



FrieslandCampina nir
nourishing by nature

Supervisory Board Rules

Koninklijke FrieslandCampina N.V.

1 January 2018

Supervisory Board Rules

These rules (the '**Rules**') were adopted by the supervisory board (the '**Supervisory Board**') of Koninklijke FrieslandCampina N.V. (the '**Company**') on 1 December 2017 and will be effective as of 1 January 2018.

Article 1

Responsibilities

General responsibilities

- 1.1 The Supervisory Board is charged with supervising the management of the Company by the executive board (the '**Executive Board**') and the general state of affairs and policies regarding the Company and its associated business, and with supporting the Executive Board with advice. On implementing its duties, the Supervisory Board acts in the interest of the Company and its associated business. To that end the Supervisory Board shall take into account the relevant interests of all those involved in the Company, including the shareholder. The Supervisory Board shall also take account of social aspects that are relevant to the Company. The Supervisory Board itself is responsible for the quality of its performance.
- 1.2 The responsibilities of the Supervisory Board include supervising how the Executive Board determines its position on the long-term value creation strategy of the Company and how the Executive 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 the Supervisory Board monitors its implementation.
- 1.3 The responsibilities of the Supervisory Board with respect to the Executive Board also include the following:
 - (a) to supervise, monitor and advise the Executive Board on:
 - (i) achieving the operational and financial objectives of the Company,
 - (ii) the strategy and risks associated with the business operations,
 - (iii) the design and operation of the internal risk management and audit systems,
 - (iv) the financial reporting process,
 - (v) the financing of the Company,
 - (vi) the application of information and communication technology,
 - (vii) the compliance with legislation, regulations and provisions from the articles of association ('**Articles of Association**') of the Company, and
 - (viii) the corporate social responsibility aspects that are relevant to the Company;
 - (b) to ensure that the Executive Board adopts a code of conduct, to supervise the effectiveness of, compliance with and enforcement of the code of conduct;
 - (c) to supervise the corporate governance structure of the Company; and
 - (d) to supervise the decision-making process in accordance with the Articles of Association and the corporate governance of the Company.

Other responsibilities

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

- (a) to draw up the Company's *diversity policy* for the composition of the Executive Board and executive leadership team ('**ELT**') and the Supervisory Board;
- (b) to *select and appoint* the Executive Board members and to approve proposals from the Executive Board for the appointment of other members of the Executive Leadership Team ('**ELT**'), being the presidents of the business groups of the Company and the president of operating company China who have been appointed as member of the ELT ('**Presidents**') and certain global functional directors who have been appointed as member of the ELT ('**Global Functional Directors**');
- (c) to approve proposals regarding the *remuneration policy* ('**Remuneration Policy**') for Executive Board members and all other ELT members, which Remuneration Policy is to be adopted by the general meeting of shareholders of the Company ('**General Meeting**');
- (d) to adopt the *remuneration* with due regard to the Remuneration Policy of the Executive Board members;
- (e) to annually discuss with the Executive Board the *remuneration* of the Presidents and the Global Functional Directors;
- (f) to *select and appoint* the Supervisory Board members, to make proposals for the remuneration of the Supervisory Board as provided in article 6 of these Rules and to annually render account for the remuneration of the Supervisory Board members to the members' council of Zuivelcoöperatie FrieslandCampina U.A. (the '**Cooperative**');
- (g) to *evaluate the performance* of the corporate bodies of the Company and the individuals as referred to in article 7 of these Rules;
- (h) to deal with and decide on reported potential *conflicts of interest*, as referred to in article 11 of these Rules;
- (i) to review and *resolve* matters that require approval of the Supervisory Board pursuant to the law, the Articles of Association or these Rules;
- (j) to select and nominate the Company's *external auditor* for appointment by the General Meeting;
- (k) to *evaluate the performance* of the external auditor and to inform the *external auditor* on the outcome of the performance evaluation and to maintain regular contact with the external auditor.
- (l) to approve the *terms of engagement* of the external auditor, based on a proposal by the Audit Committee, in which the scope of the audit, the materiality to be used and remuneration for the audit are taken into account as well as material points of discussion between the external auditor and the Executive Board about the draft management letter or the draft audit report ;
- (m) to oversee the *internal audit function*, to approve the annual internal audit plan and to approve the appointment and dismissal of the senior internal auditor by the Executive Board, following a recommendation thereto by the Audit Committee;
- (n) to sign the *annual accounts* of the Company as proof of consent and to approve the annual budget and important capital investments of the Company, insofar as necessary pursuant to the Articles of Association.

- 1.5 The Supervisory Board shall draw up a report on the performance and the activities of the Supervisory Board and its committees over the past financial year. The report shall be included in the annual report of the Company and shall include the following information:
- (a) how the Supervisory Board was involved in the establishment of the long-term value creation strategy and the way it monitors its implementation;
 - (b) details regarding each Supervisory Board member on: (i) principal position, (ii) ancillary positions, insofar as they are relevant to the performance of the duties of a Supervisory Board member, (iii) date of initial appointment, (iv) current term of office, (v) gender, (vi) age, (vii) nationality (viii) any membership of committees of the Supervisory Board and (ix) rate of absenteeism of Supervisory Board meetings and committee meetings;
 - (c) whether in the opinion of the Supervisory Board the provisions in the Profile (as defined in article 2.1 of these Rules) regarding independence are met;
 - (d) how the evaluation of the Supervisory Board, the various committees, the individual Supervisory Board members, the Executive Board and the individual Executive Board members has been carried out and what has been done or will be done with the conclusions from these evaluations.
- 1.6 The Supervisory Board and each individual Supervisory Board member have a responsibility to obtain the *information* from the Executive Board, the internal audit function, the external auditor and the central works council ('**Central Works Council**') that the Supervisory Board needs in order to properly carry out its duties. If the Supervisory Board considers this necessary, it can obtain information from officers and external advisers of the Company. The Executive Board shall make the necessary resources available.

Article 2

Composition

- 2.1 The composition of the Supervisory Board shall be as described in the profile it shall prepare ('**Profile**'). This Profile is an integral part of the agreement with the Central Works Council. The current Profile of the Supervisory Board has been included in Appendix A to these Rules.
- 2.2 The composition of the Supervisory Board should take account of the following requirements:
- (a) each of the Supervisory Board members should have the specific expertise required for the fulfilment of his duties and should be capable of assessing the broad outline of the overall management;
 - (b) each of the external Supervisory Board members shall be independent as referred to in article 2.4. of the Profile and must fit the requirements as referred to in article 2.5 of the Profile;
 - (c) at least one of the Supervisory Board members shall be a 'financial expert' as referred to in article 2.5.2 of the Profile;
 - (d) none of the Supervisory Board members may hold more than five supervisory board memberships or supervisory positions in Dutch listed companies or other large legal entities

- as defined in article 2:397 Dutch Civil Code, including the Company, whereby a chairmanship counts double; and
- (e) the Chairman may not be a former Executive Board member of the Company.

- 2.3 Each Supervisory Board member informs the Supervisory Board before accepting positions outside the Company. Positions of Supervisory Board members and Executive Board members outside the Company will be discussed by the Supervisory Board at least annually.

Article 3

Chairman, Vice-Chairman and Company Secretary

- 3.1 The Supervisory Board shall elect a chairman ('**Chairman**') and a vice-chairman ('**Vice-Chairman**') from its members. The Chairman and the Vice-Chairman together form the day-to-day management (*dagelijks bestuur*) of the Supervisory Board.
- 3.2 The Chairman sets the agenda and chairs the meetings of the Supervisory Board.
- 3.3 The Chairman should in any case ensure that:
- (a) the Supervisory Board has proper contact with the Executive Board, the Central Works Council and the General Meeting and that he will regularly consult the chief executive officer of the Company;
 - (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 Board members 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 functioning of individual Executive Board members and Supervisory Board members is assessed at least annually;
 - (g) the Supervisory Board members and Executive Board members follow their induction-, education- or training program;
 - (h) the Executive Board gives proper attention to Company culture; and
 - (i) any (suspicion of) material misconduct and irregularities are reported to the Supervisory Board without delay.
- 3.4 The Vice-Chairman replaces the Chairman in the event that the position of Chairman is vacant (*ontstentenis*) or if the Chairman is unable to act (*belet*).
- 3.5 Subject to the Supervisory Board's approval, the Executive Board appoints and dismisses the secretary of the company ('**Company Secretary**'). The Supervisory Board may recommend the appointment or dismissal of the Company Secretary to the Executive Board. The Company Secretary may delegate all or part of his tasks to a deputy secretary, subject to approval of the Chairman.
- 3.6 The Supervisory Board is supported by the Company Secretary.

The Company Secretary:

- (a) ensures that the proper procedures are followed and that the statutory obligations and obligations under the Articles of Association are complied with;
 - (b) facilitates the provision of information of the Supervisory Board; and
 - (c) supports the Chairman in the organization of the affairs of the Supervisory Board, meeting agendas, evaluations and training programs.
- 3.7 If the Company Secretary also undertakes work for the Executive Board and notes that the interests of the Executive Board and the Supervisory Board diverge, as a result of which it is unclear which interests the Company Secretary should represent, the Company Secretary should report this to the Chairman.

Article 4

Supervisory Board committees

- 4.1 The Supervisory Board may assign certain tasks to one or more permanent or ad hoc committees and is advised on specific duties by the Audit Committee and the Remuneration- and Appointment Committee ('**RemCo**'). The task of the Audit Committee and the RemCo is to prepare the decision-making of the Supervisory Board. The full Supervisory Board remains responsible for a resolution, even when this was prepared by the Audit Committee or the RemCo.
- 4.2 The Supervisory Board prepares rules for the Audit Committee and the RemCo. The current versions of these rules are included in appendices B, respectively C. The composition of the Audit Committee and the RemCo, the number of committee meetings and the most important topics on the agenda shall be included in the report from the Supervisory Board. If the Audit Committee or the RemCo no longer exists, the provisions included in their respective Rules shall apply to the Supervisory Board itself.
- 4.3 The Supervisory Board ensures that the Audit Committee and the RemCo inform the Supervisory Board of their deliberations and findings and receives regular reports from the Audit Committee and the RemCo.

Article 5

Appointment, reappointment, term of office and retirement

- 5.1 The Supervisory Board members are appointed and re-appointed in the manner foreseen by law, the Articles of Association and the Profile. On reappointment, the manner in which the candidate fulfilled his duties as a Supervisory Board member shall be taken into account.
- 5.2 The external Supervisory Board members may be appointed for two consecutive terms of four years. After the eighth year in office, reappointment may take place for a term of two years, which

appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, an explanation should be given in the report of the supervisory board.

- 5.3 The internal Supervisory Board members may be appointed for three consecutive terms of four years. The Chairman who completes his third term in office in the position of Chairman, may be reappointed once more for a term of four years.
- 5.4 The Supervisory Board prepares a rotation schedule. Without prejudice to the provisions of article 5.2 and 5.3 of these Rules, Supervisory Board members shall retire in accordance with the rotation schedule.
- 5.5 Supervisory Board members shall retire prematurely in the event of unsatisfactory performance, structural conflicts of interest with the Company or when this is otherwise required in the opinion of the Supervisory Board.
- 5.6 Supervisory Board members, who provide temporary management of the Company in the event of absence or inability to act of all Executive Board members pursuant to article 11.4 of the Articles of Association of the Company, shall retire temporarily from the Supervisory Board in order to take on the executive duties.

Article 6

Remuneration

- 6.1 From time to time, the Supervisory Board shall submit a proposal to the General Meeting regarding the remuneration of the Supervisory Board members. The remuneration shall include fixed remuneration as well as expenses that are reasonably incurred and shall reflect time spent and responsibilities of the role. The remuneration of the Supervisory Board members does not depend on the results of the Company.
- 6.2 While drafting a proposal for its remuneration, it is considered that none of the Supervisory Board members may accept personal loans, guarantees, et cetera (not including the insurance referred to in article 6.3 of these Rules), from the Company, other than in relation to the ordinary course of his dairy farming business, if applicable, and following approval from the Supervisory Board. Loans may not be waived.
- 6.3 For the benefit of the Supervisory Board members, the Company shall conclude a liability insurance to cover costs (including solicitors' fees, fines, settlements, et cetera) they incurred in connection with civil law, criminal law, or administrative law proceedings in which they are involved in relation to their Supervisory Board membership.

Article 7

Evaluation

- 7.1 The Supervisory Board regularly, and at least annually, evaluates the performance of the Executive Board and the individual Executive Board members. The Supervisory Board discusses the conclusions of the evaluation, including the succession of the Executive Board members. The evaluation takes place without the Executive Board members being present. The Supervisory Board shall also, at least annually, be informed by the CEO on the performance of the other ELT members and be informed by the RemCo on the main conclusions of the discussions held by the RemCo with the other ELT members on progress (*voortgangsgesprekken*).
- 7.2 The Supervisory Board regularly, and at least annually, evaluates its own and the Supervisory Board members' individual performance without any Executive Board members being present. The performance of the committees of the Supervisory Board is evaluated as well. The Supervisory Board discusses the conclusions of the evaluation and pays attention to:
- (a) substantive aspects of the performance, the interaction within the Supervisory Board or committee, and the interaction with the Executive Board;
 - (b) events that occurred and from which lessons can be learned;
 - (c) possible changes to the desired profile, composition, competencies and expertise of the Supervisory Board; and
 - (d) implications for the induction, education and training.
- 7.3 The Chairman is the main contact for individual Supervisory Board members and Executive Board members on behalf of the Supervisory Board regarding the performance of Supervisory Board members other than the Chairman. The Vice-Chairman is the main contact regarding the performance of the Chairman.
- 7.4 A Supervisory Board member shall retire early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the Supervisory Board deems this necessary.

Article 8

Induction programme

After their appointment, each Supervisory Board member shall attend an induction program geared to their role and devised and financed by the Company, that deals in any case with:

- (a) general financial, social and legal matters;
- (b) financial reporting by the Company;
- (c) the Company culture and the relationship with the Central Works Council; and
- (d) the responsibilities of the Supervisory Board members.

Article 9

Meetings

- 9.1 The Supervisory Board shall meet at least four times a year and in addition thereto as often as one or more members deem necessary. In principle, the meetings shall be held at the offices of the Company but meetings may be held elsewhere. Meetings can also take place by means of telephone, videoconference or electronic communication, provided all participants can participate in the meeting.
- 9.2 Supervisory Board members are required to attend Supervisory Board meetings and the meetings of the committees of which they are a member. The Chairman shall discuss frequent absence with the relevant Supervisory Board member.
- 9.3 Unless the Supervisory Board decides otherwise, the meetings of the Supervisory Board shall be attended by one or more members of the Executive Board, except for internal meetings (*'Intern Beraad'*) which deal inter alia with:
- (a) the performance appraisal of the Executive Board and its individual members and the conclusions that must be drawn;
 - (b) the performance appraisal of the Supervisory Board and its individual members and the conclusions that must be drawn;
 - (c) the required profile, composition and competence of the Supervisory Board; and
 - (d) the potential conflicts of interests of the ELT members and Supervisory Board members, as referred to in article 11.
- 9.4 The external auditor of the Company shall attend every meeting of the Supervisory Board that deals with the audit of the annual accounts and their adoption. The external auditor receives the financial information that forms the basis for the adoption of the quarterly or six-monthly figures and other interim reports and is given the opportunity to respond to all the information.
- 9.5 Meetings shall be convened by the Company Secretary. Insofar as possible, the notice and the agenda items shall be provided to the Supervisory Board members and the attending Executive Board members seven days before the start of the meeting.
- 9.6 The Chairman sets the agenda for each meeting of the Supervisory Board. Recurring agenda items shall be the budget and the financial results of the Company, important decisions that require the Supervisory Board to act, the strategy of the Company and amendments thereto (e.g. the long-term strategy, capital investments outside the budget of the Company, capital structures for the long term, important acquisitions and divestments) and reports from the committees of the Supervisory Board. The Supervisory Board shall discuss on an annual basis the budget for the coming year as provided by the Executive Board, a recent version of the Executive Board's position on the long-term value creation strategy of the company, planned implementation thereof and the principal risks associated with it, the general and financial risks, the internal risk management and control framework of the Company and compliance with all the relevant legislation and rules.

- 9.7 The meeting shall be chaired by the Chairman and in his absence by the Vice-Chairman. If both the Chairman and the Vice-Chairman are not present at a meeting and the Chairman has not appointed another Supervisory Board member as chairman of that meeting, the Supervisory Board members present at the meeting will appoint one of them to chair that meeting.
- 9.8 The Company Secretary shall prepare minutes and resolution statements of Supervisory Board meetings, which minutes and resolution statements evidence resolutions adopted. Resolution statements and minutes of the Supervisory Board meetings shall either be adopted in the next meeting or by the Company Secretary and the chairman of the particular meeting. Extracts of adopted minutes may be signed and issued by the (Vice-) Chairman and the Company Secretary.
- 9.9 Members of the ELT will attend Supervisory Board meetings when invited to do so by the chief executive officer of the Company, in consultation with and subject to the approval of the Chairman. At least once a year a joint meeting of the ELT and the Supervisory Board will be held, where e.g. the strategy or the budget of the Company will be discussed. The Supervisory Board may require officers and external advisers of the Company to attend its meetings.

Article 10

Resolutions

- 10.1 The Supervisory Board can only pass lawful resolutions if the majority of the Supervisory Board members entitled to vote is present or represented in a meeting. Supervisory Board members who have a conflict of interest, as referred to in article 11, are not taken into account to calculate this quorum and do not take part in the decision-making.
- 10.2 The Supervisory Board may also pass resolutions without convening a meeting, provided the topic in question has been brought to the attention of all Supervisory Board members, each of them consented to adopting the resolutions in this manner and each of them participated in the decision-making. A resolution that has been passed in such a manner is recorded in writing, by fax or email and reflects any written responses that were received. Resolutions are recorded in the register of minutes of the Supervisory Board that is maintained by the Company Secretary.
- 10.3 Without prejudice to the provisions of article 10.1, the Supervisory Board may pass lawful resolutions with an absolute majority of votes. If votes are tied, the General Meeting decides. If there is insufficient agreement on a proposed resolution during the meeting, the Chairman may defer the proposal for further discussion or withdraw the proposal.

Article 11

Conflict of Interest

- 11.1 Any conflict of interest between the Company and Supervisory Board members should be prevented. Supervisory Board members should be alert to conflicts of interest and should in any case refrain from the following:
- (a) competing with the Company;
 - (b) demanding or accepting 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) providing unjustified advantages to third parties at the company's expense; and
 - (d) taking advantage of business opportunities to which the company is entitled for themselves or for their spouse, registered partner or other life companion, foster child.
- 11.2 Supervisory Board members 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 11.3 of these Rules or in relation to which he has a direct or indirect personal interest that conflict with the interests of the Company ('**Conflict of Interest**'). All transactions as referred to above must be concluded on terms at least customary in the sector concerned. The resolutions to enter into transactions in which there are Conflicts of Interest with Supervisory Board members that are of material importance to the Company and/or the relevant Supervisory Board member must be approved by the Supervisory Board. The Chairman ensures that all transactions that involved a Conflict of Interest are published in the report referred to in article 1.5 of these Rules, whilst stating the Conflict of Interest and the statement that article 11 of these Rules was complied with.
- 11.3 A Supervisory Board member shall in any event have a (potential) Conflict of Interest if:
- (a) he has a material personal financial interest in an entity the Company intends to enter into a transaction with;
 - (b) he has a family law relationship with a member of the supervisory board or management member of an entity the Company intends to enter into a transaction with;
 - (c) he holds a management or supervisory position in an entity 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) in case the Chairman has ruled that a Conflict of Interest exists or is deemed to exist.
- However, such a Conflict of Interest does not exist if (i) the Company plans to enter into a transaction as described under (a) to (c) with the Cooperative or with (an objectively determinable category of) the members/dairy farmers of the Cooperative under the same or comparable uniform conditions; (ii) nor if the Supervisory Board plans to take a preparatory policy decision about such a transaction.
- 11.4 Each Supervisory Board member, other than the Chairman, shall immediately report any (potential) Conflict of Interest to the Chairman, together with all relevant information. The Supervisory Board should decide, outside the presence of the relevant Supervisory Board member, whether such reported conflict qualifies as a Conflict of Interest.

- 11.5 If the Chairman has a (potential) Conflict of Interest, he shall report this immediately to the Vice-Chairman together with all relevant information. The last sentence of article 11.4 of these Rules will apply.
- 11.6 The Supervisory Board ensures that each *member of the ELT* reports a potential conflict of interest, as referred to in the rules for the Executive Board and ELT, immediately to the Chairman and that all other relevant provisions shall be met, including granting the required approval.
- 11.7 A conflict of interest in respect of the *external auditor* of the Company exists in any case if:
- (a) the external auditor's non-audit activities for the Company, including in any case meaning advice in the area of consultancy, management consultancy, or information technology, jeopardise the external auditor's independence in respect of auditing the financial reporting;
 - (b) on the basis of applicable law a conflict of interest exists or is deemed to exist;
 - (c) the Supervisory Board is of the opinion that a conflict of interest exists or is deemed to exist.

The external auditor, and every ELT member and Supervisory Board member, report a potential conflict of interest in respect of the external auditor that he is aware of, immediately to the chairman of the Audit Committee, thereby providing all relevant information to the Supervisory Board. The Supervisory Board should decide, outside the presence of the external auditor, whether such reported conflict qualifies as a Conflict of Interest.

Article 12

Relationship with the Central Works Council

The Chairman of the Supervisory Board and the Supervisory Board member with the 'social' profile shall be mainly responsible for maintaining and coordinating contacts with the Central Works Council and shall attend meetings of the Central Works Council from time to time. If a Supervisory Board member is invited to attend a meeting of the Central Works Council, he will only accept such invitation after prior consultation with the Chairman.

Article 13

Misconduct and irregularities

- 13.1 The Chairman shall be informed by the Executive Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company. Employees may report such matters directly to the Chairman if it concerns a member of the Executive Board. Reports regarding Executive Board members will be handled and investigated by the Audit Committee and the Audit Committee will render its advice to the Supervisory Board, which in its turn will issue a binding advice to the integrity committee of the Company of which no deviation is possible.

- 13.2 The external auditor informs the chairman of the Audit Committee without delay if, during the performance of his duties, he discovers or suspects an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of an Executive Board member, the external auditor reports this directly to the Chairman.
- 13.3 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.

Article 14

Confidentiality

Every Supervisory Board member is obliged to maintain the required discretion and confidentiality where it concerns confidential information, in respect of all the information and documents obtained in the context of his function. Supervisory Board members and former Supervisory Board members shall not bring confidential information outside the Supervisory Board or the Executive Board nor disclose it to the public or make it available to third parties in any other way, unless the Company already disclosed this information or when this information is already in the public domain.

Article 15

Miscellaneous

- 15.1 These Rules were prepared on the basis of article 20.3 of the Articles of Association of the Company and serve as an addition to the rules and requirements that apply to the Supervisory Board from time to time on the basis of Dutch law or the Articles of Association of the Company.
- 15.2 These Rules contain the following appendices that form an integral and inseparable part of these Rules:
Appendix A: the profile of the size and composition of the Supervisory Board
Appendix B: the rules for the Audit Committee
Appendix C: the rules for Remuneration- and Appointment Committee
- 15.3 These Rules were prepared with due regard to the Code. Although applying the Code is not compulsory for the the Company, it applies the Code voluntarily.
- 15.4 Where in these Rules the male form is used, this should also read as female form, and vice-versa.
- 15.5 Where these Rules are in breach of Dutch law or the Articles of Association of the Company, the Articles of Association and Dutch law prevail. Where these Rules are in line with the Articles of Association but in breach of Dutch law, the latter shall prevail. If one of the provisions of these Rules is not or no longer valid, this does not affect the validity of the remainder of the provisions. The

Supervisory Board shall replace the invalid provisions with valid provisions with an effect, given the content and tenor, that equals the invalid provisions as much as possible.

- 15.6 Without prejudice to the provisions of article 15.5 of these Rules, the Supervisory Board may pass a resolution regarding an incidental suspension of these Rules or amend them by means of a resolution.

Appendix A to the Supervisory Board Rules

Profile of the Supervisory Board Koninklijke FrieslandCampina N.V.

1 General

- 1.1 This profile was prepared taking into account the nature of the Company's business and its activities and contains the mandatory profile of the Supervisory Board, following section 2:158 sub 3 DCC. The Company is a structure company (*'structuurvennootschap'*) as referred to in section 2:153 DCC.
- 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 Board members; and
 - (d) the desired independence of Supervisory Board members.
- 1.3 The Supervisory Board considers this profile when preparing nominations of persons to be appointed as Supervisory Board members.
- 1.4 This profile is discussed with the Central Works Counsel and the General Meeting.
- 1.5 The Cooperative is the sole shareholder of the Company and this impacts the composition of the Supervisory Board.
- 1.6 At the level of the Cooperative the exemption as provided for in section 2:63d DCC is applied since the activities of the Cooperative mostly classify as holding activities. This results in an obligation for the Company to apply the legal requirements for large companies.
- 1.7 Section 2:158 sub 12 DCC allows deviations to the application of the provisions for the structure regime after prior approval by the Supervisory Board and the Central Works Counsel.

2.1 Size

The Supervisory Board shall consist of all nine (9) board members of the Cooperative as internal Supervisory Board members and at least four (4) external Supervisory Board members as further described under 2.3.3. This composition reflects the two-third dominance of internal members in a supervisory board, which is permitted by law for large cooperatives. This member dominance is reflected at the level of the Supervisory Board of the Company.

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 Board members enables the Supervisory Board to best carry out its responsibilities.
- 2.2.2 The chairman of the Cooperative board will be appointed as Chairman of the Supervisory Board. The vice-chairman of the Cooperative Board will be appointed as Vice-Chairman of the Supervisory Board.

2.3 Diversity

- 2.3.1 The desired composition of the Supervisory Board complies with the Company's diversity policy, which is included in this article 2.3.
- 2.3.2 The goal is to create a balanced composition of the Supervisory Board, where a combination of experience, background, expertise and independence creates the best possible conditions for Supervisory Board members to fulfill their task and responsibilities towards the Company and its stakeholders. The envisaged composition is impacted by the extraordinary governance structure of the Company with the Cooperative as its sole shareholder and its mainly Dutch member farmers.
- 2.3.3 As mentioned under 2.1 the Supervisory Board shall consist of all nine (9) board members of the Cooperative, who are the internal Supervisory Board Board members. This ensures diversity in experience and expertise between the internal Supervisory Board Members and the external Supervisory Board members, for whom the requirements for experience and expertise are mentioned under 2.5.2.
- 2.3.4 Apart from a balanced composition in general, a balanced male-female participation in the Supervisory Board is envisaged, with a goal to have at least 30% male and female Supervisory Board members.
- 2.3.5 In case the composition of the Supervisory Board in any year is not compliant with the before mentioned aspects of the diversity policy and the requirement by law, then an explanation will be included in the annual report and Supervisory Board Report therein, (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.

2.4 Independence

- 2.4.1 The external Supervisory Board members are independent. The internal Supervisory Board members are not considered independent.
- A Supervisory Board member is not considered independent if they or their spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:
- has been an employee or member of the Executive Board of the Company (including associated companies as referred to in Section 5:48 of the Financial Supervision Act (*Wet op het financieel toezicht*) in the five years prior to the appointment;
 - receives personal financial compensation from the Company, or a company associated with it, other than the compensation received for the work performed as a Supervisory Board member and in so far as this is not in keeping with the normal course of business;
 - has had an important business relationship with the Company or a company associated with it in the year prior to the appointment. This includes in any event the case where the Supervisory Board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to the Company (consultant, external auditor, civil notary or lawyer) and the case

- where the Supervisory Board member is a management board member 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 member of the Executive Board of the Company which he supervises is a supervisory board member;
 - e. has temporarily performed management duties during the previous twelve months in the absence or incapacity of Executive Board members;
 - f. has a shareholding in the Company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement;
 - g. is a member of the management board or supervisory board - or is a representative in some other way - of a legal entity which holds at least ten percent of the shares in the Company, unless the entity is a group company.

2.5 External Supervisory Board Members

2.5.1 The external Supervisory Board Members will be selected based on their personal characteristics and qualities on the one side and the need for their expertise from the Company on the other side. Each of the external Supervisory Board members must be able to comprehend the main topics of the strategy of the Company.

2.5.2. The external Supervisory Board members will be selected based on the following criteria:

- Experience with the day-to-day functioning of a supervisory board
- Insight in and experience with the international corporate environment
- Understanding of human resources and remuneration of large international companies (*social profile*)

At least one of the external Supervisory Board members is a financial expert, with knowledge of and experience in financial administration, accounting policies, internal control and risk management.

Right Central Works Council

2.6.1 The right of recommendation of the Central Works Council as described in section 17 of the Articles of Association is applicable to (re)appointment of both internal and external Supervisory Board members, while taking into consideration the provisions of 2.6.2 and 2.6.3 hereafter.

2.6.2 With regard to the internal Supervisory Board members and the financial expert as mentioned in 2.5.2, the Central Works Council will on principle not use its right for recommendation.

2.6.3 With regard to half of the external Supervisory Board members (not including the financial expert) the Central Works Council has an increased power of recommendation as described in section 17, paragraph 4 and 5 of the Articles of Association. In the event the number of external Supervisory Board members is not dividable by two, the nearest lower number dividable by two is applicable, however the minimum number of external Supervisory Board members the increased power of recommendation is applicable to, is two.

When using the increased power of recommendation, the Central Works Council will take into consideration the general requirements as described in 2.5.2 and especially ensure that one of the recommended candidates has the expertise as described under 2.5.2 as the social profile.

When a recommended candidate meets the criteria of the before mentioned social or general profile, he or she will be appointed, unless the Supervisory Board provides motivation why the recommended candidate does not fulfill the necessary criteria to fulfill the position and therefore is not considered fit.

In case the recommended candidate is not appointed, the Central Works Council has the right to recommend a new candidate.

Appendix B to the Supervisory Board Rules:

Rules of the Audit Committee of the Supervisory Board Koninklijke FrieslandCampina N.V.

Article 1

Composition of Audit Committee, chairman

- 1.1 The Supervisory Board appoints an audit committee ('**Audit Committee**') from among its members. The Audit Committee consists of at least four members: two internal Supervisory Board members, who are all members of the board of the Cooperative, and two 'external' Supervisory Board members (as referred to in article 2.5 of the Profile), of which at least one qualifies as a 'financial expert' as referred to in article 2.5.2 of the Profile.
- 1.2 The chairman of the Audit Committee shall be an external Supervisory Board member who is also a financial expert. The chairman is responsible for the proper operation of the Audit Committee. He ensures adequate reporting by the Audit Committee to the Supervisory Board. He acts as the spokesperson and as the main point of contact for the Supervisory Board, the Executive Board, the internal auditor and the external auditor.

Article 2

Responsibilities of the Audit Committee

- 2.1 The Audit Committee advises the Supervisory Board and prepares the Supervisory Board's decision making.
- 2.2 The Audit Committee focuses on monitoring the Executive Board in matters including:
 - (a) the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems;
 - (b) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;
 - (b) the Company's funding;
 - (c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
 - (d) the Company's tax policy.
- 2.3 In addition, the Audit Committee carries out the following duties:
 - (a) recommending persons for appointment as senior internal auditor;
 - (b) annually evaluating how the internal audit function fulfils its responsibilities;
 - (c) advising the Supervisory Board regarding the external auditor's nomination for (re) appointment or dismissal and preparing the selection of the external auditor. The Audit Committee gives due consideration to the Executive 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;
 - (d) submitting a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements;

The Audit Committee is facilitated by the Executive Board 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. If a new external auditor is to be engaged by the Company, the Audit Committee motivates its proposal which contains at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement.

- (e) 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; and
 - (f) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements.
- 2.4 The Audit Committee also carries out the following duties:
- (a) monitoring the financial reporting process and reviewing proposals to safeguard the integrity of this process;
 - (b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
 - (c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
 - (d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
 - (e) determining the selection process for the external auditor or the audit firm, as applicable for the Company and the nomination to extend the assignment to carry out the statutory audit.

Article 3

Responsibilities regarding the appointment, working method and appraisal of the external and internal auditor

External auditor

- 3.1 The Audit Committee and the external auditor should discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The Supervisory Board, as well as the Executive Board, should maintain regular contact with the external auditor.
- 3.2 The external auditor should discuss the draft audit plan with the Executive Board before presenting it to the Audit Committee.
- 3.3 The Audit Committee monitors that the Executive Board ensures that the external auditor has all the financial information that forms the basis for adopting the six-monthly figures or year-end figures and any other interim reports, and all other information the external auditor requires to perform his task, and is given the opportunity to respond to this information.

- 3.4 The external auditor should inform the chairman of the Audit Committee without delay if, during the performance of his duties, he discovers or suspect an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a member of the Executive Board, the external auditor should report this directly to the Chairman of the Supervisory Board.

Internal audit function

- 3.5 The internal audit function prepares an internal audit plan and involves the Audit Committee in the process. In reviewing the internal audit plan, which also requires Executive Board approval, the Audit Committee reviews the tasks and responsibilities, the budget, whether the internal audit function has sufficient resources and any recommended changes to the scope of the internal audit function and discusses this with the senior internal auditor and the external auditor. The Audit Committee renders its advice to the Supervisory Board regarding the approval of the internal audit plan by the Supervisory Board.
- 3.6 The Audit Committee shall monitor that the internal audit function is able to perform its duties in accordance with the internal audit charter. The internal audit function has direct access to the Audit Committee and the external auditor. The internal audit function reports its audit results to the Executive Board and the essence of its audit results to the Audit Committee and informs the external auditor.
- 3.7 The Executive Board both appoints and dismisses the senior internal auditor, after prior approval of the Supervisory Board along with a recommendation issued by the Audit Committee.
- 3.8 The Audit Committee reviews and discusses the internal audit charter and the independence of the audit process with the Executive Board, the senior internal auditor and the external auditor. The Audit Committee will provide the Executive Board with its opinion on the way in which the internal audit function has fulfilled its responsibilities.

Article 4

Meetings

- 4.1 The Audit Committee prepares an annual schedule for its meetings, the dates and proposed agenda items. The Audit Committee shall meet at least four times a year and in addition, as often as at least two members or the chairman of the Audit Committee deem necessary. Meetings shall in principle be held at the offices of the Company, but may also be held elsewhere. Meetings can also take place by means of telephone, videoconference, or electronic communications, provided all participants can participate in the meeting.
- 4.2 The chief financial officer of the Company, the corporate director Finance & Reporting, the senior internal auditor and the external auditor attend the Audit Committee meetings, unless the Audit Committee determines otherwise. The Audit Committee should decide whether and, if so, when the chief executive officer of the Company should attend its meetings. The Audit Committee may also request other officers of the Company to attend meetings in whole or in part. Furthermore, the

Supervisory Board may determine that one or more designated internal members of the Supervisory Board shall attend meetings as observer.

- 4.3 The Audit Committee shall meet separately with each of the external auditor and the senior internal auditor of the Company as often as it considers necessary, but at least once a year, without Executive Board members being present.
- 4.4 Meetings shall be convened by or on behalf of the chairman of the Audit Committee. Insofar as practicable, the notice and the agenda items shall be provided to the members of the Audit Committee seven days before the start of the meeting.
- 4.5 The meetings shall be minuted. The meeting appoints the minute-taker. The draft minutes shall be approved and signed by the chairman during the next meeting. In order to keep the Supervisory Board up to date during the period between the meetings of the Audit Committee, the draft minutes will also be sent to the other Supervisory Board members.
- 4.6 The Audit Committee only meets when the majority of its members is present. If opinions or points of view of the Audit Committee are not supported unanimously by its members, this is noted in the minutes, including the difference in opinion or point of view. If the Audit Committee cannot arrive at an opinion or point of view, the Supervisory Board decides.

Article 5

Reporting

- 5.1 The Audit Committee reports its deliberations and findings to the Supervisory Board after each meeting.
- 5.2 Annually, the Audit Committee reports to the Supervisory Board on:
 - (a) how the duties of the Audit Committee were carried out in the financial year, the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings;
 - (b) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
 - (c) the methods used to assess the effectiveness of the internal and external audit processes;
 - (d) material considerations regarding financial reporting;
 - (e) the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit Committee;
 - (f) the functioning of, and the developments in, the relationship with the external auditor; and
 - (g) the results of the annual statutory audit and how the audit has contributed to the integrity of the financial reporting and on the role of the Audit Committee in this audit.

Appendix C to the Supervisory Board Rules:

Rules of the Remuneration and Appointment Committee of the Supervisory Board Koninklijke FrieslandCampina N.V.

Article 1

Composition and Chairman

- 1.1 The Supervisory Board appoints the Remuneration and Appointment Committee of the Supervisory Board ('**RemCo**') from among its members. The RemCo shall consist of three members: the Chairman and Vice-Chairman of the Supervisory Board together with the external Supervisory Board member with the 'social' profile from the RemCo.
- 1.2 With due regard to the provisions of article 1.1 of these rules, the external Supervisory Board member with the 'social' profile shall fulfil the role of chairman of the RemCo. The chairman is particularly responsible for the proper operation of the RemCo, acts as the spokesperson of the RemCo and shall be the main point of contact for the Supervisory Board.

Article 2

Responsibilities of the Remuneration and Appointment Committee

- 2.1 Without prejudice to article 4.1 of the Supervisory Board Rules, the RemCo advises the Supervisory Board on the remuneration of, and on the selection and appointment procedures for, Supervisory Board members and Executive Board members. The RemCo prepares decision-making of the Supervisory Board regarding these matters, all as further provided in these Rules.

Remuneration

- 2.2 The duties of the RemCo regarding the remuneration of the Executive Board members and the members of the ELT include:
 - (a) submitting a proposal to the Supervisory Board for the remuneration policy for the Executive Board members and all other ELT members ('**Remuneration Policy**') to be adopted by the General Meeting. The Remuneration Policy shall include the following aspects:
 - (i) the objectives for the strategy of long-term value creation,
 - (ii) the scenario analyses that are carried out in advance,
 - (iii) the pay ratios within the Company and its affiliated enterprise,
 - (iv) an appropriate ratio between the variable and fixed remuneration components.
 - (b) approving the contractual employment terms of the Executive Board members;
 - (c) annually submitting a proposal regarding the remuneration of individual Executive Board members to be adopted by the Supervisory Board, which proposal shall be drawn up in accordance with the Remuneration Policy and will in any event cover:
 - (i) the remuneration structure,
 - (ii) the amount of the fixed and variable remuneration components,
 - (iii) the performance criteria used for long-term and short-term variable remuneration, which criteria should be measurable
 - (iv) the scenario analyses that were carried out; and
 - (v) the pay ratios within the Company and its affiliated enterprise;

- (d) annually discussing with the Executive Board the remuneration of the ELT members other than the EB members and approving any deviations from the Remuneration Policy regarding remuneration of ELT members proposed by the Executive Board;
- (e) annually preparing the remuneration report on the remuneration policy, to be adopted by the Supervisory Board (**'Remuneration Report'**) as referred to in article 5.2 of these rules; and
- (f) taking note of individual Executive Board members' views on the amount and structure of their own remuneration.

Selection, appointment and reappointment

- 2.3 The duties of the RemCo regarding the selection and appointment of the Executive Board members and Supervisory Board members include:
- (a) preparing the selection criteria and appointment procedures for Supervisory Board members and Executive Board members;
 - (b) periodically reviewing the size and composition of the Supervisory Board and the Executive Board and submitting a proposal for a profile;
 - (c) periodically evaluating the performance of the Supervisory Board, its committees, its individual members and the performance of the Executive Board and its individual members and reporting the results to the Supervisory Board;
 - (d) preparing a plan for the succession of Supervisory Board members and Executive Board members;
 - (e) proposing (re-)appointments of Supervisory Board members and Executive Board members;
 - (f) advising the Supervisory Board on proposals from the Executive Board to appoint an ELT member;
 - (g) periodically discussing with each ELT member (other than EB members) his progress ('voortgangsgesprekken') and providing feedback thereon to the CEO; and
 - (h) supervising the Executive Board's policy regarding succession planning, selection criteria and appointment procedures for higher management.
- 2.4 The Executive Board shall consult the RemCo on decisions regarding the appointment, suspension or dismissal of a member of the ELT (other than EB members). The RemCo will advise the Supervisory Board on these matters if such Executive Board decisions are subsequently submitted to the Supervisory Board for approval.

Article 3

Consultant

If the RemCo uses the services of a remuneration consultant for its duties, the RemCo shall ascertain that the relevant consultant does not advise Executive Board members. The Company shall make the necessary resources available.

Article 4

Meetings

- 4.1 The RemCo shall meet at least four times a year and in addition as often as one or more of its members deem necessary. In principle, the meetings shall be held at the offices of the Company, but may be held elsewhere. Meetings can also take place by means of telephone, videoconference or electronic communications, provided all participants can participate in the meeting.
- 4.2 Unless the RemCo decides otherwise, the meetings of the RemCo shall be attended by the chief executive officer, the global director HR and the Company Secretary. The RemCo may also request that other officers of the Company shall attend its meetings in whole or in part.
- 4.3 Meetings shall be convened by or on behalf of the chairman of the RemCo. Insofar as practicable, the notice and the agenda items shall be provided to the members of the RemCo seven days before the start of the meeting.
- 4.4 The meetings shall be minuted. Generally, they shall be adopted at the next meeting. As proof of adoption, the minutes shall be signed by the chairman and the Company Secretary.

Article 5

Reporting

- 5.1 The RemCo shall report its deliberations and findings to the Supervisory Board after each meeting. At least once a year, the RemCo will report to the Supervisory Board on how the duties of the Remco were carried out in the financial year. In this report, the composition of the Remco, the number of Remco meetings and the main items discussed at the meetings should be mentioned
- 5.2 The Remco shall prepare a Remuneration Report. This Remuneration Report shall in any event describe, 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 its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;
 - (e) in the event that a member of the Executive Board receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and performance; and
 - (f) in the event that a former member of the Executive Board receives a severance payment, the reason for this payment.