

## CORPORATE GOVERNANCE STATEMENT

This is a statement regarding corporate governance as meant in article 2a of the decree on additional requirements for annual reports (*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag* – the ‘Decree’) which came into effect on 1 January 2010. With regard to the content of this statement, as meant in articles 3, 3a and 3b of the Decree, we refer to the relevant sections of the annual report.

The Supervisory Board and the Management Board bear joint responsibility for the corporate governance structure of Ordina N.V. This structure is evaluated annually. The Supervisory Board and the Management Board endorse the principle that corporate governance is a matter of customisation and that an organisation’s divergence from of qualification of specific provisions may be justified.

Each year, the Supervisory Board and the Management Board evaluate the company’s corporate governance structure, also in light of the Dutch Corporate Governance Code (the ‘Code’), the English-language version of which is available on [www.commissiecorporategovernance.nl/information-in-english](http://www.commissiecorporategovernance.nl/information-in-english). The company complies fully with virtually all principles and best practices of the Code, and applies them when appropriate. Only one item of the Code is not fully applied. In addition, some principles and best practices are not applicable, mainly due to the company’s statutory structure. Any instances of non-compliance are explained.

Ordina N.V. has formulated this corporate governance statement to provide a clear picture of its approach to the issues described in the Code. This statement has been posted on the Ordina website. The website also offers a comprehensive list of the opinions held by Ordina N.V. with respect to all the principles and best practices of the Code (the ‘comply-or-explain’ statement).

Our corporate governance statement reads as follows:

### 1. MANAGEMENT BOARD

The Supervisory Board and the Management Board endorse the principle outlined in the Code that the Management Board, in addition to being responsible for the company’s operational management, also bears responsibility for defining a long-term vision on the value creation of the company and its associated enterprise and for defining an appropriate strategy for the realisation of same. The Management Board is held accountable for same by the Supervisory Board and the Annual General Meeting of Shareholders. In performing its duties, the Management Board focuses on the long-term value creation of the company and takes into consideration the relevant interests of any stakeholders.

The Management Board takes stock of and analyses the risks associated with the strategy and activities of the company and its associated enterprise. The (effectiveness of the structure and functioning of the) internal risk management and control systems based on same are assessed annually and discussed with the audit committee and the Supervisory Board, such including the evaluation of (the structure and functioning of) said systems by the internal audit function. In the annual report drawn up at the end of a financial year, the Management Board describes the execution of risk management, as well as the principal risks associated with the company’s strategy and activities, the design and effectiveness of the internal risk management and control systems in the financial year and any key shortcomings identified in the internal risk management and control systems during the financial year, plus any significant changes made or substantial improvements planned, as well as the fact that these subjects have been discussed with the audit committee and the Supervisory Board. The annual report shall also incorporate a statement as meant in provision 1.4.3 of the Code.

The Management Board is the statutory board of the company and consists of the Chief Executive Officer and the Chief Financial Officer. There is a division of duties among the members of the Management Board, and this division of duties has been approved by the Supervisory Board. Ordina also has an Executive Committee, and the Management Board takes into consideration the checks and balances that are part of the two-tier system. This includes safeguarding the expertise and accountability of the management and an adequate supply of information to the Supervisory Board.

Members of the Management Board will not hold more than two supervisory director positions with listed companies, nor will they act as chairman of the supervisory board of a listed company. Acceptance by a Management Board member of a seat on a supervisory board is subject to the approval of the Supervisory Board. Other significant ancillary posts held by a Management Board member shall be reported in advance to the Supervisory Board.

The Management Board is responsible for creating a culture geared towards the long-term value creation of the company and its associated enterprise, defines values that contribute to achieving this goal and promotes these values by setting an example. The company has a code of conduct and a whistle-blowing procedure, both of which have been published on the company website. In the annual report, the Management Board explains the company's values and how these are embedded in the company and its associated enterprise, plus the functioning of and compliance with the code of conduct. The relevant findings and observations are discussed regularly with the Supervisory Board.

As Ordina is a two-tier board company, the members of the Management Board are appointed and dismissed by the Supervisory Board. The Supervisory Board informs the Annual General Meeting (of Shareholders) of any intended appointment or dismissal of a member of the Management Board.

In accordance with the Code, members of the Management Board are appointed for a term of no more than four years. Their contracts are of definite duration. Members of the Management Board can be reappointed without limitation, each time for a new period of (a maximum of) four years. The objectives of Ordina's diversity policy are taken into consideration in this context.

If a new member is appointed to the Management Board, in accordance with the Code the key elements of their contract are posted on the corporate website at an appropriate time.

The Supervisory Board draws up a proposal for the remuneration policy for the Management Board, which is evaluated on an annual basis. Any proposal by the Supervisory Board with regard to updating or significantly amending the remuneration policy is presented to the Annual General Meeting of Shareholders for adoption. In addition, the Supervisory Board draws up a remuneration report on an annual basis. This report contains a description of how the remuneration policy was applied in practice in the financial year in question. The report also discloses the total remuneration paid to the members of the Management Board, broken down into the different components, and gives an overview of the remuneration policy adopted by the General Meeting (of Shareholders).

The main principles of the remuneration report are included in the Annual Report, as part of the Report of the Supervisory Board. The remuneration report is also posted on the corporate website.

Ordina endorses the provisions of the Code pertaining to the level and composition of the remuneration for the members of the Management Board and the publication of same. The remuneration of the individual members of the Management Board is determined by the Supervisory Board within the parameters of the remuneration policy. The Supervisory Board apprises itself of the views of the individual members of the management Board with respect to the level and structure of their remuneration. When determining the variable pay component of the remuneration of the members of the Management Board, the premise is that this component is linked to pre-determined and challenging targets that the members of the Management Board can influence. The short-term bonus is a cash payment that is determined on the basis of financial and non-financial targets, as defined by the Supervisory Board. The long-term bonus is a payment in shares in Ordina N.V., which is awarded to the members of the Management Board if they meet or exceed the defined targets. The defined targets relate to revenue and profit developments, as well as a number of qualitative targets. The long-term bonus schemes have a term of three years. Shares are granted conditionally at the start of the period and granted definitively and delivered at the end of the three-year period. Members of the Management Board are prohibited from selling their shares within two years of their unconditional granting, unless the sale of the shares has the sole objective of paying any levies and premiums due with respect to said shares. Ordina's remuneration policy does not provide for the granting of share options to the members of the Management Board.

The remuneration structure is such that it is focused on long-term value creation. The Supervisory Board determines the level and the structure of the remuneration partly on the basis of scenario analyses and with due regard for the pay differentials within the Ordina Group as a whole and taking into consideration both financial and non-financial indicators that are relevant to the objectives of Ordina Group's strategy. In the Supervisory Board's opinion, the determination of these performance indicators should continue to attach significant weight to further improvements in the profit margin, and short-term and long-term revenue and profit developments.

In disclosing information about variable pay incentives in the remuneration report, the company seeks to strike a fair balance between transparency on the one hand and the protection of price-sensitive or competition sensitive information on the other.

The Supervisory Board has the option to adjust any variable bonuses granted if these were awarded on the basis of incorrect (financial or other) information, and the company has the right to recover (that part of) the variable pay from a member of the Management Board that was awarded on the basis of said incorrect (financial or other) information.

The Supervisory Board has the power, with regard to the remuneration of all members of the Management Board, to increase or reduce their variable pay incentives in any financial year if the Supervisory Board is of the opinion that that unchanged application of the agreed arrangements would to have an unreasonable or unintended effect.

It is agreed with members of the Management Board that should they be dismissed during their term of office their severance payment will be capped at one year's fixed salary, except when this would be unreasonable under the circumstances, in which case a member of the Management Board will qualify for a payment equal to a maximum of twice their fixed annual salary. If newly-appointed members of the Management Board are from Ordina's own talent pool, the company reserves the right to take into account any previously accrued entitlements when determining the level of the severance payment.

Ordina endorses the principle and best practice provisions with respect to conflicts of interest. A member of the Management Board shall not participate in consultations and decision-making if these involve a direct or indirect personal interest of said board member that is in conflict with the interests of the company and its associated enterprise and will report said conflict to the chairman of the Supervisory Board. If a decision cannot be made by the Management Board as a result of same, the Supervisory Board shall make the decision.

## **2. SUPERVISORY BOARD**

The role of the Supervisory Board is to supervise the policies of the Management Board and the general business of the company and its associated enterprise. The Supervisory Board also focuses on the effectiveness of the internal risk management and control systems and the integrity and quality of financial reporting. The Supervisory Board meets both in the presence and in the absence of the Management Board. The Supervisory Board also advises the Management Board. The Supervisory Board focuses on the long-term value creation of the company and takes into consideration the relevant interests of any stakeholders. Ordina endorses the Code's principles and best practice provisions with respect to the Supervisory Board.

Ordina does not have a one-tier board. In view of the above, a number of the Code's best practices do not apply.

The Supervisory Board meets with the Management Board every year in accordance with a predefined schedule. Interim meetings are scheduled if and when necessary. The supervisory directors discuss the agenda items among themselves prior to the plenary meetings. In addition to the aforesaid members' discussions prior to the plenary sessions with the Management Board, the Supervisory Board meets at least once a year in the absence of the Management Board.

During its meetings with the Management Board, the Supervisory Board discusses corporate strategy, the execution of the strategy and associated principal risks, as well as the (design and effectiveness of the) internal risk management and control systems. Every year, the Report of the Supervisory Board includes an extensive account of the issues discussed during the meetings with the Management Board.

Ordina has installed an audit committee and a remuneration, nomination and HR committee. Both committees have rules of procedure, which are published on Ordina's website. Each of the committees submits a report on their meetings and findings to the Supervisory Board. In the Report of Supervisory Board, the Supervisory Board reports on the committees' execution of their tasks in the financial year under review. This also includes a statement of the composition of the committees, the number of meetings the committees held and the key subjects discussed in those meetings.

The Supervisory Board is governed by rules of procedure and a profile, both of which have been posted on the company's website. The rules of procedure include the division of tasks and the working methods of the Supervisory Board, as well as the contacts and relationship with the Ordina's Management Board, its General Meeting (of Shareholders), its Works Council and its Executive Committee. The profile lays down a set of requirements for the size, desired background and expertise, and composition (taking into consideration Ordina's diversity policy) of the Supervisory Board and its members. The Supervisory Board discusses any material changes to the profile during the General Meeting (of Shareholders).

Ordina has a diversity policy. The policy is aimed at maintaining an inclusive culture with respect to internal and external stakeholders, such as employees and suppliers. The premise in both the composition of internal teams and in the cooperation with external partners (suppliers) is to have an inclusive culture and to strive for diversity. This includes the following aspects of diversity that are relevant to Ordina, such as nationality, age, gender, social background and experience. The aforementioned premises of Ordina's diversity policy are also a target in the composition of the Management Board and the Supervisory Board. Taking into consideration the relatively small size of the Supervisory Board, the Management Board and the Executive Committee, is it not realistic to use minimum percentages with respect to the various aspects of diversity. In filling vacancies that are relevant to the Supervisory Board, the Board will make every effort to meet the legal target with respect to gender diversity.

In 2017, activities undertaken in the context of Ordina's diversity policy included:

- the company's publications are all gender-neutral and previous publications have been adapted where necessary;
- in putting together high performance teams as part of Ordina's market strategy, we strive for diversity on the premise that diverse teams perform better;
- whenever possible, we work with suppliers who consider diversity and inclusiveness as a strength.

Ordina also has a solid plan in place for the succession of directors and supervisory board members to ensure we maintain a balance of the necessary expertise, experience and diversity.

The Supervisory Board meets at least once a year in the absence of the Management Board to discuss its own performance as a collective and that of the individual members, together with any conclusions to be drawn from same. Other topics of discussion include the desired profile and composition and competencies of the Supervisory Board. Periodically, the performance assessment is carried out with the assistance of an external advisor.

The Supervisory Board also meets once a year in the absence of the Management Board to discuss the performance of the Management Board as a body and the performance of its individual members, together with any conclusions to be drawn from same.

The performance of the Supervisory Board and of the individual members is assessed on the basis of questionnaires and interviews.

The members of the Supervisory Board are appointed by the Annual General Meeting (of Shareholders) on the recommendation of Stichting Prioriteit Ordina Groep, a priority trust. The nomination is based on the profile prepared by the Supervisory Board. The Works Council has an enhanced right of recommendation with respect to one-third of the members of the Supervisory Board. In principle, the members of the Supervisory Board are appointed for a period of four years and may then be reappointed for another four-year period. In accordance with the Dutch Corporate Governance Code, a member of the Supervisory can subsequently be reappointed for a further period of two years, which can then be extended by an additional two-year period. The Report of the Supervisory Board will provide grounds for any reappointment after an eight-year period. The Enterprise Chamber can remove a supervisory director from office before the end of their term for neglecting their duties, other urgent reasons or a drastic change in circumstances based on which the

company cannot reasonably be required to retain the services of the supervisory director. The Annual General Meeting (of Shareholders) may pass a motion of no confidence in the full Supervisory Board by absolute majority of the vote, representing at least one-third of the issued capital. Such a resolution will result in the immediate dismissal of all members of the Supervisory Board.

With regard to the independence of supervisory directors as referred to in best practice provision 2.1.7, Ordina notes that the Supervisory Board has been composed with due observance of the best practice provision 2.1.7. A statement with respect to the independence of the members of the Supervisory Board is part of the Report of the Supervisory Board.

Ordina endorses the principle and best practice provisions with respect to conflicts of interest. The conditions laid out above with respect to the Management Board apply equally to the members of the Supervisory Board. The rules of procedure for the Supervisory Board contain detailed guidelines regarding the resolution of potential conflicts of interest.

Ordina has defined rules for holding, and trading in securities by members of the Supervisory Board and Management Board. These rules have been incorporated in the Rules for the Prevention of Insider Trading Ordina N.V.

### **3. SHAREHOLDERS**

Ordina endorses the principles and best practice provisions of Chapter 4 of the Code with respect to the General Meeting (of Shareholders).

Ordina N.V. is a two-tier board company whose ordinary shares are listed on Amsterdam's NYSE Euronext stock exchange. The company does not have any provisions that restrict voting rights. No depositary receipts for shares have been issued with the cooperation of the company. The Articles of Association provide the option of issuing preference shares. In view of the above, a limited number of the Code's best practices do not apply.

The Management Board or, where appropriate, the Supervisory Board will provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. Analyst meetings and press conferences are announced in advance via Ordina's corporate website and are open to all shareholders via (audio) webcasting. Analyst presentations and presentations made at the General Meeting (of Shareholders) are posted on the corporate website during or immediately following such meetings. Analyst reports and valuations are reviewed only for factual errors. Ordina will issue a press release immediately if, during contacts with the press, investors or analysts, price-sensitive information is accidentally disclosed. Ordina does not talk about financial issues with investors or analysts during so-called closed periods.

In the opinion of the Supervisory Board and the Management Board, it is in the interests of the company that as many shareholders as possible participate in the decision-making process at shareholders' meetings. The company facilitates this in various ways, including allowing shareholders to issue a proxy containing voting instructions, to an independent third party if so desired.

In accordance with the relevant statutory provisions and the company's Articles of Association, notices convening shareholders' meetings, agendas of meetings and documentation for meetings are all duly posted on the corporate website. The agenda of a shareholders' meeting lists which items will be discussed and which will be subject to a vote. In the event that members of the Management Board and Supervisory Board are nominated for (re)appointment, said individuals will be present at the General Meeting (of Shareholders).

The company invites shareholders to submit questions prior to the meeting, so that they can be answered by the company during the meeting.

Resolutions involving a major change in the identity or character of the company or its enterprise are subject to the prior approval of the Annual General Meeting (of Shareholders). This includes transferring (virtually all of) its operations, entering into a long-term partnership that is of great significance to the company, and acquiring or disposing of an equity interest worth at least one-third of the consolidated total assets.

If a serious private bid is made for a business segment or an associate whose value corresponds to at least one-third of the consolidated total assets and this bid is made public, the Management Board will, at its earliest convenience, make public its position on the bid and the reasons for this position.

Resolutions to amend the company's Articles of Association can be adopted by the Annual General Meeting (of Shareholders) by a simple majority of votes, at the proposal of the priority trust and subject to the approval of the Supervisory Board. Each material amendment to the Articles of Association will be submitted separately to the Annual General Meeting (of Shareholders), in which process different amendments to the Articles of Association can be tabled as a package if the Management Board feels that this is desirable with a view to the coherence of such amendments. This is subject to the approval of the Supervisory Board.

Shareholders have the right to place an item on the agenda of a shareholders' meeting, provided that they observe the relevant provisions of the articles of association. The Management Board can ask for a response time to comment on a request to propose a specific motion.

A motion is put annually to the Annual General Meeting (of Shareholders) to authorise the Management Board of Ordina N.V. to issue and/or grant rights to subscribe for shares. This is subject to the approval of the Supervisory Board. This authorisation is limited to a term of 18 months after the date on which the meeting granting the authorisation was held. In terms of scope, the authorisation is capped at a percentage of the share capital issued at that time. The meeting is also asked, subject to the approval of the Supervisory Board, to authorise exclusion or restriction of the pre-emptive rights upon the issuance or the granting of rights to subscribe for shares respectively. The shareholders' meeting is also asked annually to grant authorisation to the Management Board, such for a period of 18 months, to purchase treasury shares, within the boundaries of the law and the Articles of Association, and the bandwidth mentioned in said authorisation. Each motion to grant one of the above authorisations is submitted to the shareholders separately.

In accordance with the Code, shareholders are provided with reports of shareholders' meetings. The outcome of the votes held during a shareholders' meeting – for each agenda item separately – shall be published on the corporate website within 15 calendar days of the date of the meeting.

Details on major shareholders in Ordina N.V. are posted on its corporate website and published in its annual report, to the extent that Ordina is aware of same on the basis of notifications pursuant to the Dutch Financial Supervision Act.

#### **4. ROLE OF THE AUDITOR**

Ordina endorses the Code's principles and best practice provisions with respect to the role, appointment, fees and performance assessment of the external auditor. The external auditor attends the Annual General Meeting (of Shareholders), so that they can be questioned by shareholders regarding their opinion on the true and fair view given in the financial statements.

Ordina has an audit committee. The tasks of this committee include the supervision of the management with respect to the (integrity and quality) of its financial reporting and the effectiveness of the company's internal risk management and control systems, as well as the functioning of and developments in the relationship with the external auditor.

The company's external auditor attends at the very least those meetings at which the annual results and the interim results, plus the findings of the audit of the year-end financial statements and interim results are discussed. The Supervisory Board meets with the external auditor at least once a year in the absence of the Management Board. The Supervisory Board is free to seek direct contact with the external auditor as often as the supervisory directors deem this necessary. The external auditor receives all the financial information they need to carry out their tasks in good time, and is given the opportunity to respond to same.

The company will always submit any substantial changes in the main features of the corporate governance structure and compliance with the Corporate Governance Code to its shareholders for discussion as a separate item on the agenda of the General Meeting (of Shareholders).