

PRINCIPLES AND BEST PRACTICE PROVISIONS

I. Compliance with and enforcement of the code

Principle

The management board and the supervisory board are responsible for the corporate governance structure of the company and for compliance with this code. They are accountable for this to the general meeting and should provide sound reasons for any non-application of the provisions.

Shareholders take careful note and make a thorough assessment of the reasons given by the company for any non-application of the best practice provisions of this code. They should avoid adopting a 'box-ticking approach' when assessing the corporate governance structure of the company and should be prepared to engage in a dialogue if they do not accept the company's explanation. There should be a basic recognition that corporate governance must be tailored to the company-specific situation and that non-application of individual provisions by a company may be justified.

Best practice provisions

- I.1 The broad outline of the corporate governance structure of the company shall be explained in a separate chapter of the annual report, partly by reference to the principles mentioned in this code. In this chapter the company shall indicate expressly to what extent it applies the best practice provisions in this code and, if it does not do so, why and to what extent it does not apply them.
- I.2 Each substantial change in the corporate governance structure of the company and in the compliance of the company with this code shall be submitted to the general meeting for discussion under a separate agenda item.

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¹ Bill to amend Book 2 of the Netherlands Civil Code and the Financial Supervision Act in order to implement Directive 2007/36/EC of the European Parliament and of the Council of the European Union of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (Parliamentary Papers II 2008/09, 31 746, no. 2).

II. The management board

II.1 Role and procedure

Principle

The role of the management board is to manage the company, which means, among other things, that it is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results and corporate social responsibility issues that are relevant to the enterprise. The management board is accountable for this to the supervisory board and to the general meeting. In discharging its role, the management board shall be guided by the interests of the company and its affiliated enterprise, taking into consideration the interests of the company's stakeholders. The management board shall provide the supervisory board in good time with all information necessary for the exercise of the duties of the supervisory board.

The management board is responsible for complying with all relevant primary and secondary legislation, for managing the risks associated with the company activities and for financing the company. The management board shall report related developments to and shall discuss the internal risk management and control systems with the supervisory board and the audit committee.

Best practice provisions

- II.1.1 A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time. **Comply**
- II.1.2 The management board shall submit to the supervisory board for approval: **Comply**
- 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; and

d) corporate social responsibility issues that are relevant to the enterprise.

The main elements shall be mentioned in the annual report.

- II.1.3** The company shall have an internal risk management and control system that is suitable for the company. It shall, in any event, employ as instruments of the internal risk management and control system:
- a) risk analyses of the operational and financial objectives of the company;
 - b) a code of conduct which should be published on the company's website;
 - c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and
 - d) a system of monitoring and reporting.
- II.1.4** In the annual report the management board shall provide:
- a) a description of main risks related to the strategy of the company;
 - b) a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year; and
 - c) a description of any major failings in the internal risk management and control systems which have been discovered 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.
- II.1.5** As regards financial reporting risks the management board states in the annual report that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in the year under review. The management board shall provide clear substantiation of this.
- II.1.6** In the annual report, the management board shall describe the sensitivity of the results of the company to external

factors and variables.

- II.1.7** The management board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature within the company to the chairman of the management board or to an official designated by him, without jeopardising their legal position. Alleged irregularities concerning the functioning of management board members shall be reported to the chairman of the supervisory board. The arrangements for whistleblowers shall be posted on the company's website.

Comply

A management board member may not be a member of the supervisory board of more than two listed companies. Nor may a management board member be the chairman of the supervisory board of a listed company. Membership of the supervisory board of other companies within the group to which the company belongs does not count for this purpose. The acceptance by a management board member of membership of the supervisory board of a listed company requires the approval of the supervisory board. Other important positions held by a management board member shall be notified to the supervisory board.

- II.1.9** If the management board invokes a response time within the meaning of best practice provision IV.4.4, such period may not exceed 180 days from the moment the management board is informed by one or more shareholders of their intention to put an item on the agenda to the day of the general meeting at which the item is to be dealt with. The management board shall use the response time for further deliberation and constructive consultation. This shall be monitored by the supervisory board.

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The response time may be invoked only once for any given general meeting and may not apply to an item in respect of which the response time has been previously invoked or meetings where a shareholder holds at least three quarters of the issued capital as a consequence of a successful public bid.

- II.1.10** If a takeover bid for the company's shares or for the depositary receipts for the company's shares is being

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prepared, the management board shall ensure that the supervisory board is closely involved in the takeover process in good time.

- II.1.11** If the management board of a company for which a takeover bid has been announced or made receives a request from a competing bidder to inspect the company's records, the management board shall discuss this request with the supervisory board without delay.

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II.2 Remuneration

Level and composition of the remuneration

Principle

The level and structure of the remuneration which the management board members receive from the company for their work shall be such that qualified and expert managers can be recruited and retained. When the overall remuneration is fixed, its impact on pay differentials within the enterprise shall be taken into account. If the remuneration consists of a fixed component and a variable component, the variable component shall be linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature. The variable component of the remuneration must be appropriate in relation to the fixed component.

The remuneration structure, including severance pay, shall be simple and transparent. It shall promote the interests of the company in the medium and long term, may not encourage management board members to act in their own interests or take risks that are not in keeping with the adopted strategy, and may not 'reward' failing board members upon termination of their employment. The supervisory board is responsible for this. The level and structure of remuneration shall be determined by reference to, among other things, the results, the share price performance and non-financial indicators that are relevant to the company's long-term value creation.

The shares held by a management board member in the company on whose board he sits are long-term investments. The amount of compensation which a management board member may receive

on termination of his employment may not exceed one year's salary, unless this would be manifestly unreasonable in the circumstances.

Best practice provisions

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| <p>II.2.1 Before drawing up the remuneration policy and determining the remuneration of individual management board members, the supervisory board shall analyse the possible outcomes of the variable remuneration components and how they may affect the remuneration of the management board members.</p> | <p>Comply</p> |
| <p>II.2.2 The supervisory board shall determine the level and structure of the remuneration of the management board members by reference to the scenario analyses carried out and with due regard for the pay differentials within the enterprise.</p> | <p>Comply</p> |
| <p>II.2.3 In determining the level and structure of the remuneration of management board members, the supervisory board shall take into account, among other things, the results, the share price performance and non-financial indicators relevant to the long-term objectives of the company, with due regard for the risks to which variable remuneration may expose the enterprise.</p> | <p>Comply</p> |
| <p>II.2.4 If options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand.</p> | <p>Comply</p> |
| <p>II.2.5 Shares granted to management board members without financial consideration shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter. The number of shares to be granted shall be dependent on the achievement of challenging targets specified beforehand.</p> | <p>Shares granted to members of the Board of Management under the remuneration policy applying before 2007 as variable long-term income must be held for periods of at least five years. The lock-up continues if the employment ends but ceases in the event of death or on a change of control of the company.</p> |
| <p>II.2.6 The option exercise price may not be fixed at a level lower than a verifiable price or a verifiable price average in</p> | <p>Comply</p> |

accordance with the trading in a regulated market on one or more predetermined days during a period of not more than five trading days prior to and including the day on which the option is granted.

- II.2.7** Neither the exercise price of options granted nor the other conditions may be modified during the term of the options, except in so far as prompted by structural changes relating to the shares or the company in accordance with established market practice.
- II.2.8** The remuneration in the event of dismissal may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary.

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Termination by Mediq of the employment contract of (one of) the members of the Board of Management would lead to compensation based on the "sub-district court formula" of a minimum of twelve times the relevant monthly salary. Arrangements covering a change of control of Mediq have been added to the contract of employment. These arrangements are the same as those that existed for incumbent members of the Board of Management before the first Dutch Corporate Governance Code took effect in 2004 (II.2.8).

- II.2.9** The company may not grant its management board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the supervisory board. No remission of loans may be granted.

Comply

Determination and disclosure of remuneration

Principle

The supervisory board shall determine the remuneration of the individual members of the management board, on a proposal by the remuneration committee, within the scope of the remuneration policy adopted by the general meeting.

The report of the supervisory board shall include the principal points of the remuneration report concerning the remuneration policy of the company. This shall describe transparently and in

clear and understandable terms the remuneration policy that has been pursued and give an overview of the remuneration policy to be pursued. The full remuneration of the individual management board members, broken down into its various components, shall be presented in the remuneration report in clear and understandable terms.

Best practice provisions

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| <p>II.2.10 If a variable remuneration component conditionally awarded in a previous financial year would, in the opinion of the supervisory board, 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 has the power to adjust the value downwards or upwards.</p> | <p>Comply</p> |
| <p>II.2.11 The supervisory board may recover from the management board members any variable remuneration awarded on the basis of incorrect financial or other data (claw-back clause).</p> | <p>Comply</p> |
| <p>II.2.12 The remuneration report of the supervisory board shall contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as an overview of the remuneration policy planned by the supervisory board for the next financial year and subsequent years. The report shall explain how the chosen remuneration policy contributes to the achievement of the long-term objectives of the company and its affiliated enterprise in keeping with the risk profile. The report shall be posted on the company's website.</p> | <p>Comply</p> |
| <p>II.2.13 The overview referred to in best practice provision shall in any event contain the following information:
a) an overview of the costs incurred by the company in the financial year in relation to management board remuneration; this overview shall provide a breakdown showing fixed salary, annual cash bonus, shares, options and pension rights that have been awarded and other emoluments; shares, options and pension rights must be recognised in accordance with the accounting standards;</p> | <p>Comply</p> |

- b) a statement that the scenario analyses referred to in best practice provision II.2.1 have been carried out;**
- c) for each management board member the maximum and minimum numbers of shares conditionally granted in the financial year or other share-based remuneration components that the management board member may acquire if the specified performance criteria are achieved;**
- d) a table showing the following information for incumbent management board members at year-end for each year in which shares, options and/or other share-based remuneration components have been awarded over which the management board member did not yet have unrestricted control at the start of the financial year:
 - i) the value and number of shares, options and/or other share-based remuneration components on the date of granting;**
 - ii) the present status of shares, options and/or other share-based remuneration components awarded: whether they are conditional or unconditional and the year in which vesting period and/or lock-up period ends;**
 - iii) the value and number of shares, options and/or other share-based remuneration components conditionally awarded under i) at the time when the management board member obtains ownership of them (end of vesting period), and**
 - iv) the value and number of shares, options and/or other share-based remuneration components awarded under i) at the time when the management board member obtains unrestricted control over them (end of lock-up period);****
- e) if applicable: the composition of the peer group of companies whose remuneration policy determines in part the level and composition of the remuneration of the management board members;**
- f) a description of the performance criteria on which the performance-related component of the variable remuneration is dependent in so far as disclosure would not be undesirable because the information is competition sensitive, and of the discretionary component of the**

variable remuneration that can be fixed by the supervisory board as it sees fit;

g) a summary and account of the methods that will be applied in order to determine whether the performance criteria have been fulfilled;

h) an ex-ante and ex-post account of the relationship between the chosen performance criteria and the strategic objectives applied, and of the relationship between remuneration and performance;

i) current pension schemes and the related financing costs; and

j) agreed arrangements for the early retirement of management board members.

II.2.14 The main elements of the contract of a management board member with the company shall be made public after it has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the management board member will be proposed. These elements shall in any event include the amount of the fixed salary, the structure and amount of the variable remuneration component, any agreed redundancy scheme and/or severance pay, any conditions of a change-of-control clause in the contract with a management board member and any other remuneration components promised to the management board member, pension arrangements and performance criteria to be applied.

Comply

II.2.15 If a management board member or former management board member is paid severance pay or other special remuneration during a given financial year, an account and an explanation of this remuneration shall be included in the remuneration report.

Comply

II.3 Conflicts of interest

Principle

Any conflict of interest or apparent conflict of interest between the company and management board members shall be avoided.

Decisions to enter into transactions under which management board members would have conflicts of interest that are of material significance to the company and/or to the relevant

management board member require the approval of the supervisory board.

Best practice provisions

II.3.1 A management board member shall:

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- a) not enter into competition with the company;
- b) not demand or accept (substantial) gifts from the company for himself or for his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law;
- c) not provide unjustified advantages to third parties to the detriment of the company; and
- d) not take advantage of business opportunities to which the company is entitled for himself or for his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law.

II.3.2 A management board member shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, to the chairman of the supervisory board and to the other members of the management board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law. The supervisory board shall decide, without the management board member concerned being present, whether there is a conflict of interest. A conflict of interests exists, in any event, if the company intends to enter into a transaction with a legal entity:

Comply

- i) in which a management board member personally has a material financial interest;
- ii) which has a management board member who is related under family law to a management board member of the company, or
- iii) in which a management board member of the company has a management or supervisory position.

II.3.3 A management board member may not take part in any

discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of interest with the company.

- II.3.4** All transactions in which there are conflicts of interest with management board members shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with management board members that are of material significance to the company and/or to the relevant board members require the approval of the supervisory board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that best practice provisions II.3.2 to II.3.4 inclusive have been complied with.

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III. The Supervisory Board

III.1 Role and procedure

Principle

The role of the supervisory board is to supervise the policies of the management board and the general affairs of the company and its affiliated enterprise, as well as to assist the management board by providing advice. In discharging its role, the supervisory board shall be guided by the interests of the company and its affiliated enterprise, and shall take into account the relevant interests of the company's stakeholders. The supervisory board shall also have due regard for corporate social responsibility issues that are relevant to the enterprise. The supervisory board is responsible for the quality of its own performance.

Best practice provisions

- III.1.1** The division of duties within the supervisory board and the procedure of the supervisory board shall be laid down in terms of reference. The supervisory board's terms of reference shall include a paragraph dealing with its relations with the management board, the general meeting and the central works council or works council. The terms of reference shall be posted on the company's website.

Comply

- III.1.2** The annual statements of the company shall include a report of the supervisory board. In this report the supervisory board describes its activities in the financial year and which includes the specific statements and information required by the provisions of this code. **Comply**
- III.1.3** The following information about each supervisory board member shall be included in the report of the supervisory board:
- a) gender;
 - b) age;
 - c) profession;
 - d) principal position;
 - e) nationality;
 - f) other positions, in so far as they are relevant to the performance of the duties of the supervisory board member;
 - g) date of initial appointment; and
 - h) current term of office.
- III.1.4** A supervisory board member shall retire early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which this is deemed necessary by the supervisory board. **Comply**
- III.1.6** The supervision of the management board by the supervisory board shall include:
- a) achievement of the company's objectives;
 - b) corporate strategy and the risks inherent in the business activities;
 - c) the design and effectiveness of the internal risk management and control systems;
 - d) the financial reporting process;
 - e) compliance with primary and secondary legislation;
 - f) the company-shareholder relationship; and
 - g) corporate social responsibility issues that are relevant to the enterprise.
- III.1.7** The supervisory board shall discuss at least once a year on its own, i.e. without the management board being present, its own functioning, the functioning of its committees and its individual members, and the conclusions that must be drawn on the basis thereof. **Comply**

The desired profile, composition and competence of the supervisory board shall also be discussed. Moreover, the supervisory board shall discuss at least once a year without the management board being present both the functioning of the management board as an organ of the company and the performance of its individual members, and the conclusions that must be drawn on the basis thereof. The report of the supervisory board shall state how the evaluation of the functioning of the supervisory board, the separate committees and the individual supervisory board members has been carried out.

III.1.8 The supervisory board shall discuss at least once a year the corporate strategy and the main risks of the business, the result of the assessment by the management board of the design and effectiveness of the internal risk management and control systems, as well as any significant changes thereto. Reference to these discussions shall be made in the report of the supervisory board. **Comply**

III.1.9 The supervisory board and its individual members each have their own responsibility for obtaining all information from the management board and the external auditor that the supervisory board needs in order to be able to carry out its duties properly as a supervisory organ. If the supervisory board considers it necessary, it may obtain information from officers and external advisers of the company. The company shall provide the necessary means for this purpose. The supervisory board may require that certain officers and external advisers attend its meetings. **Comply**

III.2 Independence

Principle

The composition of the supervisory board shall be such that the members are able to act critically and independently of one another, the management board and any particular interests.

Best practice provisions

III.2.1 All supervisory board members, with the exception of **Comply**

not more than one person, shall be independent within the meaning of best practice provision III.2.2.

- III.2.2** A supervisory board member shall be deemed to be independent if the following criteria of dependence do not apply to him. These criteria are that the supervisory board member concerned or his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law:
- a) has been an employee or member of the management board of the company (including associated companies as referred to in Section 5:48 of the Financial Supervision Act (*Wet op het financieel toezicht / Wft*) in the five years prior to the appointment;
 - b) 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;
 - c) has had an important business relationship with the company, or a company associated with it, in the year prior to the appointment. This includes 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 and lawyer) and the case where the supervisory board member is a management board member or an employee of any 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 management board of the company which he supervises is a supervisory board member;
 - e) holds at least ten percent of the shares in the company (including the shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);
 - f) 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

Comply

in the company, unless such entity is a member of the same group as the company;

- g) has temporarily managed the company during the previous twelve months where management board members have been absent or unable to discharge their duties.

III.2.3 The report of the supervisory board shall state that, in the board's view, best practice provision III.2.1 has been fulfilled, and shall also state which supervisory board member is not considered to be independent, if any.

Comply

III.3 Expertise and composition

Principle

Each supervisory board member shall be capable of assessing the broad outline of the overall policy. Each supervisory board member shall have the specific expertise required for the fulfilment of the duties assigned to the role designated to him within the framework of the supervisory board profile. The composition of the supervisory board shall be such that it is able to carry out its duties properly. The supervisory board shall aim for a diverse composition in terms of such factors as gender and age. A supervisory board member shall be reappointed only after careful consideration. The profile referred to above shall also be applied in the case of a reappointment.

Best practice provisions

III.3.1 The supervisory board shall prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the supervisory board members. The profile shall deal with the aspects of diversity in the composition of the supervisory board that are relevant to the company and shall state what specific objective is pursued by the board in relation to diversity. In so far as the existing situation differs from the intended situation, the supervisory board shall account for this in the report of the supervisory board and shall indicate how and within what period it expects to achieve this aim. The profile shall be made generally available and shall be

Comply

- posted on the company's website.
- III.3.2** At least one member of the supervisory board shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. **Comply**
- III.3.3** After their appointment, all supervisory board members shall follow an induction programme, which, in any event, covers general financial, social and legal affairs, financial reporting by the company, any specific aspects that are unique to the company and its business activities, and the responsibilities of a supervisory board member. The supervisory board shall conduct an annual review to identify any aspects with regard to which the supervisory board members require further training or education during their period of appointment. The company shall play a facilitating role in this respect. **Comply**
- III.3.4** The number of supervisory boards of Dutch listed companies of which an individual may be a member shall be limited to such an extent that the proper performance of his duties is assured; the maximum number is five, for which purpose the chairmanship of a supervisory board counts double. **Comply**
- III.3.5** A person may be appointed to the supervisory board for a maximum of three 4-year terms. **Comply**
- III.3.6** The supervisory board shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many supervisory board members retire at the same time. The retirement schedule shall be made generally available and shall be posted on the company's website. **Comply**

III.4 The chairman of the supervisory board and the company secretary

Principle

The chairman of the supervisory board shall ensure the proper functioning of the supervisory board and its committees, and shall act on behalf of the supervisory board as the main contact for the

management board and for shareholders regarding the functioning of the management and supervisory board members. In his capacity of chairman, he shall ensure the orderly and efficient conduct of the general meeting.

The chairman of the supervisory board is assisted in his role by the company secretary.

Best practice provisions

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| <p>III.4.1 The chairman of the supervisory board shall ensure that:</p> <ul style="list-style-type: none">a) the supervisory board members follow their induction and education or training programme;b) the supervisory board members receive in good time all information which is necessary for the proper performance of their duties;c) there is sufficient time for consultation and decision-making by the supervisory board;d) the committees of the supervisory board function properly;e) the performance of the management board members and supervisory board members is assessed at least once a year;f) the supervisory board elects a vice-chairman; andg) the supervisory board has proper contact with the management board and the works council (or central works council). | <p>Comply</p> |
| <p>III.4.2 The chairman of the supervisory board may not be a former member of the management board of the company.</p> | <p>Comply</p> |
| <p>III.4.3 The supervisory board shall be assisted by the company secretary. The company secretary shall ensure that correct procedures are followed and that the supervisory board acts in accordance with its statutory obligations and its obligations under the articles of association. He shall assist the chairman of the supervisory board in the actual organisation of the affairs of the supervisory board (information, agenda, evaluation, training programme, etc.). The company secretary shall, either on the recommendation of the</p> | <p>Comply</p> |

supervisory board or otherwise, be appointed and dismissed by the management board, after the approval of the supervisory board has been obtained.

- III.4.4** The vice-chairman of the supervisory board shall deputise for the chairman when the occasion arises. By way of addition to best practice provision III.1.7, the vice-chairman shall act as contact for individual supervisory board members and management board members concerning the functioning of the chairman of the supervisory board.

Comply

III.5 Composition and role of three key committees of the supervisory board

Principle

If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. The function of the committees is to prepare the decision-making of the supervisory board. If the supervisory board decides not to appoint an audit committee, remuneration committee or selection and appointment committee, best practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.14, V.1.2, V.2.3, V.3.1, V.3.2 and V.3.3 shall apply to the entire supervisory board. In its report, the supervisory board shall report on how the duties of the committees have been carried out in the financial year.

Best practice provisions

- III.5.1** The supervisory board shall draw up terms of reference for each committee. The terms of reference shall indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. The terms of reference may provide that a maximum of one member of each committee may not be independent within the meaning of best practice provision III.2.2. The terms of reference and the composition of the committees shall be posted on the company's website.
- III.5.2** The report of the supervisory board shall state the composition of the committees, the number of committee meetings and the main items discussed.

Comply

Comply

III.5.3 The supervisory board shall receive from each of the committees a report of its deliberations and findings.

Comply

Audit committee

III.5.4 The audit committee shall in any event focus on supervising the activities of the management board with respect to:

Comply

the operation of the internal risk management and control systems, including supervision of the enforcement of relevant primary and secondary legislation, and supervising the operation of codes of conduct;

the provision of financial information by the company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts, work of internal and external auditors, etc.);

compliance with recommendations and observations of internal and external auditors;

the role and functioning of the internal audit function;

the policy of the company on tax planning;

relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the company;

the financing of the company; and

the applications of information and communication technology.

III.5.5 The audit committee shall act as the principal contact for the external auditor if he discovers irregularities in the content of financial reporting.

Comply

III.5.6 The audit committee may not be chaired by the chairman of the supervisory board or by a former member of the management board of the company.

Comply

III.5.7 At least one member of the audit committee shall be a financial expert within the meaning of best practice provision III.3.2.

Comply

III.5.8 The audit committee shall decide whether and, if so, when the chairman of the management board (chief executive

Comply

officer), the chief financial officer, the external auditor and the internal auditor, should attend its meetings.

- III.5.9** The audit committee shall meet with the external auditor as often as it considers necessary, but at least once a year, without management board members being present.

Comply

Remuneration committee

- III.5.10** The remuneration committee shall in any event have the following duties:

Comply

- a) making a proposal to the supervisory board for the remuneration policy to be pursued;
- b) making a proposal for the remuneration of the individual members of the management board, for adoption by the supervisory board; such proposal shall, in any event, deal with: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application; and
- c) preparing the remuneration report as referred to in best practice provision II.2.12.

- III.5.11** The remuneration committee may not be chaired by the chairman of the supervisory board or by a former member of the management board of the company, or by a supervisory board member who is a member of the management board of another listed company.

Mr Visser is a former member of the company's Board of Management. Mr Visser already left the company as a member of the Board of Management in 1998 and none of his former fellow members of the Board of Management are still active in the company.

- III.5.12** No more than one member of the remuneration committee may be a member of the management board of another Dutch listed company.

Comply

- III.5.13** If the remuneration committee makes use of the services of a remuneration consultant in carrying out its duties, it shall verify that the consultant concerned does not provide advice to the company's management board members.

Comply

Selection and appointment committee

III.5.14 The selection and appointment committee shall in any event focus on:

Comply

- a) drawing up selection criteria and appointment procedures for supervisory board members and management board members;
- b) periodically assessing the size and composition of the supervisory board and the management board, and making a proposal for a composition profile of the supervisory board;
- c) periodically assessing the functioning of individual supervisory board members and management board members, and reporting on this to the supervisory board;
- d) making proposals for appointments and reappointments; and
- e) supervising the policy of the management board on the selection criteria and appointment procedures for senior management.

III.6 Conflicts of interest

Principle

Any conflict of interest or apparent conflict of interest between the company and supervisory board members shall be avoided.

Decisions to enter into transactions under which supervisory board members would have conflicts of interest that are of material significance to the company and/or to the relevant supervisory board members require the approval of the supervisory board. The supervisory board is responsible for deciding on how to resolve conflicts of interest between management board members, supervisory board members, major shareholders and the external auditor on the one hand and the company on the other.

Best practice provisions

III.6.1 A supervisory board member shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the company and/or to him,

Comply

to the chairman of the supervisory board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law. If the chairman of the supervisory board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, he shall report this immediately to the vice-chairman of the supervisory board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law. The supervisory board member concerned may not take part in the assessment by the supervisory board of whether a conflict of interest exists. A conflict of interest exists in any event if the company intends to enter into a transaction with a legal entity:

- i) in which a supervisory board member personally has a material financial interest;
- ii) which has a management board member who is related under family law to a member of the supervisory board of the company; or
- iii) in which a member of the supervisory board of the company has a management or supervisory position.

III.6.2 A supervisory board member may not take part in a discussion and/or decision-making on a subject or transaction in relation to which he has a conflict of interest with the company. **Comply**

III.6.3 All transactions in which there are conflicts of interest with supervisory board members shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with supervisory board members that are of material significance to the company and/or to the relevant supervisory board members require the approval of the supervisory board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that best practice provisions **Comply**

- III.6.1 to III.6.3 inclusive have been complied with.
- III.6.4** All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with such persons that are of material significance to the company and/or to such persons require the approval of the supervisory board. Such transactions shall be published in the annual report, together with a declaration that best practice provision III.6.4 has been observed. **Comply**
- III.6.5** The terms of reference of the supervisory board shall contain rules on dealing with conflicts of interest and potential conflicts of interest between management board members, supervisory board members and the external auditor on the one hand and the company on the other. The terms of reference shall also stipulate which transactions require the approval of the supervisory board. The company shall draw up regulations governing ownership of and transactions in securities by management or supervisory board members, other than securities issued by their 'own' company. **Comply**
- III.6.6** A delegated supervisory board member is a supervisory board member who has a special duty. The delegation may not extend beyond the duties of the supervisory board itself and may not include the management of the company. It may entail more intensive supervision and advice and more regular consultation with the management board. The delegation shall be of a temporary nature only. The delegation may not detract from the role and power of the supervisory board. The delegated supervisory board member remains a member of the supervisory board. **Comply**
- III.6.7** A supervisory board member who temporarily takes on the management of the company, where the management board members are absent or unable to fulfil their duties, shall resign from the supervisory board. **Comply**

III.7 Remuneration

Principle

The general meeting shall determine the remuneration of supervisory board members. The remuneration of a supervisory board member is not dependent on the results of the company.

Best practice provisions

- | | | |
|---------|---|--------|
| III.7.1 | A supervisory board member may not be granted any shares and/or rights to shares by way of remuneration. | Comply |
| III.7.2 | Any shares held by a supervisory board member in the company on whose board he sits are long-term investments. | Comply |
| III.7.3 | The company may not grant its supervisory board members any personal loans, guarantees or the like unless in the normal course of business and after approval of the supervisory board. No remission of loans may be granted. | Comply |

III.8 One-tier management structure

Principle

The composition and functioning of a management board comprising both members having responsibility for the day-to-day running of the company (executive directors) and members not having such responsibility (non-executive directors) shall be such that proper and independent supervision by the latter category of members is assured.

Best practice provisions

- | | | |
|---------|---|--------|
| III.8.1 | The chairman of the management board may not also be or have been an executive director. | Comply |
| III.8.2 | The chairman of the management board shall check the proper composition and functioning of the entire board. | Comply |
| III.8.3 | The management board shall apply chapter III.5 of this code. The committees referred to in chapter III.5 shall consist only of non-executive management board member. | Comply |
| III.8.4 | The majority of the members of the management board shall be non-executive directors and are independent within the meaning of best practice provision III.2.2. | Comply |

IV. The shareholders and the general meeting of shareholders

IV.1 Powers

Principle

Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting. It is in the interest of the company that as many shareholders as possible take part in the decision-making in the general meeting. The company shall, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

The general meeting should be able to exert such influence on the policy of the management board and the supervisory board of the company that it plays a fully-fledged role in the system of checks and balances in the company.

Management board resolutions on a major change in the identity or character of the company or the enterprise shall be subject to the approval of the general meeting.

Best practice provisions

IV.1.1 The general meeting of shareholders of a company not having statutory two tier status (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

Comply

- IV.1.2** The voting right attaching to financing preference shares shall be based on the fair value of the capital contribution. This shall in any event apply to the issue of financing preference shares. **Comply**
- IV.1.3** If a serious private bid is made for a business unit or a participating interest and the value of the bid exceeds the threshold referred to in Article 2:107a, paragraph 1 (c), of the Netherlands Civil Code, and such bid is made public, the management board of the company shall, at its earliest convenience, make public its position on the bid and the reasons for this position. **Comply**
- IV.1.4** The policy of the company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend) shall be dealt with and explained as a separate agenda item at the general meeting. **Comply**
- IV.1.5** A resolution to pay a dividend shall be dealt with as a separate agenda item at the general meeting. **Comply**
- IV.1.6** Resolutions to approve the policy of the management board (discharge of management board members from liability) and to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability) shall be voted on separately in the general meeting. Compliance with the Code shall be accounted for as part of the annual report. **Comply**
- IV.1.7** The company shall determine a registration date for the exercise of the voting rights and the rights relating to meetings. **Comply**
- IV.1.8** The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a worthwhile discussion at the meeting. **Comply**

IV.2 Depository receipts for shares

Principle

Depository receipts for shares are a means of preventing a (chance) majority of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting. Depository receipts for shares may not be used as an anti-takeover measure. The management of the trust office shall issue

proxies in all circumstances and without limitation to the holders of depositary receipts who so request. The holders of depositary receipts thus authorised can exercise the voting right at their discretion. The management of the trust office shall have the confidence of the holders of depositary receipts. Depositary receipt holders shall have the possibility of recommending candidates for the management of the trust office. The company may not disclose to the trust office information which has not been made public.

Best practice provisions

- | | | |
|---------------|---|---------------|
| IV.2.1 | The management of the trust office shall enjoy the confidence of the depositary receipt holders and operate independently of the company which has issued the depositary receipts. The trust conditions shall specify in what cases and subject to what conditions holders of depositary receipts may request the trust office to call a meeting of holders of depositary receipts. | Comply |
| IV.2.2 | The managers of the trust office shall be appointed by the management of the trust office. The meeting of holders of depositary receipts may make recommendations to the management of the trust office for the appointment of persons to the position of manager. No management board members or former management board members, supervisory board members or former supervisory board members, employees or permanent advisers of the company should be part of the management of the trust office. | Comply |
| IV.2.3 | A person may be appointed to the management of the trust office for a maximum of three 4-year terms. | Comply |
| IV.2.4 | The management of the trust office shall be present at the general meeting and shall, if desired, make a statement about how it proposes to vote at the meeting. | Comply |
| IV.2.5 | In exercising its voting rights, the trust office shall be guided primarily by the interests of the depositary receipt holders, taking the interests of the company and its affiliated enterprise into account. | Comply |
| IV.2.6 | The trust office shall report periodically, but at least once a year, on its activities. The report shall be posted on the | Comply |

- company's website.
- IV.2.7** The report referred to in best practice provision IV.2.6 shall, in any event, set out:
- a) the number of shares for which depositary receipts have been issued and an explanation of changes in this number;
 - b) the work carried out in the year under review;
 - c) the voting behaviour in the general meetings held in the year under review;
 - d) the percentage of votes represented by the trust office during the meetings referred to at c);
 - e) the remuneration of the members of the management of the trust office;
 - f) the number of meetings held by the management and the main items dealt with in them;
 - g) the costs of the activities of the trust office;
 - h) any external advice obtained by the trust office;
 - i) the positions of the managers of the trust office; and
 - j) the contact details of the trust office.

Comply

- IV.2.8** The trust office shall, without limitation and in all circumstances, issue proxies to depositary receipt holders who so request. Each depositary receipt holder may also issue binding voting instructions to the trust office in respect of the shares which the trust office holds on his behalf.

Not applicable

IV.3 Provision of information to and logistics of the general meeting

Principle

The management board or, where appropriate, the supervisory board shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the management board on the one hand and press and analysts on the other shall be carefully handled and structured, and the company may not engage in any acts that compromise the independence of analysts in relation to the company and vice versa.

The management board and the supervisory board shall provide the general meeting in good time with all information that it requires for the exercise of its powers.

If price-sensitive information is provided during a general meeting, or the answering of shareholders' questions has resulted in the disclosure of price-sensitive information, this information shall be made public without delay.

Best practice provisions

- | | | |
|---------------|--|-----------------------|
| IV.3.1 | Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of webcasting or telephone. After the meetings, the presentations shall be posted on the company's website. | Not applicable |
| IV.3.2 | Analysts' reports and valuations may not be assessed, commented upon or corrected, other than factually, by the company in advance. | Not applicable |
| IV.3.3 | The company may not pay any fee(s) to parties for the carrying out of research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies. | Not applicable |
| IV.3.4 | Analysts meetings, presentations to institutional or other investors and direct discussions with the investors may not take place shortly before the publication of the regular financial information (quarterly, half-yearly or annual reports). | Comply |
| IV.3.5 | The management board and the supervisory board shall provide the general meeting with all requested information, unless this would be contrary to an overriding interest of the company. If the management board and the supervisory board invoke an overriding interest, they must give reasons. | Comply |
| IV.3.6 | The company shall place and update information which is relevant to the shareholders and which it is required to | Comply |

- publish or deposit pursuant to the provisions of company law and securities law applicable to it, in a separate section of the company's website.
- IV.3.7** The agenda of the general meeting shall list which items are for discussion and which items are to be voted upon. **Comply**
- IV.3.8** A resolution for approval or authorisation to be passed by the general meeting shall be explained in writing. In its explanation the management board shall deal with all facts and circumstances relevant to the approval or authorisation to be granted. The notes to the agenda shall be posted on the company's website. **Comply**
- IV.3.9** Material amendments to the articles of association of the company and resolutions for the appointment of management board members and supervisory board members shall be submitted separately to the general meeting. **Comply**
- IV.3.10** The report of the general meeting shall be made available, on request, to shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the report in the following three months. The report shall then be adopted in the manner provided for in the articles of association. **Comply**
- IV.3.11** The management board shall provide a survey of all existing or potential anti-takeover measures in the annual report and shall also indicate in what circumstances it is expected that these measures may be used. **Comply**
- IV.3.12** The company shall give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party prior to the general meeting. **Comply**
- IV.3.13** The company shall formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website. **Comply**

IV.4 Responsibility of shareholders

Responsibility of institutional investors

Principle

Institutional investors shall act primarily in the interests of the ultimate beneficiaries or investors and have a responsibility to the ultimate beneficiaries or investors and the companies in which they invest, to decide, in a careful and transparent way, whether they wish to exercise their rights as shareholder of listed companies.

Best practice provisions

- IV.4.1 Institutional investors (pension funds, insurers, investment institutions and asset managers) shall publish annually, in any event on their website, their policy on the exercise of the voting rights for shares they hold in listed companies. **Comply**
- IV.4.2 Institutional investors shall report annually, on their website and/or in their annual report, on how they have implemented their policy on the exercise of the voting rights in the year under review. **Comply**
- IV.4.3 Institutional investors shall report at least once a quarter, on their website, on whether and, if so, how they have voted as shareholders at the general meeting. **Comply**

Responsibility of shareholders

Principle

Shareholders shall act in relation to the company, the organs of the company and their fellow shareholders in keeping with the principle of reasonableness and fairness. This includes the willingness to engage in a dialogue with the company and their fellow shareholders.

Best practice provisions

- IV.4.4 A shareholder shall exercise the right of putting an item on the agenda only after he consulted the management board about this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example through the dismissal of one or more management or supervisory board members, the management board **Comply**

shall be given the opportunity to stipulate a reasonable period in which to respond (the response time). This shall also apply to an intention as referred to above for judicial leave to call a general meeting pursuant to Article 2:110 of the Netherlands Civil Code. The shareholder shall respect the response time stipulated by the management board within the meaning of best practice provision II.1.9.

- | | | |
|--------|---|--------|
| IV.4.5 | A shareholder shall vote as he sees fit. A shareholder who makes use of the voting advice of a third party is expected to form his own judgment on the voting policy of this adviser and the voting advice provided by him. | Comply |
| IV.4.6 | If a shareholder has arranged for an item to be put on the agenda, he shall explain this at the meeting and, if necessary, answer questions about it. | Comply |
| V. | The audit of the financial reporting and the position of the internal audit function and the external auditor | Comply |

V.1 Financial reporting

Principle

The management board is responsible for the quality and completeness of publicly disclosed financial reports. The supervisory board shall ensure that the management board fulfils this responsibility.

Best practice provisions

- | | | |
|-------|--|--------|
| V.1.1 | The preparation and publication of the annual report, the financial statements, the quarterly and/or half-yearly figures and ad hoc financial information require careful internal procedures. The supervisory board shall supervise compliance with these procedures. | Comply |
| V.1.2 | The audit committee shall determine how the external auditor should be involved in the content and publication of financial reports other than the financial statements. | Comply |
| V.1.3 | The management board is responsible for establishing and maintaining internal procedures which ensure that | Comply |

all major financial information is known to the management board, so that the timeliness, completeness and correctness of the external financial reporting are assured. For this purpose, the management board ensures that the financial information from business divisions and/or subsidiaries is reported directly to it and that the integrity of the information is not compromised. The supervisory board shall ensure that the internal procedures are established and maintained.

V.2 Role, appointment, remuneration and assessment of the functioning of the external auditor

Principle

The external auditor is appointed by the general meeting. The supervisory board shall nominate a candidate for this appointment, while both the audit committee and the management board advise the supervisory board. The remuneration of the external auditor, and instructions to the external auditor to provide non-audit services, shall be approved by the supervisory board on the recommendation of the audit committee and after consultation with the management board.

Best practice provisions

- | | | |
|--------------|--|---------------|
| V.2.1 | The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor shall for this purpose attend and be entitled to address this meeting. | Comply |
| V.2.2 | The management board and the audit committee shall report their dealings with the external auditor to the supervisory board on an annual basis, including his independence in particular (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the company). The supervisory board shall take this into account when deciding its nomination for the appointment of an external auditor, which nomination shall be submitted to the general meeting. | Comply |
| V.2.3 | At least once every four years, the supervisory board and | Comply |

the audit committee shall conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the general meeting for the purposes of assessing the nomination for the appointment of the external auditor.

V.3 Internal audit function

Principle

The internal auditor shall operate under the responsibility of the management board.

Best practice provision

- | | | |
|--------------|--|---------------|
| V.3.1 | The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor. | Comply |
| V.3.2 | The internal auditor shall have access to the external auditor and to the chairman of the audit committee. | Comply |
| V.3.3 | If there is no internal audit function, the audit committee shall review annually the need for an internal auditor. Based on this review, the supervisory board shall make a recommendation on this to the management board in line with the proposal of the audit committee, and shall include this recommendation in the report of the supervisory board. | Comply |

V.4 Relationship and communication of the external auditor with the organs of the company

Principle

The external auditor shall, in any event, attend the meeting of the supervisory board at which the financial statements are to be adopted or approved. The external auditor shall report his findings in relation to the audit of the financial statements to the management board and the supervisory board simultaneously.

Best practice provisions

V.4.1 The external auditor shall in any event attend the meeting of the supervisory board, at which the report of the external auditor with respect to the audit of the financial statements is discussed, and at which financial statements are to approved or adopted. The external auditor shall receive the financial information underlying the adoption of the quarterly and/or half-yearly figures and other interim financial reports and shall be given the opportunity to respond to all information.

Comply

V.4.2 When the need arises, the external auditor may request the chairman of the audit committee for leave to attend the meeting of the audit committee.

Comply

V.4.3 The report of the external auditor pursuant to Article 2:393, paragraph 4, of the Netherlands Civil Code shall contain the matters which the external auditor wishes to bring to the attention of the management board and the supervisory board in relation to the audit of the financial statements and the related audits. The following examples can be given:

Comply

A. With regard to the audit:

- information about matters of importance to the assessment of the independence of the external auditor;
- information about the course of events during the audit and cooperation with internal auditors and/or any other external auditors, matters for discussion with the management board, a list of corrections that have not been made, etc.

B. With regard to the financial figures:

- analyses of changes in shareholders' equity and results, which do not appear in the information to be published, and which, in the view of the external auditor, contribute to an understanding of the financial position and results of the company;
- comments regarding the processing of one-off items, the effects of estimates and the manner in which they have been arrived at, the choice of accounting policies, when other choices were possible, and special

effects of such policies;

- comments on the quality of forecasts and budgets.

- C. With regard to the operation of the internal risk management and control systems (including the reliability and continuity of automated data processing) and the quality of the internal provision of information:
- points for improvement, gaps and quality assessments;
 - comments about threats and risks to the company and the manner in which they should be reported in the particulars to be published;
 - compliance with articles of association, instructions, regulations, loan covenants, requirements of external supervisors, etc.

Explanation of and notes on terms used in the Code

Preamble

Section 2

The Code does not apply to collective investment schemes, which can be treated as ‘financial products’. It does apply to the managers of collective investment schemes, unless the managers are members of a centrally managed group.

II. The management board

II.1.1

Management board members are normally reappointed.

Comply

II.1.3

The internal risk management and control system must be suitable for the company concerned. This gives smaller listed companies the possibility of using less comprehensive procedures.

Comply

II.1.4

Pursuant to a) the company’s annual report must include a description of the main risks it encounters in implementing its strategy. Rather than providing an exhaustive list of all possible

Comply

risks, the company should identify the main risks it faces, i.e. strategic and operational risks, financial risks, legal and regulatory risks and financial reporting risks. The remuneration structure of management board members and other staff can also pose an operational risk. The description should also specify the company's risk profile, in other words its risk appetite and, as far as possible, its risk sensitivity. In certain circumstances quantification of the risks identified can enhance the value of the information. The description of the main risks is in keeping with the 'risk section' prescribed in Article 2:391, paragraph 2, of the Netherlands Civil Code and the description of the essential risks under Section 5:25 (c) of the Financial Supervision Act.

As regards b) it would be logical for the management board to indicate in the description of the design and effectiveness of the internal risk management and control systems what framework or criteria (e.g. the COSO framework for internal control) it used in assessing the internal risk management and control system.

II.1.5

The statement can form part of the management board's report that is required in the context of Section 5:25 (c) of the Financial Supervision Act. Companies whose securities are traded on a system in the United States comparable to a regulated market or multilateral trading facility are deemed to comply with parts a) and b) if they correctly apply Section 404 of the Sarbanes-Oxley Act.

Comply

II.1.6

This concerns a report on the sensitivity of results to external factors and variables in a general sense.

Comply

II.1.8

'Other important positions' (i.e. positions that should be notified to the supervisory board) include membership of the supervisory board of a large, unlisted company.

Comply

II.2.7

Examples of structural changes are the splitting and consolidation of shares, the consequences of a merger or acquisition in which options are 'rolled over' to shares of the bidder, and the payment

Comply

of a 'super dividend'.

II.2.8

The fixed remuneration component means periodic pay within the meaning of Article 2:383c, paragraph 1 (a), of the Netherlands Civil Code. A redundancy scheme providing for a maximum of one year's salary could be 'manifestly unreasonable' where a management board member is dismissed during his first term of office and has been in the company's service for a long time prior to his appointment to the board. Compared to the level of the entitlement of an 'ordinary' employee, severance pay of one year's salary could possibly be too low in such circumstances. This upper limit also applies to management board members who leave the company of their own free will, although in such cases it would be appropriate for no remuneration whatever to be paid. This provision does not detract from the principle that failing policy (mismanagement or fraud) on the part of a management board member should not be rewarded.

Comply

II.2.9 / III.7.3

The words 'or the like' in any event include an acknowledgement of debt or an obligation to make payment in due course.

Comply

II.2.10

This power does not apply to new contracts only; the supervisory board has a responsibility to endeavour to include such a provision in existing contracts as well.

Comply

II.2.11

The power of the supervisory board relates both to situations where the remuneration has been awarded but not yet received by the management board member and to situations where the remuneration has already been received. This power does not apply to new contracts only; the supervisory board also has a responsibility to endeavour to include such a provision in existing contracts as well.

Comply

II.2.12

The phrase 'an account of the manner in which the remuneration policy has been implemented in the past financial year' means the

Comply

statement referred to in Article 2:391 of the Netherlands Civil Code. 'The remuneration policy planned by the supervisory board for the next financial year and subsequent years' means the remuneration policy referred to in Article 2:135, paragraph 1, of the Netherlands Civil Code.

II.2.13

Parts c) and d)

'Other share-based remuneration components' in any event include stock appreciation rights and phantom stock.

Comply

III. The supervisory board

III.1.2

The 'annual statements' are the entire annual report referred to in Article 2:391 of the Netherlands Civil Code, the financial statements referred to in Article 2:361 of the Netherlands Civil Code, the other information referred to in Article 2:392 of the Netherlands Civil Code, the report of the supervisory board, key figures, multi-year figures, shareholder information and so forth.

Comply

III.1.4

Nonetheless, in the case of companies not having statutory two-tier status the general meeting may suspend or dismiss supervisory board members at any time. Under the provisions on companies having statutory two-tier status the general meeting of such companies may pass a resolution of no confidence in the entire supervisory board. The adoption of such a resolution implies the immediate dismissal of all the members of the board.

Comply

III.1.7

This provision relates to the annual review by the supervisory board members of their own functioning and that of the management board. The aim of the review is to reflect critically on the functioning of the members of the supervisory board and management board. A periodic review can enhance the quality of the functioning of the supervisory board and the management board and help to ensure that the right choices are made when preparing appointments or reappointments of supervisory and management board members, for example in connection with the appropriate composition of the boards or the appropriate diversity

Comply

in their composition. How the review is carried out is a matter for the company and may therefore differ from one company to another. The review can take place collectively, on an individual basis between the chairman and the members separately, or through the input of an external adviser. Each supervisory board member should be able to express his views confidentially during the review.

III.2.2

Part d) relates to what are termed 'cross-links'. A supervisory board member of listed company A who is a member of the management board of listed company B is not deemed to be independent if a management board member of company A is also a supervisory board member of company B.

Comply

III.3.1

The Code provides that the composition of the supervisory board should be such that the members are able to act independently of one another, the management board and any particular interests. In addition to expertise and personal involvement, independence is a crucial requirement for the proper functioning of a supervisory board. An important means of promoting independent action of the supervisory board is to ensure the diversity of its composition in terms of such factors as age, gender, expertise, social background or nationality.

Comply

III.4.3

The activities of the company secretary need not be limited to the provision of support for the supervisory board. He may also work for the management board. The secretary need not necessarily be an employee of the company. The work may also be carried out by, say, a lawyer appointed for this purpose.

Comply

III.5.10

The remuneration committee's duty to make proposals for the remuneration policy to be pursued means that it has initial responsibility for formulating the basic remuneration policy principles. This involves determining such matters as the performance criteria, the use and composition of any peer group, the ratio of fixed to variable and short-term to long-term

Comply

remuneration, the ratio of the chairman's remuneration to that of the other management board members and the ratio of the remuneration of the management board to that of other grades within the company. The remuneration committee also checks whether the existing remuneration policy is still up to date and, if necessary, makes proposals for changes. In carrying out its duties the remuneration committee may make use of the services of a remuneration consultant, but it always remains responsible itself for making proposals for the remuneration policy to be pursued and taking whatever initiatives are necessary for this purpose.

IV. The shareholders and the general meeting of shareholders

IV.1.2

This provision is intended to apply to future issues of financing preference shares. However, the management board and supervisory board may agree with the holders of the existing financing preference shares to adjust the present control of the financing preference shares.

Comply

IV.1.3

A private bid is not deemed to be 'serious' if it is clear that the bidder does not have sufficient financial resources to finance the bid or if no right-thinking and sensible shareholder would wish the management board to accept the bid, for example because the bid price does not reflect the true value or the market value of the business unit or the participating interest.

Comply

IV.1.7

A bill introducing a compulsory registration period of 21 days before the start of the general meeting has been submitted to implement Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies.¹

Comply

IV.4.5

In so far as a shareholder uses the services of a voting adviser before exercising his voting right, it is logical that he should check that the adviser provides balanced advice based on fair consideration of all the issues.

Comply

V. The audit of the financial reporting and the position of the internal audit function and the external auditor

V.2.1

The presence of the external auditor at the general meeting does not detract from the general duty of the management board and the supervisory board to render account to the general meeting or their duty to provide all requested information to the general meeting (unless there is an important reason for not doing so).

Comply

The external auditor can be questioned only in respect of his audit and audit report. Primary responsibility for the content of the financial statements rests with the management board. It follows that the external auditor should participate in the preparation of the general meeting. The Committee refers to NIVRA Guideline 780N on the position of the external auditor in the general meeting.

Comply