

**IGEA Pharma N.V.**

## **SUPERVISORY BOARD RULES**

governing the internal proceedings of the supervisory board

*Effective as of 14 December 2018*

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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**

- 2.1.1 The Supervisory Board prepares a profile of its size and composition, taking into account the nature of the Business and the Supervisory Board's activities. The current profile is set out in Schedule 2.
- 2.1.2 The Supervisory Board prepares 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.
- 2.2.2 The Supervisory Board may obtain information from officers and external advisors.

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

- 2.3.1 The Supervisory Board appoints one of the Supervisory Directors as Chairman and one of the other Supervisory Directors 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. 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.

#### **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.

4.1.2 The Company Secretary:

- (a) ensures that the proper procedures are followed and that any statutory obligations and any obligations under the Articles of Association and these rules are complied with;
- (b) facilitates the provision of information to the Management Board and Supervisory Board; and
- (c) supports the Chairman in the organisation of the Supervisory Board's affairs, including the provision of information, meeting agendas, evaluation and training programmes.

4.1.3 If the Company Secretary also undertakes work for the Management Board and identifies that the interests of the Management Board and the Supervisory Board diverge, resulting in a lack of clarity as to which interests the Company Secretary represents, the Company Secretary reports this to the Chairman.

## **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.

5.1.3 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 Each Supervisory Director attends Supervisory Board meetings and the meetings of the committees that he or she is a member of. If a Supervisory Director is frequently absent from these meetings, that Supervisory Director must account for this.
- 5.3.2 A Supervisory Director may be represented at a meeting by another Supervisory Director holding a written proxy.
- 5.3.3 The Supervisory Board may require that certain officers and external advisors attend its meetings.
- 5.3.4 The external auditor attends the Supervisory Board meeting at which the external auditor's report on the audit of the financial statements is discussed.

### **5.4 Chairman of the meeting**

- 5.4.1 The Chairman chairs the meeting. 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 Supervisory Board may only adopt resolutions at a meeting if a majority of the Supervisory Directors entitled to vote is present or represented at the meeting.
- 5.5.2 If the Chairman believes there is an urgent situation that requires the Supervisory Board's immediate resolution, the quorum requirement referred to in clause 5.5.1 does not apply, provided that:

- (a) at least two Supervisory Directors entitled to vote are present or represented at the meeting; and
  - (b) reasonable efforts have been made to involve the other Supervisory Directors in the decision making.
- 5.5.3 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 votes cast.
- 5.6.3 In the event of a tie, the resolution is rejected.
- 5.6.4 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 5.6.3 apply to adopting resolutions without holding a meeting.

## **5.9 Evidence of adopted resolutions**

5.9.1 Resolutions can be evidenced by a statement or the minutes of the particular meeting, signed by the chairman and secretary of that meeting.

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

## **6 CONFLICTS OF INTEREST**

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

6.1.1 Any conflict of interest between the Company and Supervisory Directors must be prevented. The Supervisory Board is responsible for dealing with any conflicts of interest that Managing Directors, Supervisory Directors or majority shareholders may have in relation to 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; or
- (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 6.6, 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 the 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 personally 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.
- 6.3.2 A Supervisory Director who temporarily takes on the management of the Company while all Managing Director positions are vacant or all Managing Directors are unable to act, resigns from the Supervisory Board.

## **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.

6.6.2 Resolutions as referred to in 6.6.1 are published in the management report, together with a statement of the conflict of interest and a declaration that Best Practice provisions 2.7.3 and 2.7.4 of the Code have been complied with.

## **6.7 Loans and guarantees**

6.7.1 The Company may not grant any personal loan to a Supervisory Director, guarantee or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the Supervisory Board. No remission of loans are granted.

## **7 MISCONDUCT AND IRREGULARITIES**

7.1.1 The Management Board informs the Chairman without delay of any signs of actual or suspected material misconduct or irregularities within the Company and the Business. If the actual or suspected misconduct or irregularity pertains to the functioning of a Managing Director, employees reports this directly to the Chairman.

7.1.2 The external auditor informs the chairman of the Audit Committee without delay if, during the performance of his duties, he or she discovers or suspect an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a Managing Director, the external auditor reports this directly to the Chairman.

- 7.1.3 The Supervisory Board monitors the operation of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions.
- 7.1.4 In order to safeguard the independence of the investigation in cases where the Management Board is involved, the Supervisory Board may initiate its own investigation into any irregularities that have been discovered and to coordinate this investigation.

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

### **8.1 Main contact**

- 8.1.1 The Chairman is the main contact on behalf of the Supervisory Board for the Management Board and the General Meeting.
- 8.1.2 The Vice-Chairman is the main contact on behalf of the Supervisory Board for individual Supervisory Directors and Managing Directors in matters regarding the Chairman's performance.

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

- 8.2.1 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.
- 8.2.2 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.

### **8.3 Management Board - resolutions requiring Supervisory Board approval**

- 8.3.1 The Supervisory Board may make certain Management Board resolutions subject to Supervisory Board's approval. These resolutions must be clearly specified and communicated in writing to the Management Board.
- 8.3.2 In addition to Management Board resolutions that are subject to the Supervisory Board's approval pursuant to the law, the Articles of Association or the Management Board's rules, Annex 1 to the Management Board's rules lists the resolutions that the Supervisory Board has made subject to Supervisory Board approval.

### **8.4 Management Board - annual evaluation**

- 8.4.1 The Supervisory Board regularly, and at least annually, evaluates the performance of the Management Board and the Managing Directors individually. The Supervisory Board discusses the conclusions of this evaluation, including in relation to the succession of Managing Directors. The evaluation takes place without the Managing Directors being present.
- 8.4.2 A Managing Director retires early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the Supervisory Board deems this necessary.

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

- 8.5.1 The Supervisory Board is responsible for dealing with conflicts of interest between Managing Directors or majority shareholders and the Company.
- 8.5.2 The Management Board's rules 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 (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 if the conflict of interest is of material significance to the Company or to the relevant Managing Director.

- 8.5.3 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.
- 8.5.4 Transactions, as referred to in 8.5.3, are published in the management report, together with a declaration that Best Practice provision 2.7.5 of the Code has been complied with.

## **9 ANNUAL EVALUATION OF SUPERVISORY DIRECTORS**

- 9.1.1 The Chairman 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.
- 9.1.2 The Supervisory Board regularly, and at least annually, evaluates its own and the Supervisory Directors' performance without any Managing Directors being present. The performance of the various committees is evaluated as well. The Supervisory Board discusses the conclusions of the evaluation are discussed. Attention is paid to:
- (a) substantive aspects, the interaction within the Supervisory Board or committee, and the interaction with the Management Board;
  - (b) events that occurred in practice and from which lessons are learned; and
  - (c) the desired profile, composition, competencies and expertise of the Supervisory Board.

9.1.3 A Supervisory Director retires early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the Supervisory Board deems this necessary.

9.1.4 The remuneration of the Supervisory Directors reflects the time spent and the responsibilities of their role. Shares held by a Supervisory Director are long-term investments.

## **10 POSITIONS OUTSIDE THE COMPANY**

10.1.1 A Supervisory Director informs the Supervisory Board before accepting positions outside the Company.

10.1.2 Other positions of Managing Directors and Supervisory Directors are discussed at a Supervisory Board meeting at least annually.

## **11 CONFIDENTIALITY**

11.1.1 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.

## **12 CULTURE AND CODE OF CONDUCT**

12.1.1 The Management Board and the Supervisory Board are each responsible for stimulating openness and accountability within the Company. The Supervisory Board supervises the Management Board.

12.1.2 The Management Board discusses with the Supervisory Board the adopted values for the Company and the Business that contribute to a culture focused on long-term value creation.

12.1.3 The Management Board informs the Supervisory Board of its findings and observations relating to the effectiveness of, and compliance with, the Code of Conduct.

## **13 MISCELLANEOUS**

### **13.1 Miscellaneous**

- 13.1.1 The Supervisory Board may occasionally resolve not to comply with these rules.
- 13.1.2 The Supervisory Board may amend these rules.
- 13.1.3 These rules are posted on the Company's website.
- 13.1.4 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.

## **13.2 Governing law and jurisdiction**

- 13.2.1 These rules are governed exclusively by Dutch law.
- 13.2.2 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;

"**Business**" means the Company's business and the business of its affiliates (*groepsmaatschappijen*);

"**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;

"**Code of Conduct**" means the code of conduct of the Company;

"**Company**" means IGEA Pharma N.V.;

"**Company Secretary**" means the company secretary appointed in accordance with clause 4.2;

"**General Meeting**" means the corporate body that consists of shareholders and all other persons with meeting rights, or 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);

"**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; and

**"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 GENERAL**

- 1.1.1 This profile was prepared taking into account the nature of the Company's business and its activities.
- 1.1.2 This profile sets out:
- (a) the size of the Supervisory Board;
  - (b) the desired expertise and background represented in the Supervisory Board;
  - (c) the desired diversity among Supervisory Directors; and
  - (d) the desired independence of Supervisory Directors.
- 1.1.3 Each Supervisory Director is capable of assessing the broad outline of the Company's overall management.
- 1.1.4 The Supervisory Board considers this profile when preparing nominations of persons to be appointed as Supervisory Directors.
- 1.1.5 This profile is posted on the Company's website.
- 1.1.6 The following information about each Supervisory Director is included in the Supervisory Board's report:
- (a) gender;
  - (b) age;
  - (c) nationality;
  - (d) principal position;
  - (e) other positions, in so far as they are relevant to the performance by the Supervisory Director of his or her duties;
  - (f) date of initial appointment; and
  - (g) current term of office.

## **2 SIZE, COMPOSITION, DIVERSITY AND INDEPENDENCE**

### **2.1 Size**

2.1.1 The Supervisory Board determines the number of Supervisory Directors.

### **2.2 Composition**

2.2.1 The desired composition of the Supervisory Board is such that the combined experience, expertise and diversity of the Supervisory Directors enables the Supervisory Board to best carry out its responsibilities.

2.2.2 In particular, the desired composition of the Supervisory Board includes the following areas of expertise and backgrounds among its members:

- (a) financial administration and accounting, and internal risk management and control systems;
- (b) management strategy and risks inherent to the Business;
- (c) management selection, recommendation and development; and
- (d) compliance, corporate governance, stock exchange rules and stakeholder management.

### **2.3 Diversity**

2.3.1 The desired composition of the Supervisory Board complies with the Company's diversity policy.

2.3.2 The Supervisory Board draws up a diversity policy for the composition of the Management Board and the Supervisory Board. The policy addresses the specific targets relating to diversity and the diversity aspects relevant to the Company, such as nationality, age, gender, and education and work background.

### **2.4 Independence**

2.4.1 The desired composition of the Supervisory Board enables Supervisory Directors to operate independently, including the ability to operate critically with one another, the Management Board, and any particular interests involved.

2.4.2 In particular, the desired composition of the Supervisory Board ensures that:

- (a) at most one Supervisory Director does not qualify as independent pursuant to clause 2.4.3(a) to 2.4.3(e) inclusive;
- (b) less than half of the Supervisory Directors do not qualify as independent pursuant to clause 2.4.3; and
- (c) for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company's share capital, there is at most one Supervisory Director who can be considered to be affiliated with or representing them as stipulated in clause 2.4.3(f) and 2.4.3(g).

2.4.3 A Supervisory Director is not independent if the Supervisory Director or his or her spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

- (a) has been an employee or Managing Director (including of associated companies) five years prior to his or her appointment;
- (b) receives personal financial compensation from the Company or an associated company, other than the compensation received for the work performed as Supervisory Director and in so far as this is not in the ordinary course of business;
- (c) has had an important business relationship with the Company or an associated company in the year prior to the Supervisory Director's appointment. This includes the case where a Supervisory Director, or the firm of which he or she is a shareholder, partner, associate or advisor, has acted as advisor to the Company (consultant, external auditor, civil law notary or lawyer) and the case where the Supervisory Director is a Managing Director or an employee of a bank with which the Company has a lasting and significant relationship;
- (d) is a member of the management board of a company in which a Managing Director is a supervisory director;
- (e) has temporarily performed management duties during the previous twelve months while all Managing Director positions are vacant or all Managing Directors are unable to act;
- (f) has a shareholding in the Company of at least ten percent, taking into account shares held by natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement; or

- (g) is a managing director or supervisory director (or a representative) of a legal entity which holds at least ten percent of the shares in the Company, unless the entity belongs to the Group.

## Schedule 3 Rotation schedule of the Supervisory Board

### 1 GENERAL

- 1.1.1 This rotation schedule, which is aimed at retaining the balance in the requisite expertise, experience and diversity, was prepared on the basis of clause 2.1.2 of these rules in accordance with Schedule 2, and was last updated on 14 December 2018.
- 1.1.2 The term of office of a Supervisory Director ends at the end of the annual general meeting in the year indicated below.
- 1.1.3 This rotation schedule is posted on the Company's website.

### 2 ROTATION SCHEDULE

Name	Current term	Date of current appointment or reappointment	Final year of current term
Giovanni Ferrario	4 years	14 December 2018	2022
Flavio Peralda	3 years	14 December 2018	2021
Mark de Simone	4 years	14 December 2018	2022
Federico Bazzoni	3 years	14 December 2018	2021

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

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

#### **1.1     General**

- 1.1.1    The Supervisory Board supervises the policies, management and the general affairs of the Group, including the relations with shareholders. The Supervisory Board assists the Management Board with advice on general policies related to the Company and the Business.
- 1.1.2    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. The report drawn up by the Supervisory Board accounts for its involvement in the establishment of the strategy, and the way in which it monitors the strategy's implementation.
- 1.1.3    In fulfilling its responsibilities, the Supervisory Board is guided by the interests of the Company and the Business.
- 1.1.4    Each Supervisory Director follows an induction programme. This programme covers general financial, social and legal affairs, financial reporting by the Company, specific aspects that are unique to the Company and its business activities, the Company's culture and the responsibilities of a Supervisory Director.
- 1.1.5    Each Supervisory Director conducts an annual review to identify the aspects with regard to which each Supervisory Director requires training or education.
- 1.1.6    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, including the strategy for realising long-term value creation, 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 management report, the annual budget and significant capital expenditures;
- (k) monitoring corporate social responsibility issues;
- (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;
- (m) developing a procedure for reporting actual or suspected misconduct or irregularities, and taking appropriate follow-up action on the basis of these reports; and
- (n) discussing the items reported on by the Audit Committee under Best Practice provision 1.5.3 of the Code.

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

- (a) drawing up the Company's diversity policy for the composition of the Management Board and the Supervisory Board;
- (b) selecting and nominating individuals for appointment by the General Meeting as Managing Director;
- (c) 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;
- (d) selecting and nominating individuals for appointment by the General Meeting as Supervisory Directors;

- (e) proposing the remuneration for Supervisory Directors for adoption by the General Meeting;
- (f) 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;
- (g) 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;
- (h) selecting and nominating for appointment by the General Meeting of the Company's external auditor;
- (i) reviewing and approving any resolution of the Management Board concerning matters that require approval of the Supervisory Board pursuant to the law, the Articles of Association or clause 8.3.1 of these rules;
- (j) dealing with conflicts of interest regarding Managing Directors, Supervisory Directors and majority shareholders in relation to the Company; and
- (k) giving the external auditor a general idea of the content of the reports that relate to the external auditor's performance.

The Audit Committee submits a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board takes the decision on the engagement.

The main conclusions of the Supervisory Board regarding the external auditor's proposed engagement and the outcome of the external auditor selection process are communicated to the General Meeting.

The Supervisory Board may examine the most important points of discussion arising between the external auditor and the Management Board about the draft management letter or the draft audit report.

- 1.1.8 The Supervisory Board and each Supervisory Director have their own responsibility for obtaining any information that the Supervisory Board needs

to properly function as a supervisory board from the Management Board, the internal audit function and the external auditor.

## **1.2 Takeover bid**

- 1.2.1 When a takeover bid for the Company's shares is being prepared, in the event of a private bid for a business unit or a participating interest, where the bid's value exceeds the threshold referred to in article 2:107a(1)(c) BW, or in the event of other substantial changes in the structure of the organisation, the Management Board ensures that the Supervisory Board is closely and timely involved in the takeover process or the structure change.

## **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 the 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*).

## **Schedule 6    Audit Committee Charter**

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

#### **1.1     Role and 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;

The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

The internal audit function reports its audit results to the Management Board and the essence of its audit results to the Audit Committee and informs the external auditor. The findings of the internal audit function includes the following:

- (i)      any flaws in the effectiveness of the internal risk management and control systems;
  - (ii)     any findings and observations with a material impact on the risk profile of the Business; and
  - (iii)    any failings in the follow-up of recommendations made by the internal audit function.
- (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) annually forming a position on how the internal audit function fulfils its responsibility;

The Management Board discusses 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 with the Audit Committee, and accounts for this to the Supervisory Board.

- (c) if the Company does not have an internal audit department, recommending annually to the Supervisory Board whether adequate alternative measures have been taken. The Supervisory Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Supervisory Board's report;
- (d) reporting annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the external auditor;

The Audit Committee advises the Supervisory Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Management Board's observations during this process. Based on this, among other things, the Supervisory Board determines its nomination for the appointment of the external auditor to the general meeting.

- (e) submitting a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements;

The Management Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Supervisory Board takes the decision on the engagement.

- (f) annually discussing the draft audit plan with the external auditor, including:
  - (i) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and

- (ii) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;
- (g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and
- (h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Managing Directors being present.

## **1.2 Composition**

- 1.2.1 The Supervisory Board determines the size of the Audit Committee, provided that the Audit Committee consists of at least three members.
- 1.2.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

## **2 MEETINGS AND DECISION-MAKING**

- 2.1.1 Clause 5 of these rules applies equally to the meetings and decision making of the Audit Committee, provided that:
  - (a) meetings of the Audit Committee are attended by the Chief Financial Officer, 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**

- 3.1.1 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 also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.
- 3.1.2 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 Nominations 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 remuneration in the event of dismissal of a Managing Director does not exceed the annual salary (the 'fixed remuneration' component). Severance pay is not awarded if the agreement is terminated early at the initiative of the Managing Director, or in the event of seriously culpable or negligent behaviour on the part of the Managing Director.
- 1.1.3 The Nomination and Remuneration Committee submits a proposal to the Supervisory Board concerning the remuneration of each Managing Director. The proposal is drawn up according to the remuneration policy that has been established and in any event covers:
- (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
  - (b) the scenario analyses carried out in advance;
  - (c) the pay ratios within the Company and the Business;
  - (d) the development of the market price of the shares;
  - (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  - (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
  - (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share

options. Share options may not be exercised during the first three years after they have been awarded.

- 1.1.4 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 (g) of clause 1.1.3 of this Nomination and Remuneration Committee Charter.
- 1.1.5 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; and
  - (g) the drawing up of the Company's diversity policy for the composition of the Management Board and the Supervisory Board.

## **1.2 Composition**

- 1.2.1 The Supervisory Board determines the size of the Nomination and Remuneration Committee, but the Nomination and Remuneration Committee must consist of at least three members.
- 1.2.2 The Supervisory Board appoints the members of the Nomination and Remuneration Committee.

- 1.2.3 More than 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**

- 1.3.1 The Supervisory Board appoints one of its members as chairman of the Nomination and Remuneration Committee.
- 1.3.2 The Chairman or a former Managing Director may not serve as chairman of the Nomination and Remuneration Committee.

## **2 MEETINGS AND DECISION MAKING**

- 2.1.1 Clause 5 of these rules applies equally to the meetings and decision making of the Nomination and Remuneration Committee.

## **3 REPORT TO THE SUPERVISORY BOARD**

- 3.1.1 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.
- 3.1.2 The Nomination and Remuneration Committee describes, in a transparent manner, in addition to the matters required by law:
- (a) how the remuneration policy has been implemented in the past financial year;
  - (b) how the implementation of the remuneration policy contributes to long-term value creation;
  - (c) that scenario analyses have been taken into consideration;
  - (d) the pay ratios within the Company and the Business and, if applicable, any changes in these ratios in comparison with the previous financial year;
  - (e) in the event that a Managing Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which

the variable remuneration depends, and the relationship between the remuneration and performance; and

- (f) in the event that a current or former Managing Director receives a severance payment, the reason for this payment.

3.1.3 The main elements of the agreement of a Managing Director with the Company is published on the Company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the General Meeting where the appointment of the Managing Director will be proposed.