

## Corporate Governance Code

The Supervisory Board and Board of Directors of Nedap are responsible for Nedap's corporate governance, as well as for compliance with the 2016 Dutch Corporate Governance Code (Code). For the full text of this Code, please refer to [www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl).

In this report, we are rendering account vis-à-vis our compliance with this Code, which is based on the principle of 'apply or explain'. The information required under the Code can be found in various sections of this report for 2018.

### Deviations from the Code

#### Principles and best practice provisions

Nedap largely endorses the Code's basic and broadly supported principles. Several of the Code's provisions require further explanation because Nedap applies them in a different way, for which we provide solid reasoning.

#### 1.3 Internal audit function

Given its scale and working methods, Nedap does not have an internal audit service or function. Nedap has a culture of entrepreneurship where employees' personal responsibility, independence and ownership come first. There is a firm belief across the organisation that such ownership leads to optimum risk management.

On an annual basis, the Supervisory Board and Board of Directors assess whether adequate alternative controls are in place, considering whether there is a need to set up an internal auditing service after all.

#### 2.2.1 Terms of appointment and reappointment for directors

The Supervisory Board members believe that appointing directors for four-year terms would impede the proper performance of their role within the company. The directors are entrusted with the task of mapping out the company's long-term strategy and translating that strategy into effective policy. Four-year mandates are not sufficient to adequately fulfil this role at a company like Nedap.

Given the aforementioned long-term nature of Nedap's policy, members of the company's Board of Directors are appointed for an indefinite period of time.

The annual appraisal interviews also enable the Supervisory Board members to monitor the performance of the directors more effectively than if they were reappointed once every four years.

#### 3.2.3 Director severance pay

For directors under the articles of association appointed before 1/1/2015, severance pay shall be determined in part by their length of service, partly given the permanent nature of their appointment. Directors under the articles of association appointed after 1/1/2015 are subject to the severance pay cap of one annual salary (the "fixed" component of their pay).

### **3.4.2 Director contract**

The key elements of a director's contract with the company are published in a convenient list on the company's website after the contract has been signed, and in any case no later than the notice convening the general meeting where appointment of the director will be proposed. Nedap complies with this provision in the sense that members of the Board of Directors are appointed by the Supervisory Board after announcing the proposed decision to the general meeting.

### **4.1.3. iv. Putting the dividend proposal on the agenda**

Dividend payment is based directly on the company's strategy and long-term policy. Dividend proposals will therefore not be addressed as an agenda item. Dividend payment will, however, be explicitly included on the agenda as an item for discussion.

### **4.2.3 Meetings and presentations**

Given the limited international spread of Nedap's shareholders and given Nedap's scale, there are no webcasting, smartphone, or other facilities in place as yet to enable live viewing of meetings and presentations. Presentations will be posted on the company's website immediately prior to the meeting at which they will be given, so that all shareholders can read them.

### **4.3 Casting votes**

Shareholders can vote by proxy or through voting instructions. Partly given the limited scale of Nedap and the relatively limited spread of Nedap outstanding shares, facilities for communication between shareholders are currently not yet provided.