



## **By-Laws of the Supervisory Board**

*of Royal KPN N.V.*

Adopted in the meeting of the Supervisory Board

December 15, 2005, as last amended on April 22, 2013

## CONTENTS

	Page
<b>Introduction .....</b>	<b>3</b>
<b>Chapter I - Composition of the Supervisory Board; Positions; Committees .....</b>	<b>4</b>
1. Supervisory Board Profile, Size, Expertise and Independence .....	4
2. (Re)Appointment; Term of Office; Resignation .....	6
3. Chairman and Vice-Chairman .....	7
4. Company secretary .....	9
5. Committees .....	9
<b>Chapter II - Duties and Powers .....</b>	<b>11</b>
6. General Duties and Powers; Relation with the Board of Management .....	11
7. Duties regarding the Activities of the Board of Management Members .....	12
8. Duties regarding the Members and the Performance of the Supervisory Board and Board of Management .....	13
9. Certain other Duties of the Supervisory Board .....	15
10. Supervision of Financial Reporting .....	15
11. Duties regarding Nomination and Assessment of External Auditor .....	16
12. Remuneration of Board of Management Members .....	17
13. Relation with the Shareholders .....	18
14. Relation with the Central Works Council .....	20
<b>Chapter III - Supervisory Board Meetings; Decision-making .....</b>	<b>21</b>
15. Frequency, Notice, Agenda and Venue of Meetings .....	21
16. Attendance of and Admittance to Meetings .....	21
17. Chairman of the Meeting; Reports .....	22
18. Decision-making within the Supervisory Board .....	22
<b>Chapter IV - Other Provisions .....</b>	<b>24</b>
19. Conflicts of Interests of Members of the Supervisory Board .....	24
20. Remuneration of Members of the Supervisory Board .....	25
21. Induction Programme, Ongoing Training and Education .....	25
22. Other Positions .....	26
23. Holding and Trading Securities .....	26
24. Confidentiality .....	26
25. Miscellaneous .....	27

Annexes	Page
List of Definitions .....	28
Supervisory Board Profile .....	31
Rotation Plan Supervisory Board .....	32
List of Approval Items Supervisory Board .....	33
Guidelines on contacts with shareholders .....	39

## INTRODUCTION

- 0.1 These By-Laws are established pursuant to article 28.10 of the Articles of Association and best practice provision III.1.1 of the Dutch Corporate Governance Code.<sup>1</sup>
- 0.2 In its resolution adopted on December 15, 2005, the Supervisory Board unanimously declared that:
- (a) it will comply with and be bound by the obligations arising from, these By-Laws to the extent that they apply to it and its members;
  - (b) on appointment of new members of the Supervisory Board it will cause such members to issue a declaration as referred to in (a) above.
- 0.3 These By-Laws are complementary to the provisions regarding the Supervisory Board and the Members of the Supervisory Board as contained in applicable legislation and regulations, the Articles of Association and the rules pertaining to the relationship between the Board of Management and the Supervisory Board as contained in the By-Laws of the Board of Management (which have been approved by the Supervisory Board).
- 0.4 These By-Laws are posted on the Company's website.<sup>2</sup>
- 0.5 The meaning of certain capitalized or uncapitalized terms used in these By-Laws is set forth in the List of Definitions attached as **Annex 1**.

---

<sup>1</sup> Dutch Corporate Governance Code, best practice provision III.1.1.

<sup>2</sup> Dutch Corporate Governance Code, best practice provision III.1.1.

## CHAPTER I

### COMPOSITION OF THE SUPERVISORY BOARD; POSITIONS; COMMITTEES

#### 1. Supervisory Board Profile, Size, Expertise and Independence

- 1.1 The Supervisory Board shall prepare a profile of its size and composition, taking account of the nature of the business of the Company and its Subsidiaries and the desired expertise and background of the Members of the Supervisory Board (the **Supervisory Board Profile**). 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 of Management 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 Supervisory Board shall discuss the profile in the general meeting of shareholders and with the works council, for the first time at the occasion of adoption and subsequently at each amendment thereof. The current Supervisory Board Profile is attached as **Annex 2**. The Supervisory Board Profile is made available on written demand to the Company (for the attention of the Company secretary) and is posted on the Company's website.<sup>3</sup>
- 1.2 The number of Members of the Supervisory Board is determined by the Supervisory Board and has a minimum of five members and a maximum of nine members.<sup>4</sup>
- 1.3 The position of a member of the Supervisory Board may not be held by:
  - (a) persons employed by the Company;
  - (b) persons employed by a dependent company;
  - (c) officers and persons employed by an employees' organization customarily involved in the establishment of the terms of employment of the persons referred to under a. and b.
- 1.4 The Supervisory Board shall endeavor to ensure, within the limits of its powers, that it is at all times composed so that:
  - (a) its members are able to act critically and independently of one another, the Board of Management and any particular interest;<sup>5</sup>

<sup>3</sup> Dutch Corporate Governance Code, best practice provision III.3.1. and article 23 paragraph 2 of the Articles of Association

<sup>4</sup> Article 23 paragraph 1 of the Articles of Association

<sup>5</sup> Dutch Corporate Governance Code, Principle III.2.

- (b) each Supervisory Board member is capable of assessing the broad outline of the overall policy;<sup>6</sup>
  - (c) each Supervisory Board member has the specific expertise required to perform his duties within the framework of his role within the Supervisory Board Profile;<sup>7</sup>
  - (d) the Supervisory Board as a whole matches the Supervisory Board Profile and that the composition of the Supervisory Board is such that it is able to carry out its duties properly;<sup>8</sup>
  - (e) at least one Supervisory Board member is a financial expert, in the sense that he has relevant knowledge and expertise of financial administration and accounting for listed companies or other large companies;<sup>9</sup>
  - (f) all Members of the Supervisory Board, with the exception of not more than one, are independent within the meaning of clause 1.4 of these By-Laws;<sup>10</sup>
  - (g) to the extent applicable, the covenant between the Supervisory Board and the Central Works Council regarding the composition of the Supervisory Board is complied with; and
  - (h) all Members of the Supervisory Board observe the restrictions regarding the nature and number of their other positions as set forth in clause 22.1 of these By-Laws.
- 1.5 A Supervisory Board member is deemed independent if the following criteria of dependence do not apply to him. These criteria are that the Supervisory Board member concerned, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
- (a) has been an employee or member of the Board of Management of the Company or an affiliated company in the five years prior to their appointment as Supervisory Board member;
  - (b) receives personal financial compensation from the Company, or an affiliated company, other than the compensation received for the work performed as a Supervisory Board member and in so far as this is not keeping with the ordinary business operations;
  - (c) has had an important business relationship with the Company or an affiliated company in the year prior to the appointment;

---

<sup>6</sup> Dutch Corporate Governance Code, Principle III.3.

<sup>7</sup> Dutch Corporate Governance Code, Principle III.3.

<sup>8</sup> Dutch Corporate Governance Code, Principle III.3.

<sup>9</sup> Dutch Corporate Governance Code, best practice provision III..3.2.

<sup>10</sup> Dutch Corporate Governance Code, best practice provision III..2.1.

- (d) is a member of the management board of a company in which a member of the Board of Management is a supervisory board member;
- (e) holds at least ten per cent of the shares in the Company's capital (including shares held by natural or legal persons that cooperate with the individual concerned under an express, tacit, oral or written agreement);
- (f) is a member of the management board or supervisory board, or another representative, of a legal entity which holds at least ten per cent of the shares in the Company's capital, unless such entity is a member of the same group as the Company; or
- (g) has temporarily managed the Company during the previous twelve months due to vacant seats on the Board of Management, or because Board of Management members were unable to perform their duties.<sup>11</sup>

## **2. (Re)Appointment; Term of Office; Resignation**

- 2.1 Subject to article 24 of the Articles of Association, the members of the Supervisory Board are appointed by the General Meeting upon a nomination drawn up by the Supervisory Board. The Supervisory Board shall simultaneously inform the general meeting and the works council of the nomination. Article 24 of the Articles of Association shall be applicable.
- 2.2 A nomination to appoint a Supervisory Board member shall state the candidate's age, his profession, the amount of the shares he holds in the Company's capital and the positions he holds or has held, insofar as these are relevant for the performance of the duties of a Supervisory Board member. Furthermore, the legal entities of whose supervisory boards he is also a member of must be listed; if those include legal entities, which belong to the same group, reference to that group is sufficient. The recommendation or nomination for appointment or reappointment shall state the reasons on which it is based.<sup>12</sup>
- 2.3 Any nomination by the Supervisory Board for appointment or reappointment of a Supervisory Board member must be in accordance with clause 1 of these By-Laws, including the Supervisory Board Profile. On reappointment, account must be taken of the candidate's past performance as a Supervisory Board member. A Supervisory Board member is reappointed only after careful consideration.<sup>13</sup>
- 2.4 A person may be appointed to the Supervisory Board for a maximum of three 4-year terms.<sup>14</sup>

<sup>11</sup> Dutch Corporate Governance Code, best practice provision III 2.2.

<sup>12</sup> Article 2:142 Dutch Civil Code.

<sup>13</sup> Dutch Corporate Governance Code, Principle III.3; Article 2:142 Dutch Civil Code.

<sup>14</sup> Dutch Corporate Governance Code, best practice provision III.3.5.

- 2.5 Members of the Supervisory Board shall retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which many Members of the Supervisory Board retire at the same time.<sup>15</sup> The current rotation plan is attached as **Annex 3**. The Supervisory Board may at any time amend the rotation plan. Amendments to the rotation plan, however, do not permit a sitting member of the Supervisory Board to remain in office for a longer period than appointed for, or allow that he is asked to retire before his term has expired. The rotation plan is available on written demand to the Company (for the attention of the Company secretary) and is posted on the Company's website.<sup>16</sup>
- 2.6 A Supervisory Board member shall retire early in the event of unacceptable performance, structural incompatibility of interests, and in any other instances where deemed necessary by the Supervisory Board.<sup>17</sup> In addition, a Supervisory Board member shall retire early in the event of dismissal of the entire Supervisory Board by the General Meeting.<sup>18</sup>
- 2.7 A Supervisory Board member who is temporarily charged with the management of the Company when seats on the Board of Management are vacant or Board of Management members are unable to fulfill their duties, shall resign from the Supervisory Board.<sup>19</sup>

### 3. Chairman and Vice-Chairman

- 3.1 The Supervisory Board shall elect a Chairman and one or more Vice-Chairmen from among its members who shall substitute for the Chairman in his absence<sup>20</sup>. The Vice-Chairman replaces, and assumes the powers and duties of, the Chairman in the latter's absence. By way of addition to the Dutch Corporate Governance Code's best practice provision III. 1.7, the Vice-Chairman shall act as contact for individual Supervisory Board members and Board of Management members concerning the functioning of the Chairman of the Supervisory Board.<sup>21</sup> The Chairman shall not be a former member of the Board of Management.<sup>22</sup>
- 3.2 The Chairman of the Supervisory Board is primarily responsible for the functioning of the Supervisory Board and its Committees. He shall act as the spokesman of the Supervisory Board and is the main contact for the Chairman of the Board of Management and the Board of Management as a whole. The Chairman of the Board of Management and the Chairman of the Supervisory

<sup>15</sup> Dutch Corporate Governance Code, best practice provision III.3.6 and article 25 paragraph 2 of the Articles of Association

<sup>16</sup> Dutch Corporate Governance Code, best practice provision III.3.6.

<sup>17</sup> Dutch Corporate Governance Code, best practice provision III.1.4.

<sup>18</sup> Article 2:161A Dutch Civil Code

<sup>19</sup> Dutch Corporate Governance Code, best practice provision III.6.7.

<sup>20</sup> Article 28 paragraph 1 of the Articles of Association and Dutch Corporate Governance Code, best practice provision III.4.4

<sup>21</sup> Dutch Corporate Governance Code, best practice provision III 4.4

<sup>22</sup> Dutch Corporate Governance Code, best practice provision III.4.2.

Board shall meet on a regular basis. As a general rule, the Chairman of the Supervisory Board presides over General Meetings<sup>23</sup> and has a seat on the board of Stichting Bescherming KPN.

- 3.3 Without prejudice to the generality of clause 3.2, the Chairman sees to it that:<sup>24</sup>
- (a) Members of the Supervisory Board, when appointed, follow the induction programme and, if needed, additional education or training programmes;
  - (b) the Members of the Supervisory Board receive all information necessary for the proper performance of their duties in a timely manner;
  - (c) there is sufficient time for consultation and decision-making by the Supervisory Board;
  - (d) the Committees function properly;
  - (e) the performance of the Board of Management members and the Members of the Supervisory Board is assessed at least once a year;
  - (f) the Supervisory Board elects a Vice-Chairman; and
  - (g) the Supervisory Board has proper contact with the Board of Management and the Central Works Council.
- 3.4 In addition, the Chairman is primarily responsible for:
- (a) ensuring the proper discharge by the Supervisory Board of its duties;
  - (b) determining the agenda of Supervisory Board meetings and chairing such meetings;
  - (c) consulting with external advisors appointed by the Supervisory Board;
  - (d) addressing problems related to the performance of individual Members of the Supervisory Board; and
  - (e) addressing internal disputes and conflicts of interest concerning individual Members of the Supervisory Board and the possible resignation of such members as a result.

---

<sup>23</sup> See Dutch Corporate Governance Code, Principle III.4.

<sup>24</sup> Dutch Corporate Governance Code, best practice provision III.4.1.



**4. Company secretary<sup>25</sup>**

- 4.1 The Supervisory Board is assisted by the Company secretary, who is appointed in accordance with the provisions of clause 4 of the By-Laws of the Board of Management.
- 4.2 All Members of the Supervisory Board have access to the advice and services of the Company secretary.
- 4.3 The Company secretary sees to it that correct Supervisory Board procedures are followed and that the obligations of the Supervisory Board under the law, as well as the Articles of Association are complied with. The Company secretary shall assist the Chairman of the Supervisory Board in the organization of the affairs of the Supervisory Board (information, agenda, reporting of meetings, evaluation, training programme, etc.).
- 4.4 The Company secretary may delegate his duties under these By-Laws, or parts thereof, to a corporate secretary appointed by him in consultation with the Chairman of the Supervisory Board.
- 4.5 The Company secretary also performs activities for the Board of Management, as provided for in the By-Laws of the Board of Management.

**5. Committees**

- 5.1 The Supervisory Board may appoint standing and/or ad hoc Committees from among its members, which are charged with tasks specified by the Supervisory Board. The composition of any Committee is determined by the Supervisory Board. The Supervisory Board shall, in any event, establish an Audit Committee, a Remuneration and Organization Development Committee and a Nominating & Corporate Governance Committee.<sup>26</sup>
- 5.2 The Supervisory Board remains collectively responsible for decisions prepared by Committees from among its members. A Committee may only exercise such powers as are explicitly attributed or delegated to it and may never exercise powers beyond those exercisable by the Supervisory Board as a whole.
- 5.3 Each Committee must inform the Supervisory Board in a clear and timely way of the manner in which it has used delegated authority and of any major development in the area of its responsibilities. All Members of the Supervisory Board have unrestricted access to all Committee meetings and records. The Supervisory Board shall, within the term specified in the Terms of Reference of

---

<sup>25</sup> Dutch Corporate Governance Code, best practice provision III.4.3.

<sup>26</sup> Dutch Corporate Governance Code, Principle III.5.

the Committee concerned, receive a report from each Committee of its deliberations and findings.<sup>27</sup>

- 5.4 The Supervisory Board shall establish Terms of Reference for each Committee and may amend these at any time. The Terms of Reference shall indicate the role and responsibility of the Committee concerned, its composition and the manner in which it performs its duties. The Terms of Reference of a Committee may provide that no more than one member of the Committee concerned can not be independent within the meaning of clause 1.4 of these By-Laws.<sup>28</sup> The Terms of Reference of a Committee may contain more detailed rules on the composition of the Committee concerned.
- 5.5 The Terms of Reference and the composition of the Committees are posted on the Company's website.<sup>29</sup>
- 5.6 The Supervisory Board as a rule has no "delegated Supervisory Board member" (*gedelegeerd commissaris*). Under special circumstances, however, the Supervisory Board may resolve to appoint a "delegated Supervisory Board member", in which case best practice provision III.6.6 of the Dutch Corporate Governance Code shall apply in full.

---

<sup>27</sup> Dutch Corporate Governance Code, best practice provision III.5.3.

<sup>28</sup> Dutch Corporate Governance Code, best practice provision III.5.1.

<sup>29</sup> Dutch Corporate Governance Code, best practice provision III.5.1.

## CHAPTER II DUTIES AND POWERS

### 6. General Duties and Powers; Relation with the Board of Management

- 6.1 The Supervisory Board is charged with the supervision of the Board of Management, the general course of affairs of the Company and the business connected with it. The Supervisory Board assists the Board of Management with advice.<sup>30</sup> The responsibility for the proper performance of its duties is vested collectively in the Supervisory Board.
- 6.2 In performing its duties the Supervisory Board shall act in accordance with the interests of the Company and the business connected with it, taking into consideration the interests of the Company's stakeholders.<sup>31</sup> The Supervisory Board shall also have due regard for corporate social responsibility issues that are relevant to the enterprise. Members of the Supervisory Board shall perform their duties without mandate and independent of any interest in the business of the Company. They should not support one interest without regard to the other interests involved.
- 6.3 The Supervisory Board is responsible for the quality of its own performance.<sup>32</sup>
- 6.4 The Members of the Supervisory Board shall externally express uniform views with respect to important affairs, matters of principle and matters of general interest, without jeopardizing the responsibilities of individual Members of the Supervisory Board.
- 6.5. The Supervisory Board is, together with the Board of Management and supported by the Company secretary, responsible for the corporate governance structure of the Company, compliance with the Dutch Corporate Governance Code and any other applicable corporate governance legislation and regulations.<sup>33</sup>
- 6.6 The Board of Management shall of its own accord and in a timely manner provide the Supervisory Board and its members and Committees with the information needed to function and to discharge their duties properly. The information will as much as possible be provided in writing.
- 6.7 The Supervisory Board and its individual members each has responsibility for obtaining all information from the Board of Management and the External Auditor needed to enable them to carry out their duties properly as a supervisory body. If deemed necessary by the Supervisory Board, it may obtain

<sup>30</sup> Article 2:140 Dutch Civil Code; Dutch Corporate Governance Code, Principle III.1.

<sup>31</sup> Article 2:140 Dutch Civil Code; Dutch Corporate Governance Code, Principle III.1.

<sup>32</sup> Dutch Corporate Governance Code, Principle III.1.

<sup>33</sup> Dutch Corporate Governance Code, Principle I.

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.<sup>34</sup>

- 6.8 Each member of the Supervisory Board has access to the books, records and offices of the Company in so far as required or as is useful for the proper performance of his duties. The Supervisory Board member shall exercise this right in consultation with the Chairman of the Supervisory Board and the Company secretary, save where the applicable Terms of Reference of a Committee dictate otherwise.
- 6.9 The Supervisory Board may in exercising its duties seek the assistance or advice of one or more experts at a price agreed upon with the Supervisory Board, which is to be paid by the Company.

## **7. Duties regarding the Activities of the Board of Management Members**

- 7.1 The supervision of the Board of Management by the Supervisory Board shall include: (i) achievement of the Company's objectives; (ii) the strategy and risks inherent in the business activities; (iii) the structure and operation of the internal risk management and control systems; (iv) the financial reporting process; (v) compliance with the legislation and regulations; (vi) the company-shareholder relationship; and (vii) corporate social responsibility issues that are relevant to the enterprise.<sup>35</sup>
- 7.2 The Supervisory Board supervises the financial reporting in accordance with clause 10 of these By-Laws.
- 7.3 The Supervisory Board shall discuss the corporate strategy and the main risks of the business, the result of the assessment by the Board of Management of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto at least once a year.<sup>36</sup>
- 7.4 The following resolutions of the Board of Management are subject to the approval of the Supervisory Board:
- (a) determining the operational and financial objectives of the Company;<sup>37</sup>
  - (b) determining and amending the strategy designed to achieve the objectives;<sup>38</sup>

---

<sup>34</sup> Dutch Corporate Governance Code, best practice provision III.1.9.

<sup>35</sup> Dutch Corporate Governance Code, best practice provision III.1.6.

<sup>36</sup> Dutch Corporate Governance Code, best practice provision III.1.8; see also Article 2:141 Dutch Civil Code.

<sup>37</sup> Dutch Corporate Governance Code, best practice provision II.1.2.

<sup>38</sup> Dutch Corporate Governance Code, best practice provision II.1.2.

- (c) determining and amending the parameters to be applied in relation to the strategy (for example in respect of the financial ratios);<sup>39</sup> and
- (d) determining the corporate social responsibility issues that are relevant to the enterprise; and<sup>40</sup>
- (e) the resolutions listed in **Annex 4**.

In case of doubt whether an issue should be submitted for discussion to and/or approval by the Supervisory Board, the Chairman of the Supervisory Board shall decide.

The Board of Management shall provide the Supervisory Board in a timely manner with the information/documents referred to in clause 9.3 up to and including 9.5 of the By-Laws of the Board of Management.

## **8. Duties regarding the Members and the Performance of the Supervisory Board and Board of Management**

### **8.1 The duties of the Supervisory Board regarding the members of the Board of Management specifically include :**

- (a) the selection and appointment of members of the Board of Management<sup>41</sup>, the submission of proposals for the remuneration policy for members of the Board of Management to the General Meeting, the determination of the remuneration (in accordance with said remuneration policy) and the contractual employment conditions of Board of Management members;<sup>42</sup>
- (b) determination of the number of Board of Management members, the designation of the Chairman of the Board of Management, the approval (or proposal, where useful) of changes to the division of tasks within the Board of Management or of the By-Laws of the Board of Management<sup>43</sup> and the assessment of the functioning of the Board of Management and its individual members; the approval of additional positions of the Board of Management to the extent required under the By-Laws of the Board of Management;<sup>44</sup> and

<sup>39</sup> Dutch Corporate Governance Code, best practice provision II.1.2.

<sup>40</sup> Dutch Corporate Governance Code, best practice provision II.1.2.

<sup>41</sup> See also clause 1.1. of the By-Laws of the Board of Management and the Terms of Reference of the Nominating & Corporate Governance Committee

<sup>42</sup> See also clause 12 of these By-Laws, the terms of reference of the remuneration committee and clause 16 of the Board of Management By-Laws.

<sup>43</sup> See also clause 1 of the Board of Management By-Laws.

<sup>44</sup> See also clause 17 of the Board of Management By-Laws.

- (c) to address and seek to resolve conflict of interest issues between the Company and members of the Board of Management.<sup>45</sup>
- 8.2 The duties of the Supervisory Board in relation to the members of the Supervisory Board specifically include:
  - (a) the selection and nomination in accordance with Section 2:158 Dutch Civil Code of members of the Supervisory Board to be appointed by the General Meeting and proposals to the General Meeting for the remuneration of members of the Supervisory Board;
  - (b) the determination of the number of Members of the Supervisory Board, the appointment of a Chairman and Vice-Chairman of the Supervisory Board, the establishment of Committees and defining their role, the evaluation of the functioning of the Supervisory Board, its Committees and the individual members of the Supervisory Board (including an evaluation of the of the Supervisory Board Profile and the induction, education and training programme); the approval of other positions of Members of the Supervisory Board to the extent required under clause 22 of these By-Laws; and
  - (c) to address and seek to resolve conflict of interest issues between the Company and members of the Supervisory Board.<sup>46</sup>
- 8.3 At least once a year the Supervisory Board shall, without the Board of Management being present, discuss its own functioning, the functioning of its committees and that of its individual members, and the conclusions that must be drawn on the basis thereof. The desired profile, composition and competence of the Supervisory Board shall also be discussed. At least once a year the Supervisory Board shall also, without the Board of Management being present, discuss the functioning of the Board of Management as a body and the functioning 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.<sup>47</sup>
- 8.4 (a) Following a proposal by a member of the Board of Management of any proposed outside position of this member of the Board of Management, the Chairman of the Supervisory Board shall discuss the proposal with the Nominating & Corporate Governance Committee;
- 1.1 (b) The Supervisory Board will be informed of the conclusions of the Nominating & Corporate Governance Committee. Sensitive decisions will be discussed in the full Supervisory Board. The acceptance by a Board of

<sup>45</sup> See also clause 15 of the Board of Management By-Laws; Dutch Corporate Governance Code, best practice provision III.6.5.

<sup>46</sup> See also clause 19 of these By-Laws.

<sup>47</sup> Dutch Corporate Governance Code, best practice provision III.1.7.

Management member of membership of the supervisory board of a listed company requires the approval of the full Supervisory Board.

## **9. Certain other Duties of the Supervisory Board**

### **9.1 The other duties of the Supervisory Board include:**

- (a) duties regarding the External Auditor as described in clause 11 of these By-Laws and the Terms of Reference of the Audit Committee;
- (b) the handling of complaints about alleged irregularities regarding the functioning of members of the Board of Management;<sup>48</sup>
- (c) the taking of measures for the temporary management of the Company if a member of the Board of Management is absent or prevented from performing his duties;
- (d) other duties the Supervisory Board is charged with under legislation, the Articles of Association, these By-Laws, the Terms of Reference of a Committee or the By-Laws of the Board of Management.

### **9.2 The Supervisory Board shall draw up a report to be included in the Annual Report of the Company) describing its activities in the financial year concerned and containing the specific statements and information referred to in the Dutch Corporate Governance Code.<sup>49</sup>**

## **10. Supervision of Financial Reporting**

### **10.1 The Supervisory Board supervises compliance with internal procedures established by the Board of Management for the preparation and publication of the Annual Report, the Annual Accounts, the quarterly and half-yearly figures and ad hoc financial information.<sup>50</sup> The Supervisory Board also supervises the establishment and maintenance of internal control mechanisms for external financial reporting as described in clause 7.1 of the By-Laws of the Board of Management.<sup>51</sup>**

### **10.2 The Audit Committee shall discuss its findings regarding the Annual Report, the Annual Accounts, and the quarterly and half-yearly figures in a meeting of the Supervisory Board. The Annual Accounts and the Annual Report for the year just ended shall be discussed in a meeting with the Supervisory Board within five months of this year-end. The half-yearly and quarterly accounts of the**

<sup>48</sup> See also clause 5.7 Board of Management By-Laws; Dutch Corporate Governance Code, best practice provision II.1.7.

<sup>49</sup> Dutch Corporate Governance Code, best practice provision III.1.2.

<sup>50</sup> Dutch Corporate Governance Code, best practice provision V.1.1.

<sup>51</sup> Dutch Corporate Governance Code, best practice provision V.1.3.

Company for the respective period just ended shall be discussed in a meeting of the Board of Management with the Supervisory Board within two months of the end of this period. These meetings are prepared by the Audit Committee.

- 10.3 The External Auditor shall in any event attend the part of the meeting of the Supervisory Board at which the report of the External Auditor with respect to the audit of the Annual Accounts is discussed, and at which a decision will be taken on the adoption of the Annual Accounts. 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.<sup>52</sup> The External Auditor shall report his findings in relation to the audit of the Annual Accounts to the Board of Management and the Supervisory Board simultaneously.<sup>53</sup>
- 10.4 The line of contact between the Supervisory Board and the External Auditor is in principle through the Chairman of the Audit Committee of the Supervisory Board. The Audit Committee is the first contact for the External Auditor if any irregularities in the contents of the financial reports are discovered.<sup>54</sup>
- 10.5 The Supervisory Board sees to it that the recommendations made by the External Auditor are considered carefully by the Board of Management and the Supervisory Board and, to the extent accepted, that they are actually carried out by the Board of Management. This supervision may be delegated to the Audit Committee of the Supervisory Board.

## **11. Duties regarding Nomination and Assessment of External Auditor**

- 11.1 The External Auditor shall be appointed by the General Meeting. The Supervisory Board nominates a candidate for this appointment to the General Meeting and may recommend replacement of the External Auditor. The Board of Management and the Audit Committee shall both advise the Supervisory Board in this regard.<sup>55</sup>
- 11.2 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 Board of Management.<sup>56</sup>
- 11.3 The Board of Management and the Audit Committee shall report their dealings with the External Auditor to the Supervisory Board on an annual basis, including their assessment of the External Auditor's independence (for example, the desirability of rotating the responsible partners of the External

---

<sup>52</sup> Dutch Corporate Governance Code, best practice provision V.4.1.

<sup>53</sup> Dutch Corporate Governance Code, Principle V.4.

<sup>54</sup> Dutch Corporate Governance Code, best practice provision III.5.5.

<sup>55</sup> Dutch Corporate Governance Code, Principle V.2.

<sup>56</sup> Dutch Corporate Governance Code, Principle V.2..



Auditor and the desirability of the External Auditor providing both auditing and non-audit services to the Company). The Supervisory Board shall take this into account when deciding its nomination to the General Meeting for the appointment of an External Auditor.<sup>57</sup>

- 11.4 At least once every four years the Board of Management and the Audit Committee shall conduct a thorough assessment of the functioning of the External Auditor in the various entities and capacities in which the External Auditor operates, against measurable criteria laid down in a formal service level agreement. The main conclusions of this assessment are communicated to the General Meeting for the purpose of assessing the nomination for the appointment of the External Auditor.<sup>58</sup>
- 11.5 Conflicts of interest and potential conflicts of interest between the External Auditor and the Company shall be resolved in accordance with the policy to be determined by the Audit Committee. Board of Management members and Members of the Supervisory Board must inform the chairman of the Audit Committee of issues that may compromise the required independence of the External Auditor or that may give rise to a conflict of interest or a potential conflict of interest between the External Auditor and the Company, when brought to their attention. The Company shall draw up regulations governing ownership of and transactions in securities by Board of Management members and members of the Supervisory Board, other than securities issued by their “own” company.<sup>59</sup>
- 11.6 When appointed, the External Auditor is requested to state explicitly to the Company that he has been informed of: (i) the policy referred to in clause 11.5; and (ii) other matters provided for in the Board of Management By-Laws, these By-Laws and the Terms of Reference of the Audit Committee, that he agrees with and will co-operate fully with their implementation.

## **12. Remuneration of Board of Management Members**

- 12.1 The Remuneration and Organization Development Committee shall annually on behalf of the Supervisory Board prepare a Remuneration Report, which contains 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 for Board of Management members planned by the Supervisory Board for the next financial year and subsequent years.<sup>60</sup> The full remuneration of the individual Board of Management members, broken down into its various components, shall be presented in the Remuneration Report in

<sup>57</sup> Dutch Corporate Governance Code, best practice provision V.2.2.

<sup>58</sup> Dutch Corporate Governance Code, best practice provision V.2.3.

<sup>59</sup> Dutch Corporate Governance Code, best practice provision III.6.5.

<sup>60</sup> Dutch Corporate Governance Code, best practice provision II.2.12.

clear and understandable terms.<sup>61</sup> The Remuneration Report is part of the Annual Report and is posted on the Company's website.<sup>62</sup>

- 12.3 The Supervisory Board shall determine the remuneration of the individual Board of Management members on a proposal by the Remuneration and Organization Development Committee, within the scope of the remuneration policy adopted by the General Meeting.<sup>63</sup>
- 12.4 The main features of the contract of a Board of Management member with the Company shall be disclosed immediately after its conclusion by publication on the Company's website. The features disclosed are in any event 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 Board of Management member and any other remuneration components promised to a Board of Management member, pension arrangements and performance criteria to be applied.<sup>64</sup>
- 12.5 If a Board of Management member or former Board of Management member is paid special remuneration or compensation during a given financial year, an account and an explanation of this remuneration or compensation must be included in the Remuneration Report.<sup>65</sup>

### **13. Relation with the Shareholders**

- 13.1 The Board of Management 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.<sup>66</sup> Guidelines on contacts between Board of Management- and Supervisory Board members and shareholders are set out in Annex 5.
- 13.2 The Board of Management and the Supervisory Board shall provide the General Meeting in good time with all information that it requires for the exercise of its powers.<sup>67</sup>
- 13.3 The Board of Management and the Supervisory Board shall endeavor to procure that the General Meeting is provided with all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Management or the Supervisory Board invokes an overriding interest, they must give reasons.<sup>68</sup>

<sup>61</sup> Dutch Corporate Governance Code, II.2 (2nd Principle)

<sup>62</sup> Dutch Corporate Governance Code, best practice provision II.2.12

<sup>63</sup> Dutch Corporate Governance Code, II.2 (2nd Principle); Section 2:135 Dutch Civil Code.

<sup>64</sup> Dutch Corporate Governance Code, best practice provision II.2.14.

<sup>65</sup> Dutch Corporate Governance Code, best practice provision II.2.15.

<sup>66</sup> Dutch Corporate Governance Code, Principe IV.3.

<sup>67</sup> Dutch Corporate Governance Code, Principe IV.3.

<sup>68</sup> Dutch Corporate Governance Code, best practice provision IV.3.5.

- 13.4 A resolution for approval or authorization to be passed by the General Meeting shall be explained in writing. In its explanation the Board of Management shall deal with all facts and circumstances relevant to the approval or authorization to be granted. The notes to the agenda shall be posted on the Company's website.
- 13.5 The Board of Management and the Supervisory Board ensure compliance with all applicable legislation and regulations with respects to the rights of the General Meeting and the related rights of individual shareholders.
- 13.6 The members of the Supervisory Board shall be present at the General Meetings, unless they are unable to attend for important reasons.
- 13.7 The General Meetings are presided over by the Chairman of the Supervisory Board or, in his absence, the Vice-Chairman of the Supervisory Board. The Supervisory Board may designate someone else to preside over the meeting.
- 13.8 The Supervisory Board shall endeavor that a report of the General Meeting is made available to the shareholders of the Company by publication on the Company's website no later than three months after the end of the meeting, following which the shareholders have another three months in which to respond to the report. The report is then adopted in the manner provided for in the Articles of Association,<sup>69</sup> by the Chairman and the secretary of the meeting. The provisions of this clause 13.8 may be disregarded if a notarial deed is drawn up of the minutes of the proceedings. The report adopted by the General Meeting (or the minutes as laid down in a notarial deed of proceedings) is posted as soon as possible on the Company's website, in any case before the end of the first next held General Meeting. Also, resolutions adopted by the General Meeting are posted on the Company's website as soon as possible after the meeting, in any event before the end of the first next held General Meeting.
- 13.9 A resolution of the General Meeting may be disclosed externally through a statement from the Chairman of the Supervisory Board and the Company secretary.
- 13.10 The Supervisory Board and the Board of Management shall procure that each substantial change to the corporate governance structure of the Company, or the compliance of the Company with the Dutch Corporate Governance Code, is submitted to the General Meeting for discussion under a separate agenda item.<sup>70</sup>
- 13.11 The Supervisory Board sees to it that the responsible partner (certifying auditor) of the firm of the External Auditor is present at the General Meeting and that he can address the meeting. The External Auditor may be questioned by the General Meeting in relation to his statement on the fairness of the annual accounts.<sup>71</sup>

---

<sup>69</sup> Dutch Corporate Governance Code, best practice provision IV.3.10.

<sup>70</sup> Dutch Corporate Governance Code, best practice provision I.2.

<sup>71</sup> Dutch Corporate Governance Code, best practice provision V.2.1.

#### **14. Relation with the Central Works Council**

The Supervisory Board shall maintain the relationship with the Central Works Council as provided for in the Works Council Act (*Wet op de ondernemingsraden*)<sup>72</sup> and in any arrangements covenanted with the Central Works Council.

---

<sup>72</sup> See Articles 24 paragraph 2; 25 paragraph 4; 27 paragraph 2 and 30 paragraph 3 of the Works Council Act

### **CHAPTER III**

#### **SUPERVISORY BOARD MEETINGS; DECISION-MAKING**

##### **15. Frequency, Notice, Agenda and Venue of Meetings**

- 15.1 The Supervisory Board shall meet as often as deemed necessary for the proper functioning of the Supervisory Board. The Supervisory Board shall meet at least four times a year. Meetings shall be scheduled annually as much as possible in advance. The Supervisory Board shall also meet earlier than scheduled if this is deemed necessary by the Chairman of the Supervisory Board, two other members of the Supervisory Board, or the Board of Management.
- 15.2 Meetings of the Supervisory Board are in principle called by the Company secretary, in consultation with the Chairman. Save in urgent cases to be determined by the Chairman the agenda for a meeting shall be sent to all Members of the Supervisory Board at least seven calendar days before the meeting. For each item on the agenda an explanation in writing shall be provided, where possible, and/or other related documentation will be attached. The Chairman shall in principle consult on the content of the agenda with the Chairman of the Board of Management prior to convening the meeting.
- 15.3 Each Supervisory Board member, the Chairman of the Board of Management, and the Board of Management collectively, has the right to request that an item be placed on the agenda for a Supervisory Board meeting.
- 15.4 Supervisory Board meetings are generally held at the offices of the Company, but may also take place elsewhere. In addition, meetings of the Supervisory Board may be held by conference call, videoconference or by any other means of communication, provided all participants can communicate with each other simultaneously.

##### **16. Attendance of and Admittance to Meetings**

- 16.1 The Chairman of the Board of Management shall be requested to attend as many of the Supervisory Board meetings as possible, to the extent the Supervisory Board does not indicate that it wishes to meet in the absence of the Chairman of the Board of Management. If requested, other Board of Management members also attend meetings of the Supervisory Board.
- 16.2 A Supervisory Board member may be represented at Supervisory Board meetings by another Supervisory Board member holding a proxy in writing. The existence of such authorization must be proved satisfactorily to the chairman of the meeting. A Supervisory Board Member may not act as proxy on behalf of more than one fellow Supervisory Board member.

- 16.3 If a Supervisory Board member is frequently absent from Supervisory Board meetings he shall be called to account for this by the Chairman.<sup>73</sup>
- 16.4 The admittance to the meeting of persons other than Members of the Supervisory Board, the Company secretary and – if invited – members of the Board of Management shall be decided by majority vote of the Members of the Supervisory Board present at the meeting.

## **17. Chairman of the Meeting; Reports**

- 17.1 Supervisory Board meetings are presided over by the Chairman of the Supervisory Board or, in his absence, a Vice-Chairman. If both are absent, one of the other Members of the Supervisory Board, designated by a majority of votes cast by the Members of the Supervisory Board present at the meeting, shall preside.
- 17.2 The Company secretary or any other person designated for such purpose by the chairman of the meeting shall draw up a report on the proceedings at the meeting. The report should provide insight into the decision-making process at the meeting. The report shall be adopted by the Supervisory Board at the same meeting, or the next meeting.

## **18. Decision-making within the Supervisory Board**

- 18.1 The Members of the Supervisory Board shall endeavor to achieve that resolutions are, as much as possible, adopted unanimously.
- 18.2 Each Supervisory Board member has the right to cast one vote.
- 18.3 Where unanimity cannot be reached and the law, the Articles of Association or these By-Laws do not prescribe a larger majority, all resolutions of the Supervisory Board are adopted by an absolute majority of the votes cast. In the event of a tie, the Chairman of the Supervisory Board has the deciding vote. At a meeting, the Supervisory Board may only pass resolutions if the majority of the Members of the Supervisory Board then in office are present or represented.
- 18.4 In general, resolutions of the Supervisory Board are adopted at a Supervisory Board meeting.
- 18.5 Supervisory Board resolutions may also be adopted in writing, provided the proposal concerned is submitted to all Members of the Supervisory Board then in office and none of them objects to this form of adoption. Adoption of

---

<sup>73</sup> Dutch Corporate Governance Code, best practice provision III.1.5.

resolutions in writing shall be effected by statements in writing from all the Members of the Supervisory Board. A statement from a Supervisory Board member who wishes to abstain from voting on a particular resolution, which is adopted in writing, must reflect the fact that he does not object to this form of adoption.

- 18.6 The Supervisory Board may deviate from the provisions of clauses 18.3 (last sentence), 18.4 and 18.5 if this is deemed necessary by the Chairman of the Supervisory Board, considering the urgent nature and other circumstances of the case, provided that all Members of the Supervisory Board are allowed the opportunity to participate in the decision-making process. The Chairman of the Supervisory Board and the Company secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the Supervisory Board.
- 18.7 A resolution adopted by the Supervisory Board may be evidenced outside the Company through a statement from the Chairman of the Supervisory Board and the Company secretary.

## CHAPTER IV OTHER PROVISIONS

### 19. Conflicts of Interests of Members of the Supervisory Board

- 19.1 A Supervisory Board member (other than the Chairman of the Supervisory Board) shall immediately report any conflict of interest or potential conflict of interest to the Chairman of the Supervisory Board and shall provide all relevant information, including information concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Chairman of the Supervisory Board shall immediately report any conflict of interest or potential conflict of interest to the Vice-Chairman of the Supervisory Board and shall provide the Vice-Chairman of the Supervisory Board all relevant information as referred to in the preceding sentence. The Supervisory Board member concerned shall not take part in the assessment by the Supervisory Board of whether a conflict of interest exists.<sup>74</sup>
- 19.2 A conflict of interest exists, in any event, if the Supervisory Board member has a direct or indirect personal interest conflicting with the interests of the Company and its businesses, including situations in which 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 has a relationship under family law with a Supervisory Board member;<sup>75</sup> or (iii) in which a Supervisory Board member has a managerial or supervisory position.<sup>76</sup>
- 19.3 A Supervisory Board member shall 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 as defined in clause 19.2 above.<sup>77</sup>
- 19.4 All transactions in which there are conflicts of interest with Members of the Supervisory Board shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which the Company and its Subsidiaries operate. Decisions to enter into transactions in which there are conflicts of interest with Members of the Supervisory Board that are of material significance to the Company and/or to the relevant Members of the Supervisory Board require the approval of the Supervisory Board.<sup>78</sup>

---

<sup>74</sup> Dutch Corporate Governance Code, best practice provision III.6.1.

<sup>75</sup> A relationship under family law exists between a child, its parents and their blood relatives (Section 1:197 Dutch Civil Code).

<sup>76</sup> Dutch Corporate Governance Code, best practice provision III.6.1 (continued).

<sup>77</sup> Dutch Corporate Governance Code, best practice provision III.6.2.

<sup>78</sup> Dutch Corporate Governance Code, best practice provision III.6.3.



**20. Remuneration of Members of the Supervisory Board**

- 20.1 The remuneration of the Members of the Supervisory Board is determined by the General Meeting. The Supervisory Board shall from time to time submit proposals on its remuneration to the General Meeting. If a Supervisory Board member is required to charge VAT on his fees, this will be paid by the Company.
- 20.2 The remuneration of a Supervisory Board member may not depend on the results of the Company.<sup>79</sup> A Supervisory Board member shall not be granted any shares and/or rights to shares in the Company's capital by way of remuneration.<sup>80</sup>
- 20.3 Apart from their remuneration, Members of the Supervisory Board shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings, the reasonableness of such costs being assessed by the Chairman of the Supervisory Board (costs incurred by the Chairman of the Supervisory Board are assessed by the Vice-Chairman). Any other expenses are only reimbursed, in whole or in part, if incurred with the consent of the Chairman or the Company secretary on his behalf (or if it concerns the Chairman, the Vice-Chairman or the Company secretary on his behalf).
- 20.4 The Company and its Subsidiaries do not grant personal loans, guarantees or the like to Members of the Supervisory Board.<sup>81</sup>

**21. Induction Programme, Ongoing Training and Education<sup>82</sup>**

- 21.1 Upon appointment, a Supervisory Board member shall follow an induction programme that covers general financial, social and legal affairs, financial reporting by the Company, any specific aspects unique to the Company and its business activities, and the responsibilities of a Supervisory Board member.
- 21.2 The Supervisory Board shall conduct an annual review to identify any aspects with regard to which the Members of the Supervisory Board require further training or education during their term of office.
- 21.3 The induction course, training and education shall be facilitated and paid for by the Company.

---

<sup>79</sup> Dutch Corporate Governance Code, Principle III.7.

<sup>80</sup> Dutch Corporate Governance Code, best practice provision III.7.1.

<sup>81</sup> Dutch Corporate Governance Code, best practice provision III.7.3.

<sup>82</sup> Dutch Corporate Governance Code, best practice provision III.3.3.

## **22. Other Positions**

- 22.1 Members of the Supervisory Board shall limit the number and nature of their other positions so as to ensure due performance of their duties as members of the Supervisory Board. They will hold no more than five memberships of supervisory boards in Dutch listed companies, with a chairmanship counted twice.<sup>83</sup>
- 22.2 Members of the Supervisory Board must inform the Chairman of the Supervisory Board and the Company secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairman determines that there is a risk of a conflict of interest, the matter shall be discussed by the Supervisory Board in accordance with clause 19 of these By-Laws. The Company secretary shall keep a list of the outside positions concerned of each Supervisory Board member.

## **23. Holding and Trading Securities**

- 23.1 Any shareholding in the company by Members of the Supervisory Board is for the purpose of long-term investment.<sup>84</sup>

## **24. Confidentiality**

No Supervisory Board member shall, during his membership of the Supervisory Board or afterwards, disclose in any way whatsoever to anyone whomsoever any information of a confidential nature regarding the business of the Company and/or any companies in which it holds a stake, that came to his knowledge in the capacity of his work for the Company and which he knows or should know to be of a confidential nature, unless required by law. A Supervisory Board member is allowed to disclose the above information to Board of Management members and Members of the Supervisory Board as well as to staff members of the Company and companies in which the Company holds a stake who, in view of their activities for the Company and companies in which the Company holds a stake, should be informed of the information concerned. A Supervisory Board member shall not in any way whatsoever utilize the information referred to above for his personal benefit.

---

<sup>83</sup> Dutch Corporate Governance Code, best practice provision III.3.4.

<sup>84</sup> Dutch Corporate Governance Code, best practice provision III.7.2.

**25. Miscellaneous**

- 25.1 **Acceptance by Members of the Supervisory Board.** Anyone who is appointed as a Supervisory Board member must, upon assuming office, declare in writing to the Company that he accepts and agrees to the contents of these By-Laws and pledge to the Company that he will comply with the provisions of these By-Laws.
- 25.2 **Occasional non-compliance.** Subject to applicable law and regulation, the Supervisory Board may occasionally decide at its sole discretion not to comply with these By-Laws.
- 25.3 **Amendment.** These By-Laws may be amended by the Supervisory Board at its sole discretion without prior notification. Prior to amendment of these By-Laws the Board of Management shall be consulted.
- 25.4 **Interpretation.** . In the event of lack of clarity or difference of opinion on the interpretation of any provision of these By-Laws, the opinion of the Chairman of the Supervisory Board, to be formed after consultation with the Company secretary, shall be decisive.
- 25.5 **Governing law and jurisdiction.** These By-Laws are governed by the laws of the Netherlands. The courts of the Netherlands have exclusive jurisdiction to settle any dispute arising from or in connection with these By-Laws (including any dispute regarding the existence, validity or termination of these rules).
- 25.6 **Complementary to Dutch law and Articles of Association.** These By-Laws are complementary to the provisions governing the Supervisory Board as contained in Dutch law, other applicable Dutch, or foreign regulations and the Articles of Association. Where these By-Laws are inconsistent with Dutch law, other applicable Dutch or foreign rules and regulations or the Articles of Association, the latter shall prevail. Where these By-Laws are consistent with the Articles of Association but inconsistent with Dutch law or other applicable Dutch or foreign rules and regulations, the latter shall prevail.
- 25.7 **Partial invalidity.** If one or more provisions of these By-Laws are or become invalid, this shall not affect the validity of the remaining provisions. The Supervisory Board may replace the invalid provisions by provisions, which are valid, and the effect of which, given the contents and purpose of these By-Laws is, to the greatest extent possible, similar to that of the invalid provisions.

\* \* \* \* \*

**ANNEX 1****LIST OF DEFINITIONS**

1. In these By-Laws the following terms have the following meanings:

**Affiliated Company** has the meaning attributed to it in Section 5:33 of the Financial Markets Supervision Act (*Wet op het financieel toezicht*).

**Annual Accounts** means the annual accounts of the Company as referred to in Section 2:101 of the Dutch Civil Code.

**Annual Report** means the annual report of the Company drawn up by the Board of Management, as referred to in Section 2:101 of the Dutch Civil Code.

**Articles of Association** means the Company's articles of association.

**Audit Committee** means the Committee designated as such in clause 5 of the By-Laws of the Supervisory Board.

**Board of Management** means the management board of the Company.

**By-Laws** means the By-Laws of the Board of Management or the By-Laws of the Supervisory Board, depending on the context, including the annexes belonging thereto.

**Central Works Council** means the central works council of the Company.

**CFO** means the Chief Financial Officer of the Company.

**Chairman of the Board of Management** means the chairman of the Board of Management.

**Chairman of the Supervisory Board** means the chairman of the Supervisory Board.

**Committee** means, as regards the Supervisory Board, each committee of the Supervisory Board as referred to in clause 5 of the By-Laws of the Supervisory Board.

**Company** means Koninklijke KPN N.V., and, where appropriate, the subsidiary companies and possible other group companies of the Company, whose financial information is incorporated in the consolidated annual accounts of the Company.

**Division** means each of the following cluster activities: (a) The Netherlands or (b) Mobile International.

**Dutch Corporate Governance Code** means the Dutch corporate governance code of December 2008.

**External Auditor** means the accounting and auditing firm that, in accordance with Section 2:393 of the Dutch Civil Code, is charged with the audit of the annual accounts of the Company.

**General Meeting** means the general meeting of shareholders of the Company.

**group company** has the meaning attributed to it in Section 2:24b of the Dutch Civil Code.

**in writing** means by letter, by telecopier, by e-mail, or by message which is transmitted via any other current means of communication and which can be received in written form.

**Nominating & Corporate Governance Committee** means the committee designated as such in clause 5 of the By-Laws of the Supervisory Board.

**Operating Company** means a company conducting the business of a Division.

**Remuneration and Organization Development Committee** means the Committee designated as such in clause 5 of the By-Laws of the Supervisory Board.

**Remuneration Report** means the remuneration report of the Supervisory Board regarding the remuneration policy of the Company as drawn up by the Remuneration and Organization Development Committee of the Supervisory Board.

**Subsidiary** has the meaning attributed to it in Section 2:24a of the Dutch Civil Code.

**Supervisory Board** means the supervisory board of the Company.

**Supervisory Board Profile** means the profile for the size and composition of the Supervisory Board, as designated in clause 1.1 of the By-Laws of the Supervisory Board.

2. Save where the context dictates otherwise, in these By-Laws:

words and expressions expressed in the singular form also include the plural form, and vice versa;

words and expressions expressed in the masculine form also include the feminine form; and

a reference to a statutory provision counts as a reference to this statutory provision including all amendments, additions and replacing legislation that may apply from time to time.

3. Headings of clauses and other headings in these By-Laws are inserted for ease of reference and do not form part of these By-Laws for the purpose of interpretation.



Date  
October 26, 2009

## **ANNEX 2**

### **SUPERVISORY BOARD PROFILE**

Disclosed separately on KPN.com

**ANNEX 3**  
**Composition and Rotation Plan**  
**Supervisory Board per 10 April 2013**

Name	Committees	Date of birth	Start term of	End of current term	Renewal possible?
J.B.M. Streppel (Chairman)	Remuneration & Organization Development Committee Nominating & Corporate Governance Committee (Chairman)	October 11, 1949	May 12, 2003, April 17, 2007* April 6, 2011*	2015	No
C.M. Hooymans	Remuneration & Organization Development Committee Nominating & Corporate Governance Committee	August, 28, 1951	April 17, 2007, April 6, 2011	2015	Yes
M.E. van Lier-Lels	Audit Committee	October 19, 1959	May 2, 2001, April 12, 2005*, April 7, 2009*, April 10, 2013*	2014	No
R.J. Routs (Vice-chairman)	Remuneration & Organization Development Committee (Chairman) Nominating & Corporate Governance Committee	September 10, 1946	April 7, 2009, April 10, 2013*	2014	Yes
D.J. Haank	Audit Committee (Chairman)	April 25, 1953	April 7, 2009, April 10, 2013*	2017	Yes
P.A.M. van Bommel	Audit Committee	January 21, 1957	April 12, 2012	2016	Yes
C.J. García Moreno Elizondo	Audit Committee	January 6, 1957	April 10, 2013	2017	Yes
O. von Hauske Solís	Remuneration & Organization	September 1, 1957	April 10, 2013	2017	Yes



	Development Committee Nominating & Corporate Governance Committee				
--	---	--	--	--	--

\* Reappointment

## **ANNEX 4**

### **LIST OF APPROVAL ITEMS SUPERVISORY BOARD**

#### **1. APPROVAL OF THE ANNUAL PLANS**

##### **1.1 Annual plans of the Divisions**

Adoption by the Board of Management of the annual plan of the Company (which has incorporated the separate annual plans of the Divisions) shall require the approval of the Supervisory Board.

#### **2. RESOLUTIONS ON OPERATIONAL MATTERS**

##### **2.1 Resolutions with a financial interest**

Resolutions by the Board of Management concerning the Company or resolutions to approve a resolution of an Operating Company shall require the approval of the Supervisory Board if the resolution has a financial interest in excess of the sum of EUR 50,000,000 and it has not expressly been provided for in an approved annual plan.

##### **2.2 Conclusion or termination of participations**

Resolutions of the Board of Management concerning the Company or resolutions to approve a resolution of an Operating Company to conclude or to take over other enterprises or to take, to expand, to decrease or to terminate an interest in another enterprise shall require the approval of the Supervisory Board if the resolution is in excess of the sum of EUR 50,000,000 and it has not expressly been provided for in an approved annual plan.

##### **2.3 Expansion business activities by Division**

The resolution by the Board of Management to approve a resolution of a Division to expand its activities with a new branch shall require the approval of the Supervisory Board if the new branch may materially affect the existing business activities, the business management or the image of the KPN Group.

##### **2.4 Closure or transfer of an enterprise by a Division**

The resolution of the Board of Management to approve a resolution of a Division to close in whole or in part or to transfer the business shall require the approval of the Supervisory Board if this results in the termination of the employment or an essential change in the employment conditions of a considerable number of employees.

## **2.5 Joint venture agreements by a Division**

A resolution by the Board of Management to approve a resolution of a Division to enter into, terminate or alter joint venture agreements shall require the approval of the Supervisory Board if the joint venture is of essential significance to the KPN Group.

## **2.6 Resolutions of Operating Companies**

- (1) Approval of resolutions of an Operating Company by the Board of Management shall also require the approval of the Supervisory Board if they are concerned with:
  - (a) a resolution of strategic interest to the KPN Group as a whole or to the Division of which the Operating Company concerned forms a part; or
  - (b) a resolution that has a material effect on the operational result of another business unit the of KPN Group or of another Operating Company; or
  - (c) a resolution to alter the articles of association of an Operating Company that entails an essential change in the manner in which KPN exercises its rights as a shareholder or as member of the supervisory board in an Operating Company; or
  - (d) a resolution to enter into or to break off a long-lasting co-operation of an Operating Company with another company, if this is of essential significance; or
  - (e) a resolution to file for bankruptcy or suspension of payments of the Operating Company; or
  - (f) a resolution to issue or purchase shares or lower their value, or any other change in the capital structure of the Operating Company; or
  - (g) a resolution to apply for a listing of the Operating Company; or
  - (h) a resolution to terminate the employment of a considerable number of employees of the Operating Company; or
  - (i) resolutions to merge or demerge the Operating Company; or
  - (j) a resolution to start a major reorganization of and within the Operating Company; or

- (k) a resolution to appoint managing directors under the articles of association of the Operating Company.
- (2) If a subject was already specifically referred to in a year plan approved by the Supervisory Board, the requirements set forth in the preceding paragraph of this article do not have to be met for this subject as far as it was described in the year plan.

### **3. FORMAL RESOLUTIONS**

#### **3.1 Article 21 articles of association**

- (1) The approval of the Supervisory Board shall be required for:
  - A. resolutions of the Board of Management concerning:
    - a. the issue and acquisition of shares of the company and debt instruments issued by the Company or of debt instruments issued by a limited partnership (commanditaire vennootschap) or a general partnership (vennootschap onder firma) in respect of which the Company is a general partner with full liability;
    - b. co-operation in the issue of depositary receipts for shares in the Company;
    - c. application for listing or withdrawal of listing on any stock exchange of the securities referred to under a and b;
    - d. the entering into or termination of long-term co-operation of the Company or a dependent company with any other company or legal entity or as fully liable partner in a limited partnership or general partnership if such co-operation or termination is of fundamental importance to the Company;
    - e. the acquisition of a participation worth at least a quarter of the value of the issued capital plus reserves according to the Company 's balance sheet plus explanatory notes, by the Company or a dependent company in the capital of another company, and any substantial increase or decrease of such participation;
    - f. investments requiring an amount equal to at least a quarter of the Company 's issued capital plus reserves according to its balance sheet plus explanatory notes;
    - g. a proposal to alter the articles of association;
    - h. a proposal to dissolve the Company;
    - i. a petition for bankruptcy or a request for suspension of payments;
    - j. the termination of the employment of a considerable number of the Company 's employees or of a dependent company's employees simultaneously or within a short period of time;

- k. a significant change in the employment conditions of a considerable number of the company's employees or of a dependent company's employees;
- l. a proposal to reduce the issued capital of the Company;

B. - insofar not already subject to A mentioned above - the resolutions of the Board of Management, against which the Chairman of the Board of Management has cast his vote in the voting of the Board of Management.

### **3.2 Issue of shares (article 9 articles of association)**

A resolution of the Board of Management to issue shares requires the approval of the Supervisory Board.

### **3.3 By-Laws and allocation of Tasks Board of Management (article 23 paragraphs 3 and 4 article of association)**

The resolution to adopt the By-Laws and the allocation of tasks of Managing Directors shall require the approval of the Supervisory Board.

### **3.4 Distributions in shares and distributions chargeable to the reserves (article 32 articles of association)**

- (1) The resolution of the Board of Management to pay all or part of the dividend on ordinary shares in shares in the company instead of cash shall require the approval of the Supervisory Board.
- (2) The proposal of the Board of Management to the general meeting to pay dividends to holders of ordinary shares chargeable to the distributable part of its equity shall require the approval of the Supervisory Board. These distributions may also be paid in whole or in part in shares in the company instead of cash.

### **3.5 Alteration of the articles of association, merger, demerger and dissolution (article 43 articles of association)**

A proposal by the Board of Management to the general meeting of shareholders to alter the Articles of Association or to merge or demerge within the meaning of Part 7 of Book 2 of the Netherlands Civil Code or to dissolve the Company shall require the approval of the Supervisory Board.

### **3.6 Allocation of duties of the Board of Management**

The resolution of the Board of Management to allocate the duties of the Board of Management to individual members of the Board of Management;<sup>85</sup>

### **3.7 Transactions between the Company and a holder of 10% of the shares in the Company**

The resolution of the Board of Management to enter into transactions between the Company and natural or legal persons who hold at least 10% of the shares in the Company that are of material significance to the Company and/or such persons;<sup>86</sup>

### **3.8 The operational and financial aims of the Company**

The resolution of the Board of Management on the operational and financial aims of the Company, the strategy designed to achieve the aims, and the parameters to be applied in relation to the strategy; and corporate social responsibility issues that are relevant to the enterprise.<sup>87</sup>

### **3.9 Conflicts of interest**

- (1) The resolution of the Board of Management regarding a transaction in which there are conflicts of interest with Board of Management members that are of material significance to the Company and/or the relevant Board of Management members;<sup>88</sup>
- (2) The resolution of the Board of Management regarding a transaction in which there are conflicts of interest with Members of the Supervisory Board that are of material significance to the Company and/or the relevant Members of the Supervisory Board;<sup>89</sup>

### **3.10 Appointment and removal of Company secretary**

The resolution of the Board of Management to appoint or remove the Company secretary;<sup>90</sup>

### **3.11 Miscellaneous**

---

<sup>85</sup> Board of Management By-Laws, clause 1.5.

<sup>86</sup> Board of Management By-Laws, clause 5.8.

<sup>87</sup> Board of Management By-Laws, clause 6.1.

<sup>88</sup> Board of Management By-Laws, clause 15.5.

<sup>89</sup> Supervisory Board By-Laws, clause 19.4.

<sup>90</sup> Board of Management By-Laws, clause 4.1.

All other acts of the Board of Management that require the approval of the Supervisory Board by legislation, the Articles of Association, the By-Laws of the Board of Management, the By-Laws of the Supervisory Board, the Dutch Corporate Governance Code or any other applicable legislation.

## ANNEX 5

### GUIDELINES ON CONTACTS WITH SHAREHOLDERS

In the normal course of business Management Board - and Supervisory Board members will have contacts with (major) shareholders. In general these contacts are and should be limited to subjects, which form part of the usual investor relations activities. Selective disclosures are not allowed and the only information on the company that will be provided is information that can also be obtained from the public domain.

It is however possible that a large shareholder needs to be consulted when this is necessary to let the company form an opinion about the feasibility of an intended transaction.

For both situations certain guidelines are necessary to provide clarity on do's and don'ts in relation to contacts with shareholders. This will result in avoidance of misunderstandings and prevent infringement of securities legislation (rules on disclosure of inside information).

#### I. Contacts from a general Investor Relations Perspective

General contacts from an IR perspective are possible, provided that no selective disclosures can be made. The following guidelines apply:

- No Board- or Supervisory Board member will have contacts on an individual basis, and each Management Board- or Supervisory Board member will be accompanied by the CEO and/or CFO or -in case of contacts between the shareholder and the CEO and/or CFO- a representative from the Investor Relations department.
- The only information about the company that will be provided is public information.
- In case of an intended disclosure by the shareholder, the latter should be made aware of the fact that the company will have to issue a press release if this disclosure would make the company privy to inside information.

#### II. Contacts from a governance perspective

The support of a (major) shareholder can be a prerequisite for the company to form an opinion about the feasibility of an intended (transformational) transaction. It is a legitimate concern that the Company wishes to take this into consideration in the decision-making process.

This would be the case if a transaction is subject to approval of the General Meeting. This form of contact would normally represent a disclosure of inside information. The following guidelines apply:



- No Management Board- or Supervisory Board member will have contacts on an individual basis and each member will be accompanied by the CEO and/or CFO, and the Chief Legal Officer or his representative.
- The provision of inside information to the major shareholder should be limited to the information, which is necessary for the shareholder to form its opinion about the transaction.
- The provision of inside information should be limited to a small group of people
- Both the company and shareholder should confirm in writing that the information is confidential and that the latter undertakes not to trade the relevant securities (which include relevant bonds) until announcement of the transaction or such time as the information no longer qualifies as inside information.