



**FrieslandCampina** nir  
nourishing by nature

# Executive Board and Executive Leadership Team Rules

Koninklijke FrieslandCampina N.V.

# Executive Board and Executive Leadership Team Rules

These rules (these '**Rules**') were amended and restated by the executive board (the '**Executive Board**') of Koninklijke FrieslandCampina N.V. (the '**Company**') on 16 November 2017 and were approved by the Company's supervisory board (the '**Supervisory Board**') on 1 December 2017. These Rules will be effective as per 1 January 2018.

## 1 Responsibilities of the Executive Board and the ELT

### General responsibilities

- 1.1 The Executive Board, consisting of at least the chief executive officer ('**CEO**') and the chief financial officer ('**CFO**'), is entrusted with the management of the Company. Certain presidents of business groups of the Company and the president of operating company China ('**Presidents**') and certain global functional directors ('**Global Functional Directors**') have been appointed to perform the day-to-day management of the Company together with the Executive Board. The members of the Executive Board, the Presidents and Global Functional Directors together constitute the executive leadership team ('**ELT**').
- 1.2 The members of the Executive Board shall be collectively responsible for the management of the Company, the continuity and the general conduct of the Company's business, and the business conduct in the group companies affiliated with the Company. The Executive Board must establish a position on the relevance of long-term value creation for the Company and its business and take into account the relevant stakeholder interest. The role of the Company is to act as 'strategic holding'. The Company and its group companies perform the business of Zuivelcoöperatie FrieslandCampina U.A. (the '**Cooperative**').
- 1.3 The members of the Executive Board shall allocate their duties by mutual agreement, subject to the Supervisory Board's prior approval. If a member of the Executive Board is absent, his duties and powers shall be exercised by a member designated by the Executive Board. In the case of a long-term absence, the Supervisory Board shall be informed of the designation.
- 1.4 Each member of the ELT shall be accountable and report to the Executive Board on the performance of his duties. Reporting to the Executive Board shall be on a regular basis and in such a manner as to give the Executive Board - also having regard to its collective responsibility - a good understanding of that performance.
- 1.5 Each member of the Executive Board shall be entitled to obtain information from other ELT members where he deems this useful or necessary, also having regard to his collective responsibility for the management of the Company. Each member of the Executive Board must consult with the other member(s) of the Executive Board if the implementation of his duties affects the implementation of their duties as members of the Executive Board or if the significance of the matter requires such consultation.
- 1.6 In carrying out its duties, the Executive Board and the ELT shall be guided by the Company's interests and its business. It shall take into account the relevant interests of all those involved in the Company (including the Company's shareholder). The Executive Board and the ELT are responsible for the quality of their own performance.

- 1.7 Notwithstanding the foregoing, the rights and obligations of the Executive Board under Dutch law, the Company's articles of association (the '**Articles of Association**') and the Dutch corporate governance code (the '**Code**') remain in full force and effect with respect to the Executive Board exclusively in such capacity. The Executive Board shall therefore remain accountable for the actions and decisions of the ELT and have ultimate responsibility for the Company's external reporting and reporting to the general meeting of shareholders, including providing the general meeting of shareholders with information.

### **Specific responsibilities**

- 1.8 The Executive Board is responsible for the strategic plan of the Company, aligning and prioritizing (strategic) initiatives, managing profit and loss, allocating main resources and financing and developing capabilities and leadership, as well as protecting and promoting the overall reputation of the Company, including but not limited to:

#### ***(Integrity of) results***

- (a) realisation of the Company's operational and financial objectives;
- (b) preparing the annual accounts and drawing up the annual budget and important capital investments of the Company;
- (c) maintaining and preparing the financial reporting process, which includes safeguarding the quality and completeness of the financial statements to be made public; publishing - by way of the annual report, the Company's website or otherwise - the Company's corporate governance structure, the Executive Board's explanation of its compliance with the Code, and any other information required by the Code;
- (d) safeguarding the quality and completeness of published financial statements;
- (e) ensuring that internal procedures are established and maintained which safeguard that all relevant information is known by the Executive Board and the Supervisory Board in a timely manner;

#### ***Strategy and risks***

- (f) determining the Company's strategy and the corresponding risk profile and risk appetite and managing the risks associated with the Company's strategy and activities;
- (g) ensuring that adequate internal risk management and control systems are in place, managing these systems and reporting on this in the annual report;

#### ***Culture and compliance***

- (h) adopting values for the Company and its affiliated enterprise that contribute to a culture focused on long-term value creation, discussing these values with the Supervisory Board, including these values in the code of conduct of the Company and encouraging behaviour in line with the code of conduct through leading by example;
- (i) monitoring the effectiveness and compliance with the code of conduct of the Company and informing the Supervisory Board on its findings and observations relating to the effectiveness of, and compliance with the code of conduct of the Company;
- (j) considering the social responsibility issues that are relevant to the Company;
- (k) complying with laws and regulations;
- (l) complying with the Code, maintaining the Company's corporate governance structure, and accounting for this;

**Internal auditor**

- (m) appointing and dismissing the senior internal auditor;
- (n) yearly assessing the performance of the internal audit function, taking into account the assessment of the audit committee of the Supervisory Board (the '**Audit Committee**');
- (o) approving the internal audit plan;

**External auditor**

- (p) ensuring that the draft external audit plan is discussed by the Executive Board before the external auditor presents it to the Audit Committee;
- (q) ensuring that the external auditor receives all necessary information to perform its work in a timely manner and providing the external auditor the opportunity to respond to such information;
- (r) rendering advice in connection with the nomination of the Company's external auditor; and
- (s) yearly reporting to the Supervisory Board on the developments in the relationship with the external auditor, in particular about his independence.

1.9 At the end of each financial year the Executive Board shall prepare and publish a report on its performance and activities during that financial year. This management report, which shall be included in the annual report, shall at least include the information required by law and by the Code and the Executive Board shall render account in this management report of:

- (a) the execution of the risk assessment, with a description of the main risks related to the Company's strategy and risk appetite, these risks may include strategic, operational, compliance and reporting risks;
- (b) the design and effectiveness of the internal risk management and control systems for the main risks during the financial year;
- (c) any major failings in the internal risk management and control systems which have been observed in the financial year, any significant changes made to these systems and any major improvements planned, and a confirmation that these issues have been discussed with the audit committee and the Supervisory Board; and
- (d) the sensitivity of the Company's results to material changes in external factors.

In addition, the Executive Board shall state in the management report in the annual report, that

- (i) the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- (ii) the systems mentioned in article 1.9 (b) of these Rules provide a reasonable assurance that the financial reporting does not contain any errors of material importance;
- (iii) based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- (iv) the report states those material risks and uncertainties which are relevant to the expectation of the Company's continuity for the period of twelve months after the publication of the report. The Executive Board shall provide clear substantiation of this.

- 1.10 The Executive Board shall submit to the Supervisory Board for its approval:
- (a) the operational and financial objectives of the Company;
  - (b) the strategy designed to achieve the objectives;
  - (c) the parameters to be applied in relation to the strategy, for example in respect of the financial ratios;
  - (d) the corporate social responsibility issues which are relevant to the enterprise;
  - (e) the appointment and dismissal of the senior internal auditor;
  - (f) the audit plan drawn up by the internal audit function;
  - (g) subjects where a Supervisory Board member has a conflict of interest with the Company as referred to in article 11 of the Supervisory Board rules and subjects where an ELT member has a conflict of interest with the Company as referred to in article 9 of these Rules; and
  - (h) all resolutions that are subject to approval pursuant to the law, the Articles of Association or other articles in these Rules.

The main elements of items (a), (b), (c) and (d) shall be mentioned in the annual report.

## 2 Composition, expertise and independence of the Executive Board

- 2.1 The Company is a large company in the meaning of article 2:154 Dutch Civil Code and the structure regime (structuurregime) is applicable to the Company. The members of the Executive Board are appointed by the Supervisory Board, with due observance of article 2:162 Dutch Civil Code. The Executive Board shall have at least two members. The Supervisory Board determines the number of members. Per 1 January 2018 the Executive Board consists of the following members:
- (i) a CEO, whose special duties and internal responsibilities are described in article 3.1 of these Rules; and
  - (ii) a CFO, whose special duties and internal responsibilities concern the financial matters of the Company.
- 2.2 The Executive Board may divide the tasks among the members of the Executive Board. The division of tasks requires the approval of the Supervisory Board.
- 2.3 In carrying out its duties, the Executive Board shall be independent from instructions of third parties outside the Company.

## 3 CEO

- 3.1 In addition to the coordination of the policy of the Executive Board and the ELT, the CEO shall also be responsible for:
- (a) ensuring that the Executive Board and the ELT are functioning effectively;
  - (b) ensuring that the budgets and policy plans are drawn up in a timely manner;
  - (c) supporting the other member(s) of the Executive Board and the ELT and mediating in any differences of opinion between those members;
  - (d) ensuring that there is ample time for consultation, discussion, and the other aspects of preparing resolutions at - and reporting of - the meetings of the Executive Board and the ELT, and supervising the implementation of resolutions of the Executive Board and the ELT;

- (e) dividing the tasks of the members of the ELT;
- (f) drawing up the draft annual accounts and corresponding annual report and the six-monthly and quarterly figures, and sending these documents to the Supervisory Board;
- (g) chairing the meetings of the Executive Board and the ELT;
- (h) ensuring that information to the members of the Executive Board and the ELT and its individual members, as necessary for the proper fulfilment of their duties, is submitted in a timely and adequate manner;
- (i) maintaining intensive and frequent contacts with the Supervisory Board and in particular the chairman of the Supervisory Board;
- (j) ensuring that information is submitted in a timely and adequate manner to the members of the Supervisory Board and its individual members, as necessary for the proper fulfilment of their duties;
- (k) cooperating in the annual assessment of the performance the Executive Board and the ELT and their members by the Supervisory Board;
- (l) representing the Company internally and externally; and
- (m) inform the Supervisory Board at least annually on the performance of the ELT, the Presidents and the Global Functional Directors.

## 4 Appointment, term and resignation members of ELT

- 4.1 Members of the Executive Board shall be appointed, suspended and dismissed by the Supervisory Board, at the proposal of the Remuneration and Appointment Committee of the Supervisory Board ('**RemCo**'), taking in consideration the Articles of Association.
- 4.2 The CEO determines the number of members of the ELT subject to the approval of the Supervisory Board. Each of the Presidents and the Global Functional Directors of the ELT shall be appointed, suspended, released from their duties as member of the ELT and dismissed by the Executive Board, subject to approval by the Supervisory Board and after consultation of the RemCo.
- 4.3 Members of the Executive Board shall be appointed for a maximum period of four years and other members of the ELT shall be appointed for an indefinite term. Members of the Executive Board may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives referred to in article 5 of these Rules should be considered in the preparation of the appointment or reappointment of members of the ELT. Management positions at group companies of the Company fulfilled by members of the Executive Board or other members of the ELT shall be deemed to arise from their position as member of the Executive Board or ELT and accordingly shall be subject to the provisions of these Rules, e.g. their respective appointment term as mentioned in the first sentence of this article shall also be applicable to these management positions.
- 4.4 A member of the Executive Board must report any other position they may have to the Supervisory Board in advance. He must acquire approval from the CEO and subsequently the Supervisory Board before putting himself forward as a candidate for any position at a non-group entity ('*nevenfunctie*') for which he will receive remuneration and for a position as supervisory board director or non-executive director of another company. Each Executive Board member will submit a list of all

positions held at non-group companies (both with and without remuneration) to the Supervisory Board on an annual basis. Such position must not be in conflict with the Company's interests.

- 4.5 A member of the Executive Board may not be a member of the supervisory board of more than one Dutch listed company or other large legal entity as defined in article 2:397 Dutch Civil Code ('**Large Entity**') that does not form part of the Company's group. Nor may a member of the Executive Board be the chairman of the supervisory board, the supervisory body established by the articles of association, or, in the case of a one-tier board, the board of a listed company or a Large Entity. Supervisory positions held in foreign (i.e. non Dutch) entities will not be taken into account when determining whether a director has reached the permitted maximum.

## 5 Diversity policy for the Executive Board and the ELT

- 5.1 The Company's diversity policy for the Executive Board and the ELT is set out in this article 5. The diversity policy will be taken into account in the decision-making on the composition of the Executive Board and the ELT.
- 5.2 The goal of the diversity policy is to create a balanced composition of the Executive Board and the ELT, where a combination of experience, background, expertise, nationality, age and independence creates the best possible conditions for the members of the Executive Board and the ELT to fulfill their task and responsibilities towards the Company and its stakeholders.
- 5.3 Apart from a balanced composition of the Executive Board and the ELT in general, a balanced male-female participation in the Executive Board and in the ELT is envisaged, with a goal to have at least 30% male and at least 30% female members of each of the Executive Board and the ELT.
- 5.4 In case the balanced composition of male and female members of the Executive Board or of the ELT in any year is not compliant with the requirement by law or the requirements as mentioned in these Rules, then an explanation will be included in the annual report and Supervisory Board report therein, as to (i) why the composition is not balanced, (ii) how the Company has tried to come to a balanced composition, and (iii) how the Company envisages to achieve a balanced composition in the future.

## 6 Remuneration members of the ELT

- 6.1 The remuneration of the members of the Executive Board shall be determined by the Supervisory Board on proposal of the RemCo in accordance with the remuneration policy ('**Remuneration Policy**') for the ELT as adopted by the general meeting of shareholders (the '**General Meeting**') and approved by the Supervisory Board after consultation of the RemCo. The remuneration of the Global Functional Directors and the Presidents shall be determined by the Executive Board, in accordance with the Remuneration Policy. To the extent that the remuneration of a President or Global Functional Director deviates from the Remuneration Policy, approval from the RemCo will be required. The Executive Board annually discusses the remuneration of the Presidents and the Global Functional Directors with the Supervisory Board.

- 6.2 The Company shall not grant to members of the ELT any personal loans, guarantees or similar facilities, unless this is done in the normal course of business, on terms applicable to all employees, and with the Supervisory Board's approval. Loans shall not be waived.
- 6.3 Fairness test
- If a variable remuneration component conditionally awarded to an Executive Board member in a previous financial year were, in the Supervisory Board's opinion, to produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board shall have the power to adjust the value downwards or upwards.
- If a variable remuneration component conditionally awarded to a President of a Global Functional Director in a previous financial year were, in the Executive Board's opinion, to produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Executive Board shall have the power to adjust the value downwards or upwards.
- 6.4 Claw-back
- If variable remuneration has been awarded to an Executive Board member on the basis of incorrect financial or other data, the Supervisory Board shall have the power to recover that remuneration from the Executive Board member.
- If variable remuneration has been awarded to a President or a Global Functional Director on the basis of incorrect financial or other data, the Executive Board shall have the power to recover that remuneration from the President or the Global Functional Director.

## 7 Executive Board and ELT meetings

- 7.1 Executive Board meetings shall be held whenever one or more of its members has requested a meeting. ELT meetings shall be held whenever the CEO convenes a meeting. Executive Board meetings and ELT meetings shall be convened in a timely manner by the CEO. In case the position of the CEO is vacant (ontstentenis) or if the CEO is unable to act (belet), Executive Board meetings and ELT meetings may be convened by any member of the Executive Board.
- 7.2 Each member of the Executive Board must be granted the opportunity to participate in the consultations of the Executive Board, and each member of the ELT must be granted the opportunity to participate in the consultations of the ELT. Executive Board meetings and ELT meetings shall generally be held at the offices of the Company, but may also take place elsewhere. In addition, meetings may be held by telephone, videoconference or other electronic communication, provided that all participants can participate in the meeting.
- 7.3 The CEO, or the CFO in his absence, shall chair the Executive Board meetings and the ELT meetings.
- 7.4 The CEO shall set the agenda for each meeting of the Executive Board and the ELT. Every other member of the Executive Board, respectively every member of the ELT, may request the CEO to include agenda items on the agenda of the Executive Board meeting respectively ELT meeting.

An item to be discussed which has not been submitted on time or is insufficiently supported by documents, shall not be placed on the agenda.

- 7.5 At the request of any member of the Executive Board respectively ELT, urgent matters may be dealt with immediately or at an extra meeting of the Executive Board respectively ELT, provided that the majority of the other members agree.
- 7.6 The members of the Executive Board and the ELT must attend the Executive Board meetings, respectively ELT meetings. If they are unable to attend and the minutes of the meeting require an explanation, the chairman of the meeting shall inform them of the resolutions passed and discussions held at the meeting.

## 8 Resolutions

- 8.1 Each member of the Executive Board is entitled to cast one vote in Executive Board meetings. The Executive Board may adopt resolutions by absolute majority, unless otherwise determined by the Articles of Association or these Rules. If and so long as the Executive Board consists of two members, the Executive Board may adopt resolutions by unanimous vote. Each member of the ELT is entitled to cast one vote in ELT meetings. The ELT may adopt resolutions by absolute majority, such majority comprising the vote of the CEO and the CFO. In a tie, the CEO has the casting vote.
- 8.2 The Executive Board may only validly adopt resolutions at Executive Board meetings at which at least the majority of the members is present or represented. If and so long as the Executive Board consists of two members, the Executive Board may only adopt valid resolutions meetings at which both members are present or represented. The ELT may only adopt resolutions at meetings at which at least half of the members of the ELT are present or represented and among whom are the CEO and the CFO.
- 8.3 The Executive Board and the ELT may also adopt resolutions outside a meeting, provided such resolutions are adopted in writing or in a reproducible manner by electronic means of communication (including email) and all members of the Executive Board respectively ELT entitled to vote have consented to adopting the resolution outside a meeting. Each member of the Executive Board and each member of the ELT is authorized to grant another member of the Executive Board respectively the ELT a power of attorney in writing to vote on his behalf concerning a specific and foreseeable situation and to speak on his behalf concerning those subjects.
- 8.4 Resolutions validly adopted by the ELT in accordance with these Rules shall be deemed resolutions of the Executive Board. The Executive Board retains the authority, at all times, and in all circumstances, to adopt resolutions without the participation of the other members of the ELT.
- 8.5 The CEO has a casting vote in the Executive Board with regard to matters which in the opinion of the CEO conflict with the justified interest of the Company. Matters where the casting vote has been used, will be reported to the chairman of the Supervisory Board as soon as reasonably practicable.

- 8.6 If there is insufficient agreement on certain matters during an Executive Board meeting or an ELT meeting, the CEO may defer these matters for further discussion.
- 8.7 The Executive Board is assisted by the company secretary ('**Company Secretary**'), who is appointed by the Executive Board upon approval of the Supervisory Board. The Company Secretary can be removed from his office by the Executive Board after the approval of the Supervisory Board. All members of the Executive Board have access to advice of and services granted by the Company Secretary. The Company Secretary assists the CEO with the organization of matters concerning the Executive Board, such as e.g. the preparation of meetings, minutes of meetings and resolution statements and the providing of information. The Company Secretary is, as such, secretary of the Executive Board. The Company Secretary may delegate all or part of his tasks to a deputy secretary, subject to approval of the CEO.
- 8.8 The Company Secretary or a deputy secretary of the Company prepares minutes or resolution statements of Executive Board meetings and ELT meetings, which minutes and resolution statements evidence resolutions adopted. Resolution statements and minutes of the Executive Board meetings and of the ELT meetings shall either be adopted in the next meeting or these shall be adopted by the (deputy) Company Secretary and the chairman of the particular meeting.
- 8.9 Supervisory Board approval shall be required for all resolutions or proposals of the Executive Board as referred to in the following articles of the Articles of Association: articles 3 section 4 (granting security), 4 section 1 (issue of shares), 5 section 3 (payment on shares in foreign currency), 6 section 3 (limitation/excluding pre-emptive rights), 7 section 2 (disposal of treasury shares), 13 sections 1 (division duties members Executive Board) and 5 (list of resolutions Executive Board), 27 sections 1 (reservation policy) and 2 (distributions out of reserves), 29 sections 1 (date payment dividend), 3 (distributions other than in cash), 4 (distribution reserves) and 6 (interim distribution) and 30 section 1 (amendment of Articles of Association) of the Articles of Association. Approval of the General Meeting shall be required for resolutions as referred to in article 13 section 5 (list of resolutions) of the Articles of Association.
- 8.10 The Executive Board shall communicate adopted resolutions in a uniform way.

## 9 Conflict of interest

- 9.1 Any conflict of interest between the Company and each member of the ELT should be prevented. Each member of the ELT must be alert to conflicts of interest and may not:
- (a) enter into competition with the Company;
  - (b) demand or accept (substantial) gifts from the Company for himself or for his 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 to the detriment of the Company; and
  - (d) take advantage of business opportunities to which the Company is entitled for himself or his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

- 9.2 A member of the ELT shall not participate in the discussions and have no voting rights on a subject or transaction in relation to which he has a conflict of interest with the Company within the meaning of article 9.3 of these Rules or in relation to which he/she has a direct or indirect personal interest that conflicts with the interests of the Company (**'Conflict of Interest'**). A transaction as referred to above must be concluded on terms at least customary in the sector concerned. Decisions to enter into transactions in which there are Conflicts of Interest with members of the ELT that are of material significance to the Company and/or to the relevant ELT member must be approved by the Supervisory Board. If the Executive Board or the ELT is unable to adopt a resolution as a result of this, the resolution shall be adopted by the Supervisory Board.
- 9.3 A member of the ELT shall in any event have a potential Conflict of Interest if:
- (a) he has a material personal financial interest in an entity that the Company intends to enter into a transaction with;
  - (b) he has a family law relationship of a member of the management board or supervisory board of an entity that the Company intends to enter into a transaction with;
  - (c) he holds a management or supervisory position in an entity that the Company intends to enter into a transaction with;
  - (d) such a conflict of interest exists or is deemed to exist under applicable law; and
  - (e) the chairman of the Supervisory Board has ruled that such conflict of interest exists or is deemed to exist.
- 9.4 Each member of the ELT shall immediately report any (potential) Conflict of Interest to the chairman of the Supervisory Board and to the other members of the ELT. Each member of the ELT with a (potential) Conflict of Interest must provide all information relevant thereto to the chairman of the Supervisory Board and the other members of the ELT, including the information concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. In all circumstances other than those listed in article 9.3 subparagraphs (d) and (e) the chairman of the Supervisory Board shall determine whether a reported (potential) conflict of interest qualifies as a Conflict of Interest to which article 9.2 applies, without the relevant ELT member being present.
- 9.5 The chairman of the Supervisory Board shall ensure that transactions as referred to in this article 9 are mentioned in the Executive Board's annual report, specifying the Conflict of Interest and stating that articles 9.2 and 9.4 of these Rules have been complied with.

## 10 Complaints, notification of irregularities

- 10.1 The Executive Board shall ensure that complaints received by the Company with regard to the financial reporting, the internal risk management and control systems and the internal and external audit are recorded and dealt with.
- 10.2 The Executive Board should inform the chairman of the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its affiliated enterprise.

- 10.3 The Executive Board shall ensure that employees of the Company have the opportunity, without jeopardising their legal position, to report indications of actual or suspected misconduct or irregularities within the Company of a general, operational and financial nature to the CEO or to an officer designated by him, or, if it concerns members of the Executive Board, to the chairman of the Supervisory Board. If a report concerns a member of the Executive Board, such report will be handled and investigated by the Audit Committee and the Audit Committee will render its advice to the Supervisory Board, who will in its turn issue a binding advice to the integrity committee of the Company of which no deviation is possible.

## 11 Information, relationship with the Supervisory Board

- 11.1 The Executive Board shall perform its duties under the supervision of the Supervisory Board and shall render account for its performance to the Supervisory Board.
- 11.2 The Executive Board shall provide the Supervisory Board with timely, and where possible, written information on all facts and developments concerning the Company which the Supervisory Board may need to carry out its duties.

## 12 Corporate Governance

- 12.1 The Executive Board and the Supervisory Board shall be responsible for the corporate governance structure of the Company and shall render account for the structure and explain any deviations from the Code in the corporate governance report included in the annual report or on the website of the Company. The corporate governance report shall also specify where the best practice provisions of the Code were followed. If best practice provisions have been deviated from, the corporate governance report shall specify to what extent, for what reason and, if such deviation is of a temporary nature and continues for more than one financial year, an indication of when the Company intends to comply with the principle or the best practice provision again. Furthermore, where applicable, a description will be included of the alternative measure that was taken and either an explanation of how that measure attains the purpose of the principle or the best practice provision or a clarification of how the measure contributes to good corporate governance of the company.
- 12.2 Each significant change in the Company's corporate governance structure or compliance with the Code shall be addressed in a separate item on the agenda for consideration by the Supervisory Board and subsequently by the General Meeting.

## 13 Confidentiality

Each member of the ELT shall treat all information and documentation obtained in connection with his position as member of the Executive Board and/or as member of the ELT with the necessary discretion, integrity, and, in the case of classified information, with the appropriate confidentiality. Members and former members of the Executive Board and of the ELT shall refrain from disclosing confidential information outside the Executive Board, the ELT or the Supervisory Board, or making it public, or

otherwise making it available to third parties, unless the information has been made public by the Company or it has been established that the information is already in the public domain.

## 14 Status and contents of these Rules

- 14.1 These Rules are issued pursuant to article 13, paragraph 1 of the Company's Articles of Association and complement any rules and regulations that apply from time to time to the Executive Board under Dutch law or the Articles of Association.
- 14.2 Where in these Rules the male form is used, this should also be read as female form, and vice versa.
- 14.3 Where these Rules are inconsistent with the Articles of Association or Dutch law, the Articles of Association and Dutch law shall prevail. Where these Rules conform to the Articles of Association but are inconsistent with Dutch law, Dutch law shall prevail. If one or more provisions of these Rules are or become invalid, this shall not affect the validity of the remaining provisions. The Executive Board shall replace the invalid provisions with valid provisions. Where possible, the effect of those valid provisions shall be, given the content and purpose of these Rules, similar to those of the invalid provisions. In case of a lack of clarity or a difference of opinion about the meaning of any provision in these Rules, the CEO has a decisive judgment.
- 14.4 These Rules have been drawn up taking into account the Code as adopted by the Corporate Governance Code Monitoring Committee on 8 December 2016.
- 14.5 These Rules are published on the Company's website and can be downloaded on the Company's website as per 1 January 2018.

## 15 Decision to render Rules inoperative, amendment

- 15.1 Without prejudice to the provisions of article 14.3 of these Rules, the Executive Board may, with the Supervisory Board's approval, occasionally resolve at its sole discretion not to comply with these Rules.
- 15.2 Without prejudice to the provisions of article 14.3 of these Rules, these Rules may be amended by a resolution of the Executive Board subject to the Supervisory Board's prior approval. Such resolutions shall be mentioned in the Executive Board's annual report.

## 16 Governing law and jurisdiction

These Rules shall be governed by and construed in accordance with the law of the Netherlands.