



Sligro Food Group N.V.

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

**RULES CONTAINING PRINCIPLES AND BEST PRACTICES  
FOR THE SUPERVISORY BOARD OF  
SLIGRO FOOD GROUP N.V.**

These Rules were adopted by the Supervisory Board of the Company on 4 December 2017 and replace the Rules that were adopted by the Supervisory Board on 17 May 2016.

**Article 1. Definitions**

- 1.1. In these Rules, the following terms shall have the meanings given:
- General Meeting: the organ of the Company comprising the shareholders and all other persons entitled to vote or the meeting in which the shareholders and all other persons with attendance rights convene;
  - Audit Committee: the Audit Committee of the Supervisory Board;
  - Corporate Governance Code: the Corporate Governance Code of 8 December 2016, as amended from time to time;
  - Executive Board: the Executive Board of the Company;
  - Works Council: the Works Council of the Company;
  - Supervisory Board: the Supervisory Board of the Company;
  - Rules: the Rules of the Supervisory Board as adopted on 25 January 2005 and most recently amended on 4 December 2017;
  - Rules of the Executive Board: the Rules of the Executive Board as adopted on 25 January 2005 and most recently amended on 4 December 2017;
  - Remuneration and Appointments Committee: the Remuneration and Appointments Committee of the Supervisory Board;
  - Articles of Association: the Articles of Association of the Company as amended from time to time and most recently amended on 14 April 2015;
  - Conflicting Interest: an interest held personally, whether directly or indirectly, that conflicts with the Company's interests within the meaning of Section 2:140, subsection 2, of the Netherlands Civil Code;
  - Company: Sligro Food Group N.V., established in Veghel;

- Report of the Supervisory Board: the report prepared by the Supervisory Board as referred to in Best Practice Provision 2.3.11 of the Corporate Governance Code;
- Chairman: the Chairman of the Supervisory Board.

## **Article 2. Status and content of the Rules**

- 2.1. These Rules have been drawn up pursuant to Article 31, para. 10, of the Company's Articles of Association and serve to supplement the rules and Rules applicable (from time to time) to the Supervisory Board under the laws of the Netherlands or of the Articles of Association.
- 2.2. Where these Rules conflict with Dutch law or the Articles of Association, the law and the Articles of Association shall prevail. Where these Rules are consonant with the Articles of Association but run contrary to Dutch law, the law shall prevail. If any of the provisions of these Rules is not or ceases to be applicable, this will not affect the validity of the other provisions. The Supervisory Board shall replace the invalid provisions by valid provisions, the effect of which, in terms of their content and purpose, is as close as possible to that of the invalid provisions.
- 2.3. The following schedules have been appended to these Rules and form an integral part of these Rules:
  - Schedule A: the Supervisory Board profile giving the size and composition of the Supervisory Board
  - Schedule B: the retirement rota for members of the Supervisory Board
  - Schedule C: the rules for the Audit Committee
  - Schedule D: the rules for the Remuneration and Appointments Committee
- 2.4. These Rules have been drawn up in accordance with the Corporate Governance Code. The Corporate Governance Code lays down several best practices for the Supervisory Board and its committees and makes other recommendations.
- 2.5. In a resolution unanimously carried on 4 December 2017, the Supervisory Board has declared that:
  - a. it will apply these Rules and will consider itself bound by the obligations which they impose;

- b. when new members join the Supervisory Board, they will be required to make the formal declaration referred under a) above.

2.6. These Rules have been published on the Company's website: [www.sligrofoodgroup.nl](http://www.sligrofoodgroup.nl), under Corporate Governance, from where they can be downloaded.

### **Article 3. Duties and responsibilities of the Supervisory Board**

3.1. The Supervisory Board is tasked with overseeing the policy decisions of the Executive Board, with monitoring the general state of affairs of the Company and its related enterprise and with supporting the Executive Board with advice. In performing its duties, the Supervisory Board also considers the effectiveness of the internal risk management and control systems of the Company and the integrity and quality of the financial reporting.<sup>1</sup> The Supervisory Board is guided by the interests of the Company and its related enterprise and in doing so gives equal consideration to the relevant interests of all those involved with the Company (employees of the Company, shareholders, providers of capital, suppliers, customers and other stakeholders). In this context, the Supervisory Board also considers the implications which carrying on business activities has for society in general that are relevant to the Company's business. The Supervisory Board is itself responsible for the way in which it functions.

#### **3.2. Responsibilities**

The responsibilities of the Supervisory Board involve maintaining oversight of and providing advice to the Executive Board in Relation to:

- a. the way in which the Executive Board achieves the long-term value creation, and the associated risks;<sup>2</sup>
- b. the risks associated with the Company's activities, the appetite for risk and the measures taken to manage the risks;
- c. the effectiveness of the setup and operation of the internal risk management and control systems, including material deficiencies, significant changes and material improvements planned for these systems;<sup>3</sup>
- d. the effectiveness of the internal and external audit process;<sup>4</sup>

---

<sup>1</sup> Principle 1.5

<sup>2</sup> Best Practice 1.1.3

<sup>3</sup> Principle 1.5

<sup>4</sup> Best Practice 1.5.3 (ii)

- e. the financial reporting process and the functioning of the external auditors;<sup>5</sup>
- f. compliance with all legal requirements; and
- g. relations between the Company and the Shareholders.<sup>6</sup>

3.3. In addition, the duties and responsibilities of the Supervisory Board cover:

- a. discussing the strategy, the implementation of the strategy and the main risks associated with it;<sup>7</sup>
- b. overseeing the implementation and operation by the Executive Board of internal procedures ensuring that all relevant information is available to the Executive Board and the Supervisory Board in good time;<sup>8</sup>
- c. the approval of the Company's financial statements;
- d. making proposals for the remuneration policy for the members of the Executive Board for adoption by the General Meeting and setting the remuneration and conditions of employment for the individual members of the Executive Board in accordance with the remuneration policy;<sup>9</sup>
- e. evaluating, at least once a year without the members of the Executive Board present, both the functioning of the Executive Board as a body and that of the individual members of the Executive Board as well as the conclusions drawn from this evaluation, partly with a view to the succession of members of the Executive Board;<sup>10</sup>
- f. evaluating, at least once a year without the members of the Executive Board present, both the functioning of the Supervisory Board, its committees and the individual members of the Supervisory Board as well as the conclusions drawn from this evaluation (having due regard to Best Practice Provision 2.2.6 of the Corporate Governance Code);
- g. selecting and preparing the nomination to the General Meeting for the appointment of the external auditors;<sup>11</sup>
- h. advising the external auditors regarding the main points of the report by the Audit Committee relating to its own functioning;<sup>12</sup>
- i. finalising the engagement of the external auditors;<sup>13</sup>

---

<sup>5</sup> Principle 1.6

<sup>6</sup> Best Practice 4.1.1

<sup>7</sup> Best Practice 1.1.3

<sup>8</sup> Best Practice 2.4.7

<sup>9</sup> Best Practice 3.1.1

<sup>10</sup> Best Practice 2.2.7

<sup>11</sup> Principle 1.6

<sup>12</sup> Best Practice 1.6.2

<sup>13</sup> Best Practice 1.6.3

- j. encouraging frank and open discussion within the Supervisory Board and among the various organs of the Company;<sup>14</sup>
  - k. notifying the General Meeting of the main conclusions regarding the nomination of the external auditors and the results of the selection process;<sup>15</sup>
  - l. examining the main points of discussion between the external auditors and the Executive Board arising out of the draft management letter or the draft auditors' report;<sup>16</sup>
  - m. approving the appointment or the dismissal of the head of the internal audit department based on the recommendations of the Audit Committee;<sup>17</sup>
  - n. approving the operating plan of the internal audit department;<sup>18</sup> and
  - o. assessing and approving the decisions of the Executive Board on matters that are subject to the approval of the Supervisory Board pursuant to the Articles of Association and according to the Executive Board Rules.
- 3.4. Annually after the end of the Company's financial year, the Supervisory Board prepares and publishes a report on the functioning and the activities of the Supervisory Board and its committees during that year. Where relevant, the report contains information referred to in Best Practice Provision 2.3.11 of the Corporate Governance Code.

#### **Article 4. Composition, profile, expertise and independence of the Supervisory Board**

- 4.1. The Supervisory Board is made up of at least three members or such number of members as the Supervisory Board may at any time decide, in accordance with the Articles of Association. The Supervisory Board prepares a profile regarding its size and composition, taking account of the nature and the activities<sup>19</sup> of the business, its activities and the desired expertise, background<sup>20</sup> and independence of the Supervisory Board's members. The profile takes account of the diversity which exists within the composition of the Supervisory Board and allows for the extent to which and the manner in which the Supervisory Board

---

<sup>14</sup> Best Practice 2.4.1

<sup>15</sup> Best Practice 1.6.1

<sup>16</sup> Best Practice 1.7.5

<sup>17</sup> Best Practice 1.3.1

<sup>18</sup> Best Practice 1.3.3

<sup>19</sup> Best Practice 2.1.1

<sup>20</sup> Best Practice 2.1.1 (i)

wishes to achieve a balanced mix of competencies. If the existing competencies do not provide the planned mix, the Supervisory Board reports accordingly in the Report of the Supervisory Board, simultaneously disclosing what action the Supervisory Board is taking in an attempt to bring about the planned mix. The Supervisory Board evaluates the profile on a regular basis. The current Supervisory Board profile is presented in Schedule A to these Rules.<sup>21</sup>

- 4.2. The composition of the Supervisory Board is such that the combination of expertise, background, diversity and independence of its members satisfies the profile presented in Schedule A and best equips the Supervisory Board to discharge its various obligations vis-à-vis the Company and its stakeholders (including the shareholders), in accordance with the applicable primary and secondary legislation (including the rules of any stock exchanges on which the Company's shares are listed).
- 4.3. The following requirements must be taken into account with regard to the composition of the Supervisory Board:
- a. each of its members must be capable of evaluating the essential elements of the overall policy of the Company and its business;<sup>22</sup>
  - b. each of its members must fit the profile contained in Schedule A and, through the appointment to the Supervisory Board of a particular member, the composition of the Supervisory Board as a whole must be in accordance with Article 4.2 (on initial appointment, on reappointment and subsequently);
  - c. at least one of the members is expert in the field of financial reporting auditing of the financial statements;
  - d. none of its members is eligible for reappointment beyond a second term of office of four years or after eight years in office;<sup>23</sup>
  - e. the maximum number of supervisory directorships (including positions as non-executive director) of Dutch companies held by members of the Supervisory Board is five, with chairmanship counting double, and having due regard to the provisions of Section 2:142a of the Netherlands Civil Code;
  - f. former members of the Company's Executive Board cannot be members of the Supervisory Board.

---

<sup>21</sup> Best Practice 2.1.1

<sup>22</sup> Best Practice 2.1.4

<sup>23</sup> Best Practice 2.2.2

4.4. Independence of the Supervisory Board<sup>24</sup>

In order to ensure its independence, the Supervisory Board's composition takes the following into account:

- a. any one of the criteria referred to in Article 4.5.a–e shall be applicable to not more than one Supervisory Board member;
- b. the number of Supervisory Board members to which the criteria referred to in Article 4.5 are applicable shall together not be more than half of the total number of members; and
- c. per shareholder or group of associated shareholders directly or indirectly holding more than ten per cent of the shares in the Company's share capital, there shall be not more than one Supervisory Board member counting as associated with or representing that shareholder/group, within the meaning of Article 4.5, paragraphs f and g.

4.5. The Supervisory Board member is not independent if the member concerned or his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.<sup>25</sup>

- a. has been an employee of the Company (including related companies within the meaning of Section 5:48 of the Financial Supervision Act) in the five years preceding the appointment as employee or Executive Board member;
- b. personally receives financial payment from the Company or from a related company other than as remuneration received for activities performed as Supervisory Board member, provided they are not connected with the normal operations of the business;
- c. has had a significant business relationship with the Company or a related company in the year preceding the appointment as Supervisory Board member, in any case including a case where a Supervisory Board member or a firm of which he or she is shareholder, partner, employee or consultant has acted in a professional capacity for the Company (consultant, external auditor, civil-law notary or legal counsel) and a case where the Supervisory Board member is a director or employee of a bank with which the Company has a lasting and significant relationship;
- d. is an executive director of a company where a member of the Executive Board of the Company (where he or she is a member of the Supervisory Board) is a supervisory director (interconnections);

---

<sup>24</sup> Best Practice 2.1.7

<sup>25</sup> Best Practice 2.1.8



- e. has been temporarily responsible for managing the Company in the absence of the members of the Executive Board during the preceding twelve months.
- f. has a shareholding in the Company of ten per cent or more (including shareholdings of natural persons or legal entities operating in conjunction with him or her on the basis of a specific or tacit, verbal or written agreement);
- g. is an executive or supervisory director or other representative of a legal entity directly or indirectly holding ten per cent or more of the shares of the Company except where that legal entity is a group company;

The Supervisory Board declares in the Report of the Supervisory Board that in its opinion the provisions of Article 4.4 and 4.5 have been satisfied. In its report, the Supervisory Board also indicates which Supervisory Board members if any it considers not to be independent.<sup>26</sup>

- 4.6. The Supervisory Board may designate one or more of its members as a 'delegate' member. A delegate member of the Supervisory Board is a member with specific duties. Delegation does not extend beyond the specific duties of the Supervisory Board member concerned and does not extend to management of the Company; it concerns more intensive supervision and advice and more regular contact with the Executive Board. Delegated Supervisory Board duties are strictly temporary in nature. Such delegation does not detract from the duties and the authority of the Supervisory Board. A delegate member remains a member of the Supervisory Board and reports regularly to the Supervisory Board in plenary session concerning his or her specific duties.<sup>27</sup>
- 4.7. Each member of the Supervisory Board is under obligation to provide the Chairman with such information as may be required to record and if necessary update his or her<sup>28</sup>:
  - a. gender;
  - b. age;
  - c. principal office held;
  - d. nationality;
  - e. other offices held where relevant to the performance of the duties as Supervisory Board member;

---

<sup>26</sup> Best Practice 2.1.10

<sup>27</sup> Best Practice 2.3.8

<sup>28</sup> Best Practice 2.1.2

- f. date of first appointment;
- g. current term of office.

It is the Chairman's responsibility to ensure that this information is published either in the Report of the Supervisory Board.

#### 4.8. Other offices held

Members of the Supervisory Board disclose in advance to the Supervisory Board any other offices which they hold and the other offices held are discussed at least once a year in the meeting of the Supervisory Board.<sup>29</sup>

### **Article 5. Chairman, Vice-Chairman and Secretary of the Company**

- 5.1. The Supervisory Board appoints one of its independent members as Chairman, having due regard to the provisions of Article 4.3.e and one of its members as Vice-Chairman. The Chairman is responsible for the functioning of the Supervisory Board and its committees and acts on behalf of the Supervisory Board as the principal point of contact for the Executive Board and for shareholders concerning the functioning of members of the Executive Board and the Supervisory Board.<sup>30</sup> The Chairman sets the agenda and chairs the meetings of the Supervisory Board.

The Chairman ensures that:<sup>31</sup>

- a. the contacts of the Supervisory Board with the Executive Board, the Works Council and the General Meeting take place smoothly;
- b. there is sufficient time for the Supervisory Board to conduct its deliberations and arrive at its decisions;
- c. the members of the Supervisory Board receive in good time all the information needed for them to perform their duties;
- d. the Supervisory Board and its committees function properly;
- e. the functioning of the individual members of the Executive Board and the Supervisory Board is appraised at least once a year;
- f. the members of the Executive Board and the Supervisory Board follow their induction programme;
- g. the members of the Executive Board and the Supervisory Board follow their education/training programme;

---

<sup>29</sup> Best Practice 2.4.2

<sup>30</sup> Best Practice 2.4.3

<sup>31</sup> Best Practice 2.3.6

- h. the Executive Board carries out the activities concerned with corporate culture;
- i. the Supervisory Board takes on board signals from the enterprise related to the Company (and its group companies) and ensures that material wrongdoings and irregularities (or suspicions thereof) are reported to the Supervisory Board without delay;
- j. the business of the General Meeting is conducted in an orderly and efficient manner;
- k. effective communication with shareholders can take place;
- l. the Supervisory Board is closely involved in any merger or acquisition process at an early stage;
- m. decisions are taken regarding reports of potential conflicting interests within the meaning of Article 12; and
- n. decisions are taken regarding reports of alleged irregularities concerning the functioning of members of the Executive Board, as referred to in Article 13.

The Vice-Chairman stands in for the Chairman as and when required and also acts as contact for individual members of the Supervisory Board and the Executive Board with regard to the functioning of the Chairman.

- 5.2. The Supervisory Board is supported by the Company Secretary<sup>32</sup>. The Company Secretary is appointed and dismissed, subject to the prior approval of the Supervisory Board, by the Executive Board, acting either independently or at the instigation of the Supervisory Board. The Company Secretary is specifically responsible for:
- a. ensuring that the proper procedures are followed and all actions are in accordance with the requirements of the law and the Articles of Association (including the obligations under the Corporate Governance Code and these Rules);
  - b. supporting the Chairman with the actual organisation of the Supervisory Board (provision of information, preparations for meetings, evaluations, training programmes etc.).

## **Article 6. The Supervisory Board and its committees**

- 6.1. The Supervisory Board has as a minimum the following committees, viz.: an Audit Committee and a Remuneration and Appointments Committee. The

---

<sup>32</sup> Best Practice 2.3.10

committees are appointed by the Supervisory Board from among its members. The Supervisory Board as a whole remains responsible for decisions, even where the preparatory work for them is undertaken by the Supervisory Board committees. Chairmanship of the committees is not performed by the Supervisory Board Chairman or by a former member of the Executive Board. More than half of the members of the committees are independent within the meaning of Article 4.5.<sup>33</sup>

- 6.2. The Supervisory Board draws up a set of rules for each committee, containing the principles and best practices for that committee (duties, composition, meetings etc.). The current rules of the individual committees are contained in Schedules C and D.
- 6.3. The composition of the committees, the number of meetings held by the committees and the main business of those meetings are disclosed in the Report of the Supervisory Board.<sup>34</sup> The committee rules and the composition of the committees are published on the Company website.
- 6.4. If any of the committees mentioned in Article 5.1 ceases to exist, the principles and best practices stated in the relevant Schedule apply to the Supervisory Board as a whole.
- 6.5. The Supervisory Board receives a report from each of the committees covering its deliberations and findings.<sup>35</sup>

#### **Article 7. Appointment, reappointment, term of office and retirement**

- 7.1. The members of the Supervisory Board are appointed by the General Meeting in the manner stipulated in the Articles of Association from candidates who may or may not be recommended or put forward by the Supervisory Board. The recommendation or non-binding nomination of candidates for appointment or reappointment requires supporting by evidence of suitability. In the case of reappointment, account is taken of candidates' performance of their duties as Supervisory Board members. Members of the Supervisory Board serve terms of office of not more than four years, with the proviso that, unless a Supervisory Board member retires early, a term of office expires on the date of the first

---

<sup>33</sup> Best Practice 2.3.4

<sup>34</sup> Best Practice 2.3.5

<sup>35</sup> Best Practice 2.3.5

general meeting of shareholders held in the fourth year after the year of appointment. A Supervisory Board member is eligible for reappointment, with the proviso that the period in office of any one member cannot be longer than two four-year terms, with the proviso that it is permissible to exceed that period owing to retirement at the annual general meeting of shareholders in the final year of the period of appointment.<sup>36</sup>

- 7.2. The Supervisory Board ensures that the Company has in place a carefully considered succession plan for members of the Executive Board and the Supervisory Board that is geared to maintaining a balance of the necessary expertise, experience and diversity.<sup>37</sup> The Supervisory Board also draws up a retirement rota to prevent as far as possible the timing of reappointments from coinciding. The current retirement rota is contained in Schedule B to these Rules. Without prejudice to the provisions of Article 7.3, members of the Supervisory Board retire according to the retirement rota. The retirement rota is generally made available on the Company's website.
- 7.3. Members of the Supervisory Board<sup>38</sup> retire early in the event of poor performance, irreconcilable interests of a structural nature or other compelling reasons in the opinion of the Supervisory Board. In the event of early retirement of a member of the Supervisory Board, the Company issues a press release stating the reasons for stepping down.
- 7.4. Members of the Supervisory Board temporarily assuming responsibility for the management of the Company in the absence of members of the Executive Board step down from the Supervisory Board (for as long as necessary) in order to take on the executive duties.<sup>39</sup>

## **Article 8. Remuneration**

- 8.1. The Supervisory Board puts a resolution before the General Meeting from time to time concerning the remuneration of the Chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board members incentivises proper performance of the function and does not depend on the Company's results.<sup>40</sup> If the members of the Supervisory Board are required to charge VAT on their fees, the Company will pay the VAT.

---

<sup>36</sup> Best Practice 2.2.2

<sup>37</sup> Best Practice 2.2.4

<sup>38</sup> Best Practice 2.2.3.

<sup>39</sup> Best Practice 2.3.9

<sup>40</sup> Principle 3.3

- 8.2. In fixing the Supervisory Board's remuneration, the following requirements must be observed:
- a. no shares of the Company or options or similar rights to acquire shares in the Company's share capital shall be awarded to a Supervisory Board member by way of remuneration;
  - b. none of the members of the Supervisory Board shall hold the securities as referred to under a), with the understanding that if a Supervisory Board member is appointed in the future who holds shares in the share capital of the Company and wishes to continue holding them, the ban will be lifted for all Supervisory Board members. If the ban is lifted in the aforementioned situation, the shareholding in the share capital of the Company held by a member of the Supervisory Board will be a long-term investment;<sup>41</sup>
  - c. none of the members may accept personal loans, guarantees and the like from the Company other than as part of a normal business transaction having the prior approval of the Supervisory Board. Loan debts shall not be waived.
- 8.3. The fees, expenses and other agreed terms and conditions, including the date on which the payments concerned will be made, are decided by the General Meeting and must be laid down in writing. The disclosures accompanying the financial statements shall in any case contain the information on the amount and structure of the remuneration of individual members of the Supervisory Board required by law.
- 8.4. The Company will take out professional indemnity insurance covering the members of the Supervisory Board.

#### **Article 9. Induction programme, education and ongoing training**

- 9.1. Each member of the Supervisory Board follows an induction programme after appointment, covering:
- a. general financial, socio-economic and legal affairs;
  - b. financial reporting by the Company;
  - c. specific aspects peculiar to the Company and its business activities;
  - d. corporate culture;<sup>42</sup>

---

<sup>41</sup> Best Practice 3.3.3

<sup>42</sup> Best Practice 2.4.5

- e. the relationship with the Works Council;
- f. the responsibilities of the members of the Supervisory Board.

9.2. The Supervisory Board carries out an annual assessment to identify those areas in which members of the Supervisory Board require further training or education during their term of office.<sup>43</sup>

#### **Article 10. Supervisory Board meetings (agenda, conference calls, attendance, minutes)**

10.1. The Supervisory Board meets as and when deemed necessary by the Chairman, by two other members or by the Executive Board. The meetings are held as a rule at the Company's offices but may also take place elsewhere. Meetings may also be held using telephone conference calling or by means of videoconferencing, provided all participating members are able to hear each other all the time.

10.2. If a member of the Supervisory Board fails to attend a meeting, the Chairman will demand an explanation for the absence. The Report of the Supervisory Board discloses which Supervisory Board members have failed to attend meetings on frequent occasions.<sup>44</sup>

10.3. Unless the Supervisory Board decides otherwise, the Supervisory Board meetings will be attended by one or more members of the Executive Board, except for the meetings dealing with:

- a. the composition and the appraisal of the functioning of the Executive Board and its individual members, and the conclusions inevitably arrived at, partly with a view to the succession of members of the Executive Board;<sup>45</sup>
- b. the remuneration of the members of the Executive Board, in accordance with the recommendations of the Appointments and Remuneration Committee;
- c. the appraisal of the functioning of the Supervisory Board and its individual members, as well as of the separate Supervisory Board committees, and the conclusions inevitably arrived at;
- d. the desired profile, composition and competencies of the Supervisory Board;

---

<sup>43</sup> Best Practice 2.4.6

<sup>44</sup> Best Practice 2.4.4

<sup>45</sup> Best Practice 2.2.7

- e. existing or potential Conflicting Interests of members of the Executive Board.

The Company's external auditors participate in each meeting of the Supervisory Board at which the report by the auditors concerning their examination of the financial statements is considered and the financial statements themselves are discussed.<sup>46</sup> The external auditors receive all the information needed to perform their activities in good time and have the opportunity to respond to the information provided.<sup>47</sup>

- 10.4. Meetings are convened by the Company Secretary. As far as practicable, the notice of meeting and the agenda itemising the business to be discussed will be circulated to the members of the Supervisory Board and, if invited to attend, to members of the Executive Board seven days prior to commencement of the meeting.
- 10.5. The meeting secretary keeps minutes of the meeting. As a rule, the minutes are adopted at the next meeting. However, if all members of the Supervisory Board agree the content of the minutes, they may be adopted at an earlier date. The minutes are signed as a true record by the Chairman and the secretary of the meeting. Extracts from the adopted minutes may be signed for circulation by the Company Secretary.

#### **Article 11. Supervisory Board decisions (quorum, voting, business of meetings)**

- 11.1. The Supervisory Board can only take legally valid decisions with a majority of its members who are entitled to vote in attendance or represented, with the proviso that members with a conflicting interest as defined in Article 12 do not count for the purpose of establishing a quorum.

The Supervisory Board may also take decisions outside of meetings, provided the matter in question has been brought to the attention of all members and this manner of arriving at a decision is acceptable to each of the members. A decision taken in this way is recorded in writing by the secretary and signed by the Chairman and the secretary, with any written comments that are received appended to the record. The fact that a decision has been taken without meeting must be raised at the next meeting of the Supervisory Board. Members of the Supervisory Board with a conflicting interest as defined in Article 12

---

<sup>46</sup> Best Practice 1.7.6

<sup>47</sup> Best Practice 1.7.1



cannot participate in the discussion or decision-making for a decision taken without meeting

- 11.2. Except where the Articles of Association stipulate unanimous approval, a decision in a meeting of the Supervisory Board is deemed to have been carried if the absolute majority of the Supervisory Board votes in favour of the decision, with the proviso that members with a conflicting interest as defined in Article 12 are unable to vote. If the voting is tied, the Chairman shall have a casting vote.
- 11.3. Regular business of the meetings in any case includes the Company's financial results, important decisions requiring action on the part of the Supervisory Board, Company strategy and changes of direction and reports by the separate committees of the Supervisory Board.
- 11.4. The Supervisory Board discusses at least once a year:
  - a. the matters referred to in Article 10.3 to 10.3.c;
  - b. the induction, education and training programme referred to in Article 9;
  - c. the strategy and the principal risks associated with the business and the findings of the assessment by the Executive Board of the setup and operation of the internal risk management and control systems, as well as any significant changes in this area.

The Supervisory Board Report discloses the manner in which the evaluation referred to in Article 10.3.b has taken place. The report also describes the discussions referred to under c) of this Article 11.4.

## **Article 12. Prevention of conflicts of interest**

- 12.1. Any form of conflict of interest between the Company or its subsidiaries and members of the Executive Board or members of the Supervisory Board shall be avoided.<sup>48</sup>
- 12.2. A member of the Supervisory Board shall not:<sup>49</sup>
  - enter into competition with the Company;
  - demand or accept a (substantial) favour from the Company for him/herself or for his/her spouse, registered partner or other life

---

<sup>48</sup> Principle 2.7

<sup>49</sup> Best Practice 2.7.1

- companion, foster child or relative by blood or marriage up to the second degree;
- provide unjustified advantages to third parties to the detriment of the Company;
- take advantage of business opportunities to which the Company is entitled for him/herself or others.

- 12.3. A Conflicting Interest exists<sup>50</sup> if the Company intends to enter into a transaction with a legal entity:
- a. in which a member of the Supervisory Board personally has a material financial interest; or
  - b. of which an executive or supervisory director is related under family law to a member of the Company's Supervisory Board;<sup>51</sup>

Each member of the Supervisory Board (other than the Chairman) immediately reports to the Chairman any potential Conflicting Interest in connection with a transaction that is of material importance to the Company and/or to the member of the Supervisory Board concerned and provides the Chairman with all relevant information on the matter, including any information relevant in the situation relating to his or her spouse, registered partner or other companion, foster child or blood or other relation up to twice removed.

If the Chairman has a potential Conflicting Interest, he or she reports this to the Vice-Chairman of the Supervisory Board forthwith. The Chairman provides the Supervisory Board Vice-Chairman with all relevant information on the matter, including any information relevant in the situation relating to his or her spouse, registered partner or other companion, foster child or blood or other relation up to twice removed.

The Supervisory Board shall decide, without the member of the Supervisory Board being present, whether there is a Conflicting Interest.<sup>52</sup>

With respect to a Conflicting Interest between members of the Executive Board and the Company, the provisions of the Executive Board Rules, as adopted on 25 January 2005 and most recently amended on 4 December 2017, are applicable.

---

<sup>50</sup> Best Practice 2.7.3.

<sup>51</sup> Best Practice 2.7.3

<sup>52</sup> Best Practice 2.7.3

- 12.4. A member of the Supervisory Board shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she has a Conflicting Interest. If the Supervisory Board is as a consequence unable to take a decision, that decision is taken by the General Meeting. Any such transaction may exclusively be entered into on the usual terms and conditions for the industry at the very least. The decisions to enter into transactions in which there are Conflicting Interests with a member of the Supervisory Board that are of material significance to the Company and/or to the member of the Supervisory Board require the approval of the Supervisory Board. Details of such transactions are published in the directors' report with disclosure of the Conflicting Interest and a statement that Best-Practice Provisions 2.7.3 and 2.7.3 of the Corporate Governance Code have been complied with.
- 12.5. All transactions between the Company and natural persons or legal entities holding ten per cent or more of the shares of the Company are contracted on market terms and conditions. Decisions to enter into transactions with these persons/entities that are of material significance to the Company and/or to these persons/entities require the approval of the Supervisory Board. Details of such transactions are published in the directors' report with a statement that Best Practice Provision 2.7.5 of the Corporate Governance Code has been complied with.

### **Article 13. Complaints, reporting of irregularities**

- 13.1. Oversight relating to wrongdoings and irregularities<sup>53</sup>  
The Supervisory Board oversees the operation of the reporting procedure for wrongdoings and irregularities (or suspicions thereof) for appropriate and independent enquiry following signals indicating wrongdoings and irregularities and, if a wrongdoing or irregularity is discovered, the appropriate follow-up of any recommendations regarding corrective actions. In order to guarantee the independence of enquiries in cases where the Executive Board itself is involved, the Supervisory Board has the option of instigating an enquiry of its own following signals of wrongdoings and irregularities and directing such an enquiry.
- 13.2. Suspected irregularities concerning the functioning of members of the Executive Board are reported to the Chairman.
- 13.3. The whistle-blower scheme is published on the Company's website.

---

<sup>53</sup> Best Practice 2.6.4

#### **Article 14. Information, relationship with the Executive Board**

- 14.1. The Supervisory Board and its individual members have a separate responsibility to demand all information from the Executive Board, the internal audit department, the Works Council and the external auditors which the Supervisory Board requires in order to perform its supervisory duties properly. If a member of the Supervisory Board deems it appropriate, he/she may gather information from Company officers and external advisers to the Company. The Executive Board makes the necessary resources available. The Supervisory Board may demand that Company officers and external advisers to the Company attend its meetings.
- 14.2. The Executive Board provides the Supervisory Board and its committees with the information on the facts and developments concerning the Company which the members of the Supervisory Board and its committees may need for the proper performance of their duties in good time and if possible in writing.
- 14.3. The Executive Board is responsible for ensuring that the Supervisory Board is closely involved at an early stage in the takeover process if a bid to acquire the shares of the Company is in preparation. If a takeover bid for the Company has been announced or tabled and the Executive Board receives a request from a third, competing bidder to be allowed to inspect the information relating to the Company, the Executive Board discusses such a request with the Supervisory Board without delay.<sup>54</sup>
- 14.4. The Executive Board submits a report to the Supervisory Board at regular intervals, prepared in a form as agreed from time to time and containing detailed information on policy, financial matters, marketing, investment and staff among other matters.
- 14.5. Without prejudice to the above, the Executive Board provides the Supervisory Board each year with a budget for the coming year, a recent version of its long-term plans and the outlines of the strategic policy, the general and financial risks, the Company's risk management and control system and a statement regarding compliance with all relevant primary and secondary legislation. The Executive Board also makes a formal declaration to the Supervisory Board each year that it has supplied all relevant information that is needed for the

---

<sup>54</sup> Best Practice 2.8.1 and 2.8.2

Supervisory Board to perform its duties properly. These documents are supplied in good time, allowing the Supervisory Board to lend its approval to them by no later than December of any one year.

#### **Article 15. Relationship with the shareholders**

- 15.1. In accordance with the Articles of Association, General Meetings are held at the request of the Supervisory Board or the Executive Board. It is the responsibility of the Board, Supervisory Board or Executive Board, calling a meeting to ensure that it takes place in good time and that the shareholders are informed by means of notes to the agenda regarding all relevant facts and circumstances relating to the business of the meeting. These notes will be placed on the Company's website. Furthermore, it is the responsibility of the body or bodies calling the meeting to ensure that the agenda states which items of business are for discussion and which are resolutions requiring a vote.<sup>55</sup>
- 15.2. The members of the Executive Board and the Supervisory Board attend the General Meetings unless prevented from doing so for sound reasons. In accordance with the Articles of Association, the Chairman presides over the General Meeting and decides the content of the resolutions. The Chairman of the General Meeting is responsible for conducting an orderly meeting so as to facilitate meaningful discussion. Notwithstanding the provisions of Section 2:13 of the Netherlands Civil Code, the outcome of the voting, as observed and announced by the Chairman of the General Meeting will be definitive.
- 15.3. The Supervisory Board provides the General Meeting with all the information it requires unless prevented by weighty interests of the Company, statutory provisions or rule of law. If the Supervisory Board invokes a weighty interest of this kind, the justification will be explained.<sup>56</sup>
- 15.4. The Executive Board and the Supervisory Board are responsible for the Company's corporate governance structure and report accordingly to the General Meeting, giving meaningful and clear explanations for any departures from the best practices. The essential elements of the corporate governance structure are described each year in a separate section of the directors' report or on the Company's website. The same section also indicates the extent to which the Company implements the best-practice provisions of the Corporate Governance Code and, where it does not, why and in what way it departs from

---

<sup>55</sup> Best Practice 4.13

<sup>56</sup> Best Practice 4.2.1

the Code. Rendering account on compliance with the Code is part of the disclosures in the directors' report. Every substantial change in the Company's corporate governance structure and its compliance with the Corporate Governance Code is put before the General Meeting for discussion as a separate item on the agenda.<sup>57</sup>

- 15.5. The Supervisory Board treats shareholders finding themselves in similar circumstances in the same way with regard to the provision of information.

#### **Article 16. Relationship with the Works Council**

- 16.1. Each year, the Supervisory Board draws up a programme for one or more of its members to attend the consultative meetings of the Works Council where these consultative meetings require the attendance of those members by law or under an agreement with the Works Council. Attending such consultative meetings is mandatory pursuant to Section 24, subsection 1, of the Works Councils Act. These meetings discuss the general progress made by the Company and consider the resolutions referred to in Section 25, subsection 1, of the Works Councils Act. The Supervisory Board is also able to organise other meetings with the Works Council.
- 16.2. The Chairman is the person primarily responsible for maintaining and coordinating contacts with the Works Council. If a member of the Supervisory Board is invited to attend a meeting with the Works Council, he or she may only accept such an invitation with the prior agreement of the Chairman.
- 16.3. If the Executive Board requires both the approval of the Supervisory Board and the formal recommendations of the Works Council for a proposed action, the proposal is first submitted to the Supervisory Board for approval. If approval is given, it is only granted on condition of recommendations from the Works Council either in favour of the proposal or not against it.

#### **Article 17. Confidentiality**

- 17.1. Each member of the Supervisory Board is under obligation to observe the required discretion and, where confidential information is concerned, strict secrecy with regard to all information and documentation obtained in connection with membership of the Board.

---

<sup>57</sup> Best Practice 4.1.3 (vii)

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

**Article 18. Incidental inoperability, amendments**

- 18.1. Without prejudice to the provisions of Articles 2.1 and 15.4, the Supervisory Board may decide by passing a formal resolution not to apply these Rules in ad hoc cases.
- 18.2. Without prejudice to the provisions of Articles 2.1 and 15.4,, the Supervisory Board may pass formal resolutions amending these Rules. The amended Rules will be published on the Company's website.

**Article 19. Applicable law and competent court**

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