

**TERMS OF REFERENCE  
OF THE NOMINATION & CORPORATE GOVERNANCE COMMITTEE  
OF THE SUPERVISORY BOARD  
OF ROYAL KPN N.V.**

As approved by the Supervisory Board on 7 December 2017

Lastly amended on 19 December 2019

## **0. INTRODUCTION**

- 0.1 These terms of reference have been drawn up by the Supervisory Board pursuant to clause 5 of the By-Laws of the Supervisory Board<sup>1</sup>.
- 0.2 The Nomination & Corporate Governance Committee (“the Committee”) is a standing committee of the Supervisory Board.
- 0.3 These Terms of Reference and the composition of the Committee are posted on the Company’s website.<sup>2</sup>
- 0.4 Certain capitalised or uncapitalised terms used but not defined in these terms of reference have the meanings given to them in the By-Laws of the Supervisory Board and the List of Definitions attached to those By-Laws as **Annex 1**.

## **1. PURPOSE**

- 1.1 The purpose of the Nomination & Corporate Governance Committee is:
  - (a) to recommend individuals to the Supervisory Board for nomination as members of the Supervisory Board and its committees and for nomination as members of the Board of Management;
  - (b) to review the Company's senior management development to help assure appropriate succession planning in the Company's executive ranks, and to oversee the Company's activities in the areas of leadership and organisation development;
  - (c) to support the Supervisory Board in adopting high standards and practices for the Company's corporate governance structure; and
  - (d) to lead the Supervisory Board in its periodic review of board performance.

The Committee performs its task in preparation for joint decision-making by the Supervisory Board.

## **2. COMPOSITION**

- 2.1 The Committee shall consist of at least 3 members. All members of the Committee must also be members of the Supervisory Board. More than half of the members of the Committee shall be independent within the meaning of clause 1.5 of the By-Laws of the Supervisory Board.<sup>3</sup>

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<sup>1</sup> Dutch Corporate Governance Code, best practice provision 2.3.3.

<sup>2</sup> Dutch Corporate Governance Code, best practice provision 2.3.3.

<sup>3</sup> Dutch Corporate Governance Code, best practice provision 2.3.4

- 2.2 The Chairman of the Supervisory Board is a member in his capacity *qualitate qua*, and chairman of the Committee. The other members of the Committee shall be appointed and may be replaced at any time by the Supervisory Board.
- 2.3 The term of office of a member of the Committee will generally not be set beforehand. It will, inter alia, depend on the composition of the Supervisory Board as a whole and that of other committees from time to time, provided that membership rotation shall be effected where practicable.
- 2.4 The Company Secretary shall act as secretary to the Committee. The secretary may delegate his duties, or parts thereof, under these Terms of Reference, to a deputy appointed by him in consultation with the chairman of the Committee.

### **3. DUTIES AND POWERS**

- 3.1 The Committee has the following duties with respect to its nomination responsibilities:
  - (a) to draft selection criteria and appointment procedures for Supervisory Board members and Board of Management members;<sup>4</sup>
  - (b) to draft a diversity policy with regard to the composition of the Supervisory Board and the Board of Management that addresses the concrete targets relating to diversity and the diversity aspects relevant to the Company, such as nationality, age, gender and background of education and professional experience.<sup>5</sup>
  - (c) to assess at regular intervals the size and composition of the Supervisory Board and the Board of Management, and to make proposals for the Supervisory Board Profile;<sup>6</sup>
  - (d) to assess at regular intervals the functioning of individual Supervisory Board members and Board of Management members, and report their findings to the Supervisory Board<sup>7</sup> and Remuneration Committee;
  - (e) to draft a plan for the succession of Board of Management members and Supervisory Board members, that is aimed at retaining the balance in the requisite expertise, experience and diversity;<sup>8</sup>
  - (f) to make proposals for (re)appointment;<sup>9</sup>

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<sup>4</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub i.

<sup>5</sup> Dutch Corporate Governance Code, best practice provision 2.1.5.

<sup>6</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub ii.

<sup>7</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub iii.

<sup>8</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub iv.

<sup>9</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub v.

- (g) to supervise the policy of the Board of Management on the selection criteria and appointment procedures for senior management<sup>10</sup>;
- (h) to identify individuals believed to be qualified to become board members, screen the qualifications of such individuals for consideration by the Supervisory Board as and when required;
- (i) to prepare decisions of the Supervisory Board in the event a member of the Board of Management wishes to accept membership of a board of a listed company;
- (j) to prepare discussions of the Supervisory Board concerning any potential conflicts of interest of members of the Supervisory Board or Board of Management;
- (k) to retain and terminate, as appropriate at its discretion, any search firm to be used to identify candidates for membership of the Board of Management or the Supervisory Board and to approve the search firm's fees and other retention terms.

3.2 The Committee has the following duties with respect to senior management development:

- (a) to review the Company's top 20-30 senior executives with a view to advising the Board of Management in respect of management development; and
- (b) to review the Company's plans for senior executive career development with a view to supporting the Board of Management in ensuring full talent deployment and development of senior executives towards their full potential.

3.3 The Committee has the following duties with respect to corporate governance:

- (a) develop and recommend to the Supervisory Board a set of corporate governance principles for the Company and periodically review those principles in a manner consistent with the Dutch Corporate Governance Code and relevant legislation;
- (b) make recommendations to the Supervisory Board from time to time as to the desirable size of the Supervisory Board and the Board of Management;
- (c) determine the independence of each member of the Supervisory Board;
- (d) review and make recommendations to the Supervisory Board regarding directors & officers liability insurance;
- (e) review all proposed changes to the By-Laws of the Supervisory Board or the Board of Management, as well as the Terms of Reference of a committee of the Supervisory Board and, when the Committee deems appropriate in its discretion, recommend the change to the Supervisory Board for approval.

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<sup>10</sup> Dutch Corporate Governance Code, best practice provision 2.2.5, sub vi.

- 3.4 The Committee shall also assist the Supervisory Board in a periodic review of the performance of the Supervisory Board, its committees and the Board of Management, as well as the individual members of each board.
- 3.5 When exercising its duties regarding the composition of the Supervisory Board, the Committee shall observe the criteria on the composition of the Supervisory Board as laid down in the By-Laws of the Supervisory Board.
- 3.6 The Committee may only exercise such powers as are explicitly attributed or delegated to it by the Supervisory Board and shall not exercise powers beyond those exercisable by the Supervisory Board as a whole.
- 3.7 The Committee may, in exercising its duties, seek the assistance or advice of one or more experts, at a price and conditions to be agreed by the Committee in consultation with the Chairman, at the expense of the Company.

#### **4. MEETINGS**

- 4.1 The Committee shall meet as often as required for a proper functioning of the Committee, and for that purpose shall meet at least twice a year. The meetings shall as much as possible be scheduled annually in advance. The Committee shall meet ad hoc if this is deemed necessary by the chairman of the Committee, or by two other members of the Committee.
- 4.2 Meetings of the Committee are in principle called by the secretary of the Committee in consultation with the chairman of the Committee. Save in urgent cases, to be determined by the chairman of the Committee, the agenda for the meeting shall be made available to all members of the Committee as early as possible, and where possible at least seven calendar days before the meeting. Supporting documentation shall be made available as soon as possible.
- 4.3 The Committee shall decide if and when the CEO should attend (part of) its meetings. In addition, other individuals, including company or independent experts, may be invited to attend (parts of) meetings of the Committee.
- 4.4 Each member of the Committee has the right to cast one vote. All resolutions must be adopted by an absolute majority of the votes cast. If there is a tie in voting, the chairman of the Committee shall have a casting vote.
- 4.5 The secretary of the Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the Committee.
- 4.6 The Committee shall exercise utmost discretion when making written records of its deliberations and recommendations.

## **5. REPORTING TO THE SUPERVISORY BOARD**

- 5.1 The Committee shall, as soon as possible after its meeting, report to the Supervisory Board on its deliberations and findings, including major developments in the area of its responsibilities.<sup>11</sup>
- 5.2 The minutes of the meetings of the Committee shall be circulated among all members of the Supervisory Board once available.
- 5.3 Every Supervisory Board member shall have unrestricted access to all records of the Committee.

## **6. MISCELLANEOUS**

- 6.1 The chairman of the Committee (or one of the other Committee members) shall be available to answer questions regarding the Committee's activities at the annual General Meeting of Shareholders.
- 6.2 The Committee shall review and reassess the adequacy of these Terms of Reference periodically, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board.
- 6.3 The Supervisory Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Committee.
- 6.4 Clause 24 of the By-Laws of the Supervisory Board shall apply by analogy to the Committee, while for the application of these Terms of Reference the powers of the Supervisory Board or the chairman of the Supervisory Board referred to in that Clause shall be considered powers of the Supervisory Board or the chairman of the Supervisory Board.
- 6.5 The annual report of the Supervisory Board as referred to in the By-Laws of the Supervisory Board shall state the composition of the Committee, the number of meetings held by the Committee, the attendance rate of each of the members of the Committee<sup>12</sup> and the main issues dealt with at these meetings.

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<sup>11</sup> Dutch Corporate Governance Code, best practice provision 2.3.5

<sup>12</sup> Dutch Corporate Governance Code, best practice provision 2.4.4.