be entered into by the Company on terms that are customary in the market, and (ii) require the approval of the Supervisory Board.

7.4.3 All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company that are of material significance to the Company or to those persons

require the approval of the Supervisory Board. The Supervisory Board will only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.

## **8 EVALUATION OF SUPERVISORY DIRECTORS**

### **8.1 Evaluation of Supervisory Directors**

8.1.1 The Chairman of the Supervisory Board is the main contact on behalf of the Supervisory Board regarding the performance of Supervisory Directors other than the Chairman. The Vice-Chairman is the main contact on behalf of the Supervisory Board regarding the Chairman's performance.

8.1.2 The Supervisory Board regularly, and at least annually, evaluates its own and the Supervisory Directors' performance.

## **9 POSITIONS OUTSIDE THE COMPANY**

### **9.1 Positions outside the Company**

9.1.1 Supervisory Directors must inform the Supervisory Board before accepting positions outside the Company.

## **10 CONFIDENTIALITY**

### **10.1 Confidentiality**

10.1.1 Each Supervisory Director must treat all information and documentation obtained in connection with his or her position as Supervisory Director with the necessary discretion, integrity and confidentiality.

## **11 MISCELLANEOUS**

### **11.1 Miscellaneous**

11.1.1 The Supervisory Board may occasionally resolve not to comply with these rules.

11.1.2 The Supervisory Board may amend these rules.

11.1.3 These rules are posted on the Company's website.

11.1.4 If any provision of these rules is held to be or becomes invalid (in each case either in its entirety or in part) that provision will, to the extent of its invalidity, be deemed not to form part of these rules, but the validity of the remainder of these rules will not be affected.

### **11.2 Governing law and jurisdiction**

11.2.1 These rules are governed exclusively by Dutch law.

11.2.2 Any disputes arising out of or in connection with these rules, including disputes concerning their applicability will be resolved by the courts in **Amsterdam**, the Netherlands.

## Schedule 1 Definitions

"**Audit Committee**" means the committee of the Supervisory Board referred to in clause 3.2.1(a);

"**Articles of Association**" means the articles of association of the Company;

"**BW**" means the Dutch Civil Code (*Burgerlijk Wetboek*);

"**Chairman**" means the Supervisory Director with the title Chairman, in accordance with clause 2.3.1;

"**Chief Executive Officer**" means the chief executive officer of the Company;

"**Chief Financial Officer**" means the chief financial officer of the Company;

"**Code**" means the Dutch Corporate Governance Code;

"**Company**" means Eurocommercial Properties N.V.;

"**Company Secretary**" means the company secretary appointed in accordance with clause **Error!**  
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"**General Meeting**" means the corporate body that consists of shareholders and all other persons with meeting rights / the meeting in which the shareholders and all other persons with meeting rights assemble;

"**Group**" means the Company and all entities included in the group (*groep*, within the meaning of article 2:24b BW) headed by it;

"**Management Board**" means the management board of the Company;

"**Managing Director**" means a member of the Management Board;

"**Nomination and Remuneration Committee**" means the committee of the Supervisory Board referred to in clause 3.2.1(b);

"**Rules**" means these rules of the Supervisory Board;

"**Schedule**" means a schedule to these rules;

"**Supervisory Board**" means the supervisory board of the Company;

"**Supervisory Director**" means a member of the Supervisory Board;

"**Vice-Chairman**" means the Supervisory Director with the title Vice-Chairman, in accordance with clause 2.3.1.

## Schedule 2 Profile of the Supervisory Board

1. The Supervisory Board must be composed as the law prescribes. For Eurocommercial Properties N.V., ("ECP") this means that the Supervisory Board should be able to supervise and advise the management of ECP effectively, both qualitatively and quantitatively.
2. The Supervisory Board shall have at least four and at most six members, preferably with different nationalities and/or residencies to reflect the investment activities of ECP, which are currently in France, Italy, Sweden and Belgium. The Supervisory Board should offer a broad and diverse range of skills and experience relevant to the proper and successful advancement of ECP's objectives. All members, with the exception of not more than one member, shall be independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. Diversity is reflected in the composition of the Supervisory Board.
3. It is desirable that members of the Supervisory Board have one or more of the following qualities:
  - (a) Broad experience of institutional investment markets in equity, fixed income and property;
  - (b) Broad experience of investment banking and financial markets;
  - (c) Particular experience and expertise in ECP's countries of investment;
  - (d) Deep knowledge of the specific requirements in the management and governance of public listed companies;
  - (e) Professional background in law, accounting, economics and/or the retail sector.
4. The Supervisory Board aims for such a composition in terms of size and personnel that the retirement rotation causes sufficient continuity within the Supervisory Board.
5. The Supervisory Board has an Audit Committee and a Nomination and Remuneration Committee.
6. The Supervisory Board shall review this profile once per year.

### Schedule 3    Rotation schedule of the Supervisory Board

At the annual general meeting on 5 November 2019 approved the proposed (re)appointments, the new resignation rota is follows.

This resignation rota is prepared on the basis of article 2.1.2 of the Supervisory Board Rules of Eurocommercial Properties N.V.

Name	Nationality	Year of Birth	Initial Appointment	Date of re-appointment	Up for re-election in year	Up for re-election in case of two year extension	Ultimate date of resignation <sup>1</sup>
E. Attout	Belgian	1959	2018	-	2022	2026	2030
B. Carrière	French	1946	2014	2018	-	-	2021
C. Croff	Italian	1955	2013	2017	-	2021	2025
K. Laglas	Dutch	1959	2019	-	2023	2027	2031
J.Å. Persson	Swedish	1949	2013	2017	-	2021	2025
B.T.M. Steins Bisschop	Dutch	1949	2014	2018	-	2022	2026

<sup>1</sup> the twelfth year following the relevant Supervisory Board member's first appointment, which twelve year term is the maximum term under the amended Dutch Corporate Governance Code (four years plus another four years, plus the possibility to reappoint for another two years for explicitly mentioned reasons, plus an extension for two more years, again only for explicitly mentioned reasons).





## **Schedule 4    General responsibilities of the Supervisory Board**

### **1        GENERAL RESPONSIBILITIES OF THE SUPERVISORY BOARD**

- 1.1    The Supervisory Board supervises the policies, management and the general affairs of the Group. The Supervisory Board assists the Management Board with advice on general policies related to the Company and its business.
- 1.2    The Supervisory Board supervises how the Management Board determines its position on the long-term value creation strategy and how the Management Board implements that strategy. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it.
- 1.3    In fulfilling its responsibilities, the Supervisory Board is guided by the interests of the Company and its business.
- 1.4    The responsibilities of the Supervisory Board include supervising and advising the Management Board with respect to the following responsibilities of the Management Board:
- (a)    setting the Company's management agenda;
  - (b)    enhancing the Group's performance;
  - (c)    developing a general strategy and taking into account risks connected to the Group's business activities;
  - (d)    determining and pursuing operational and financial objectives;
  - (e)    structuring and managing internal business control systems;
  - (f)    overseeing the Group's financial reporting processes;
  - (g)    ensuring the Group's compliance with applicable laws and regulations;
  - (h)    ensuring compliance with and maintaining the Group's corporate governance structure;
  - (i)    ensuring publication by the Company of any information required by applicable laws and regulations;
  - (j)    preparing the Company's annual report, the annual budget and significant capital expenditures;
  - (k)    monitoring corporate social responsibility issues; and
  - (l)    ensuring that internal procedures are established and maintained which safeguard that all relevant information is known to the Management Board and the Supervisory Board in a timely fashion.

1.5 In addition, the responsibilities and tasks of the Supervisory Board include:

- (a) selecting and nominating individuals for appointment by the General Meeting as Managing Director;
- (b) proposing the remuneration policy for Managing Directors for adoption by the General Meeting and determining the remuneration and the employment terms for the individual Managing Directors in conformity with the remuneration policy;
- (c) selecting and nominating individuals for appointment by the General Meeting as Supervisory Directors;
- (d) proposing the remuneration for Supervisory Directors for adoption by the General Meeting;
- (e) reviewing the performance of the Supervisory Board, its committees, and individual Supervisory Directors and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis;
- (f) reviewing the performance of the Management Board and individual Managing Directors and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis;
- (g) selecting and nominating for appointment by the General Meeting of the Company's external auditor;
- (h) reviewing and approving any resolution of the Management Board concerning matters that require approval of the Supervisory board pursuant to the law or the Articles of Association; and
- (i) being responsible for the decision making on dealing with conflicts of interest regarding Managing Directors, Supervisory Directors and majority shareholders in relation to the Company.

## **Schedule 5** Responsibilities of the Chairman and the Vice-Chairman

### **1 RESPONSIBILITIES OF THE CHAIRMAN AND THE VICE-CHAIRMAN**

#### **1.1 Chairman**

##### **1.1.1 The Chairman is primarily responsible for ensuring that:**

- (a) the Supervisory Board has proper contact with the Management Board and the General Meeting;
- (b) the Supervisory Board elects a Vice-Chairman;
- (c) there is sufficient time for deliberation and decision-making by the Supervisory Board;
- (d) the Supervisory Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
- (e) the Supervisory Board and its committees function properly;
- (f) the performance of individual Managing Directors and Supervisory Directors is assessed at least annually;
- (g) the Supervisory Directors and Managing Directors follow their induction programme;
- (h) the Supervisory Directors and Managing Directors follow their education or training programme;
- (i) the Management Board performs activities in respect of culture;
- (j) the Supervisory Board recognises signs from Company's business and ensures that any material misconduct and irregularities, or suspicion thereof, are reported to the Supervisory Board without delay;
- (k) the General Meeting proceeds in an orderly and efficient manner;
- (l) effective communication with shareholders is assured; and
- (m) the Supervisory Board is involved closely, and at an early stage, in any merger or takeover process.

1.1.2 The Chairman acts on behalf of the Supervisory Board as the main contact for the Management Board, Supervisory Directors and shareholders.

1.1.3 The Chairman must consult regularly with the chairman of the Management Board.

## 1.2 **Vice-Chairman**

- 1.2.1 The Vice-Chairman deputises for the Chairman in the event that the position of Chairman is vacant (*ontstentenis*) or if the Chairman is unable to act (*belet*).
- 1.3.1 The Vice-Chairman acts as main contact for individual Supervisory Directors and Managing Directors regarding the performance of the Chairman.

## **Schedule 6    Audit Committee Charter**

### **1        RESPONSIBILITIES AND COMPOSITION OF THE AUDIT COMMITTEE**

#### **1.1     Responsibilities**

1.1.1    The Audit Committee prepares the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

1.1.2    The Audit Committee focuses on monitoring the Management Board in matters including:

(a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;

(b) the Company's funding;

(c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and

(d) the Company's tax policy.

1.1.3    In addition, the Audit Committee carries out the following duties:

(a)       recommending persons for appointment as senior internal auditor;

(b)       forming a position on how the internal audit function fulfils its responsibility;

(c)       if the Company does not have an internal audit department, recommending to the supervisory board whether adequate alternative measures have been taken.

1.1.4    The Audit Committee also carries out the following duties:

(a)       monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;

(b)       monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;

(c)       monitoring the statutory audit of the annual accounts and the consolidated annual accounts;

(d)       assessing and monitoring the independence of the external auditor or the audit firm of the Company, if applicable, specifically taking into account the extension of ancillary services to the Company; and

(e)       determining the selection process for the external auditor or the audit firm of the Company, if applicable, and the nomination to extend the assignment to carry out the statutory audit.

## 1.2 Composition

- 1.1.1 The Supervisory Board determines the size of the Audit Committee, provided that the Audit Committee consists of at least two members.
- 1.1.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.1.3 The Chairman or a former Managing Director cannot serve as chairman of the Audit Committee. The chairman of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.1.4 At least one member of the audit committee must have specific expertise in financial reporting and in the reviewing of financial reports.

## 2 MEETINGS AND DECISION-MAKING

- 1.1.2 Clause **Error! Reference source not found.** of the rules of the Supervisory Board applies equally to the meetings and decision making of the Audit Committee, provided that:
  - (a) meetings of the Audit Committee are attended by the internal auditor and the external auditor, unless the Audit Committee determines otherwise; and
  - (b) the Audit Committee may decide that, and if so when, the Chief Executive Officer attends its meetings.

## 3 REPORT TO THE SUPERVISORY BOARD

- 1.1.2 The Audit Committee reports on its deliberations and findings to the Supervisory Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings
- 1.1.3 The Audit Committee reports to the Supervisory Board on its deliberations and findings. This report includes the following information:
  - (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
  - (b) the methods used to assess the effectiveness of the internal and external audit processes;
  - (c) material considerations regarding financial reporting; and
  - (d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

## **Schedule 7    Nomination and Remuneration Committee Charter**

### **1        RESPONSIBILITIES AND COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE**

#### **1.1      Responsibilities**

1.1.1    The Nomination and Remuneration Committee prepares the Supervisory Board's decision making regarding the determination of the remuneration of individual Managing Directors, including severance payments.

1.1.2    The Nomination and Remuneration Committee submits a proposal to the Supervisory Board concerning the remuneration of Managing Directors. The proposal is drawn up according to the remuneration policy that has been established and in any event covers:

- (a)      the remuneration structure;
- (b)      the amount of the fixed and variable remuneration components;
- (c)      the performance criteria used;
- (d)      the scenario analyses that are carried out; and
- (e)      the pay ratios within the Company and its business.

1.1.3    The Nomination and Remuneration Committee will take note of individual Managing Directors' own views with regard to the amount and structure of their own remuneration. The Managing Directors will be requested to pay attention to the aspects referred to under (a) through (e) of clause 1.1.2 of this Remuneration Committee Charter.

1.1.4    The Nomination and Remuneration Committee prepares the Supervisory Board's decision making regarding:

(a) the drawing up of selection criteria and appointment procedures for Managing Directors and Supervisory Directors;

(b) the periodical assessment of the size and composition of the Management Board and the Supervisory Board, and the making of proposal for a composition profile of the Supervisory Board;

(c) the periodical assessment of the performance of individual Managing Directors and Supervisory Directors and reporting this to the Supervisory Board;

(d) the drawing up of a plan for the succession of Managing Directors and Supervisory Directors;

(e) the proposal for appointment and reappointment of Managing Directors and Supervisory Directors;

(f) the supervision of the policy of the Management Board regarding the selection criteria and appointment procedures for senior management;

## 1.2 Composition

- i. The Supervisory Board determines the size of the Nomination and Remuneration Committee, provided that the Nomination and Remuneration Committee consists of at least two members.
- ii. Members of the Nomination and Remuneration Committee are appointed by the Supervisory Board.
- iii. At least half of the members of the Nomination and Remuneration Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

## 1.3 Chairman

- i. The Supervisory Board appoints one of its members as chairman of the Nomination and Remuneration Committee.
- ii. A former Managing Director cannot serve as chairman of the Nomination and Remuneration Committee.

## 2 MEETINGS AND DECISION-MAKING

Clause **Error! Reference source not found.** of the rules of the Supervisory Board applies equally to the meetings and decision making of the Nomination and Remuneration Committee.

## 3 REPORT TO THE SUPERVISORY BOARD

The Nomination and Remuneration Committee reports on its deliberations and findings to the Supervisory Board. This report includes information on how the duties of the Nomination and Remuneration Committee were carried out in the financial year, and also reports on the composition of the Nomination and Remuneration Committee, the number of meetings of the Nomination and Remuneration Committee and the main items discussed at those meetings.

## 4 REMUNERATION OF THE SUPERVISORY BOARD AND CONDITIONS

- 4.1 The Supervisory Board shall from time to time submit proposals to the General Meeting of Shareholders in respect of the remuneration to be paid to the Chairman and other members of the Supervisory Board. The remuneration of a Supervisory Board member may not be made dependent of the Company's results. If the members of the Supervisory Board are required to charge VAT on their fees, the Company shall pay the amount of VAT.
- 4.2 In fixing the remuneration of the Supervisory Board, the following requirements must be observed;
  - (a) none of its members may receive shares and/or options or similar rights to acquire shares in the Company's capital as part of their remuneration;
  - (b) none of its members may hold securities as meant sub a) other than for long-term investment;



(c) none of its members may hold other securities than as mentioned sub a) other than in accordance with the regulations as described below, unless he or she holds such securities for investment in listed investment funds, or, in case of investment in other funds, only if he/she has entrusted an independent third party with the management of his/her securities portfolio pursuant to a written (agency) agreement:

(d) none of its members may accept personal loans, guarantees, et cetera, from the Company.

The Supervisory Board shall adopt a set of regulations containing rules governing the ownership interest of, and transactions in, securities other than issued by the Company by the Supervisory Board members. The Company's regulations are published on the Company's website.

- 4.3. Members of the Supervisory Board shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Any other expenses shall only be reimbursed, either in whole or in part, if incurred with the prior consent of the Chairman; the Chairman will inform the Supervisory Board on an annual basis.
- 4.4. The remuneration, reimbursement of expenses and other agreed terms and conditions, including the date as of which such payments shall be made, shall be determined by the General Meeting of Shareholders and be agreed in writing between the Company and each individual member of the Supervisory Board. The notes to the annual accounts shall in any event contain the information prescribed by law as to the amounts and structure of the remuneration of individual members of the Supervisory Board.
- 4.5. The Company will, subject to the terms and conditions of an indemnity agreement to that effect, indemnify members of the Supervisory Board against all costs (including lawyers, fees, fines, settlement amounts, etc.) incurred by them in connection with any civil, criminal or administrative proceedings in which they are involved on account of their (former) membership of the Supervisory Board. The Company shall take out a liability insurance for the benefit of the members of the Supervisory Board to cover these costs (where possible).