

Deviations from the Code

Principles and best practice provisions

Nedap endorses the Code's basic and broadly supported principles. Nedap applies several of the Code's provisions in a different way. These deviations will be explained in the following.

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. Nedap sees opportunities to harness the knowledge and experience available across the organisation on a broader scale to increase the effectiveness and operation of implemented control processes. This belief and how it is embedded in our corporate culture is detailed further in the Risk management section. 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 audit function 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 January 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 January 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 of Shareholders.

4.1.3 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.
