

## **Governance Regulations (Regulations for Management & the Supervisory Board)**

### **Preamble**

*Governance is ensuring reciprocal consistency in the manner of governing, managing and overseeing an organisation, and aims at the efficient and effective achievement of policy objectives, as well as at an open communication regarding these with accountability to the stakeholders.*

The Cordaid organisation follows the 'supervisory board' control model in which the tasks 'Policy and Implementation', and 'Supervision' are separated. The board is responsible for the administrative process (policy and implementation) and the supervisory function lies with a separate body, the Supervisory board. At Cordaid the management (within the meaning of the Law pertaining to works councils) is formed by the Board of Directors, consisting of at least two statutory Directors, currently a Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), who together form the Board of Directors.

In accordance with the Dutch Civil Code, the governance structure is laid down in the Articles of Association. In that context, the procedures regarding some matters are laid down in separate regulations. Within Cordaid, as well as these Governance Regulations, the following governance documents apply:

- Conflict of interest policy;
- Code of conduct;
- Fraud Policy;
- Integrity Policy;
- Whistleblower Code;
- Internal auditing statute;
- Cordaid's Audit Committee's Regulations.

### **Article 1 - Adoption and Scope of the Regulations**

1. These Governance Regulations were revised and adopted in the Supervisory Board meeting held on December 17, 2019.
2. These Governance Regulations are a fusion of the Management Regulations (Regulations for the Board of Directors) and the Regulations for the Supervisory Board, and they expand on the provisions related to the Board of Directors and the Supervisory Board that are set out in Cordaid Foundation's Articles of Association<sup>1</sup>.

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<sup>1</sup> Article 7, paragraph 3 of Cordaid Foundation's Articles of Association provides that the Board of Directors will establish regulations which will define the decision making of the Board of Directors and the external representation, amongst other things. In addition to this, Article 12, paragraph 3 provides that the Board of Directors and the Supervisory Board will make regulations concerning the division of powers regarding the establishment of the general policy and the financial directives. <sup>2</sup> Dutch Civil Code book 2, title 6, concerning foundations.

3. Without prejudice to what is determined in these Regulations, each member of the Board of Directors/ Supervisory Board will use the current SBF code for Good Management dated 15th July 2015 as a reference point for how they should work.
4. When drawing up these Governance Regulations, efforts were made to integrate them with current legislation<sup>2</sup> and regulations<sup>2</sup> (including the Dutch Civil Code and the planned amendments to the Bill on Management and Supervision for Legal Entities, the CBF Regulations – recognition of charity organisations from 19<sup>th</sup> November 2018<sup>3</sup>, the Regulations for the Remuneration of Directors of Charities in Boards and Supervisory Boards, from 1st January 2016, and the SBF Code for Good Governance dated 15th July, 2015), and with the powers, tasks and obligations contained therein.

#### **Article 2 - Change of the Regulations**

1. Once every two years, the Governance Regulations shall be included as an item on the agendas of the Board of Directors and then of the Supervisory Board, in order to verify whether they need any adjustments.
2. Any changes made will be adopted by the Supervisory Board, after having duly heard the Board of Directors.

#### **Article 3 - Compliance and enforcement of the regulations**

1. The Board of Directors and the Supervisory Board are responsible for corporate governance of the Foundation and compliance with the Governance Regulations.
2. If the Board of Directors acts in a way that does not conform with these Governance Regulations, it must inform the Supervisory Board accordingly.

### **SUPERVISORY BOARD**

#### **Article 4 - Structure and working procedures of the Supervisory Board**

1. The Supervisory Board's supervision takes place ex ante and ex post. Ex ante, the plans (mission, strategy, policy plan and budget) are presented to the Supervisory Board for approval, and ex post: the Supervisory Board critically appraises management and the organisation and approves the Annual Report. Also, a further function of the Supervisory Board is to stimulate and advise management.

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<sup>2</sup> Since 1st January 2016 there have been Accreditation Regulations for Charities with new standards and modernised supervision. These Accreditation Regulations have replaced existing certification schemes, such as the CBF Seal of Approval and Certificate, the RfB accreditation and the Accreditation for Charities. 2016 was a transitional year.

The following codes, rules and directives apply to members of 'Goede Doelen Nederland' (Dutch Charities):

- SBF Code for Good Governance (replaces the Wijffels Code).

2. In accordance with Article 11, paragraph 1 of the Articles of Association, when performing its tasks, the Supervisory Board focuses on the interests of Cordaid and its affiliated organisation, thereby weighing the relevant interests of Cordaid stakeholders.
3. The Supervisory Board ensures that the members are able to operate in a critical and independent manner with each other, and when dealing with the Board of Directors and any other particular interests (in accordance with SBF standard 2.6a and CBF standard 5.11.1.b).

- Directive 650 (part of the directives for annual reporting from the Dutch Accounting Standards Board) and recommendation to apply Directive 650 'cost allocation for management and administration'.
- CBF Seal of Approval/accreditation.
- Regulations for the Remuneration of Directors of Charities.
- Directive for the Financial Management of Charities.

<sup>3</sup>By requesting accreditation as a CBF-accredited charity, at the same time Cordaid accepts the CBF Regulations, which include the requirement to apply the standard for establishing the governance structure (Category D, section 5.1).

#### **Article 5 - Composition, Term of Office, Resignation and Chairmanship of the Supervisory Board**

(See also the Articles of Association, Art. 10, and CBF 5.1)

1. When filling vacancies, the Supervisory Board ensures the presence of different types of expertise so as to be able to adequately perform oversight of an organisation like Cordaid. It should particularly focus on expertise in the fields of development cooperation, management, finances, law, human resources policies, government policies and church policies that concern Cordaid's field of work, and consideration should be given to the episcopal committee's right of recommendation for the mission and development cooperation (in consultation with the Conference of Bishops), and the Works Council.<sup>5</sup>
2. A member of the Supervisory Board will resign prematurely in case of unsatisfactory performance, the structural incompatibility of interests, or whenever advised to do so at the discretion of the Supervisory Board.
3. In accordance with Article 10, paragraph 6 of the Articles of Association, the Supervisory Board chooses a chairman from among its members.
4. As soon as possible after a vacancy opens, and following consultation with the members of the Board and the Executive Director (who has an advisory role), the Chairman of the Supervisory Board will submit a nomination to the Supervisory Board for every vacancy that is open.
5. Supplementary to Article 10, paragraph 9 of the Articles of Association, anyone who in the four years prior to the appointment has been an employee or member of the Board of Directors of Cordaid, or who is an employee of an organisation financed by Cordaid to a greater or lesser extent, cannot be appointed as a member of the Supervisory Board.

#### **Article 6 - Role of the Supervisory Board Chairman**

(See also the Articles of Association Articles 13.2; 13.4, 13.6; 13.8; 13.9, 13.10 and SBF Article 2.6c) 1.

The Chairman of the Supervisory Board:

- a. is promptly provided with information by the Chairman of the Board of Directors about any important developments in the Foundation's operation and its external positioning;
- b. sets the agenda of the Supervisory Board meetings, in consultation with the Chairman of the Board of Directors. Any member of the Board of Directors or of the Supervisory Board can add items to the agenda of Supervisory Board meetings;
- c. ensures adequate performance of the Supervisory Board and any committees or commissions it may set up;
- d. encourages the adequate provision of information to Supervisory Board members;
- e. is responsible for the process of the annual performance reviews of the members of the Board of Directors and for the Supervisory Board's annual self-evaluation;
- f. is the first line of contact for the Board of Directors on behalf of the Supervisory Board.

<sup>5</sup> Different fields of expertise, networks and links have to be represented in the SB, either in combination with one another or not:

1. Expertise in the field of development charities, preferably through programmes in the South.
2. Expertise in the field of general development cooperation, preferably from the government or a multilateral institution.
3. Links with the church and expertise regarding the church's thinking in the field of social teaching, mission and development.
4. Networking in the field of fundraising.
5. Expertise in the field of general management, financial management, management and control, and human resources policies.

2. In the event that the Chairman is absent or unable to perform, his/her tasks will be taken over by the Supervisory Board's deputy chairman or – if he/she is also absent – by the member of the Supervisory Board designated for that matter by the Board.

#### **Article 7 - Tasks, Working Procedures and Powers of the Supervisory Board**

(See also the Articles of Association 11 and 12; SBF 2.2, 2.7 and 3.3, and CBF 5.1 and 5.3)

In carrying out its statutory duties, the Supervisory Board complies with the codes that apply to Cordaid, such as the SBF code and the CBF rules, as far as possible.

##### 7.1 Suspending members of the Board of Directors

In addition to Article 5 paragraph 2 of the Articles of Association (appointing and dismissing) the Supervisory Board suspends members of the Board of Directors when the circumstances so require (Articles of Association 5.2 and SBF Article 2.3a).

##### 7.2 Granting prior authorisation to management decisions

In addition to Article 12, paragraph 1, the Board of Directors needs written prior authorisation from the Supervisory

Board for:

- a) setting up legal entities, including in the countries where Cordaid is already active; b) a legal merger or division.

### 7.3 Adopting & monitoring

Pursuant to SBF standard 2.2, as well as what is stipulated in the Articles of Association, the Supervisory Board's supervision of the Board of Directors is also concerned with, in any event:

- a. the adoption and implementation of the (long-term) policy plan (pursuant to Article 11, paragraph 5 of the Articles of Association) and the (long-term) budget;
- b. the allocation of resources for realising the objectives in accordance with set criteria;
- c. the adoption and implementation of the fundraising policy;
- d. other major decisions, such as:
  - i. the objectives of the Foundation and their achievement;
  - ii. significant changes of course within the foundation or to the identity of the foundation;
  - iii. the policy concerning human resource management;
  - iv. the strategy associated to the Foundation's activities and policy;
  - v. the annual plans that are derived from the long-term plan;
  - vi. the policy regarding essential components of the operations;
  - vii. the establishment of joint ventures, which would lead to an additional legal status or entity;
- e. the supervision of related legal entities.

### 7.4 Monitoring the actions of the directors

Pursuant to SBF standard 2.2, the Supervisory Board's supervision of the Board of Directors includes monitoring the actions of the directors, which encompasses the following elements:

- a. the implementation of the CSR policy;
- b. the application and implementation of the quality management policy;
- c. the application and implementation of the risk management policy;
- d. the financial operations of the organisation and the financial reporting process;
- e. compliance with laws and regulations, grant and subsidy conditions, and codes of conduct that apply to Cordaid.

### 7.5 Appointing/dismissing the external auditor

- a. In accordance with Article 10, paragraph 7 of the Articles of Association, and with SBF standard 2.7c, the Supervisory Board endorses the proposal made by the Board of Directors to appoint and/or dismiss the external auditor.
- b. In accordance with Article 15, paragraph 4 of the Articles of Association, and with SBF standard 2.7d, the external auditor reports his findings regarding the examination of the annual accounts both to the Board of Directors and the Supervisory Board.
- c. The Supervisory Board can question the external auditor with respect to his statement on the fairness of the annual accounts and to the Management Letter. The external auditor will attend the meetings during which this matter is treated.

### 7.6 Requesting (additional) information

- a. Of its own accord and on request, the Board of Directors gives the Supervisory Board the information that the Supervisory Board needs in order to be able to assess how the foundation is performing. In addition, stemming from SBF standard 2.2, the Supervisory Board has the right and the obligation to request (additional) information. Supplementary to Article 11, paragraph 2 and Article 15, paragraph 4 of the Articles of Association, the Supervisory Board and its individual members are authorised to request any information from the Board of Directors and the external auditor as the Supervisory Board may need to adequately perform its tasks as a supervisory body.

- b. Supplementary to Article 11, paragraphs 2 and 3, if it so deems necessary, the Supervisory Board can collect information from the Foundation's officers and external advisors. The Supervisory Board can require certain officers and external advisors to attend its meetings.
- c. In accordance with SBF standard 2.2 and Article 11, paragraph 3 of the Articles of Association, the Supervisory Board has access to all of the organisation's books and records.

#### 7.7 Deputising in the Board of Directors in the event of absence or inability to perform

In the event that the entire Board of Directors, or a member of the Board of Directors, is absent or unable to perform, the Supervisory Board will make sure that the missing member(s) of the Board of Directors is/are replaced. In principle, members of the Supervisory Board may not sit on the Board of Directors. Still, if this is necessary, it must be for a very restricted time period and the said member must step down from the Supervisory Board for this period of time.

#### **Article 8 - Internal quality and accountability of the Supervisory Board**

1. The Supervisory Board is responsible for the quality of its own performance.
2. At least once every year, the Supervisory Board discusses its own performance and that of its individual members without the presence of the Board of Directors, reaching conclusions in this regard (SBF standard 2.5.c and CBF 5.1.1.e annual evaluation).
3. Furthermore, at least once every year the Supervisory Board discusses the performance of the Board of Directors as a whole as well as of the individual members of the Board of Directors, reaching conclusions in this regard, which include the image that other relevant bodies have about how management is performing. The Supervisory Board records the outcomes and agreements resulting from this evaluation (in accordance with SBF standard 2.5.c), and the results of this discussion will be included in the performance review held with the Chairman of the Board of Directors.
4. In accordance with SBF standard 3.3b, in Cordaid's Annual Report the Supervisory Board informs on its activities during the fiscal year, including how many meetings were held and the most important subjects discussed, with due references to the data required according to the Central Bureau on Fundraising.

#### **Article 9. Supervisory Board Meetings and Decision Making**

1. The minutes will concisely, yet adequately, record the subjects, points of view, considerations and decisions that were covered in the meeting, in such a way that the members of the Supervisory Board who could not be present at the meeting will have a clear and full image of the relevant things that were discussed during the meeting.
2. Decision making during a meeting will be done in accordance with Article 13, paragraph 5 of the Articles of Association.
3. Decision making outside a meeting can be done in accordance with Article 13, paragraph 10 of the Articles of Association.

#### **Article 10 - Composition, Role and Responsibilities of the Audit Committee**

In accordance with Article 11, paragraph 3 of the Articles of Association, the Supervisory Board has formed an Audit Committee from amongst its own members to support them in their supervision of the organisation. Reference is made to Cordaid's Audit Committee Regulations for its composition and responsibilities.

#### **Article 11 - Composition, Role and Responsibilities of the Remuneration Committee**

From among its members, the Supervisory Board has formed a Remuneration Committee (hereafter referred to as: RC) to support the board in its supervision of the organisation's daily routine.

1. Composition: the RC comprises at least two members of the Supervisory Board.
2. Role: the RC's work focusses on advising the Supervisory Board on issues related to remuneration, and projects on this subject can be allocated to it by the Board.
3. Areas of responsibility:
  - a. As a general rule, the RC meets once a year and discusses the management's remuneration;
  - b. On top of this, the RC can be called to meet by a member when issues related to remuneration need to be discussed in the interim;
  - c. The RC reports its findings to the Supervisory Board.

One member of the Board of Directors and one or more people responsible for personnel management organise and attend these meetings. The agenda is set in consultation with the Chairman.

#### **Article 12 - The Supervisory Board's Reimbursement of Expenses**

In accordance with Article 10, paragraph 8 and with CBF standard 5.3.1, the members of the Supervisory Board do not receive any remuneration. In accordance with SBF standard 2.4a, the members can receive a reasonable expense reimbursement determined by the Supervisory Board following a proposal by the Board of Directors. The notes to the annual accounts must contain the legally required details on the amount and structure of the expense reimbursement of individual members, in accordance with SBF standard 3.3a.

#### **Article 13 - Relationship to the Catholic Church**

Reference is made to the following articles for the relationship with the Catholic Church of the Netherlands:

- 10, paragraph 4: the Conference of Bishops' (CB) right to nominate a member of the Supervisory Board
- 16, paragraph 2: prior approval from the CB in the case of a change in the Articles of Association
- 17, paragraph 2: prior approval from the CB in the case of dissolution
- 17, paragraph 3: the allocation of the surplus balance established in the Articles of Association
- 19: the "General provisions of the Catholic Church of the Netherlands" apply to the Articles of Association.

Every year, or more often if deemed necessary, a delegation of the Supervisory Board and the Board of Directors will hold a meeting with a delegation of the Roman Catholic Conference of Bishops.

#### **Article 14 - Prevention and Guarding against Competing Interests and Conflicts of Interests**

(See CBF 5.1.2 and SBF 2.6b up to and including 2.6f)

Further rules for this are set out in Cordaid's Conflict of Interests Policy.

1. In accordance with SBF standard 2.6b, any form of, or apparent conflict of interests of the members of the Board of Directors and/ or the members of the Supervisory Board that could influence their task should be avoided. The Supervisory Board guards against this.
2. The members of the Board of Directors or the Supervisory Board declare any of their additional functions to the Supervisory Board. The Supervisory Board decides whether to accept or not to accept these additional functions.
3. Decisions to enter into transactions whereby conflicts of interests of the members of the Board of Directors or the members of the Supervisory Board could play a part should be declared immediately to the Chairman of the Supervisory Board and require the approval of the Supervisory Board.
4. A member of the Supervisory Board or of the Board of Directors may not take part in the discussion and decision making on a topic or transaction that implies a conflict of interests for this member.

## **BOARD OF DIRECTORS**

### **Article 15 - Composition, Appointment, Suspension and Dismissal of the Board of Directors**

(See the Articles of Association 5.1, 5.2 and 6, and SBF 2.1 and 2.3)

1. In accordance with Article 5, paragraph 1 of the Articles of Association, the Board of Directors comprises a chairman who is also a member of the Board of Directors and one or more other member(s), who together form the Board of Directors. Pursuant to Article 5, paragraph 2 of the Articles of Association, the members of the Board of Directors are appointed and dismissed by the Supervisory Board. The Board of Directors is put together in such a way that it is able to properly fulfil its tasks. In order to fulfil CBF standard 5.2.1, the Supervisory Board draws up a profile/ job description for the members of the Board of Directors.
2. A member of the Board of Directors will resign pursuant to the provisions of Article 6 of the Articles of Association, if he or she no longer fulfils the quality requirements set out in Article 14 of the Articles of Association.

### **Article 16 - The Tasks and the Division of Tasks of the Board of Directors**

(See Articles of Association - 7 and SBF 2.3)

When performing its tasks, the Board of Directors focuses on the interests of the Foundation and its affiliated organisation. When taking decisions, it duly weighs the interests of the different Cordaid stakeholders.

#### 16.1 Management

- a. The Board of Directors is responsible for managing the Foundation and its affiliated organisation, hereafter referred to as Cordaid. It is ultimately responsible for the overall state of affairs within Cordaid,



particularly the achievement of the objectives, the strategy, policies in different fields <sup>3</sup> and the resulting development of results. See further Articles 7.1 and 7.2 of the Articles of Association.

- b. The Board of Directors provides a properly functioning management information system, which must ensure the timely availability of the essential information needed for correctly managing the organisation.
- c. The Board of Directors ensures clear and ethical working processes within the organisation so as to secure the greatest possible degree of effectiveness and efficiency, as well as a good command of English and/or Dutch for internal and external communications.
- d. The Board of Directors is ultimately responsible for the policies and the performance of the duties of the different departments. To achieve this, every year the Board of Directors establishes the annual plan and budget of the departments.
- e. The Board of Directors assesses the performance of the departments' managers within the framework of the established performance and appraisal system.

#### 16.2 Adequate external representation

The Board of Directors ensures an adequate external representation of Cordaid and propagates Cordaid's vision and points of view. It also defends the interests of the organisation and its partners.

#### 16.3 External Reporting

- a. Every year, the Board of Directors ensures the timely publication of the Annual Report and the Annual Accounts after these have been approved by the Supervisory Board.
- b. The Board of Directors ensures that the Annual Report complies with the external requirements of laws and regulations, as well as with the requirements of the grant and subsidy donors.
- c. The Board of Directors ensures that the information provided to current or potential donors is an accurate and complete representation of the facts, that the financial resources received from donors are spent in accordance with the agreements reached with these donors, that the donors have access to that part of the financial statements that is related to their contribution, and that the data concerning the financial resources made available by the donors are dealt with as agreed upon.
- d. The Board of Directors is responsible for the quality, correctness and completeness of the financial reports that will be made public, and for clear and correct reporting on the non-financial aspects of Cordaid's work.

#### 16.4 Compliance with the Law and Regulations

The Board of Directors is responsible for compliance with all relevant laws and regulations, grant and subsidy conditions, contractual obligations and applicable codes of conduct.

#### 16.5 Participation

The Board of Directors ensures adequate internal consultations within the organisation, both between managers and employees and among the different departments. Moreover, the Board of Directors ensures transparent internal reporting in matters that affect Cordaid's ups and downs as a whole.

#### 16.6 Protecting the Position of Employees

The Board of Directors ensures that employees are able to report alleged irregularities of a general, operational and financial nature in Cordaid without jeopardising their legal situation. To this end,

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<sup>3</sup> Among other things, this refers to the organisation, fundraising, finance, personnel, participation, relationships with partners, important external relationships, automation, work processes, and management information, viewed from the perspective of effectiveness (relative to the objective) and efficiency.

Whistleblower Regulations have been drafted. Alleged irregularities related to the performance of members of the Board of Directors can be reported to the Chairman of the Supervisory Board.

16.7 Follow-up to the Auditor's Advice

- a. The Board of Directors ensures an adequate and transparent communication with the external auditor.
- b. Within this framework, the Board of Directors ensures that the advice of the auditor is followed accurately and within the timespan agreed upon.
- c. If the Board of Directors believes that, regarding some aspects of financial operations or reporting, it needs to deviate from the external auditor's recommendations, this must be discussed with the Audit Committee of the Supervisory Board.

16.8 Provision of Information to the Supervisory Board

- a. The Board of Directors provides the Supervisory Board with all timely information needed for the latter to perform its tasks. In addition, particular attention must be paid to matters of great importance for Cordaid, including its relationship with the government, the Conference of Bishops, the Works Council, important partners, etc., as well as to matters that could, in one way or another, bring Cordaid into disrepute, either externally or internally. In addition, the Board of Directors also reports any work conflicts or disputes between the Board of Directors and the Management Team or its members.
- b. Each member of the Board of Directors will handle all information and documentation that he/she receives as part of his/her function and that can reasonably be considered confidential, as strictly confidential and will not disclose it to third parties outside the Supervisory Board, even when the member of the Board of Directors is no longer employed by the foundation.
- c. The Board of Directors submits a quarterly report to the Supervisory Board, which as a minimum covers the progress of programmes, the internal organisational development and the financial state of affairs, as well as:
  - i. developments concerning the positioning and the strategy of the foundation;
  - ii. the development of affairs which the Supervisory Board is required to establish or approve;
  - iii. problems and conflicts of any significance within the organisation;
  - iv. problems and conflicts of any significance concerning the relationship with third parties, such as the government or joint venture partners;
  - v. calamities that have been reported to the Dutch Data Protection Authority (where data leaks are concerned) or to the judicial authorities;
  - vi. judicial proceedings;
  - vii. issues that have brought the foundation into the public eye in any way, or that are expected to come into the public eye;
  - viii. issues concerning the internal management systems, including the management reporting system.
- d. As well as the acts referred to in Article 11, Article 12 and Article 18 of the Articles of Association, the Board of Directors will also submit the following to the Supervisory Board for approval:
  - i. The strategy that aims at achieving the objectives;
  - ii. Cordaid's operational and financial objectives;
  - iii. the organisation's positioning; iv. the pre-conditions that underlie the strategy;
  - v. a tailor-made internal risk management and control system for Cordaid.

**Article 17 - Chairman of the Board of Directors**

1. The Chairman of the Board of Directors is responsible for the overall management of Cordaid and for its external representation. The Chairman maintains the relationship with the Supervisory Board and ensures timely reporting to the Supervisory Board on all matters that are or could be important for the Supervisory Board's performance, and is responsible for consultation with the Works Council. The Chairman of the Board of Directors ensures that the Works Council and its members can duly perform their tasks, and ensures proper consultations with the Works Council in the spirit of the law.
2. The overall tasks of the Board of Directors are distributed internally in accordance with the provisions of

these regulations, subject to the Supervisory Board's prior approval.

#### **Article 18 - Calling Meetings and Decision Making by the Board of Directors**

(For further information see Article 9 of the Articles of Association)

1. Pursuant to Article 9, paragraph 1 of the Articles of Association, the Chairman of the Board of Directors calls a meeting at least 12 times a year. In accordance with paragraph 2, each member of the Board of Directors is authorised to call a meeting of the Board of Directors with at least 5 days prior notice and stating the subjects to be discussed, in writing.
2. A consensus is sought for any decision.
3. The Board of Directors is responsible for the appropriate communication regarding decisions in order to guarantee the implementation of these decisions.
4. If a member of the Board of Directors does not agree with a decision made by the Board of Directors, he/she should present this matter to the Supervisory Board. This should be done in writing and must contain all the arguments. The Chairman of the Board of Directors will ask the Supervisory Board to meet as soon as possible to discuss the matter. Pending treatment by the Supervisory Board, the decision of the Board of Directors will not be executed. The Supervisory Board's decision regarding the appeal is final.

#### **Article 19 - Evaluation and Assessment of the Board of Directors**

1. Once every year, the Board of Directors makes an evaluation of the overall development of the organisation as well as its own operations and performance (both of its members and of the way it relates to the organisation and external relations). The results are discussed with the Supervisory Board.
2. Whenever needed but at least once every year, the Supervisory Board or a delegation thereof holds a performance review with the Chairman of the Board of Directors.
3. Whenever needed but at least once every year, the Chairman of the Board of Directors holds a performance review with the other members of the Board of Directors.
4. The Supervisory Board can decide that a delegation from among its members will speak with one or more individual members of the Board of Directors, whether or not in the presence of the Chairman of the Board of Directors, about either the state of affairs within the organisation or the performance of the Board of Directors.
5. Members of the Board of Directors can, in turn, request the Supervisory Board to participate in this type of review.

#### **Article 20 - Remuneration of the Board of Directors**

(See further the Articles of Association 5.4 and SBF standards 2.3c, 2.4a and 3.3a)

1. In their capacity as employees of the Cordaid Foundation (Article 5.4 of the Articles of Association), the members of the Board of Directors receive a remuneration for their work, the amount and structure of which are such that it makes it possible to recruit and retain qualified and experienced Directors. In this matter, and in accordance with the SBF standard, the Dutch Charities directives are taken into account. These are entitled 'Regulations for the Remuneration of Directors of Charities in Boards and Supervisory Boards' (and were previously known as the 'VFI Guideline for the Remuneration of Directors').

2. The Supervisory Board establishes the remuneration for individual members of the Board of Directors. The salaries of the members of the Board of Directors are accounted for in the Cordaid Annual Report, in accordance with the regulations referred to in paragraph a. using the 'Goede Doelen Nederland' (Dutch Charities) formats.
3. Cordaid does not provide the members of the Board of Directors with personal loans, guarantees, and the like. If exceptions need to be made under special circumstances, the Supervisory Board's prior consent will then be required.

#### **Article 21 - Deputising in the Board of Directors in the event of absence or inability to perform**

In the event that the entire Board of Directors, or a member of the Board of Directors, is absent or unable to perform, the Supervisory Board will make sure that the missing member(s) of the Board of Directors is/are replaced.

#### **Article 22 - Exit Scheme for the Board of Directors**

Cordaid does not give 'golden handshakes' in case members of the Board of Directors leave, voluntarily or involuntarily. If and insofar as there are grounds for awarding compensation, this will be done in accordance with SBF standard 2.3c and CBF standard 5.3.2, whereby the Dutch Charities directives are taken into account. These are entitled 'Regulations for the Remuneration of Directors of Charities in Boards and Supervisory Boards'<sup>7</sup> (and were previously known as the 'VFI Guideline for the Remuneration of Directors'). This will occur without prejudice to the right of the interested parties to go to the district court for determining any possible severance pay.

#### **Appendix/Appendices:**

##### **1. Authorisation Matrix**

<sup>7</sup>2015 Amendment: In the spring of 2015 the management of 'Goede Doelen Nederland' (Dutch Charities) set up an advice committee for the remuneration of director's regulations, which was made up of members of the supervisory boards of charity

organisations, to advise the management of 'Goede Doelen Nederland' about possible amendments to these regulations. This was also linked to the implementation of WNT2 (Standard Remuneration Act) as of 1st January 2015. In line with the committee's advice, the regulations were amended on 1st October 2015, and backdated to be effective from 1st January, 2015.

Status: The Code for Good Governance introduced by the Wijffels committee has a binding nature. This means that the members of 'Goede Doelen Nederland' are obliged to adhere to this code. If one of the principles is not carried out, the institution concerned is obliged to give a reason for the deviation of the code. These remuneration regulations can be seen as a further development of this code and, as such, they have the same nature. So therefore the "Comply or explain" motto applies here as well. Notwithstanding, this allows for "the competent authority" (Management or the Supervisory Board) to have its own responsibility when setting the directors' remuneration and to be required to interpret the regulations in such a way that exceptional circumstances are taken into account to a sufficient degree.