



## TKH Group N.V.

### SUPERVISORY BOARD RULES

governing the internal proceedings of the Supervisory Board

*Effective as of 5 March 2018*



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### Schedules

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<b>Schedule 2</b>	Profile of the Supervisory Board
<b>Schedule 3</b>	Rotation schedule of the Supervisory Board
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<b>Schedule 5</b>	Responsibilities of the Chairman and the Vice-Chairman
<b>Schedule 6</b>	Audit Committee Charter
<b>Schedule 7</b>	Remuneration Committee Charter
<b>Schedule 8</b>	Selection and Appointment Committee Charter



## 1 DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

- 1.1.1 In these rules capitalised terms have the meaning as set out in [Schedule 1](#).
- 1.1.2 Any reference in these rules to "in writing" means in writing or by other reproducible electronic communication.

### 1.2 Construction

- 1.2.1 Schedules are part of these rules.

## 2 COMPOSITION OF THE SUPERVISORY BOARD, DIVISION OF DUTIES AND RESPONSIBILITIES

### 2.1 Composition

- 2.1.1 The Supervisory Board prepares a profile of its size and composition, taking into account the nature of the Business and the Supervisory Board's activities. The current profile is set out in [Schedule 2](#).
- 2.1.2 The Supervisory Board prepares a rotation schedule to prevent, where possible, reappointments occurring at the same time. The current rotation schedule is set out in [Schedule 3](#).

### 2.2 Responsibilities

- 2.2.1 The general responsibilities of the Supervisory Board are set out in [Schedule 4](#).
- 2.2.2 The Supervisory Board may obtain information from officers and external advisors.

### 2.3 Chairman and Vice-Chairman

- 2.3.1 The Supervisory Board appoints one of the Supervisory Board members as Chairman and one of the other Supervisory Board members as Vice-Chairman.
- 2.3.2 The Chairman cannot be a former Executive Board member and must be independent in accordance with Best Practice provision 2.1.8 of the Code.
- 2.3.3 The responsibilities of the Chairman and the Vice-Chairman are set out in [Schedule 5](#).

## 3 COMMITTEES OF THE SUPERVISORY BOARD

### 3.1 General

- 3.1.1 The Supervisory Board may assign certain tasks to one or more permanent or ad hoc committees comprising one or more Supervisory Board members.
- 3.1.2 The task of Supervisory Board committees is to prepare the decision-making of the Supervisory Board. Establishing committees does not diminish the responsibility of the Supervisory Board and the Supervisory Board members for obtaining information and forming an independent opinion. The committees cannot adopt resolutions on behalf of the Supervisory Board.
- 3.1.3 The Supervisory Board appoints Supervisory Board committee members. For each committee, the Supervisory Board appoints a chairman from among committee members. The secretary does not need to be a Supervisory Board member.
- 3.1.4 Supervisory Board committees report on a regular basis to the Supervisory Board about their actions, reviews, proposals and findings.

### 3.2 Permanent Committees

- 3.2.1 The Supervisory Board has the following permanent committees:
  - (a) the Audit Committee, with duties and internal proceedings as set out in [Schedule 6](#);
  - (b) the Remuneration Committee, with duties and internal proceedings as set out in [Schedule 7](#); and
  - (c) the Selection and Appointment Committee, with duties and internal proceedings organisation as set out in [Schedule 8](#).



### 3.3 Ad hoc committees

- 3.3.1 The Supervisory Board may establish ad hoc committees.
- 3.3.2 The duties and internal proceedings of ad hoc committees are set out in writing by the Supervisory Board and form part of these rules.

## 4 COMPANY SECRETARY

### 4.1 Duties and responsibilities

- 4.1.1 The Company Secretary assists the Supervisory Board.
- 4.1.2 The Company Secretary:
  - (a) ensures that the proper procedures are followed and that any statutory obligations and any obligations under the Articles of Association and these rules are complied with;
  - (b) facilitates the provision of information to the Executive Board and Supervisory Board; and
  - (c) supports the Chairman in the organisation of the Supervisory Board's affairs, including the provision of information, meeting agendas, evaluation and training programmes.
- 4.1.3 If the Company Secretary also undertakes work for the Executive Board and identifies that the interests of the Executive Board and the Supervisory Board diverge, resulting in a lack of clarity as to which interests the Company Secretary represents, the Company Secretary reports this to the Chairman.

### 4.2 Appointment and dismissal

- 4.2.1 Subject to the Supervisory Board's approval, the Executive Board appoints and dismisses the Company Secretary. The Supervisory Board may recommend the appointment or dismissal of the Company Secretary to the Executive Board.

## 5 MEETINGS OF THE SUPERVISORY BOARD AND DECISION-MAKING

### 5.1 Convening meetings and agenda

- 5.1.1 Meetings are held in accordance with a meeting schedule to be annually set by the Supervisory Board. Additional meetings are convened at any Supervisory Board member's request.
- 5.1.2 Meetings are convened in a timely manner by the Chairman or, if the Chairman and Vice-Chairman positions are vacant (*ontstentenis*) or the Chairman and Vice-Chairman are unable to act (*belet*), by any Supervisory Board member. The notice sets out the meeting agenda.
- 5.1.3 The Supervisory Board member convening a meeting sets the agenda for that meeting. Supervisory Board members may submit agenda items to the Supervisory Board member convening the meeting.

### 5.2 Meeting location

- 5.2.1 Meetings are normally held at the Company's offices, but may also take place elsewhere.
- 5.2.2 Meetings may also be held by telephone, videoconference, or electronic communication, provided that all participants can hear each other simultaneously. Supervisory Board members attending the meeting by telephone, videoconference, or electronic communication are considered present at the meeting.

### 5.3 Attendance

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



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

- 5.4.1 The Chairman chairs the meeting. If the Chairman is not present at the meeting, the Vice-Chairman chairs the meeting. If both the Chairman and the Vice-Chairman are not present at a meeting and the Chairman has not appointed another Supervisory Board member as chairman of that meeting, the Supervisory Board members present at the meeting will appoint one of them as chairman of that meeting.

#### **5.5 Adoption of resolutions - quorum requirements**

- 5.5.1 The Supervisory Board may only adopt resolutions at a meeting if a majority of the Supervisory Board members entitled to vote is present or represented at the meeting.
- 5.5.2 If the Chairman believes there is an exceptional situation that requires the Supervisory Board's immediate resolution, the quorum requirement referred to in clause 5.5.1 does not apply, provided that:
- (a) at least two Supervisory Board members entitled to vote are present or represented at the meeting; and
  - (b) reasonable efforts have been made to involve the other Supervisory Board members in the decision-making.
- 5.5.3 The chairman of the meeting ensures that adopted resolutions are communicated to Supervisory Board members not present at the meeting without delay.

#### **5.6 Adoption of resolutions - majority requirements**

- 5.6.1 Each Supervisory Board member has one vote.
- 5.6.2 Where possible, the Supervisory Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a majority of votes cast.
- 5.6.3 In the event of a tie, the chairman of the Supervisory Board shall decide. Subject to the provisions of this paragraph 5 and without prejudice to the provisions in paragraph 5.8, the Supervisory Board cannot adopt resolutions if the majority of its members are not present.
- 5.6.4 If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

#### **5.7 Meeting minutes**

- 5.7.1 The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:
- (a) by a resolution adopted at a next Supervisory Board meeting; or
  - (b) by the chairman and secretary of the particular meeting, after having consulted the Supervisory Board members present or represented at that meeting.

#### **5.8 Adopting resolutions without holding a meeting**

- 5.8.1 The Supervisory Board may also adopt resolutions without holding a meeting, provided that:
- (a) the resolutions are adopted in writing or in a reproducible manner by electronic means; and
  - (b) all Supervisory Board members entitled to vote have consented to adopting the resolutions without holding a meeting.
- 5.8.2 Clauses 5.6.1 through 5.6.2 apply to adopting resolutions without holding a meeting.

#### **5.9 Evidence of adopted resolutions**

- 5.9.1 Resolutions can be evidenced by a statement signed by the Chairman and the Company Secretary.
- 5.9.2 Resolutions adopted at a specific meeting can also be evidenced by a statement signed by the chairman and the secretary of that meeting.

### **6 CONFLICTS OF INTEREST**

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

- 6.1.1 Any conflict of interest between the Company and Supervisory Board members must be prevented. The Supervisory Board is responsible for dealing with any conflicts of interest that Executive Board members, Supervisory Board members or majority shareholders may have in relation to the Company.



- 6.1.2 Supervisory Board members must be alert to conflicts of interest and may not:
- (a) compete with the Company;
  - (b) demand or accept substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - (c) provide unjustified advantages to third parties at the Company's expense; or
  - (d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
- 6.2 Definition**
- 6.2.1 For purposes of clauses 6.2 through 6.6, a "conflict of interest" means:
- (a) a direct or indirect personal conflict of interest within the meaning of article 2:140(5) BW; and
  - (b) any other situation which causes reasonable doubt about whether the Supervisory Board member concerned is primarily guided in the decision-making process by the interests of the Company and the Business.
- 6.2.2 A Supervisory Board member has a potential conflict of interest if the Company intends to enter into a transaction with a legal entity:
- (a) in which that Supervisory Board member personally has a material financial interest;
  - (b) whose management or supervisory board includes a member who has a family law relationship with that Supervisory Board member; or
  - (c) where that Supervisory Board member has a management or supervisory position.
- 6.3 Consequences**
- 6.3.1 A Supervisory Board member may not participate in the Supervisory Board's or a committee's deliberations and decision-making process on a subject where the Supervisory Board member is found to have a conflict of interest pursuant to clause 6.5.1. The Supervisory Board member does not qualify as a Supervisory Board member entitled to vote in relation to that subject.
- 6.3.2 A Supervisory Board member who temporarily takes on the management of the Company while all Executive Board positions are vacant or all Executive Board members are unable to act, resigns from the Supervisory Board.
- 6.4 Obligation to report**
- 6.4.1 A Supervisory Board member, other than the Chairman or Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman, or in the Chairman's absence, the Vice-Chairman. The Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Vice-Chairman or, in the Vice-Chairman's absence, to the other Supervisory Board members. The Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman or, in the Chairman's absence, to the other Supervisory Board members. The Supervisory Board member must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.
- 6.5 Determination of conflicts of interest**
- 6.5.1 The Supervisory Board decides whether a Supervisory Board member has a conflict of interest, without the Supervisory Board member concerned being present.
- 6.6 At arm's length. Supervisory Board approval**
- 6.6.1 Executive Board resolutions on a subject where the Supervisory Board has found one or more Executive Board members to have a conflict of interest and if the conflict of interest is of material significance to the Company or to the relevant Executive Board member, require the approval of the Supervisory Board. The Supervisory Board may only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.



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

## 6.7 Loans and guarantees

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

## 7 MISCONDUCT AND IRREGULARITIES

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

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

7.1.3 The Supervisory Board monitors the operation of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions.

7.1.4 In order to safeguard the independence of the investigation in cases where the Executive Board is involved, the Supervisory Board may initiate its own investigation into any irregularities that have been discovered and to coordinate this investigation.

## 8 RELATIONSHIP WITH THE EXECUTIVE BOARD AND GENERAL MEETING

### 8.1 Main contact

8.1.1 The Chairman is the main contact on behalf of the Supervisory Board for the Executive Board, the General Meeting and any employee-participation body.

8.1.2 The Vice-Chairman is the main contact on behalf the Supervisory Board for individual Supervisory Board members and Executive Board members in matters regarding the Chairman's performance.

### 8.2 General Meeting - requests for information

8.2.1 The Supervisory Board adequately provides any information the General Meeting requires, unless overriding interests (*zwaarwegende belangen*) of the Company or any laws, rules or regulations applicable to the Company prevent the Supervisory Board from doing so.

8.2.2 If the Supervisory Board decides not to provide the General Meeting with all information requested based on overriding interests of the Company, the Supervisory Board must explain this.

### 8.3 Executive Board - resolutions requiring Supervisory Board approval

8.3.1 The Supervisory Board may make certain Executive Board resolutions subject to Supervisory Board's approval. These resolutions must be clearly specified and communicated in writing to the Executive Board.

### 8.4 Executive Board - annual evaluation

8.4.1 The Supervisory Board regularly, and at least annually, evaluates the performance of the Executive Board and the individually members. The Supervisory Board discusses the conclusions of this evaluation, including in relation to the succession of Executive Board members. The evaluation takes place without the Executive Board members being present.

8.4.2 An Executive Board member retires early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the Supervisory Board deems this necessary.



## **8.5 Executive Board members and majority shareholders - conflicts of interest**

- 8.5.1 The Supervisory Board is responsible for dealing with conflicts of interest between Executive Board members or majority shareholders and the Company.
- 8.5.2 The Executive Board's rules set out the following rules on conflicts of interest for Executive Board members:
- (a) a Executive Board member must, without delay, report any conflict of interest or potential conflict of interest to the Chairman and the other Executive Board members. The Executive Board member must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree;
  - (b) the Supervisory Board decides whether a Executive Board member has a conflict of interest, without the Executive Board member being present; and
  - (c) Executive Board resolutions on a subject where the Supervisory Board has found one or more Executive Board member(s) to have a conflict of interest if the conflict of interest is of material significance to the Company or to the relevant Executive Board member (i) may only be adopted if the transaction is to be entered into by the Company on terms that are customary in the market, and (ii) require the approval of the Supervisory Board.
- 8.5.3 All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company that are of material significance to the Company or to those persons require the approval of the Supervisory Board. The Supervisory Board will only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.
- 8.5.4 Transactions, as referred to in 8.5.3, are published in the executive board report, together with a declaration that Best Practice provision 2.7.5 of the Code has been complied with.

## **9 ANNUAL EVALUATION OF SUPERVISORY MEMBERS**

- 9.1.1 The Chairman is the main contact on behalf of the Supervisory Board regarding the performance of Supervisory Board members other than the Chairman. The Vice-Chairman is the main contact on behalf of the Supervisory Board regarding the Chairman's performance.
- 9.1.2 The Supervisory Board regularly, and at least annually, evaluates its own and the Supervisory Board members' performance without any Executive Board members being present. The performance of the various committees is evaluated as well. The Supervisory Board discusses the conclusions of the evaluation are discussed. Attention is paid to:
- (a) substantive aspects, the interaction within the Supervisory Board or committee, and the interaction with the Executive Board;
  - (b) events that occurred in practice and from which lessons are learned; and
  - (c) the desired profile, composition, competencies and expertise of the Supervisory Board.
- 9.1.3 A Supervisory Board member retires early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the Supervisory Board deems this necessary.
- 9.1.4 The remuneration of the Supervisory Board members reflects the time spent and the responsibilities of their role. Supervisory Board member may not be awarded remuneration in the form of shares or rights to shares. Shares held by a Supervisory Board member are long-term investments.

## **10 POSITIONS OUTSIDE THE COMPANY**

- 10.1.1 A Supervisory Board member informs the Supervisory Board before accepting positions outside the Company.
- 10.1.2 Other positions of Executive Board members and Supervisory Board members are discussed at a Supervisory Board meeting at least annually.

## **11 CONFIDENTIALITY**

- 11.1.1 Each Supervisory Board member must treat all information and documentation obtained in connection with his or her position as Supervisory Board member with the necessary discretion, integrity and confidentiality.



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

- 12.1.1 The Executive Board and the Supervisory Board are each responsible for stimulating openness and accountability within the Company. The Supervisory Board supervises the Executive Board.
- 12.1.2 The Executive Board discusses with the Supervisory Board the adopted values for the Company and the Business that contribute to a culture focused on long-term value creation.
- 12.1.3 The Executive Board informs the Supervisory Board of its findings and observations relating to the effectiveness of, and compliance with, the Code of Conduct.
- 12.1.4 The conduct and culture in the Company and the Business are discussed in the consultations between the Executive Board, the Supervisory Board and the employee participation body.

## **13 MISCELLANEOUS**

### **13.1 Miscellaneous**

- 13.1.1 The Supervisory Board may occasionally resolve not to comply with these rules.
- 13.1.2 The Supervisory Board may amend these rules.
- 13.1.3 These rules are posted on the Company's website.
- 13.1.4 If any provision of these rules is held to be or becomes invalid (in each case either in its entirety or in part) that provision will, to the extent of its invalidity, be deemed not to form part of these rules, but the validity of the remainder of these rules will not be affected.

### **13.2 Governing law and jurisdiction**

- 13.2.1 These rules are governed exclusively by Dutch law.
- 13.2.2 Any disputes arising out of or in connection with these rules, including disputes concerning their applicability will be resolved by the courts in **Almelo**, the Netherlands.



## Schedule 1 Definitions

"**Audit Committee**" means the committee of the Supervisory Board referred to in clause 3.2.1(a);

"**Articles of Association**" means the articles of association of the Company;

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

"**BW**" means the Dutch Civil Code (*Burgerlijk Wetboek*);

"**Chairman**" means the Supervisory Board member with the title Chairman, in accordance with clause 2.3;

"**Chief Executive Officer**" means the chief executive officer of the Company;

"**Chief Financial Officer**" means the chief financial officer of the Company;

"**Code**" means the Dutch Corporate Governance Code;

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

"**Company**" means **TKH Group N.V.**;

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

"**General Meeting**" means the corporate body that consists of shareholders, holders of depositary receipts of shares and all other persons with meeting rights, or the meeting in which the shareholders, holders of depositary receipts of shares and all other persons with meeting rights assemble;

"**Group**" means the Company and all entities included in the group (*groep*, within the meaning of article 2:24b BW) headed by it;

"**Executive Board**" means the management board of the Company;

"**Remuneration Committee**" means the committee of the Supervisory Board referred to in clause 3.2.1(b);

"**Selection and Appointment Committee**" means the committee of the Supervisory Board referred to in clause 3.2.1(c);

"**Schedule**" means a schedule to these rules;

"**Supervisory Board**" means the supervisory board of the Company;

"**Vice-Chairman**" means the Supervisory Board member with the title Vice-Chairman, in accordance with clause 2.3.1.