

**SUPERVISORY BOARD RULES**  
**IMCD N.V.**  
**EFFECTIVE AS OF 14 DECEMBER 2017**

**1 Introduction**

**1.1** These supervisory board rules (the "**Supervisory Board Rules**") have been adopted by the supervisory board (the "**Supervisory Board**") of IMCD N.V. (the "**Company**") pursuant to article 14.4 of the articles of association of the Company (the "**Articles**"). These Supervisory Board Rules are published on the Company's website.

**2 Responsibilities of the Supervisory Board**

**2.1** The Supervisory Board shall supervise the policy of the management board of the Company (the "**Management Board**") and the general course of affairs of the Company and the business connected with it.<sup>1</sup> The Supervisory Board shall assist the Management Board with advice.

**2.2** In carrying out its duties, the Supervisory Board is guided by the interests of and long-term value creation for the Company and its business, and shall take into consideration the relevant interests of all those involved in the Company (including its shareholders).<sup>2</sup> The Supervisory Board will observe those aspects of corporate social responsibility that are relevant to the Company's business. The Supervisory Board is responsible for the quality of its own performance.<sup>3</sup>

**2.3** The responsibilities of the Supervisory Board shall include supervising and monitoring (whether or not beforehand) and advising the Management Board on:

- (a) the achievement of the Company's objectives, (ii) the Company's (long-term value creation) strategy, the manner in which the Management Board establishes and implements such strategy<sup>4</sup> and the risks inherent to the Company's strategy and business activities, (iii) the structure and effectiveness of the internal risk management and control systems<sup>5</sup>, including the internal audit function<sup>6</sup>, (iv) the integrity and quality of the financial reporting process<sup>7</sup>, (v) the application of information and communication technology (ICT)<sup>8</sup>, (vi) a takeover process if a takeover bid for the Company's (depository receipts for) shares is being prepared or has been made, (vii) the aspects of corporate social responsibility issues that are relevant to the business, (viii) the relationship with

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<sup>1</sup> Article 2:140 subsec. 2 DCC.

<sup>2</sup> Article 2:140 subsec. 2 DCC; Provision 1.1.1 and 1.1.3 DCGC.

<sup>3</sup> Principle 2.3 DCGC.

<sup>4</sup> Provision 1.1.3 DCGC.

<sup>5</sup> Principle 1.5 DCGC.

<sup>6</sup> Principle 1.3 DCGC.

<sup>7</sup> Principle 1.5 DCGC.

<sup>8</sup> Provision 1.5.1 DCGC.

shareholders<sup>9</sup>, (ix) compliance with legislation and regulations, (x) the set-up of the Executive Committee, with a focus on the dynamics and the relationship between the Management Board and the Executive Committee<sup>10</sup>, (xi) the remuneration of the members of the Executive Committee who are not members of the Management Board, and the annual discussion of such with the Supervisory Board<sup>11</sup>, (xii) the establishment and implementation of internal procedures which safeguard that all relevant information is known to the Management Board and the Supervisory Board in a timely and (xiii) the activities of the Management Board regarding the creation of a culture aimed at long-term value creation<sup>12</sup>;

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

- (b) complying with the Dutch Corporate Governance Code (the "**Code**") (including compliance by explaining deviations from the Code) and disclosing and enforcing the Company's corporate governance structure;
- (c) co-signing the annual accounts and approving the Company's annual budget and major capital expenditure;
- (d) selecting, recommending for appointment and supervising the functioning of the registered external auditor of the Company (the "**Auditor**");
- (e) stimulating openness and accountability within the Supervisory Board and in the relationship with the Management Board<sup>13</sup>;
- (f) drawing up the Company's diversity policy for the composition of the Management Board, the Supervisory Board and the Executive Committee<sup>14</sup>;
- (g) selecting and recommending for appointment the members of the Management Board, proposing the remuneration policy for members of the Management Board (such policy to be adopted by the Company's general meeting) (the "**General Meeting**"), setting the remuneration (in accordance with the remuneration policy and the provisions of the Code) and the contractual terms of employment of members of the Management Board;

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<sup>9</sup> Provision 4.1.1 DCGC.

<sup>10</sup> Provision 2.1.3 DCGC.

<sup>11</sup> Provision 3.1.3 DCGC.

<sup>12</sup> Principle 2.5 DCGC.

<sup>13</sup> Provision 2.4.1 DCGC.

<sup>14</sup> Provision 2.1.5 DCGC.



- (h) selecting and nominating for appointment the members of the Supervisory Board and proposing their remuneration for adoption by the General Meeting;
- (i) evaluating and assessing the performance of the Management Board, the Supervisory Board, their individual members and/or committee's (including evaluation of the Supervisory Board's profile and the induction, education and training programme) at least at an annual basis;
- (j) handling of and deciding on reported (potential) conflicts of interests between the Company on the one hand and members of the Management Board, members of the Supervisory Board, the Auditor and/or the major shareholder(s) on the other hand;<sup>15</sup>
- (k) handling of and deciding on alleged irregularities relating to the performance of the members of the Management Board.

**2.4** At the end of each financial year the Supervisory Board shall prepare and publish a report on its functioning and activities during that financial year. This report shall at least include the following data with respect to each Supervisory Board member:<sup>16</sup> (i) gender, (ii) age, (iii) nationality, (iv) profession or principal position, (v) other (outside) positions held to the extent relevant for the performance of duties as a Supervisory Board member, (vi) date of initial appointment and current term of office and (vii) to the extent applicable, service on Committees. The annual Supervisory Board's report shall be included in the Company's annual report for the year concerned.

### **3 Composition, expertise and independence of the Supervisory Board**

**3.1** The Supervisory Board shall initially have five members or any such number of members set in accordance with the Articles.<sup>17</sup> The Supervisory Board shall prepare a profile of its scope and composition, taking into account the nature of the Company's business, the Company's activities, and the desired expertise, experience and independence of the Supervisory Board members. The profile shall furthermore address the aspects of diversity in the composition of the Supervisory Board that are relevant to the Company, such as gender and age, and shall specify the objectives pursued by the Supervisory Board in relation to diversity. The Supervisory Board shall evaluate the profile annually. The current profile of the Supervisory Board is attached as Schedule 1 and shall be placed on the Company's website.<sup>18</sup>

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<sup>15</sup> Provision 2.7.2 DCGC.

<sup>16</sup> Provision 2.1.2 DCGC.

<sup>17</sup> Article 14 Articles.

<sup>18</sup> Provision 2.1.1 DCGC.



- 3.2** Where the actual composition of the Supervisory Board differs from the profile drawn up by the Supervisory Board, the Supervisory Board shall explain this in its report as referred to under 2.4 above and indicate how and within what period it expects to meet the profile.<sup>19</sup>
- 3.3** The composition of the Supervisory Board shall be such that the combined experience, expertise, diversity and independence of its members meet the profile attached as Schedule 1 and enable the Supervisory Board to best fulfil its duties towards the Company and all others involved in the Company (including its shareholders) in accordance with applicable law and regulations (including the rules of any exchange on which the Company's shares (or depositary receipts therefor) may be listed.<sup>20</sup>
- 3.4** The composition of the Supervisory Board shall be subject to the following requirements:
- (a) each of its members must be capable of making a general assessment of the overall policy of the Company and its business;<sup>21</sup>
  - (b) each of its members must meet the profile attached as Schedule 1 and following any member's appointment or re-appointment the Supervisory Board as a whole must be composed in accordance with article 3.3;<sup>22</sup>
  - (c) at least one of the members of the Supervisory Board must have relevant expertise in financial administration / accounting for listed companies or other large companies;
  - (d) each of its members, with the exception of no more than one person, must be independent within the meaning the Code and article 3.5 of these Supervisory Board Rules<sup>23</sup>;
  - (e) none of its members may be appointed after his/her twelfth year in office, taking into account article 4.2 hereafter;
  - (f) none of its members may maintain more than five memberships of supervisory boards in Dutch listed companies (including the Company); in this connection, a chairmanship of a supervisory board counts twice;
  - (g) none of its (former) members may be a member of the Management Board of the administrative trust that holds and administers the shares

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<sup>19</sup> Provision 2.1.6 DCGC.

<sup>20</sup> Principle 2.1 DCGC.

<sup>21</sup> Provision 2.1.4 DCGC.

<sup>22</sup> Provision 2.1.4 DCGC.

<sup>23</sup> Provision 2.1.7 DCGC.



in the Company's capital by way of *fiducia cum amico* (*ten titel van beheer*);

- (h) the chairman of the Supervisory Board (the "**Chairman**") may not be a former member of the Management Board and must be independent within the meaning the Code and article 3.5 of these Supervisory Board Rules<sup>24</sup>.

**3.5** A member of the Supervisory Board shall not be deemed independent (and shall accordingly be deemed independent if none of the below apply to the member) if this member or a 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 of the Company or member of the Management Board (including affiliated companies as referred to in section 5:48 of the Financial Markets Supervision Act) in the five years prior to his/her appointment;
- (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 - which is not in keeping with the normal course of business;
- (c) has had an important business relationship with the Company or a company associated with it in the year prior to his/her appointment. This shall in any event be the case if a Supervisory Board member, or the firm of which the member is a shareholder, partner, associate or advisor, has acted as an advisor to the Company (consultant, external accountant, civil notary or attorney) or if a Supervisory Board member is a Management Board member or an employee of any bank with which the Company has a long-term and significant relationship;
- (d) is a member of the Management Board of a company of which a member of the Management Board (that the member supervises) is a Supervisory Board member (cross-ties);
- (e) holds at least ten percent (10%) of the shares in the Company (including the shares held by natural persons or legal entities that co-operate with him/her under a legal, tacit, oral or written agreement);
- (f) is a member of the management board or supervisory board - or is a representative in some other way - of a legal entity that holds at least ten percent (10%) of the shares in the Company, unless such entity is a member of the same group as the Company;

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<sup>24</sup> Provision 2.1.9 DCGC.



- (g) has temporarily managed the Company during the preceding twelve months while members of the Management Board were absent or unable to carry out their duties.<sup>25</sup>

The Supervisory Board will in its report referred to under 2.4 above include a statement on the compliance with best practice provisions 2.1.7 up to and including 2.1.9 of the Code (concerning the independence of the Supervisory Board members and its Chairman). It shall also indicate which member(s) of the Supervisory Board it considers not to be independent (if any).<sup>26</sup>

#### **4 (Re)appointment, term and resignation**

- 4.1** The members of the Supervisory Board shall be appointed in the manner set out in the Articles, on the (binding) nomination of the Supervisory Board.<sup>27</sup> The Supervisory Board shall explain the reasons for its nomination. In the case of a re-appointment, the Supervisory Board shall take into account the manner in which the candidate has fulfilled his/her duties as a member of the Supervisory Board.
- 4.2** A Supervisory Board member is appointed for a maximum period of four years and may then be re-appointed once for another four-year period. The Supervisory Board member may then subsequently be re-appointed again for a period of two years, which appointment may be extended by at most two years. Unless a member of the Supervisory Board resigns early, the term of (re-)appointment shall run out at the end of the annual general meeting of shareholders held in the (second or) fourth year after the year of the (re-)appointment. The maximum term of office for Supervisory Board members therefore is twelve years, provided that this term may be exceeded if the annual general meeting of shareholders at which they resign takes place after the end of the 12-year period. In the event of a reappointment after an eight-year period, reasons will be given in the report of the Supervisory Board as referred to under 2.4 above.<sup>28</sup>
- 4.3** The Supervisory Board shall prepare a resignation rota aiming to prevent, where possible, re-appointments occurring at the same time, which resignation rota will be posted on the Company's website. The current resignation rota of the Supervisory Board is attached as Schedule 2. Subject to article 4.6, members of the Supervisory Board shall resign in accordance with the resignation rota.<sup>29</sup>
- 4.4** A member of the Supervisory Board must obtain the Supervisory Board's approval before putting him/herself forward as a candidate for a position at a non-

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<sup>25</sup> Provision 2.1.8 DCGC.

<sup>26</sup> Provision 2.1.10 DCGC.

<sup>27</sup> Article 15 Articles.

<sup>28</sup> Provision 2.2.2 DCGC.

<sup>29</sup> Provision 2.2.4 DCGC.



group company.<sup>30</sup> The position must not be in conflict with the Company's interests.

**4.5** Each member of the Supervisory Board shall observe any statutory maximum of board memberships that is applicable to him. The Supervisory Board shall

**4.6** A Supervisory Board member shall resign early in the event of inadequate performance, fundamental incompatibility of interests and in other instances where the Supervisory Board deems resignation to be necessary (at its discretion).<sup>31</sup>

**4.7** In the event that a Supervisory Board member temporarily takes on the management of the Company where the Management Board members are absent or unable to discharge their duties, the member shall (temporarily) resign from the Supervisory Board.<sup>32</sup>

## **5 Chairman, vice-chairman and company secretary**

**5.1** The Supervisory Board shall appoint one of its members as Chairman (taking into account the stipulation under 3.4(h) above) and shall also appoint one of its members as vice-chairman (the "**Vice-Chairman**"). The Chairman monitors the proper functioning of the Supervisory Board and its committees. The Chairman acts on behalf of the Supervisory Board as the main contact for the Management Board and the members of the Supervisory Board. The Chairman determines the agenda and chairs the meetings of the Supervisory Board and in his role as Chairman ensures the orderly and efficient conduct of the General Meeting.

**5.2** The Chairman shall ensure that:<sup>33</sup>

- (a) the Supervisory Board has proper contact with Management Board and the General Meeting;
- (b) the Supervisory Board elects a Vice-Chairman;
- (c) there is ample time for consultation, consideration and decision-making by the Supervisory Board;
- (d) adequate and timely submission of information to the members of the Supervisory Board is made as necessary for the proper fulfilment of their duties;
- (e) the committees of the Supervisory Board function properly;
- (f) the members of the Supervisory Board follow their induction and education or training programme, if and to the extent applicable;
- (g) ensure that the performance of the Management Board members and Supervisory Board members is assessed annually;
- (h) the Management Board performs activities in respect of culture;

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<sup>30</sup> Provision 2.4.2 DCGC.

<sup>31</sup> Provision 2.2.3 DCGC.

<sup>32</sup> Provision 2.3.9 DCGC.

<sup>33</sup> Provision 2.3.6 DCGC.



- (i) the Supervisory Board recognises signs from the Company and its business and ensures that any (suspicion of) material misconduct and irregularities are reported to the Supervisory board without delay;
- (j) the General Meeting proceeds in an orderly and efficient manner, and effective communication with shareholders is assured;
- (k) reported (potential) conflicts of interest within the meaning of article 10 are received and decided on;
- (l) reported alleged irregularities relating to the functioning of the members of the Management Board within the meaning of article 11.2 are received and decided on; and
- (m) the Supervisory Board is involved closely, and at an early stage, in any merger or takeover processes.

**5.3** The Vice-Chairman shall replace the Chairman whenever the occasion arises and shall act as the contact for individual members of the Supervisory Board and the Management Board in matters regarding the Chairman's performance.<sup>34</sup>

**5.4** The Supervisory Board shall be assisted by a company secretary.<sup>35</sup> The company secretary shall be appointed and dismissed by the Management Board, with the (prior) approval of the Supervisory Board. The company secretary shall be responsible for:

- (a) the Supervisory Board's compliance with Dutch law, the Articles and the rules and regulations issued pursuant thereto (including the Code and these Supervisory Board Rules);
- (b) assisting the chairman of the Supervisory Board in the organisation of the Supervisory Board (providing information, agenda, evaluation etc.).

## **6 Committees of the Supervisory Board**

**6.1** The Supervisory Board shall have two standing committees, i.e., an audit committee and a remuneration committee. These committees shall be appointed by the Supervisory Board from among its own members. Each committee shall consist of at least two members and may only have one member who is not independent as referred to in article 3.5 of the Supervisory Board Rules. The audit committee and/or the remuneration committee shall not be chaired by the Chairman or a former member of the Management Board.<sup>36</sup> The (entire) Supervisory Board shall remain responsible for its decisions, even if they have been prepared by one of the committees.

**6.2** The Supervisory Board shall prepare rules governing the respective committee's principles and best practices (responsibilities, composition, meetings, etc.). The

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<sup>34</sup> Provision 2.4.3 DCGC.

<sup>35</sup> Provision 2.3.10 DCGC.

<sup>36</sup> Provision 2.3.4 DCGC.





rules of the respective committees as of the date of adoption of these Supervisory Board Rules are attached as Schedules 3 and 4.

- 6.3** The Supervisory Board's report shall set out the composition of the committees, the number of committee meetings and the main items discussed at those meetings.<sup>37</sup> The rules and the composition of the committees shall be placed on the Company's website.<sup>38</sup>
- 6.4** If a committee as referred to in article 6.1 has not been instituted, the practices and principles for that committee as set out in the relevant schedule shall apply to the Supervisory Board as a whole.<sup>39</sup>
- 6.5** The Supervisory Board shall receive in a timely manner from each committee a report of its deliberations and findings.

## **7 Remuneration of the Supervisory Board**

- 7.1** The Supervisory Board shall from time to time submit a clear and understandable proposal to the General Meeting in respect of the remuneration to be paid to the Chairman, the Vice-Chairman and other members of the Supervisory Board. The remuneration of Supervisory Board members promotes an adequate performance of their role, reflects the time spent and the responsibilities of their role and may not be made dependent on the Company's results.<sup>40</sup> If the members of the Supervisory Board are required to charge VAT on their fees, the Company shall pay the amount of VAT.
- 7.2** In determining the remuneration of the members of the Supervisory Board, the following requirements must be observed:
- (a) none of its members shall receive shares and/or options or similar rights to acquire shares in the Company's capital as part of their remuneration;<sup>41</sup>
  - (b) none of its members may hold securities as referred to in subparagraph (a) other than for long-term investment;<sup>42</sup>
  - (c) none of its members shall hold or execute transactions in securities issued by entities other than the Company unless this is in accordance with the Company's Insider Trading Rules on ownership of and transactions in securities for members of the Management Board and the Supervisory Board. The previous sentence does not apply if a member of the Supervisory Board holds such securities for investment in listed investment funds, or, in case of investment in other funds, only if the

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<sup>37</sup> Provision 2.3.5 DCGC.

<sup>38</sup> Provision 2.3.3 DCGC.

<sup>39</sup> Provision 2.3.2 DCGC.

<sup>40</sup> Principle 3.3 and provision 3.3.1 DCGC.

<sup>41</sup> Provision 3.3.2 DCGC.

<sup>42</sup> Provision 3.3.3 DCGC.



- member has entrusted an independent third party with the management of the securities portfolio pursuant to a written (agency) agreement;
- (d) none of its members shall accept personal loans or guarantees or the like from the Company, nor will remission of (personal) loans be granted.<sup>43</sup>

**7.3** Members of the Supervisory Board shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Any other expenses shall only be reimbursed, either in whole or in part, if incurred with the Chairman's prior consent; the Chairman shall inform the Supervisory Board about this on an annual basis.

**7.4** The remuneration, reimbursement of expenses and other agreed terms and conditions, including the date on which such payments are to be made, shall be determined by the General Meeting and agreed in writing between the Company and each individual member of the Supervisory Board. The notes to the annual accounts shall in any event contain the information on the size and structure of the remuneration of individual members of the Supervisory Board, as required by law.

**8 Supervisory Board meetings (agenda, teleconferencing, attendance, minutes)**

**8.1** The Supervisory Board shall meet as often as the chairman decides, with a minimum of four meetings per year, and whenever two other Supervisory Board members have requested a meeting<sup>44</sup> Supervisory Board meetings shall generally be held at the offices of the Company, but may also take place elsewhere. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.

**8.2** Members of the Supervisory Board who are frequently absent during meetings of the Supervisory Board or a committee shall be asked by the Chairman to explain their absence. The absenteeism rate from Supervisory Board and committee meetings for each Supervisory Board member shall be stated in the Supervisory Board's report as referred to under 2.4 above.<sup>45</sup>

**8.3** Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by all members of the Management Board, save for meetings concerning:

- (a) the evaluation of the performance by the Management Board and its individual members, and the conclusions to be drawn from that evaluation;

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<sup>43</sup> Provision 2.7.6 DCGC.

<sup>44</sup> Article 19.2 Articles.

<sup>45</sup> Provision 2.4.4 DCGC.



- (b) the evaluation of the performance by the Supervisory Board, its various committees and its individual members, and the conclusions to be drawn from that evaluation;
- (c) the desired profile, the composition and competence of the Supervisory Board; and
- (d) (potential) conflicts of interest of Management Board members.

**8.4** The Auditor of the Company shall attend all Supervisory Board meetings at which the annual accounts and/or his report regarding the examination of the annual accounts are discussed. The Auditor shall receive, for information purposes only, the financial information underlying the adoption of quarterly and/or six-monthly figures and other interim reports and shall be given the opportunity to respond to all information.

**8.5** Meetings shall be convened by the company secretary on behalf of the Supervisory Board member(s) requesting the meeting. Where this is practicable, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched seven calendar days before the meeting and sent to each member of the Supervisory Board and, if they have been invited to the meeting, to the members of the Management Board.

**8.6** Minutes of the meeting shall be prepared by the secretary of the meeting. The minutes shall generally be adopted in the next meeting. If all members of the Supervisory Board agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chairman and the secretary to the meeting,<sup>46</sup> and shall be sent to all members of the Supervisory Board as soon as practicable. The company secretary may issue and sign extracts of the adopted minutes.

## **9 Supervisory Board resolutions (quorum, votes, items to be considered)**

**9.1** The Supervisory Board can only validly adopt resolutions in a meeting at which at least the majority of its members entitled to vote is present or represented, with the provision that members who have a conflict of interest as referred to in article 11 shall not be taken into account when calculating this quorum. Resolutions may also be taken without a meeting provided the proposal is sent to all members of the Supervisory Board or they are informed in some other way and if more than one-half of the members of the Supervisory Board have expressed in writing, by telefax or in any other electronic means that can be reproduced on paper that they are in favour of the proposal. Such resolution shall be signed by the Chairman and the company secretary.<sup>47</sup>

**9.2** The Supervisory Board can only adopt resolutions validly in or outside a meeting if the majority of the Supervisory Board members have voted in favour of the

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<sup>46</sup> Article 19.5 Articles.

<sup>47</sup> Article 19.6 Articles.



resolution. If there is a tie, a second vote is taken. If the second vote is also tied, the Chairman shall have the casting vote.<sup>48</sup>

**9.3** The ongoing items to be considered and discussed at Supervisory Board meetings include reviewing the Company's budget and financial results, approving major decisions requiring Supervisory Board action, discussing and approving corporate strategy and changes thereto with (e.g. long-term strategy, capital expenditure falling outside the Company's budget, long-term capital structures, new lines of business, major acquisitions and divestments) and receiving reports from the Supervisory Board's committees.

**9.4** At least once a year, the Supervisory Board shall discuss:

- (a) the topics referred to under 8.3 (a) through (c); and
- (b) the corporate strategy, the main risks of the business and the result of the evaluation by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto.

The report of the Supervisory Board shall specify in which manner the evaluation referred to in article 8.3 subparagraph (b) was conducted. Furthermore the report lists the meetings as referred to in subparagraph (b) of this article 9.4.

## **10 Conflict of interest**

**10.1** The Supervisory Board shall function independently from any instructions by third parties outside the Company.

**10.2** Supervisory Board members shall be alert to conflicts of interests and shall in any case refrain from the following:

- (a) competing with the Company;
- (b) demanding or accepting (substantial) gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree in accordance with Dutch law;
- (c) providing unjustified advantages to third parties at the Company's expense;
- (d) taking advantage of business opportunities to which the Company is entitled for themselves or for their spouse, registered partner or other life

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<sup>48</sup> Article 19.4 Articles.



companion, foster child or relative by blood or marriage up to the second degree in accordance with Dutch law.<sup>49</sup>

**10.3** A member of the Supervisory Board has a conflict of interests with the Company if this member has a direct or indirect personal conflict of interests in the meaning of Section 2:140 Dutch Civil Code or in the meaning of article 10.4 of these Supervisory Board Rules.

**10.4** For purposes of these Supervisory Board Rules a member of the Supervisory Board shall in any event be deemed to have a conflict of interest if:

- (a) the member has a material personal financial interest in an entity that the Company intends to enter into a transaction with;
- (b) the member has a family-law relationship (*familierechtelijke verhouding*) with a member of the management or supervisory board of an entity that the Company intends to enter into a transaction with;
- (c) the member holds a management or supervisory position in an entity that the Company intends to enter into a transaction with and which is not a subsidiary (within the meaning of Section 2:24a Dutch Civil Code);
- (d) such a conflict of interest exists or is deemed to exist under applicable law, including the rules of any exchange on which the Company's shares (or depositary receipts therefor) are listed;
- (e) the Supervisory Board has ruled that in its reasonable view a conflict of interest exists or is deemed to exist, provided that the mere fact that a Supervisory Board member is also a direct or indirect shareholder, or an employee, director, board member, officer, representative, manager, advisor, or person otherwise related to such shareholder without any additional facts or circumstances constituting a conflict of interest with the Company of that Supervisory Board member shall not constitute a conflict of interest.

**10.5** Each Supervisory Board member (other than the Chairman) shall immediately report any (potential) conflict of interest concerning a member of the Supervisory Board to the Chairman. The Supervisory Board member with such (potential) conflict of interest must provide the Chairman with all information relevant to the conflict of interest, including but not limited to information relating to the persons with whom the member has a family-law relationship. In all circumstances other than those listed in article 10.4 subparagraphs (d) and (e), the Chairman shall

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<sup>49</sup> Provision 2.7.1 DCGC.



determine whether a reported (potential) conflict of interest qualifies as a conflict of interest to which article 10.6 applies.

In the event that the Chairman has a (potential) conflict of interest he shall immediately report such potential conflict to the Vice-Chairman of the Supervisory Board. The Chairman must provide the Vice-Chairman of the Supervisory Board with all information relevant to the conflict of interest.

A comparable procedure for the notification of conflicts of interest applies to members of the Management Board and is further described in article 3 of the Management Board Rules.<sup>50</sup>

- 10.6** A member of the Supervisory Board shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a direct or indirect personal conflict of interest with the Company. If the Supervisory Board is unable to take a decision as a result of the provisions of the previous sentence, the decision shall be taken by the corporate body designated for that purpose in the Articles. A transaction as referred to above (in which there is a conflict of interest) must be concluded on terms at least customary in the sector concerned. Resolutions to enter into such transaction must be approved by the Supervisory Board.

The Chairman shall ensure that transactions in respect of which Supervisory Board members have a conflict of interest will be mentioned in the Company's annual report, specifying the conflict in question and stating that article 10.5 and 10.6 were complied with.

- 10.7** In addition, a conflict of interest is deemed to exist if the Company intends to enter into a transaction with a person or entity that holds at least ten percent (10%) of the shares in the Company. Resolutions to enter into such transaction must be approved by the Supervisory Board. The Chairman shall ensure that these transactions will be mentioned in the Company's annual report, with a statement that this article 10.7 was complied with.

## **11 Complaints, notification of irregularities**

- 11.1** The Management Board shall ensure that employees have the opportunity, without jeopardising their legal position, to report alleged irregularities within the Company of a general, operational and financial nature to the chairman of the Management Board or to an officer designated by him/her for this purpose.

- 11.2** Alleged irregularities that relate to members of the Management Board shall be reported to the Chairman.

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<sup>50</sup> Provision 2.7.2 DCGC.



**11.3** The Internal Alert Procedure of the Company, addressing the matters referred to in this article 11.1 and 11.2, shall be placed on the Company's website.

**12 Information, relationship with the Management Board**

**12.1** The Supervisory Board and its individual members have their own responsibility for obtaining all information from the Management Board, the Auditor and the internal audit function that the Supervisory Board requires for the due performance of its duties. If the Supervisory Board deems this necessary, it may obtain information from officers and external advisors of the Company. The Management Board shall provide the necessary resources for this purpose. Individual members of the Supervisory Board may only obtain information directly from the Company's officers with the approval of the Chairman. The Supervisory Board may require that certain officers and external advisors attend its meetings.

**12.2** The Management Board shall provide the Supervisory Board with timely, and where possible, written, information on all facts and developments concerning the Company which the Supervisory Board may need to carry out its duties.

**12.3** If a takeover bid is being prepared, the Management Board shall ensure in good time that the Supervisory Board is involved closely and in a timely manner in the takeover process.

If a takeover bid has been announced or made in respect of the Company and the Management Board receives a request from a competing bidder to inspect the Company's records, the Management Board shall discuss this request with the Supervisory Board without delay.

**12.4** The Management Board shall provide the Supervisory Board in a timely manner with a report prepared in a format as agreed from time to time and setting out the relevant information on matters such as finance, marketing, investments and staff. This report shall be accompanied by a letter from the Management Board containing an explanation of, and comments on, the above as well as information concerning its policies.

**12.5** Each year, without prejudice to the above, the Management Board shall provide the Supervisory Board with a budget for the coming year, an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, the management and control systems of the Company and its compliance with all relevant laws and regulations. In addition, the Management Board shall provide the Supervisory Board in a timely manner with all relevant information required for the due performance of its duties. This information shall be provided in such a way that the Supervisory Board is able to give its approval by the end of December of the then current year.



**12.6** If a member of the Supervisory Board receives information (from a source other than the Managing Board or Supervisory Board) which is useful to the Supervisory Board for the proper performance of its tasks, the member shall make this information available to the Chairman as soon as possible. The Chairman shall pass this information on to the entire Supervisory Board. To the extent deemed appropriate the Chairman shall ensure that information is passed on to the Management Board as well.

### **13 Relationship with the Executive Committee<sup>51</sup>**

**13.1** With respect to the Executive Committee, the Supervisory Board supervises that the Management Board's expertise and responsibilities are safeguarded and that the Supervisory Board is informed adequately. In doing so, the Supervisory Board pays specific attention to the dynamics and the relationship between the Management Board and the Executive Committee.<sup>52</sup>

**13.2** At least annually, the management Board and the Supervisory Board discuss the remuneration of the members of the Executive Committee who are not members of the Management Board.<sup>53</sup>

### **14 Relationship with the shareholders**

**14.1** In accordance with the Articles, General Meetings may be convened at the request of Management Board or the Supervisory Board. The person(s) convening the meeting shall ensure that it is held within the requisite time and that shareholders are provided with an explanation of all facts and circumstances relevant to the items on the agenda. The explanation shall be placed on the website of the Company. Furthermore, the person(s) convening the meeting shall ensure that the agenda specifies which agenda items are for discussion purposes only and which ones are to be put to a vote.

**14.2** The members of the Company's Management Board and Supervisory Board shall participate in General Meetings, unless they are prevented from attending on valid grounds. In conformity with the Articles, the Chairman shall, as a general rule, chair the General Meeting, and shall decide on the content of resolutions. The chairman of the General Meeting is responsible for ensuring that the meeting runs properly in order to facilitate a meaningful discussion at the meeting. The chairman's ruling on the outcome of a vote shall be conclusive, subject to the provisions of article 2:13 Dutch Civil Code.

**14.3** The Supervisory Board shall provide the General Meeting with any information it may require, unless important interests (*zwaarwegende belangen*) of the

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<sup>51</sup> Provision 2.3.1 DCGC.

<sup>52</sup> Provision 2.1.3 DCGC.

<sup>53</sup> Provision 3.1.3 DCGC.





Company or any rules of law prevent it from doing so. The Supervisory Board shall clearly state the reasons for invoking important interests.

- 14.4** The Supervisory Board shall treat shareholders in equal circumstances in the same way when supplying information.
- 14.5** The Management Board and the Supervisory Board are responsible for the adequate corporate governance of the Company. They shall report to the General Meeting and explain any deviations from the Code. The annual report shall give a broad outline of the Company's corporate governance structure in a separate chapter. This chapter shall specify where the best practice provisions of the Code were followed. If best practice provisions have been deviated from, the chapter shall specify to what extent and for what reason.
- 14.6** Each significant change in the Company's corporate governance structure or compliance with the Code shall be addressed in a separate item on the agenda for consideration by the General Meeting.

## **15 Confidentiality**

- 15.1** Each member of the Supervisory Board shall treat all information and documentation obtained in connection with his/her position as member of the Supervisory Board with the necessary discretion, integrity, and, in the case of classified information, with the appropriate confidentiality.
- 15.2** Members of the Supervisory Board and former members of the Supervisory Board shall refrain from disclosing confidential information outside the Management Board or the Supervisory Board, making it public, or otherwise making it available to third parties, unless the information has been made public by the Company or it has been established that the information is already in the public domain other than by way of unauthorised disclosure.
- 15.3** The confidentially obligation arising from this article 14 does not apply to any confidential information that the member of the Supervisory Board may be required to disclose pursuant to the law, the rules of any officially recognised exchange or a binding decision of a court or another governmental authority.

## **16 STATUS AND CONTENTS OF THE SUPERVISORY BOARD RULES**

- 16.1** These Supervisory Board Rules are complementary to the provisions governing the Supervisory Board as contained in Dutch law, other applicable Dutch or foreign regulations, the Articles and the rules pertaining to the relationship between the Management Board and the Supervisory Board contained in the Management Board Rules.

- 16.2** The Supervisory Board may occasionally resolve at its sole discretion not to comply with the Supervisory Board Rules. The Supervisory Board may resolve to supplement or amend the Supervisory Board Rules.
- 16.3** The Supervisory Board Rules shall be governed by and construed in accordance with the law of the Netherlands.

## **Schedule 1** Profile of the Supervisory Board's scope and composition

### **1 Introduction**

This profile was prepared on 2 July 2014 on the basis of article 3.1 of the Supervisory Board Rules, and updated on 14 December 2017, and is made available on the website of IMCD. The terms used in this profile have the same meaning as in the Supervisory Board Rules.

### **2 Responsibilities**

In accordance with Dutch law, the Supervisory Board shall oversee the policies of the Management Board and the general course of affairs of the Company, and shall advise the Management Board in performing its tasks. A more detailed description of the duties and responsibilities of the Supervisory Board can be found in the Articles and the Supervisory Board Rules. In the performance of their duties, the Supervisory Board will act in the best interest of the Company.

### **3 Profile**

The Supervisory Board's scope and composition (and division of duties) shall take into account the nature of the Company's business and its activities:

The Company is internationally active in the distribution, sales and marketing of a wide variety of specialty chemicals whereby the Company has a focus on continuously building enduring relationships with its suppliers and fulfilling customer needs by providing comprehensive technical advice, formulation support and quality assurance.

### **4 Composition**

The composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its members enables the Supervisory Board to best carry out the variety of the Supervisory Board's responsibilities. As a whole the Supervisory Board should have the following qualifications at its disposal:

- understanding of managing large organizations with international activities;
- experience with, and understanding of, the financial administration and accounting, and internal risk management and control systems;
- management strategy experience and understanding of the risks inherent to the Company's business;
- marketing and commercial expertise;
- understanding of the governance structure and relevant regulatory and legal matters in large organisations;



- understanding of shareholder and employee relations;
- awareness of corporate social responsibility issues.

Pursuant to the Articles, the Supervisory Board shall consist of at least five members. The actual size will be determined in line with the required qualifications of the Supervisory Board so its effective and decisive functioning is ensured. Considering the international activities of the Company and diversity in nationality of the Supervisory Board, it is expected that all its members can speak and read the English language fluently.

## **5 Nomination of Supervisory Board members**

In order to come to the desired composition of the Supervisory Board, individual members of the Supervisory Board shall be selected and nominated in accordance with the following selection criteria:

- background/education/training/degrees;
- (international) experience;
- managerial and business skills;
- entrepreneurial attitude;
- appropriate time for preparation and attendance of meetings;
- social capabilities;
- independence.

## **6 Diversity of the Supervisory Board**

In the process of selecting the individual members, the Supervisory Board will strive for a variation of age, gender, expertise and nationality taking the required qualifications of the Supervisory Board as a whole into account. The desired composition includes at least one financial expert.

The Supervisory Board pursues to meet the Dutch legal requirements in relation to diversity. To the extent the Supervisory Board will not be able to meet those requirements, it will be explained in the annual report of the financial year concerned.

## **7 Assessment**

The Supervisory Board shall periodically review if its composition reflects the required qualities as laid down in this profile and if this is sufficient to fulfil its duties and responsibilities under Dutch law. Additionally, the Supervisory Board will monitor this profile and as needed make changes thereto, if so required due to changing circumstances in the Company's markets, business portfolio and/or organisation.



## Schedule 2 Resignation Rota

This Resignation Rota reflects all changes in the composition of IMCD's Supervisory Board and its Committees up until and including 12 October 2018 and was lastly updated on 7 February 2019.

The term of office of a supervisory board member ends at the end of the annual general meeting in the year indicated below.

Name	Position	Current term	Date of current (re-) appointment	Final year of current term
M.G.P. Plantevin	<ul style="list-style-type: none"> <li>• Chairman (<i>*as of 15 November 2016</i>)</li> <li>• Member Remuneration Committee</li> </ul>	3rd	9 May 2018	2019
A. J. T. Kaaks	<ul style="list-style-type: none"> <li>• Vice-Chairman</li> <li>• Chairman Audit Committee</li> </ul>	2nd	9 May 2018	2022
J. van Nauta Lemke	<ul style="list-style-type: none"> <li>• Member</li> <li>• Member Audit Committee</li> </ul>	1st	12 May 2016	2020
J. Smalbraak	<ul style="list-style-type: none"> <li>• Member</li> <li>• Member Remuneration Committee</li> </ul> <i>(*as of 12 October 2018)</i>	1st	12 May 2016	2020
S.R. Nanninga	<ul style="list-style-type: none"> <li>• Member</li> <li>• Chairman Remuneration Committee</li> </ul> <i>(*as of 12 October 2018)</i>	1st	9 May 2018	2022



### **Schedule 3** Rules governing the Supervisory Board's Audit Committee

These Rules were adopted on the basis of article 6.2 of the Supervisory Board Rules. All capitalized terms shall have the meaning assigned to them in the Supervisory Board Rules. Articles 1.1 and 15 of the Supervisory Board Rules apply *mutatis mutandis* to these rules.

#### **1 Responsibilities**

**1.1** Without prejudice to article 6.1 of the Supervisory Board's Rules, the audit committee advises the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory Board in relation thereto.

**1.2** The responsibilities of the audit committee shall, in addition to the statutory responsibilities referred to article 2(2) of the Dutch Decree on Audit Committees (*Besluit instelling auditcommissie*), include:

- (a) supervising and monitoring, and advising the Management Board on, the effect of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct;
- (b) supervising the submission of financial information by the Company (choice of accounting policies, application and assessment of the effects of new legislation, information on the treatment of estimated entries (*schattingsposten*) in the annual accounts, forecasts, work by internal and external auditors, etc.);
- (c) supervising the compliance with recommendations and observations of the internal auditor and the external auditors;
- (d) supervising the functioning of the internal audit department; in particular co-determining the plan of action for the internal audit department (*werkplan*) and taking note of its findings and considerations;
- (e) advising the Management Board on the appointment and dismissal of the senior internal auditor;<sup>54</sup>
- (f) supervising the policy of the Company on tax planning;
- (g) supervising the financing/funding of the Company;

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<sup>54</sup> Provision 1.3.1 DCGC.



- (h) assisting the Supervisory Board in supervising the application of information and communication technology (ICT);<sup>55</sup>
  - (i) maintaining frequent contact and supervising the relationship with the Auditor, including in particular (i) assessing the Auditor's independence, remuneration and any non-auditing work for the Company, (ii) determining the involvement of the Auditor in respect of the contents and publication of financial reporting by the Company other than the annual accounts, and (iii) taking note of irregularities in respect of the content of the financial reporting as may be reported by the Auditor;
  - (j) recommending the appointment of an Auditor by the General Meeting;
  - (k) discussion of the annual accounts and approving the annual budget and major capital expenditure of the Company.
- 1.3** The audit committee shall prepare and publish a report of its deliberations and findings and submit this to the Supervisory Board in a timely manner.
- 1.4** The audit committee is to be addressed first by the Auditor if and when the latter identifies irregularities in the contents of the financial reporting.
- 1.5** At least once a year the audit committee, together with the Management Board, shall report to the Supervisory Board on the functioning of and developments in the relationship with the Auditor. The report shall address, *inter alia*, the desirability of rotation of the responsible auditor within the Auditor's firm, and the desirability of any non-auditing work for the Company by the Auditor. The selection and recommendation of the Auditor shall also take into account the outcome of this report.
- 1.6** The internal auditor will operate under the Management Board's responsibility and will have access to the Auditor and to the chairman of the Audit Committee.<sup>56</sup>
- 1.7** The Auditor shall receive for information purposes only the financial information underlying the adoption of the quarterly and/or six-monthly figures and other interim financial reports and shall be given the opportunity to respond to all information.
- 2 Composition, expertise and independence of the audit committee**
- 2.1** The audit committee shall consist of two members.

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<sup>55</sup> Provision 1.5.1 DCGC.

<sup>56</sup> Provision 1.3.4 DCGC.

**2.2** Without prejudice to article 3.4 of the Supervisory Board's Rules, the following requirements shall be observed in composing the audit committee:

- (a) at least one of its members must have relevant expertise in financial administration and accounting for listed companies or other large companies;
- (b) the majority of its members, including the chairman, must be independent within the meaning of article 3.5 of the Supervisory Board Rules;
- (c) the Chairman or any of the Company's (former) members of the Management Board may not (simultaneously) be chairman of the audit committee.

### **3 Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper performance of the audit committee. The chairman shall act as the spokesperson of the audit committee and shall be the main contact for the Supervisory Board.

### **4 Audit committee meetings (agenda, attendance, minutes)**

**4.1** The audit committee shall hold at least two meetings per year and whenever one or more of its members have requested a meeting. Audit committee meetings are generally held at the offices of the Company, but may also take place elsewhere.

**4.2** The Auditor of the Company may ask the chairman of the audit committee to be present at audit committee meetings.

At least once a year, the audit committee shall hold a meeting with the Auditor of the Company without any of the Management Board members being present. Subject to the preceding sentence, the audit committee shall decide if and when the chairman of the Management Board (or: chief executive officer), the Management Board member responsible for financial affairs (or: chief financial officer), the Auditor of the Company or the internal auditor of the Company shall be present at its meetings.

**4.3** Audit committee meetings shall be convened by the member(s) requesting the meeting. Where this is practicable, notices convening a meeting and the agenda of items to be considered and discussed therein shall be sent to each member of the audit committee seven calendar days before the meeting.





- 4.4** Minutes of the meeting shall be prepared by the person designated to that effect by the chair of the meeting. They shall generally be adopted in the next meeting. If all members of the committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed for adoption by the chairman and shall be sent to all members of the Supervisory Board as soon as practicable.



## **Schedule 4** Rules governing the Supervisory Board's Remuneration Committee

These rules were adopted on the basis of article 6.2 of the Supervisory Board's Rules. All capitalized terms shall have the meaning assigned to them in the Supervisory Board Rules. Articles 1.1 and 15 of the Supervisory Board Rules apply *mutatis mutandis* to these rules.

### **1 Responsibilities**

**1.1** Notwithstanding article 6.1 of the Supervisory Board's Rules, the remuneration committee shall advise the Supervisory Board and prepare resolutions of the Supervisory Board in relation to the remuneration committee's responsibilities.

**1.2** The responsibilities of the remuneration committee shall include:

- (a) analysing the possible outcomes of the variable remuneration components and how they may affect remuneration of the members of the Management Board;
- (b) preparing a clear and understandable proposal for the Supervisory Board concerning the remuneration policies for the Management Board to be adopted by the General Meeting;
- (c) preparing a proposal concerning the individual remuneration of members of the Management Board to be adopted by the Supervisory Board, which proposal shall in any event include: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options and/or other variable remuneration components, pension rights, severance pay and other forms of compensation to be awarded, the scenario analyses as carried out, the pay ratios within the company and its business, as well as the performance criteria and the application thereof;
- (d) preparing the Supervisory Board's remuneration report on the remuneration policies conducted by the Supervisory Board. The remuneration report of the Supervisory Board shall comprise a report on how the remuneration policy was implemented in the most recent financial year and an outline of the remuneration policy that will be implemented in the next financial year and subsequent years; the outline contains at least the information referred to in Principle 3.4 (more specific provision 3.4.1) of the Code. The remuneration policy shall be placed on the Company's website.

**1.3** The remuneration committee shall prepare a report of its deliberations and findings and submit this to the Supervisory Board in a timely manner.

### **2 Composition, expertise and independence of the remuneration committee**

**2.1** The remuneration committee shall consist of two members.



**2.2** Without prejudice to article 3.4 of the Supervisory Board's Rules, the following requirements shall be observed in composing the remuneration committee:

- (a) the majority of its members, including the chairman, must be independent within the meaning of article 3.5 of the Supervisory Board Rules;
- (b) the Chairman or any of the Company's (former) members of the Management Board may not (simultaneously) be the chairman of the remuneration committee;
- (c) none of its members, with the exception of no more than one person, may (simultaneously) be a member of the Management Board of any other listed Dutch company.

**2.3** If the remuneration committee makes use of the services of a remuneration consultant in carrying out its duties, it shall verify that the consultant concerned does not provide advice to the members of the Company's Management Board.

### **3 Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper performance of the remuneration committee. The chairman shall act as the spokesperson of the remuneration committee and shall be the main contact for the Supervisory Board.

### **4 Remuneration committee meetings (agenda, attendance, minutes)**

**4.1** The remuneration committee shall hold at least two meetings per year and whenever one or more of its members request a meeting. Remuneration committee meetings are generally held at the offices of the Company, but may also take place elsewhere.

**4.2** Members of the Management Board shall not be invited to participate in the meetings of the remuneration committee, unless the remuneration committee determines otherwise.

**4.3** Remuneration committee meetings shall be convened by the member(s) requesting the meeting.

**4.4** Where this is practicable, notices convening a meeting and the agenda of items to be considered and discussed therein shall be sent to each member of the remuneration committee seven calendar days before the meeting.

**4.5** Minutes of the meeting shall be prepared by the person designated to that effect by the chair of the meeting. These minutes shall generally be adopted in the next meeting of the remuneration committee. If all members of the committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed for adoption by the chairman and shall be sent to all members of the Supervisory Board as soon as practicable.

