

Wageningen University & Research
Corporate Governance Code

Principles of Sound Corporate Governance and Best
Practices

Supervisory Board
1 May 2018

PRINCIPLES AND BEST PRACTICES

0 General

This corporate governance code (hereinafter: the “code”) will apply in relation to Wageningen University (hereinafter: “WU”) and the foundation: Stichting Wageningen Research (hereinafter: “WR”). These two legal entities work together under the name Wageningen University & Research (hereinafter: “WUR”). This collaboration is achieved through a staffing overlap, meaning that the WU and WR Executive Boards consist of the same people. The purpose of this is to structure the administrative unity of WU and WR as best possible in this manner. Any reference to the WUR Executive and/or Supervisory Board(s) is deemed to refer to the respective WU and WR Executive or Supervisory Boards meeting together.

Unless otherwise mentioned, the principles and rules set out below will apply in relation to all parts of WUR. Through this code WUR at the very least complies with the best practices set out in the Code of Good Governance for universities (as most recently amended in 2017). It also complies with those provisions of the Dutch Corporate Governance Code that are relevant to WR as amended by the Corporate Governance Monitoring Committee and published on 8 December 2016. This code replaces that dating from 2014.

I Compliance with and enforcement of the code

Principle Having regard to their own powers and duties, the Executive and Supervisory Boards will be responsible for setting up and using WUR's corporate governance structure (hereinafter: its "administrative structure") and for ensuring compliance with the code. They will render account for this in the WUR executive report, which includes the annual accounts of WU and WR.

Best practices

I.1 The main features of WUR's administrative structure will be set out in a separate chapter of the executive report partly on the basis of the principles stipulated in this code. If no far-reaching change affecting the organisation's administrative structure has occurred in relation to the preceding reporting year, a description of the current main features of that administrative structure will suffice. The main features of WUR's administrative structure will be stipulated on its website. In its description of its administrative structure, WUR will explicitly indicate the extent to which this code has been implemented and, where this has not occurred, the reason why it has been derogated from and what form of implementation has been decided on.

II Executive Board

II.1 Duties and *modus operandi*

Principle The Executive Board has been charged with the administration of WUR as a whole and with its management, which, amongst other things, entails that the Executive Board is responsible for achieving WUR's objectives and for its strategy, funding, policy and any change in its results pursuant to that. The Executive Board will render account for this to the Supervisory Board. When performing its duties, the Executive Board will be guided by WUR's interests and to this end will weigh up the qualifying interests of the people involved in WUR. The Executive Board will create a culture that fosters desirable behaviour and ethical actions within WUR, and will exhibit such values by displaying exemplary conduct. The Supervisory Board will oversee the Executive Board's actions in this respect. The Executive Board will ensure the timely provision to the Supervisory Board of all of the information that the latter requires for the purposes of performing its duties. The Executive Board will be responsible for compliance with all relevant legislation and regulations, and for managing any risks associated with the institution's activities. The Executive Board will report on this and will discuss the internal risk management and control systems with the Supervisory Board and its audit committee.

Best practices

II.1.1 A member of the Executive Board will be appointed for a term of no more than four (4) years. A reappointment may occur for a term of no more than four (4) years at a time following a careful assessment of the relevant person's performance.¹ In the case of an appointment consideration will as far as possible be given to ensuring a balanced apportionment of seats to men and women. The appointment of the members of the Executive Board will occur on the basis of previously published profiles.

II.1.2 The Executive Board will present the executive reports and annual accounts of WR and WU along with the budgets of the above-mentioned legal entities to the Supervisory Board for its approval. Furthermore, the following will be presented to the Supervisory Board for its approval:

- a) WUR's operational and financial targets;
- b) the treasury charter;
- c) the strategy that is supposed to result in the achievement of the targets;
- d) the manner in which the principles of social accountability set out in Chapter V of this code have been fleshed out;
- e) the prerequisites applied for the purposes of the organisation's strategy, for example, in relation to the operational and financial ratios. The main aspects of them will be set out in the executive report.
- f) The Executive Board will at least present any major decisions referred to in the legal entities' Articles and administrative and managerial regulations to the Supervisory Board for its approval.

II.1.4 WUR will have a risk management and control system that has been tailored to the organisation. WUR will at any rate employ the following as tools comprising part of its internal risk management and control system:

¹ To view additional rules governing the membership and legal position of the WU and WR Executive Boards, you are referred to the applicable Higher Education Act [*Wet op het Hoger Onderwijs*] (WHW) in the case of WU, and in relation to WR, to the latter's Articles and, based on that legislation and those Articles, to the applicable administrative and managerial regulations governing those legal entities.

- a) analyses of the risks associated with WUR's operational and financial targets;
- b) an integrity code, which will be published on the WUR website;
- c) analyses of the risks associated with the protection of privacy and data security;
- d) a quality assurance system, which will set out the relationship with any legally stipulated requirements for accreditation and WUR's strategic aims;
- e) manuals for structuring financial reporting, funding and the policy on quality, as well as the procedures for drawing them up;
- f) a monitoring and reporting system.

II.1.5 The Executive Board will declare in the executive report that the internal risk management and control systems are appropriate and effective, and it will clearly set out the grounds for this. The Executive Board will report on the operation of the internal management and control systems in the executive report. When doing so, the Executive Board will also indicate what significant changes have been made if any, what important improvements are planned if any, and that this has been discussed with the audit committee and the Supervisory Board.

II.1.6 The Executive Board will ensure that staff will be afforded an opportunity to report any alleged irregularities of a general, operational or financial nature within WUR to the chair of the Executive Board or any counsellor or other office holder designated by them without compromising their own legal position. The Executive Board will ensure that it is followed up appropriately and will report on the matter to the Supervisory Board. Any alleged irregularity that affects the performance of the members of the Executive Board will be reported to the chair of the Supervisory Board. The applicable whistle-blower's procedure will be published on the WUR website.

II.1.7 The Executive Board will ensure that students and staff are afforded an opportunity to report any undesirable behaviour to a counsellor or other office holder appointed by the Executive Board without compromising their own educational career or legal position. The existing complaints procedures on undesirable forms of behaviour and academic integrity will be published on the WUR website. This will also apply with regard to the Integrity Code and guidelines for working in a multicultural setting.

II.1.8 In the executive report the Executive Board will also account for any attention that has been devoted to the culture prevailing within WUR in respect of the following aspects: strategy and business model, the environment within which WUR operates and whether or not the existing culture should be changed. Attention will also be devoted to conduct and culture within WUR during consultations between the Executive Board, Supervisory Board and the participation bodies.

II.1.9 The Supervisory Board's consent will be required for any ancillary positions held by the members of the Executive Board. Any ancillary position held by a member of the Supervisory Board will be reported to the latter and will be discussed during a meeting of that board. The Regulations Ancillary Activities will be published on the WUR website. Secondary positions will be public knowledge.

II.1.10 The Executive Board will be responsible for organising the effective and transparent participation of staff and students.

II.2 Remuneration

Principle The executive report will set out the main points of the WUR remuneration policy set by the Supervisory Board, which complies with the Remuneration Standards (Senior Executives in the Public and Semi-Public Sectors)

Act [*Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*]. The notes to the annual accounts will at any rate contain information about the level and structure of the remuneration of the individual members of the Executive Board. The Supervisory Board will decide on the remuneration of the individual members of the Supervisory Board in line with the above-mentioned legal framework.

Best practices

II.2.1 In return for their work the members of the Executive Board will receive remuneration whose level and structure will be such that it will be possible to recruit and retain qualified, expert members. The executive report will set out the main points of the Supervisory Board's policy on the remuneration of the relevant WUR Executive Board members.

II.2.2 The organisation's remuneration structure, which is deemed to include any severance pay, will be such that it promotes WUR's interests in the medium and long term, does not provide an incentive for Executive Board members to act in their own interests while disregarding those of WUR and does not reward failed Executive Board members upon the termination of their service.

II.2.3 The Supervisory Board will decide on the remuneration of the individual members of the Executive Board in accordance with the remuneration policy set by the Supervisory Board and having regard to the framework provided for in the Remuneration Standards (Senior Executives in the Public and Semi-Public Sectors) Act.

II.2.4 WUR will not provide a personal loan, guarantee or the like to any member of the Executive Board.

II.2.5 The Supervisory Board's policy on remuneration will offer an insight into the way in which that policy was implemented in practice during the past financial year and will include an overview of the policy that the Supervisory Board envisages pursuing during the next and subsequent financial years.

II.2.6 The overview referred to in the foregoing clause will at any rate include:

- a) provisions concerning the relevant importance of a salary;
- b) the way in which pension commitments are regulated and funded.

II.2.7 The most important aspects of a contract that a member of the Executive Board enters into with WUR will be publicly disclosed after it has been concluded.

They will at any rate include:

- a) the level of the member's fixed salary;
- b) any applicable redundancy scheme; and
- c) their pension arrangements.

II.2.8 The main points of the Supervisory Board's policy on remuneration will at any rate be published on the WUR website.

II.3 Conflicts of interest

Principle Every form or semblance of a conflict of interests between WUR and any member of the Executive Board will be avoided. The approval of the Supervisory Board will be required for any decision to take action and/or enter into a transaction that is affected by a conflict of interests on the part of a member of the Executive Board that is of material or any other relevant significance to WUR and/or the relevant member of the Executive Board.

Best practices

II.3.1 A member of the Executive Board will not:

- a) compete with WUR;
- b) claim or accept any gift (substantial or otherwise) presented to WUR on their own behalf or that of their spouse, registered civil partner or other life companion, foster child, or relative by blood or affinity up to the second degree;
- c) grant any other party a benefit at WUR's expense in the absence of just grounds for doing so;
- d) avail them self of any business opportunity to which WUR is entitled for their own benefit or that of their spouse, registered civil partner or other life companion, foster child, or relative by blood or affinity up to the second degree;

II.3.2 A member of the Executive Board will immediately report an actual or potential conflict of interests that is of significance to WUR and/or the relevant member of the Executive Board to the chair of the Supervisory Board and the other members of the Executive Board, and will provide all relevant information pertaining to same, including any information that is relevant to the situation in relation to their spouse, registered civil partner or other life companion, foster child, or relative by blood or affinity up to the second degree. Acting in the absence of the relevant member, the Supervisory Board will decide whether there is any question of a conflict of interests.

II.3.3 A member of the Executive Board will not participate in any debate or decision-making concerning an issue or a transaction in respect of which that member has a conflict of interests.

II.3.4 The approval of the Supervisory Board will be required for any decision to take action and/or enter into a transaction that is affected by a conflict of interests on the part of a member of the Executive Board that is of material or any other relevant significance to WUR and/or the relevant member of the Executive Board. Such a transaction will be published in the executive report.

III Supervisory Board

III.1 Duties and *modus operandi*

Principle The Supervisory Board has a duty to oversee the Executive Board and the general state of affairs prevailing within WUR and any institution associated with it, and will provide the Executive Board with advice. When performing its duties, the Supervisory Board will be guided by WUR's interests and to this end will weigh up the qualifying interests of the people involved in WUR. The Supervisory Board will be responsible for the level of its own performance.²

Best practices

III.1.1 The allocation of duties within the Supervisory Board and its *modus operandi* will be set out in its own regulations. The Supervisory Board will include a section in its regulations devoted to its interaction with the Executive Board and the central and other participatory bodies. Those regulations will at any rate be published on the WUR website.

III.1.2 A report from the Supervisory Board in which the latter reports on its work during the relevant financial year and in which it includes the specific statements and announcements required by the provisions of this code, will constitute part of WUR's annual report and accounts.

III.1.3 The Supervisory Board's report and/or the organisation's website will state the following in relation to each member of the Supervisory Board:

- a) their gender;
- b) their age;
- c) their main position;
- d) their ancillary positions in so far as they are relevant for the purposes of the performance of their duties in their capacity as a member of the Supervisory Board, which will at any rate include other supervisory duties;
- e) the time when they were first appointed;
- f) the current term for which they have been appointed;
- g) their membership of any of the Supervisory Board's key committees referred to in Principle III.5.

III.1.4 A member of the Supervisory Board will cease to serve as such ahead of schedule in the event that they fail to perform appropriately, have a structural conflict of interests or should the Supervisory Board deem this to be required for any other reason.

III.1.5 In the event that a member of the Supervisory Board frequently fails to attend its meetings, they will be called to account for this.

III.1.6 The Supervisory Board's oversight of the Executive Board will include the following, amongst other things:

- a) the achievement of WUR's objectives;
- b) the strategy and risks associated with the institution's activity;
- c) the structure and operation of the organisation's internal risk management and control systems;
- d) the organisation's policy on quality;
- e) the nature of any horizontal dialogue;

² To view additional rules governing the membership, legal position and expertise of the WU and WR Supervisory Boards, you are referred to the applicable Higher Education Act [*Wet op het Hoger Onderwijs*] (WHW) and, in relation to WR, to the latter's Articles and, based on that legislation and those Articles to the applicable administrative and managerial regulations governing those legal entities.

- f) the financial reporting process;
- g) compliance with WR's Articles and the administrative and managerial regulations of WU and WR;
- h) compliance with the relevant legislation and regulations, including the rules governing funding.

III.1.7 No less than once every year the Supervisory Board will discuss its performance and that of its individual members in the absence of the Executive Board along with any conclusions that need to be drawn from this. The preferred profile, membership and competencies of the Supervisory Board will also be discussed. Furthermore, no less than once a year the Supervisory Board will discuss the performance of the Executive Board in the latter's absence in its capacity as a collegial body and that of the individual members along with any conclusions that need to be drawn from this. The discussions that are held will be included in the Supervisory Board's report.

III.1.8 At least once a year at any rate, the Supervisory Board will discuss WUR's strategy and any risks associated with the organisation along with the Executive Board's assessment of and findings in relation to the structure and operation of the internal risk management and control systems, as well as any significant changes to them. The discussions that are held will be included in the Supervisory Board's report.

III.1.9 The Supervisory Board and its individual members will have their own responsibility to require all of the information from the Executive Board and the external accountant that they need to be able to perform their duties properly as a supervisory body.

III.2 Independence

Principle The membership of the Supervisory Board is such that its members are able to act independently and critically in relation to each other, the Executive Board and any subsidiary interest whatsoever.

Best practices

III.2.1 The membership of the Supervisory Board will be such that its members will be able to act independently and critically in relation to each other and the Executive Board.

III.2.2 A member of the Supervisory Board will be deemed to be independent, provided that the dependence criteria set out below are not applicable in relation to them. The below-mentioned dependence criteria are that the relevant member of the Supervisory Board or their spouse, registered civil partner or other life companion, foster child or relative by blood or affinity up to the second degree:

- a) was an employee or member of the Executive Board of any legal entity that constitutes part of WUR (including any associated legal entity) in the five (5) years preceding their appointment;
- b) receives personal financial compensation from WUR or any organisation associated with it other than that which they receive for the work that they carry out in their capacity as a member of the Supervisory Board and in so far as it does not constitute part of normal business operations;
- c) is a member of the management board of a company or large legal entity of which a member of the Executive Board referred to in Sub clause (a) serves as a member of the board of supervisory directors or Supervisory Board;

- d) works for a ministry that has a permanent and/or substantial financial relationship with WUR (subsidy-relationship) or the Accreditation Organisation of the Netherlands and Flanders;
- e) holds shares equivalent to no less than 10% in an organisation associated with WUR.

III.2.3 The Supervisory Board will state in the executive report that in its view the principle of independence has been upheld.

III.3 Expertise and membership

Principle Every member of the Supervisory Board must be capable of assessing the main points of the overall policy pursued by WUR. Every member of the Supervisory Board will possess the specific expertise that is required to perform their duties within the confines of their role as set out in the board's profile. The membership of the Supervisory Board must be such that it is able to perform its duties properly. A member of the Supervisory Board will only be reappointed after the matter has been carefully considered. The above-mentioned profile will also be considered in the case of a reappointment. In the case of a nomination for an appointment consideration will as far as possible be given to ensuring a balanced apportionment of seats to men and women.

Best practices

III.3.1 The relevant minister will appoint the members of the Wageningen Research Foundation and Wageningen University.

III.3.2 The Supervisory Board will draw up a profile of its size and membership having regard to the nature of WUR, its operations and the requisite expertise and background of the members of the Supervisory Board, and as far as possible consideration will be given to ensuring a balanced apportionment of seats to men and women. The profile will be published on the WUR website. Furthermore, the members of the Supervisory Board will satisfy the following requirements:

- they will be familiar with the principles of good governance and will act accordingly;
- they will have a demonstrable understanding and experience of complex managerial processes in profit or non-profit organisations;
- they will have sufficient time and energy to make an active contribution towards the performance of their duties on the board and will comply with the legally stipulated standards in relation to the number of supervisory positions;
- they will be capable of presenting themselves and moving in social and political networks of people and institutions that are relevant to WUR;
- they will be capable of presenting their own provisional views and conclusions to the board and of drawing a common conclusion as part of the team through open communication.

III.3.3 No less than one (1) member of the Supervisory Board will be a so-called financial expert, which means that such person will have acquired relevant expertise and experience in relation to financial business activities in a legal entity of a similar size.

III.3.4 Every member of the Supervisory Board must be capable of assessing the main points of the overall policy pursued by WUR. Every member of the Supervisory Board will possess the specific expertise that is required to perform their duties within the confines of their role as set out in the board's profile.

III.3.5 A member of the Supervisory Board may serve as a member of it for no more than two (2) terms of four (4) years.

III.3.6 The Supervisory Board will draw up a retirement schedule in order to ensure that many of its members do not retire simultaneously. The retirement schedule will be published on the WUR website.

III.4 The role played by the chair of the Supervisory Board

Principle The chair of the Supervisory Board will determine the agenda, chair the meetings of the board, ensure that it and its committees function properly, and will ensure that appropriate information is provided to the board's members through the secretary, that sufficient time is available for decision-making and that appropriate inductions occur, will serve as the primary point of contact for the Executive Board on behalf of the Supervisory Board and will initiate the evaluation of the performance of the supervisory and Executive Boards. WUR will ensure that the chair of the Supervisory Board is provided with adequate support (information, setting the agenda, evaluation, inducting new members and so forth).

Best practices

III.4.1 The chair of the Supervisory Board will ensure that:

- a) the members of the Supervisory Board receive all of the information that they require to perform their duties properly in good time;
- b) sufficient time is available for the Supervisory Board's deliberations and decision-making;
- c) the Supervisory Board's committees function properly;
- d) the members follow a tailored induction programme in the course of which attention is at any rate devoted to general financial, social and legal matters, WUR's financial reporting, those aspects that are specific to WUR and its activities, its culture and relationship with the participation bodies and the responsibilities of the Supervisory Board's members;
- e) every year the members assess the aspects in respect of which they require training or education during the term of their appointment;
- f) the members of the supervisory and Executive Boards are assessed in relation to their performance no less than every year;
- g) contact between the Supervisory Board and the minister, Executive Board and participation councils ensues appropriately.

III.4.2 The chair of the Supervisory Board will not be a former member of the WUR Executive Board.

III.5 Membership and role of the Supervisory Board's key committees

Principle The Supervisory Board may appoint an audit and an appointments committee from amongst its members. The committees' duties will be to prepare the Supervisory Board's decision-making. In the event that the Supervisory Board decides not to appoint an audit and/or appointments committee, the applicable details stipulated in §§ III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, IV.1.2, IV.2.3 and IV.3.1 will apply in relation to the entire Supervisory Board. The Supervisory Board will report on the committees' performance of their assigned duties during the relevant financial year in the WUR executive report.

Best practices

III.5.1 The Supervisory Board will draw up regulations for every committee. The regulations will stipulate the role and responsibilities of the relevant committee, its membership and the manner in which it performs its duties.

III.5.2 In the executive report the Supervisory Board will mention the membership of the individual committees, the number of meetings that they have held and also the most important issues that they have considered.

III.5.3 The Supervisory Board will receive a report from each committee concerning its deliberations and findings.

Audit committee

III.5.4 The audit committee will at any rate focus on oversight of the Executive Board in relation to:

- a) the operation of the internal risk management and control systems, including the oversight of compliance with the relevant legislation and regulations, and with the treasury charter, and of the application of the integrity codes;
- b) WUR's provision of financial information (funding regulations, the choice of accounting policies, the application of new regulations and an assessment of their impact, an insight into the way in which "estimates" are dealt with in the annual accounts, the work of internal and external accountants in this respect and so forth);
- c) compliance with any recommendations given by internal and external accounts and the follow-up of comments made by internal and external accountants;
- d) the role and performance of the internal auditing function.

III.5.5 The audit committee will serve as the initial point of contact for an external auditor if the latter detects any irregularities in relation to the contents of any financial report.

III.5.6 Neither the chair of the Supervisory Board nor a former member of the WUR Executive Board will serve as the chair of the audit committee.

III.5.7 A financial expert within the meaning of the extrapolation of §III.3.2 will at least constitute part of the audit committee.

III.5.8 The audit committee will determine whether and when the chair of the Executive Board, the Executive Board member who is responsible for financial matters, the external auditor or the corporate director for finance and control will attend a meeting of the committee.

III.5.9 The audit committee will consult the external auditor in the absence of any member of the Executive Board as often as it deems it necessary to do so.

Appointments committee

III.5.10 The appointments committee will at any rate have the following duties:

- a) to draw up the selection criteria and appointments procedure for the members of the Supervisory and Executive Boards;
- b) to draw up a profile of the Supervisory Board following consultation about this with both the WUR Supervisory and Executive Boards;
- c) to present a proposal to the Supervisory Board concerning the organisation's remuneration policy;
- d) to present a proposal concerning the remuneration of the individual members of the Executive Board for the Supervisory Board to adopt; and

- e) to draw up a clearly laid out remuneration policy as set out in the extrapolation of §11.2.5.

II.6 Conflicts of interest

Principle Every form or semblance of a conflict of interests between WUR and any member of the Supervisory Board will be avoided. The approval of the Supervisory Board will be required for any decision to take action and/or enter into a transaction that is affected by a conflict of interests on the part of a member of the Supervisory Board that is of material or any other relevant significance to WUR and/or the relevant member of the Supervisory Board. The Supervisory Board will be responsible for making decisions on how to deal with conflicts of interest on the part of members of the Executive and Supervisory Boards, and the external accountant in relation to WUR.

Best practices

III.6.1 A member of the Supervisory Board will immediately report an actual or potential conflict of interests that is of material or other relevant significance to WUR and/or the relevant member to the chair of the Supervisory Board and will provide all relevant information, including any that is relevant in relation to their spouse, registered civil partner or other life companion, foster child, or relative by blood or affinity up to the second degree. In the event that a member of the Supervisory Board has an actual or potential conflict of interests that is of material or other relevant significance to WUR and/or them self, they will report this immediately to the deputy chair of the Supervisory Board and will provide all relevant information, including any that is relevant in relation to their spouse, registered civil partner or other life companion, foster child, or relative by blood or affinity up to the second degree. The relevant member of the Supervisory Board will not be party to the latter's assessment as to whether there is a conflict of interests or not. A conflict of interests will at any rate be deemed to exist where WUR is planning to take action or to enter into a transaction with a legal entity (i) in which a member of the Supervisory Board holds a material financial interest in their personal capacity, (ii) of whose management board a member has a relationship with a member of the WUR Supervisory Board that is governed by family law, or (iii) in which a member of the WUR Supervisory Board holds a managerial or supervisory position

III.6.2 A member of the Supervisory Board will not participate in any debate or decision-making concerning an issue or a transaction in respect of which that member has a conflict of interests.

III.6.3 The approval of the Supervisory Board will be required for any decision to take action and/or enter into a transaction that is affected by a conflict of interests on the part of a member of the Supervisory Board that is of material or any other relevant significance to WUR and/or the relevant member of the Supervisory Board. The Supervisory Board will state in the executive report that in its view the principle of independence has been upheld.

III.6.4 The Supervisory Board regulations will contain rules governing the treatment of an actual or a potential conflict of interests involving a member of the Executive or Supervisory Board, or the external auditor in relation to WUR and the actions or transactions for which the Supervisory Board's approval is required.

III.6.5 A delegated member of the Supervisory Board is a member of the latter charged with a special duty. Their mandate may not extend further than any duty of the Supervisory Board itself and may not include the management of WUR. It will seek to ensure closer oversight, the provision of more advice and more regular

consultations with the Executive Board. Such mandate will only be of a temporary nature. The mandate may not void the Supervisory Board's powers and duties. A delegated member of the Supervisory Board will remain a member of the latter.

III.6.6 The member of the Supervisory Board who temporarily assumes managerial duties in the event that the members of the Executive Board are absent or indisposed, will resign from the Supervisory Board to assume such managerial duties.

III.7 Remuneration of the members of the Supervisory Board

Principle The remuneration payable to the members of the Supervisory Board of Wageningen University and the foundation: Stichting Wageningen Research will be determined in accordance with the Remuneration Standards (Senior Executives in the Public and Semi-Public Sectors) Act.

Best practices

III.7.1 The remuneration of a member of the Supervisory Board will not depend on the results achieved by WUR.

III.7.2 The notes to the annual accounts will contain the legally stipulated information concerning the level and structure of the remuneration of the individual members of the Supervisory Board.

III.7.3 The remuneration of the members of the WUR Supervisory Board will be divided between WU and WR in so far as is applicable.

III.7.4 WUR will not provide a personal loan or guarantee to any member of the Supervisory Board.

IV Audits of the financial accounts, and the position of the internal auditing function and external auditor

IV.1 Financial reporting

Principle The Executive Board will be responsible for the quality and comprehensiveness of any publicly disclosed financial report. The Supervisory Board will ensure that the Executive Board fulfils those responsibilities.

Best practices

IV.1.1 Acting in consultation with the Executive Board, the Supervisory Board will assess how an external accountant is involved in the content and publication of financial reports other than the annual accounts (interim reports).

IV.1.2 The Executive Board will be responsible for establishing and maintaining internal procedures (the administrative structure and internal controls) that will ensure that all relevant financial information is known to the Executive Board, so as to ensure that any internal and external financial reporting occurs punctually, comprehensively and accurately. The Supervisory Board will oversee the establishment and maintenance of such internal procedures.

IV.2 Role, appointment, remuneration and evaluation of the performance of an external auditor

Principle The Supervisory Board will appoint an external accountant. The Supervisory Board will award a contract to an external accountant based on a proposal submitted by the audit committee. Acting at its request, the audit committee may contract such an accountant to conduct additional audits. In its annual accounts WUR will mention the scope of any non-auditing assignments for which an accountant has been contracted.

Best practices

IV.2.1 The Supervisory Board may question an external auditor in relation to the latter's report concerning the truth and fairness of the annual accounts.

IV.2.2 The Executive Board and audit committee will periodically report to the Supervisory Board on any developments affecting the organisation's relationship with an external accountant including, in particular, their independence (including the advisability of rotating the responsible partners within a firm of external accountants that was charged with conducting audits, and of the same firm performing non-auditing work for WUR).

IV.2.3 No less than once every four (4) years the Executive Board and the audit committee will conduct a thorough assessment of the performance of the external accountant in the various entities and capacities in which the latter acts. The Supervisory Board will discuss that assessment. The Supervisory Board will report its most important findings in the WUR executive report.

IV.3 Internal auditing function

Principle The internal auditor, who plays an important role in the assessment and testing of the internal risk management and control systems, will act under the responsibility of the Executive Board.

Best practices

IV.3.1 The corporate director Finance & Control, who will appoint an independent internal auditor from within his staff, will conduct an internal audit of the internal risk management and control systems. That internal auditor will have direct access to the Executive Board. The corporate director governance and legal services will be responsible for compliance with the governance code and the relevant legislation and regulations. A compliance officer will be appointed in that department, who will have direct access to the Executive Board.

IV.3.2 The external auditor and the audit committee will be involved in drawing up the internal auditor's work plan. They will also familiarise themselves with the internal auditor's findings.

IV.3.3 The audit committee will consider interviewing the above-mentioned key office holders in relation to governance and internal audits privately, if the Executive Board does anything to dismiss those members of staff, to remove them from their positions or to take disciplinary action against them.

IV.3.4 The internal audit function will have adequate resources to implement the work plan and will have access to any information that is important for it to perform its work. The internal audit function will have direct access to the audit committee and the external auditor. The manner in which the internal audit function provides information to the audit committee will be recorded. The person responsible for internal audits will report on the findings of the audits to the Executive Board and on the key outcomes to the audit committee, and will inform the external auditor. The key office holders in relation to governance may report directly to the audit committee if they deem it necessary to do so.

IV.4 Relationship and communication between the external auditor and the WUR bodies

Principle The external auditor will at any rate attend the meeting of the Supervisory Board in which their report on the audit of the annual accounts is discussed and in which it is decided to approve or ratify the annual accounts. The external auditor will equally report on their definite findings of the audit of the external reports (periodic or otherwise) to the executive and Supervisory Boards.

Best practices

IV.4.1 The external auditor will at any rate attend the meeting of the Supervisory Board in which their report on the audit of the annual accounts is discussed and it is decided to approve or ratify the annual accounts. The external auditor will receive the financial information that serves as the basis for recording the quarterly and/or half-yearly figures and other interim financial reports, and will be afforded an opportunity to respond to all information.

IV.4.2 Where appropriate, the external auditor may ask the chair of the audit committee to attend a meeting of the committee.

IV.4.3 The external auditor's report pursuant to Section 2:393(4) of the Dutch Civil Code will contain whatever the external auditor wishes to draw the attention of the executive and Supervisory Boards in relation to their audit of the annual accounts

and any related audits. The following matters will be raised in this respect at the very least:

- a) the findings of their audit, such as any points of discussion with the Executive Board and a list of unamended adjustments;
- b) an analysis of the financial figures, such as movements affecting the organisations capital, liquidity and profitability, and the effects of one-off items, estimates and the structure of any forecasts;
- c) the operation of the risk management and control systems, and the potential for improving them;
- d) the reliability of internal data processing computer systems;
- e) an assessment as to whether the external auditor has been able to perform their duties independently enough.

IV.5 Market activities

Principle WU may undertake operations that are not publicly funded. The Executive Board will ensure that such activities are commensurate with WU's mission and are not at odds with its publicly funded operations.

Best practices

IV.5.1 WU may undertake activities that are not financed with public funds (a contribution from the state, amongst other things). The Executive Board will ensure that such activities are commensurate with WU's mission and are not at odds with those of its operations financed with public funds.

IV.5.2 WU's Executive Board will ensure that any market activities are carried out in accordance with the relevant university code of conduct.

IV.5.3 Principle IV.5 will not apply in relation to WR as part of an audit.

V Social accountability

Principe The Executive Board employs a vision of WUR's social position and its long-term creation of value as an underlying principle or component of its policy. The Executive Board will transpose its vision into a mission and policy objectives. The Executive Board will provide an insight into the achievement of those policy objectives and will communicate with relevant stakeholders about this.

Best practices

V.1 The Executive Board employs a vision of WUR's social position and its long-term creation of value as an underlying principle or component of its policy. The Executive Board will transpose its vision into a mission and policy objectives. Acting in conjunction with the Supervisory Board, the Executive Board will provide an insight into the achievement of those objectives and will communicate with society, the government and other stakeholders about this, and it will report on this in the executive report.