

# Corporate Governance Statement

2017



KARDAN N.V.

**This Corporate Governance Statement 2017 forms an integral part of the 2017 Annual Report of Kardan N.V.**

# Corporate Governance Statement 2017

## Kardan N.V.

Kardan's corporate governance statement<sup>1</sup> has been prepared in accordance with article 2a of the Decree of December 23, 2004, establishing further instructions concerning the content of annual reports (*Besluit inhoud bestuursverslag*; the 'Decree'). The information required to be included in this statement as described in articles 3, 3a and 3b of the Decree is as follows:

1. the extent and manner of implementation of the Dutch Corporate Governance Code;
2. the main characteristics of the risk management and internal control systems connected with Kardan's financial reporting process;
3. the functioning of the General Meeting of Shareholders;
4. the composition and functioning of the Board;
5. the diversity policy for the Board; and
6. statement in light of Article 10 of the European Takeover Directive.

### 1. The extent and manner of implementation of the Dutch Corporate Governance Code

Pursuant to the Decree, companies listed in the Netherlands are required to comply with the Dutch Corporate Governance Code (the 'Code'), or in case of non-compliance explain the reason thereof. The full text of the Code can be found on [www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl).

The Code sets out sound business principles of corporate governance and contains certain normative standards that pertain, among other things, to the relationship between the various corporate bodies of a company.

In the revised Code, long-term value creation forms the starting point for corporate governance. The Code stipulates that the executive board should focus on long-term value creation, and take the stakeholder interests that are relevant in this context into account.

<sup>1</sup> Definitions used in this Corporate Governance Statement shall have the meaning as set out in Kardan's Annual Report 2017.

The way in which the Board put this into practice must be explained in the annual board report.

Focusing on long-term value creation is an ongoing process. Depending on the dynamics of the market within which the enterprise affiliated with the company is operating, it may be necessary to make short-term adjustments to strategy. Discussions about larger trends, and asking disruptive questions, will help keep the company on the right track. In some situations, a company may explicitly decide to focus on the short term. Kardan's current short and long term strategy is primarily focused on the repayment of its Debenture through generating cash by selling assets assuring the going concern of Kardan, whilst continuing to also focus on further improving the results of the subsidiaries and therefore their value.

Although the Code is focused on a dualistic governance model (i.e. two-tier governance structure), it also provides guidelines for companies with a one-tier governance system, which are laid down in Chapter 5 of the revised Code.

It is emphasized that independent supervision by non-executive directors must be sufficiently ensured, and that those provisions in the Code which pertain to supervisory board members also apply to non-executive directors, without prejudice to the other responsibilities these non-executive directors may have. Where this is not possible, the company should explain why it cannot apply such principle and relate it to the company-specific situation.

The Board attributes great value to clear and transparent reporting, which it believes benefits all of its stakeholders, and fully endorses the main principle of the Code, namely that compliance with the Code is more a matter of tailored governance than checking boxes. The Board takes a pragmatic approach in applying the Code to its one-tier governance system and will consequently explain where and why Kardan deviates from the Code. When it is deemed necessary, the Board will explain how certain principles and provisions of the Code are applied to Kardan's one-tier governance system.

## Deviations from the Code

*Provision 2.1.7 and 2.1.8 – Independence of the non-executive Board Members:* As of December 31, 2017 and the date of this report, the Board comprises a majority of independent non-executive Board Members. The non-executive Board Members which are non-independent are the founders of Kardan and given their extensive knowledge of the sectors in which Kardan operates, which bring invaluable expertise to the Board, this justifies the deviation from the Code.

*Provision 2.2.1 – Appointment management board:* Given the fact that the operations and the business model of Kardan are by nature long term, it is deemed in the best interest of Kardan and its stakeholders to include in the Articles the provision that the CEO is appointed for a period of five years with the possibility of reappointment. The intention of this is to establish a stable, long-term commitment of management. Although this term constitutes a deviation from the Code, Kardan is of the opinion that it contributes to the (long-term) best interests of Kardan and its stakeholders and as such adheres to the broader sense and interpretation of the Code.

*Provision 2.3.6 – Tasks of the Chairman:* Under the Whistleblower Policy (published on [www.kardan.nl](http://www.kardan.nl)) currently in place, (suspicions of) material misconduct and irregularities are in first instance reported to the compliance officer who reports this to the CEO. Under specific circumstances as further specified in the Whistleblower Policy, suspicions are reported to the Chairman.

## 2. Main characteristics of the risk management and internal control systems connected with Kardan's financial reporting process

Taking risks is an integral part of doing business and can create opportunities which in turn can lead to positive results. Kardan therefore deems it important to have a proper 'risk culture' throughout the Kardan Group, entailing that all employees share a joint

responsibility in being risk aware and acting accordingly. Likewise, Kardan believes that management should lead the way through example.

Kardan considers risk management to be an integral part of the daily management responsibility. In order to ensure adequate knowledge and understanding of local business environments, and thus to minimize risks, the management teams of all Kardan group companies consist of both local and international members.

Kardan has a transparent and structured management information system in place, based on monthly management reports submitted and presented by the subsidiaries to enable sound analyses and decisions. The Company is listed on both the Euronext Amsterdam and the Tel Aviv Stock Exchange. Its governance structures are therefore solid and, given its dual listing, Kardan is obliged to publicly report on the quarterly results of the Group. As a result, this means – among other things – that Executive Management discusses strategic, operational and budgetary issues with the management and boards of our subsidiaries at least on a quarterly basis.

Kardan's risk management framework was originally based on the principles of the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') and has since been updated to incorporate the COSO frameworks. In 2017 our risk management process was further updated to incorporate the principles of the revised Dutch Corporate Governance Code to secure alignment with best practices, while remaining fit for purpose for Kardan.

Kardan is of the view that its risk management framework and approach should constitute a link between strategy, policy-making and operational execution and should be instrumental in obtaining a clear view on its business environment and the challenges it faces; and that accordingly it should provide reasonable assurance that sufficient and appropriate control measures are in place to support the Group in achieving its objectives.

Besides complying with Dutch Securities Law regulations, Kardan also complies with Israel's Securities Law regulations relating to the effectiveness of internal control over financial reporting and disclosure ('Israeli SOX'). During the year under review all steps have been taken to be able to provide a declaration regarding the effectiveness of the internal control. Based upon the work performed, the CEO and the CFO of Kardan N.V. have made a statement in the Israeli Annual Report that as of December 31, 2017 the control over financial reporting and disclosure is effective ('the Control Statement').

The effectiveness of the internal controls over financial reporting and disclosure was also audited by the Group's external auditors. Kardan's (main) subsidiaries also provide Kardan with a representation letter on a yearly basis.

The In-Control Statement of the Board, as required by Dutch Securities Law, can be found on page 40 of the Annual Report 2017.

### 3. Functioning of the General Meeting of Shareholders:

#### Shareholders and Shareholders' Rights

##### General Meeting

The Annual General Meeting of Shareholders is the forum in which the Board accounts for the manner in which it has performed its duties. The CEO gives a presentation on business developments over the preceding year and shareholders are given the opportunity to raise questions on the business and current matters. Kardan considers it to be in its interest that the shareholders take part in the decision-making process in the General Meeting of Shareholders as much as possible.

Each shareholder has the right to attend the General Meeting of Shareholders which is held in the Netherlands, either in person or represented by proxy, and to address the meeting and to exercise voting rights subject to the provisions of the Articles and

Dutch law. A shareholder has the aforementioned rights if he/she is registered as a shareholder on the applicable record date as set by the Board and announced in the convocation notice. To the extent practically feasible, investors located in Israel can participate in a General Meeting of Shareholders by means of a conference call or a video conference.

A General Meeting of Shareholders is held at least once a year in order to, among other things, discuss the report of the Board, to adopt the statutory financial statements, to appoint the external auditor, to adopt any proposal concerning dividends, to, if applicable, appoint and reappoint board members, to amend the Articles and to consider any other matters proposed by the Board or the shareholders in accordance with the Articles and Dutch law. Pursuant to both Dutch law and the Articles, the General Meeting of Shareholders discusses and passes, under a separate agenda item, resolutions discharging board members from their responsibilities for the performance of their respective duties in the preceding financial year. This discharge only pertains to matters known to Kardan and the shareholders at the time the resolution is adopted. The external auditor will attend and be entitled to address the General Meeting of Shareholders.

Other General Meetings of Shareholders may be held as often as the Board deems necessary. In addition, one or more shareholders holding at least 10% of Kardan's issued share capital can request the Board, in writing, to convene a General Meeting of Shareholders, specifying in detail the items to be discussed. If the Board fails to convene and hold a meeting, the requesting shareholder(s) may call the meeting, observing Dutch law and the Articles.

The Annual General Meeting of Shareholders was held on 24 May 2017. The meeting topics included amongst others the Annual Report 2016, Board reappointments and remuneration, An Extraordinary General Meeting of Shareholders was held on 12 September 2017, during which Ms. Tall was appointed as non-executive Board Member and the

General Meeting of Shareholders agreed to a proposed amendment of the Articles.

### Voting

Each share carries one vote. Kardan has only one class of shares, being ordinary shares with a nominal value of € 0.20 each. Dutch law requires Kardan to set the record date for the exercise of the voting rights and the rights relating to General Meetings of Shareholders on the twenty-eighth day prior to the day of the General Meeting of Shareholders. Unless provided otherwise by Dutch law or the Articles, there are no quorum requirements. At present, Kardan does not facilitate electronic voting.

As a general rule, resolutions are adopted by an absolute majority of the votes cast. Dutch law and the Articles can stipulate that certain resolutions are adopted by a qualified or special majority of the votes cast.

Furthermore, the Articles and Dutch law require that certain important resolutions made by the Board are subject to the prior approval of the General Meeting of Shareholders, for example the entering into Extraordinary Transactions, as defined in the Articles.

### Proposed resolutions

One or more shareholders representing at least 3% of Kardan's issued share capital has/have the right to request the Board to place items on the agenda of a General Meeting of Shareholders provided such request is duly motivated and explained or accompanied by a draft resolution. The Board shall then add the item to the meeting's agenda, provided that the request is received by the Board in writing no later than on the sixtieth day before the day of the General Meeting of Shareholders.

Notice of a General Meeting of Shareholders shall be given ultimately on the forty-second day prior to the day of the General Meeting of Shareholders.

### Changes to rights

Rights of shareholders may change pursuant to an amendment of the Articles, a statutory merger or demerger or dissolution of the Company. A resolution of the General Meeting of Shareholders is required to effect these changes.

## 4. The composition and functioning of the Board

### Board and CEO

Kardan is managed by a one-tier Board, which at 31 December 2017 comprised one executive Board Member, being the CEO and eight non-executive Board Members. In 2018, Mr. Groen, Mr. Marsman and Mr. Schnur stepped down as Board Members, pursuant to which the Board consists of five non-executive Board Members and one executive Board Member at the date of this Annual Report.

The Board reports to the General Meeting of Shareholders of Kardan.

The Board Members have a shared responsibility for Kardan's general course of affairs and are collectively responsible for: a) Kardan's strategy and objectives; b) Kardan's financial status; c) Kardan's organizational structure; d) the publication of prospectuses or shelf prospectuses by Kardan; e) the financial and periodic reports issued by Kardan; f) the fairness and reasonableness of the highest remunerated employees within the Kardan Group; and g) issuance of debenture series and/or other securities.

The responsibility for the day-to-day management is assigned to the CEO based on a power of attorney provided by the Board. The CEO is authorized to represent Kardan, jointly with a member of the Executive Management, but needs the Board's prior approval with respect to material transactions such as, but not limited to: acquiring or alienating assets with a value exceeding € 10,000,000 or providing guarantees to parties outside the Kardan Group for an amount exceeding € 10,000,000. These restrictions are

included in the Articles and in the Board Regulations. Moreover, the CEO will ensure that he provides the Board Members with all information required to carry out their duties in a timely and well-founded manner.

In any case, certain duties remain the exclusive domain of the non-executive Board Members, such as supervising the CEO and nominating Board Members for appointment by the General Meeting of Shareholders.

Although management and supervisory duties are allocated between executive and non-executive Board Members, the principle of collective responsibility applies to the entire Board, executive and non-executive Board Members alike.

The Board supervises the performance of the CEO's duties by assessing, for example: a) the achievement of Kardan's objectives; b) the implementation of the corporate strategy; c) the risks inherent in the business activities and the design and effectiveness of the internal risk management and control systems; d) the financial reporting process; e) compliance with legislation and regulations; f) close involvement in the case of a takeover bid; and g) the company/ shareholder relationship.

The Board acts in accordance with the Articles and Board Regulations, both published on Kardan's website. The Board is supported by the Company Secretary who ensures that the correct procedures are followed and that the Board acts in accordance with its statutory obligations and its obligations under the Articles and the Code.

### Chairman

The Chairman of the Board is an independent, non-executive Board Member. The Chairman sets the agenda, chairs the Board meetings and monitors the proper composition and functioning of the Board, the Audit Committee and the RAS Committee. Furthermore, the Chairman is responsible for ensuring that the members of the Board receive, in a timely manner, all information from the CEO and other senior

members of the management team, which is required for the proper performance of their duties. He also oversees the decision-making process itself and actively monitors any potential conflict of interest when matters are discussed and decisions need to be taken by the Board. In the absence of the Chairman, the Vice-Chairman shall replace him.

The Chairman meets, at least once a year, individually with each non-executive director to ensure that any issues of interest or concern to either party in relation to the Board and its functioning are fully aired.

### Appointment and composition of the Board

Following a recommendation of the RAS Committee, the Board has the right to make nominations for Board candidates that are subsequently put forward for appointment by the General Meeting of Shareholders. Each non-executive Board Member is appointed for a period of four years, ending no later than at the end of the General Meeting of Shareholders held in the fourth year after the year of appointment. Each non-executive Board Member may be reappointed for a new term of office. The executive Board Member (CEO) is appointed for a period of five years.

The Board itself determines its size, provided that the Board must comprise at least three members and a maximum of fifteen. Each Board Member must be capable of assessing the broad outline of Kardan's overall policy and must have the specific expertise required for the fulfillment of the duties assigned to the role designated to him/her in the Board profile. In addition, a Board Member must have sufficient time to allocate to the duties required from him/her.

The Board can request its members to retire early in the event of inadequate performance or a structural incompatibility of interests. It is considered desirable for the Board to represent, to the extent possible, a wide range of expertise so that it has relevant knowledge of, and experience in, business management, financial administration, legal and accounting for listed companies. Although the composition of the Board is currently not in full

accordance with the statutory requirements on gender diversity, having only one female Board Member, the Board recognizes the importance of a gender balanced composition and takes this into account when selecting potential Board nominees. However, as gender is only part of diversity, the Board will continue to select members on the basis of their background, knowledge and experience.

The Board Members comply with the rules under Dutch corporate law pertaining to the limitation of the number of board positions in Dutch large companies. Pursuant to Kardan's insider trading policy, the Board Members cannot trade in Kardan's securities during closed periods prior to the publication of annual or periodic results.

## Biographies

An overview of the Board Members and their biographies, as of the date of this report, is presented below.

### **Peter Sheldon (1941) – Chairman**

Chairman of the Board, non-executive Board Member, member of the Audit Committee and member of the RAS Committee.

*Nationality:* British and Israeli

Mr. Sheldon started his career as a chartered accountant in London, UK, in 1958 and since 1971, when he left professional practice, has built a very successful international career in senior, executive and non-executive positions in a wide range of international listed and private companies, including Hambros Bank plc. Mr. Sheldon served as non-executive chairman of BATM Advanced Communications Ltd., an Israeli technology company listed on the London and Tel Aviv Stock Exchanges for 15 years until December 31, 2014. As a result of his varied professional and commercial career, Mr. Sheldon has acquired total familiarity with the capital markets, their institutions and all aspects of corporate governance.

### **Ariel Hasson (1973) - CEO**

Executive Board Member and CEO

*Nationality:* Israeli

Mr. A. Hasson holds a BA in management and economics from the Tel Aviv University as well as an MBA from the Kellogg School of Management at the Northwestern University (Illinois, US). He worked for the Boston Consulting Group and subsequently joined Bank Hapoalim, Israel's largest bank, as chief advisor to the CEO and later as Executive Vice President, Head of Emerging Markets Banking. Since 2010 Mr. Hasson served as the CEO of TBIF Financial Services B.V., a fully-owned subsidiary of Kardan N.V. holding the group's banking and retail lending businesses. In April 2016 Mr. Hasson was appointed as CEO of Kardan N.V.

### **Cor van den Bos (1952) – Vice-Chairman**

Vice-Chairman of the Board, non-executive Board Member and chairman of the Audit Committee

*Nationality:* Dutch

Mr. Van den Bos has a master's degree in business economics and in auditing/accountancy from Erasmus University Rotterdam. He started his extensive career at AEGON, a Dutch insurance company, where he ultimately served on the executive board of AEGON Netherlands N.V. In this capacity he was responsible for, among other things, general insurance business lines, Life Insurance Bank, ICT, and finance.

Mr. Van den Bos consecutively served as a member of the executive boards of Athlon Groep N.V., a Dutch listed leasing company and SNS Reaal N.V., a bank and insurance company, which became listed during his tenure. Mr. Van den Bos is currently supervisory board member at ASR Nederland N.V. (Vice – Chairman, Chairman of the Audit Committee, Chairman of ASR Bank N.V.).

**Yosef Grunfeld (1942)**

Non-executive Board Member

*Nationality:* Israeli

After founding the Kardan group of companies in 1990, Mr. Grunfeld was active as a director in various Israeli companies that were or still are either subsidiaries of, or associated with the Kardan Group. Currently, Mr. Grunfeld is chairman of the Board of Directors of Kardan Israel Ltd., chairman of the Board of Directors of Kardan Yazamut (2011) Ltd. as well as Director in various other companies in Israel. He currently holds 17.47% of the issued share capital and voting rights of Kardan.

Additionally, Mr. Grunfeld has a voting agreement with Mr. Rechter and Mr. A. Schnur (a former member of the Board), which represents a combined total of approximately 37.47% of the voting rights of Kardan N.V. (excluding their voting rights on account of their respective indirect shareholdings in Kardan Israel Ltd., which holds 10% of the issued share capital of Kardan N.V.). Given the above, Mr. Grunfeld is considered a non-independent, non-executive Board Member within the meaning of the Code.

**Eytan Rechter (1949)**

Non-executive Board Member

*Nationality:* Israeli

As one of the founders of the Kardan Group, Mr. Rechter has a long-term involvement in the Kardan Group and currently holds board positions in various companies including Kardan Israel Ltd., Kardan Technologies Ltd. and Kardan Yazamut (2011) Ltd. (none of which are part of the Kardan Group).

Mr. Rechter currently holds 3.45% of the issued share capital and voting rights of Kardan. Additionally, Mr. Rechter has a voting agreement with Mr. Grunfeld and Mr. A. Schnur (a former member of the Board), which represents a combined total of 37.47% of the voting rights of Kardan (excluding their voting rights on account of their respective indirect shareholdings in Kardan Israel Ltd., which holds 10% of the issued share capital of Kardan). Furthermore, Mr. Rechter holds 94,137 Debentures Series B as issued by Kardan. Given the above, Mr. Rechter is considered a non-independent, non-executive Board Member within the meaning of the Code.

**Cécile Tall (1967)**

Non-executive Board Member, chairman of the RAS Committee

*Nationality:* French

Mrs. Tall holds master degrees in corporate law, international and European law, as well as in public and private law, and a master degree in tax and finance from the ESCP Business School. She held various positions at Polyconcept Investments BV in the Netherlands and Polyconcept Holding in Paris. Currently she is a consultant at Poseidon Consulting SAS.

**Board meetings**

The Board meets at least every quarter, at the Company's headquarters in Amsterdam and where necessary, by conference call.

Resolutions of the Board are generally adopted by an absolute majority of the votes cast as defined in the Articles, except for extraordinary transactions, in which case resolutions made by the Board are adopted by a special Board majority. Each Board Member has one vote, except in the event of a conflict of interest, in which case the respective Board Member can neither participate in the relevant discussions nor vote on the subject matter. In general, the Board strives to resolve matters with full consensus. The Chairman does not have a casting vote.

**Internal regulations and conflicts of interest of Board Members**

Kardan's Articles include extensive provisions on conflicts of interest between Kardan and Holders of Control (as defined in the Articles), which are also applicable if these Holders of Control hold a position on the Board (for a further description of these provisions, see the section 'Related Party Transactions' in the chapter '[Governance and Compliance](#)' in the [Annual Report 2017](#)).

In addition, Kardan endorses the principles and provisions of the Code that address conflicts of interest between Kardan and one or more Board Members. To

this effect, provisions have been included in the Board Regulations covering best practice provisions 2.7.1 through 2.7.6 of the Code.

### Board Committees

The Board has established an Audit Committee and a RAS Committee, comprising only of non-executive independent Board Members, without in any way derogating from their primary responsibilities. The respective chairmen of these committees report periodically to the entire Board on their activities.

Both committees are subject to specific regulations which form part of the [Board Regulations](#), and which can all be found on the corporate website.

### Audit Committee

The Audit Committee in 2017 consisted of Messrs. Van den Bos (Chairman), Sheldon and Marsman<sup>3</sup>.

Its tasks are:

- a) to review on an annual basis the accounting policies, practices and going-concern assumption of Kardan and to discuss compliance with accounting standards, regulatory and legal requirements;
- b) to review the adequacy of coordination between the internal and external auditors and to discuss annually with the auditors (internal and external) the scope of the audit, the cost effectiveness of their work and their independence;
- c) to review the state and effectiveness of the financial reporting and internal control systems used throughout Kardan (including effectiveness of business risk assessment);
- d) to review and discuss the auditor's report on Kardan's accounts, review the results of the internal and external audit, the contents of the (consolidated) management letters and responses from management;
- e) to review and discuss the financing of Kardan, the policy of Kardan on tax planning and the

applications of information and communication technology ('ICT');

- f) to discuss major judgmental areas and significant legal action commenced against or by the business;
- g) to assume the responsibilities of a balance sheet committee as defined under Israeli regulations;
- h) to review the annual and periodic (quarterly) financial statements of Kardan before the Board and recommend to the Board whether to approve them or not; and
- i) to review any other matter within the terms of reference as the Audit Committee deems appropriate.

The Audit Committee acts as the principal contact for the external auditor, should the auditor discover irregularities in the content of the financial statements. The Audit Committee is authorized to request advice from outside experts if deemed necessary.

There should be at least one financial expert on the Audit Committee. The Chairman of the Board is not permitted to chair the Audit Committee.

### Remuneration Appointment and Selection Committee

In 2017, the RAS Committee consisted of Mrs Seinstra (Chairwoman)<sup>4</sup> Mr. Marsman (chairman)<sup>5</sup> and Mr. Sheldon.

The tasks of this committee include, among other things, (i) preparing a remuneration policy for the Board, to be adopted by the General Meeting of Shareholders, (ii) preparing a remuneration policy for the Executive Management, to be adopted by the Board, (iii) preparing a proposal concerning the individual remuneration of the CEO and non-executive Board Members, to be adopted by the General Meeting of Shareholders, (iv) preparing the Board's remuneration report for inclusion in Kardan's annual report, (v) preparing the selection criteria and appointment procedures for Board Members,

<sup>3</sup> Due to the resignation of Mr. Marsman in 2018, the Audit Committee currently consists of Messrs. Van den Bos (Chairman) and Sheldon.

<sup>4</sup> Until 24 May 2017

<sup>5</sup> From 24 May 2017

(vi) periodically evaluating the scope and composition of the Board and (vii) periodically evaluating the functioning of individual Board Members and the members of executive management; (viii) proposing (re)appointment of the CEO and non-executive Board Members to the Board, to be adopted by the General Meeting of Shareholders; and ix) supervising the policy of the CEO in relation to the selection and appointment of the executive management. In accordance with the policy on the remuneration of senior management of the Kardan Group, the RAS Committee approves, on an annual basis, a list of senior managers whose remuneration is deemed to be governed by the policy and assesses and advises the CEO on the packages of such senior managers prior to such package being offered.

## 5. Diversity policy for the Board

Kardan aims to attract and retain people, develop human capital and grow the talent potential for all its employees, including the Board. Kardan pursues a diverse workforce, meaning an inclusive approach for people of various genders, ages and cultural background throughout its entire organization. The Board regulations stipulate that the Board should have broad representation with respect to expertise in financial and accounting areas and specific know-how in various aspects of the Company's business, be aware of relevant developments and that a balanced age breakdown is sought for. The Board has a diverse composition in terms of knowledge and expertise, gender, age and nationality. The Board will continue to strive for a diverse composition in the process of appointing and reappointment. Kardan does not comply with article 2:166 of the Dutch Civil Code, which requires the Board to be composed in a balanced way, meaning that 30% of the seats in the Board are to be occupied by women and 30% by men. Kardan strives to arrive at a balanced apportionment of the seats in the Board with new appointments, to the extent that suitable candidates are available.

## 6. Statement in light of Article 10 of the European Takeover Directive

In accordance with Article 10 of the European Takeover Directive, companies with securities that are admitted to trading on a regulated market are obliged to disclose certain information in their annual report. Kardan must therefore disclose the following information and/or make the following statements:

- a. An overview of Kardan's capital structure is included on pages 116 and 117 of the [Annual Report 2017](#).
- b. Shares in the capital of Kardan are freely transferable.
- c. Substantial shareholdings within Kardan are included on page 12 of the [Annual Report 2017](#).
- d. There are no special control rights attached to Kardan's shares.
- e. Several senior officers have been granted options to purchase shares in Kardan, which is further described on page 54 of the [Annual Report 2017](#).
- f. There are no limitations to voting rights on the shares of Kardan's capital.
- g. Kardan is not aware of any agreements that might result in a limitation of the transferability of the voting rights on shares in Kardan's capital.
- h. The provisions regarding the appointment and dismissal of Board Members, and the provisions regarding amendments of the [Articles](#) are described in the Articles, which are available on Kardan's website.
- i. The General Meeting of Shareholders may authorize the Board (i) to purchase shares in its own capital, and (ii) to issue and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders in the event of issuing and granting rights to subscribe for shares. Further information can be found in Kardan's Articles and in the minutes of the relevant General Meetings of Shareholders of Kardan with respect to authorizations that have been granted to the Board.

At the AGM 2017, the shareholders authorized the Board for a period of eighteen months as of that day, 24 May 2017, to resolve for the Company to acquire shares in the Company, within the limits of the law and the articles of association of the

Company, which acquisition may not result in the Company (and/or one of its subsidiaries) holding (jointly) more than ten percent (10%) of the shares in the Company's capital. At the AGM 2015 the authorization to issue and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders in the event of issuing and granting rights to subscribe for shares was granted for a period of five years, taking into account the limits provided by law and the Articles and provided that no more than 10% of the non-issued shares of the Company's authorized capital can be issued annually.

- j. There are no important agreements to which Kardan is a party and which will come into force, be amended or be terminated under the condition of a change of control over Kardan as a result of a public offer<sup>6</sup>.
- k. There are no agreements between Kardan and Board Members or other employees that entitle them to any compensation rights upon termination of their employment as a result of the completion of a public offer on Kardan's shares.

Amsterdam, April 17, 2018

Board of Directors

P. Sheldon (Chairman)

A. Hasson (CEO)

C. van den Bos (Vice-Chairman)

Y. Grunfeld

E. Rechter

C. Tall

<sup>6</sup> According to the Deeds of Trust, in case a prohibited controlling shareholder, as defined in the Deeds of Trust, has joined the Company (or the control of the Company has passed into the hands of a prohibited controlling shareholder), the Debenture Holders shall have cause for immediate repayment of the Debentures Series A and B.