

Corporate Governance - Best Practices

Royal Ten Cate acknowledges the importance of transparency in business operation. We therefore apply the Dutch corporate governance code in almost every respect. The following points are those in respect of which the code has not been adopted or has only been adopted in part. The paragraph numbers refer to the paragraphs of the corporate governance code ('Tabaksblad Code').

II.1.1 An Executive Board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.

This rule does not accord with the current situation. Ten Cate honours the existing contractual situation. In respect of future contracts, however, Ten Cate does wish to comply with this best practice provision. Ten Cate has therefore proposed to incorporate the provisions in its articles of association (see the proposal for an amendment to the articles of association in the section below relating to the two-tier board system).

II.2.8 Maximum remuneration in the event of dismissal of Executive Board members.

This rule applies to new contracts; existing contractual relationships are honoured.

III.3.2. At least one member of the Supervisory Board shall be a financial expert within the meaning of the code.

The financial specialisation required by the code is available collectively within the Supervisory Board.

III.4.3 The Supervisory Board shall be assisted by the company secretary. He shall assist the chairman in the actual organisation of the affairs of the Supervisory Board.

Because of the size of the company and the structure of the holding company, there is no company secretary function. Assistance is provided by individual officers with responsibilities in specific areas.

III.5. Establishment of three key committees of the Supervisory Board.

In view of the size and composition of the Supervisory Board, an audit committee and a combined remuneration, selection and appointments committee have been established.

IV.1 Fully-fledged participation of shareholders in the decision-making in the General Meeting of Shareholders.

Royal Ten Cate endorses this principle. However, for practical and cost reasons it has not hitherto been possible to provide any online or other facilities for remote voting, or for communication with other shareholders.

IV.1.7 Registration date.

The company does not currently have a registration date. Ten Cate believes it is less relevant for a mid-cap company with long-term institutional shareholders. This position may change if shareholders predominantly express a different preference.

V.3. Internal auditor function.

Ten Cate does not have a separate internal auditor function. Auditing is entrusted fully to the external auditor. Moreover, regular operational audits are conducted in operating companies on the instructions of the Executive Board, or of the Director of Finance and Administration. Internal audits are also carried out in the context of the environmental policy, overall business operation, damage prevention, safety and continuity.