

**RULES GOVERNING THE PRINCIPLES AND PRACTICES  
OF THE SUPERVISORY BOARD OF X5 RETAIL GROUP N.V.**

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# RULES GOVERNING THE PRINCIPLES AND PRACTICES OF THE SUPERVISORY BOARD OF X5 RETAIL GROUP N.V.

## CHAPTER I - INTRODUCTION

### Article 1

#### Status

- 1.1 These rules (the *Rules*) govern the principles and practices of the supervisory board (the *Supervisory Board*) of X5 Retail Group N.V. (the *Company*) and are complementary to the rules and regulations applicable to the Supervisory Board under Dutch law or the articles of association of the Company (the *Articles*). The Rules implement and reflect the principles embodied in the Dutch corporate governance code (the *Code*) as adopted by the Tabaksblat Committee on 9 December 2003.
- 1.2 The Rules were adopted by the Supervisory Board on 14 December 2006.
- 1.3 The following annexes are attached to, and form an integral part of, the Rules:
- Annex A:** the profile of the Supervisory Board's scope and composition;
  - Annex B:** the retirement and reappointment schedule for members of the Supervisory Board;
  - Annex C:** the rules governing the audit committee of the Supervisory Board;
  - Annex D:** the rules governing the remuneration committee of the Supervisory Board; and
  - Annex E:** the rules governing the selection and appointment committee of the Supervisory Board; and
  - Annex F:** the rules governing the related party committee of the Supervisory Board; and
  - Annex G:** the rules governing the strategy committee of the Supervisory Board.
- 1.4 The Rules are published on, and can be downloaded from, the Company's website.

## CHAPTER II – COMPOSITION, INDEPENDENCE, (RE) APPOINTMENT, REMUNERATION, INDUCTION PROGRAMME, COMMITTEES

### Article 2

#### Composition, profile, expertise and independence

- 2.1 The Supervisory Board consists of one or more members in accordance with article 19 of the Articles. The Supervisory Board shall prepare a profile of its scope and composition, taking into account the nature of the business, its activities, and the desired expertise, experience and independence of its members. The Supervisory Board shall evaluate the profile annually. The present profile of the Supervisory Board is attached as Annex A. The profile

shall be made generally available and shall, in any event, be posted on the Company's website.

- 2.2 The composition of the Supervisory board shall be such that the combined experience and expertise of its members meet the profile attached as Annex A and enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and all others involved in the Company (including its shareholders), consistent with applicable law and regulations.
- 2.3 The Supervisory Board shall elect a chairman who shall ensure the proper functioning of the Supervisory Board as a whole.
- 2.4 In composing the Supervisory Board, the following requirements must be observed:
  - (a) each of its members must be capable of assessing the broad outline of the overall policy of the Company and its business;
  - (b) each of its members must match the profile attached as Annex A;
  - (c) at least one of the members of the Supervisory Board must have relevant expertise in financial administration and accounting for listed companies or other large companies;
  - (d) none of its members may maintain more than five memberships of supervisory boards in Dutch listed companies (including the Company); in this connection, a chairmanship counts twice;
  - (e) none of its members may be a member of the managing board of the administrative trust, if any, that holds and administers the shares in the Company's capital by way of fiducia cum amico (*ten titel van beheer*); and
  - (f) the chairman of the Supervisory Board may not be a former member of the management board of the Company (the **Management Board**).
- 2.5 A member of the Supervisory Board shall be deemed to be independent if the following criteria of dependence do not apply to him. The said criteria are that the Supervisory Board member concerned or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
  - (a) has been an employee of the Company or member of the Management Board (including associated companies as referred to in section 1 of the Disclosure of Major Holdings in Listed Companies Act (*WMZ*) 2006) in the five years prior to the appointment;
  - (b) receives personal financial compensation from the Company, or a company associated with it, other than the compensation received for the work performed as a Supervisory Board member and in so far as this is not in keeping with the normal course of business;
  - (c) has had an important business relationship with the Company, or a company associated with it, in the year prior to the appointment. This includes the case where the Supervisory Board member, or the firm of

which he is a shareholder, partner, associate or adviser, has acted as adviser to the Company (consultant, external auditor, civil notary and lawyer) and the case where the Supervisory Board member is a management board member or an employee of any bank with which the Company has a lasting and significant relationship;

- (d) is a member of the management board of a company in which a member of the Management Board of the Company is a supervisory board member of that company;
- (e) holds at least ten percent of the shares in the Company (including the shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);
- (f) is a member of the management board or supervisory board - or is a representative in some other way - of a legal entity which holds at least ten percent of the shares in the Company, unless such entity is a member of the same group as the Company; and
- (g) has temporarily managed the Company during the previous twelve months where members of the Management Board have been absent or unable to discharge their duties.

2.6 The Supervisory Board may appoint one or more members as "delegated" Supervisory Board members. Delegated Supervisory Board members are Supervisory Board members with a special task. The delegated authority may not exceed the duties of the Supervisory Board member him/herself and does therefore not include managing the Company; it entails more intensive supervision and advice and more frequent consultation with the Management Board. The delegation shall be of a temporary nature only. The delegation may not detract from the function and power of the Supervisory Board. Delegated Supervisory Board members remain members of the Supervisory Board.

### **Article 3**

#### **(Re)appointment, term and resignation**

- 3.1 The members of the Supervisory Board shall be appointed in the manner stipulated in the Articles.
- 3.2 A member of the Supervisory Board shall be appointed for a maximum period of four years. A member may be appointed provided that no member shall hold office for more than three 4-years terms or twelve years, as the case may be.
- 3.3 The Supervisory Board shall prepare a retirement and reappointment schedule to prevent, to the greatest extent possible, re-appointments occurring simultaneously. The present retirement and reappointment schedule of the Supervisory Board is attached as Annex B. The retirement and reappointment schedule shall be made generally available and shall, in any event, be posted on the Company's website. Subject to article 3.4, members of the Supervisory Board shall resign in accordance with the retirement and reappointment schedule.

- 3.4 Members of the Supervisory Board shall retire early in the event of inadequate performance, structural incompatibility of interests, and other instances where retirement is deemed necessary at the discretion of the Supervisory Board.
- 3.5 Members of the Supervisory Board who take on the management of the Company temporarily, where the Management Board members are absent or unable to discharge their duties, shall (temporarily) resign from the Supervisory Board in order to do so.

#### **Article 4 Remuneration**

- 4.1 The remuneration of the members of the Supervisory Board shall be determined by the general meeting of shareholders of the Company (the *General Meeting*) within the scope of the remuneration policy adopted by the General Meeting in accordance with the Code.
- 4.2 The Supervisory Board shall from time to time submit proposals to the General Meeting in respect of the remuneration to be paid to the members of the Supervisory board. The remuneration of a member of the Supervisory Board may not be made dependent on the Company's results, except that certain options on shares of the Company may be granted to Supervisory Board members. If the members of the Supervisory Board are required to charge VAT on their fees, the Company shall pay the amount of VAT.
- 4.3 In fixing the remuneration of the members of the Supervisory Board, the following requirements must be observed:
- (a) none of its members may hold shares or options on shares in the Company other than for long-term investment;
  - (b) none of its members may accept personal loans, guarantees or other facilities from the Company, other than in the normal course of business and with the approval of the Supervisory Board. No remission of loans may be granted.

#### **Article 5 Induction Programme**

- 5.1 Once appointed, each member of the Supervisory Board shall follow an induction program, prepared and sponsored by the Company, which, in any event, covers:
- (a) general financial and legal affairs;
  - (b) financial reporting by the Company;
  - (c) specific aspects that are unique to the Company and its business activities;
  - (d) the responsibilities of a member of the Supervisory Board.

- 5.2 The Supervisory Board shall evaluate the induction program annually to identify any other specific aspects in respect of which further training and education is required.

## **Article 6**

### **Supervisory Board committees**

- 6.1 In case the Supervisory Board comprises more than four members, it shall have at least have three standing committees, *i.e.*, the audit committee, the remuneration committee and the selection and appointment committee, to be appointed by the Supervisory Board from its own members. The (entire) Supervisory Board remains responsible for its decisions even if they were prepared by one of the Supervisory Board's committees.
- 6.2 The Supervisory Board shall prepare rules governing the respective committee's practices and principles (responsibilities, composition, meetings, etc.). The present rules of the respective committees are attached as Annexes C, D and E, F and G. The rules governing the respective committee's practices and principles and the composition of its respective members shall be placed on the Company's website.
- 6.3 Should one or more committees as referred to in article 6.1. not be instituted, their respective practice and principles as set forth in the relevant Annex shall apply *mutatis mutandis* to the Supervisory Board.
- 6.4 The Supervisory Board shall receive from each of the committees as and when there are important or relevant deliberations and findings on such committees.

## **CHAPTER III – FUNCTIONS, TASKS, RESPONSIBILITIES**

### **Article 7**

#### **Tasks and responsibilities of the Supervisory Board**

- 7.1 The Supervisory Board shall be responsible for supervising the Company's management and the Company's general affairs and the business connected with it, and for advising the Management Board. In discharging its duties, the Supervisory Board shall be guided by the interests of the Company and its business; it shall take into account the relevant interests of all those involved in the Company (including the Company's shareholders). The Supervisory Board is responsible for the quality of its own performance.
- 7.2 The responsibilities of the Supervisory Board, amongst others, shall include:
- (a) supervising and monitoring, and advising the Management Board on:
    - (i) the Company's performance, (ii) the Company's strategy and risks inherent to its business activities, (iii) the structure and management of the internal risk management and control systems, (iv) the financial reporting process and (v) compliance with legislation and regulations;

- (b) disclosing, complying with and enforcing the Company's corporate governance structure;
- (c) approving the annual accounts and approving the Company's annual budgets and major capital expenditures;
- (d) selecting and recommending the appointment of the Company's external auditor;
- (e) selecting and recommending the appointment of the members of the Management Board, proposing the remuneration policy for members of the Management Board (such policy to be adopted by the General Meeting), fixing the remuneration (in accordance with the said remuneration policy) and contractual terms and conditions of employment of members of the Management Board;
- (f) selecting and recommending the appointment of the members of the Supervisory Board and proposing the remuneration of its members, subject to the approval of the General Meeting;
- (g) evaluating and assessing the functioning of the Management Board, the Supervisory Board, and their individual members (including the evaluation of the Supervisory Board's profile and the induction, education and training program);
- (h) handling, and deciding on, reported potential conflicts of interests between the Company on the one side and members of the Management Board, the external auditor and the major shareholder(s) on the other side; and
- (i) handling, and deciding on, reported alleged irregularities that relate to the functioning of the Management Board within the meaning of article 18.

7.3 The Supervisory Board and its individual members each have their own responsibility for obtaining all information from the Management Board and the external auditor that the Supervisory Board needs in order to be able to carry out its duties properly as a supervisory organ. If the Supervisory Board considers it necessary, it may obtain information from officers and external advisers of the Company. The Company shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisers attend its meetings.

## **Article 8**

### **Functions of the chairman, vice-chairman and Company secretary**

8.1 The Supervisory Board shall appoint one of its members as chairman of the Supervisory Board. The chairman shall appoint a vice-chairman of the Supervisory Board who shall take the place of the chairman in the chairman's absence. The chairman determines the agenda, chairs the meetings of the Supervisory Board, monitors the proper functioning of the Supervisory Board and its committees, arranges for the adequate submission of information to the members of the Supervisory Board, ensure that there is sufficient time for decision taking, arranges for the induction and training program for members of the Supervisory Board, acts on behalf of the Supervisory Board as main contact for the Management Board, initiates the evaluation of the functioning

of the Supervisory Board and of the Management Board, and as chairman ensures the orderly and efficient conduct of the General Meeting.

- 8.2 The chairman of the Supervisory Board shall ensure:
- (a) the co-ordination of the Supervisory Board's decision-taking process;
  - (b) the adequate and timely submission of information to the members of the Supervisory Board as necessary for the proper performance of their duties;
  - (c) that there is ample time for consultation, consideration and decision-taking by the Supervisory Board;
  - (d) the steering, and procuring the adequate performance of, the committees of the Supervisory Board;
  - (e) the annual evaluation and assessment of the functioning of the members of the Management Board and the Supervisory Board;
  - (f) that the contact with the Management Board is productive and that the results thereof are timely and prudently communicated to the other members of the Supervisory Board;
  - (g) receiving, and deciding on, reported potential conflicts of interests within the meaning of article 12;
  - (h) receiving, and deciding on, reported alleged irregularities relating to the functioning of the members of the Management Board within the meaning of article 18.
- 8.3 The Supervisory Board shall be assisted by the director B of the Management Board, in his capacity of Company secretary. The Company secretary shall be primarily responsible for:
- (a) compliance of the Supervisory Board's functioning with Dutch law, the Articles and the rules and regulations issued pursuant thereto (including the Code and the Rules);
  - (b) assisting the chairman of the Supervisory Board in the logistics of the Supervisory Board (information, agenda, evaluation, etc.); and the induction, education and training program.

## **CHAPTER IV – REPORTING**

### **Article 9**

#### **Report of the Supervisory Board**

- 9.1 The annual financial report of the Company shall include a report of the Supervisory Board in which the Supervisory Board describes its activities in the financial year and which includes the specific statements and information required by the provisions of the Code.
- 9.2 The following information about each member of the Supervisory Board shall be included in the report of the Supervisory Board:
- (a) gender;

- (b) age;
- (c) profession;
- (d) principal position;
- (e) nationality;
- (f) other positions, in so far as they are relevant to the performance of the duties of the Supervisory Board member;
- (g) date of initial appointment; and
- (h) the current term of office.

9.3 In addition, the following shall be recorded and/or included in the report of the Supervisory Board:

- (a) a declaration from the Supervisory Board that in its view article 2.4 (d) has been fulfilled and which Supervisory Board members it considers to be not independent (if any) pursuant to article 2.5;
- (b) the composition of the committees of the Supervisory Board, the number of committee meetings and the main items to be discussed therein;
- (c) which members of the Supervisory Board have been frequently absent from meetings of the Supervisory Board;
- (d) the fact that a meeting as referred to in article 11.5 has been held;
- (e) whether the Supervisory Board has decided not to comply with and adhere to the Rules as referred to in article 19.1;
- (f) whether the Supervisory Board has decided to amend the Rules as referred to in article 19.2.

## **CHAPTER V – SUPERVISORY BOARD MEETINGS, DECISION-MAKING**

### **Article 10**

#### **Supervisory Board meetings**

10.1 The Supervisory Board shall hold at least one meeting per quarter and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the offices of the Company, but may also take place elsewhere. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously. Supervisory Board members who are frequently absent shall be asked by the chairman to explain their absence.

10.2 Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by one or more members of the Management Board, save for meetings concerning:

- (a) the evaluation of the functioning of the Management Board and its individual members and the conclusions to be drawn from that evaluation;
- (b) the evaluation of the functioning of the Supervisory Board and its individual members and the conclusions to be drawn from that evaluation;

- (c) the desired profile, scope and composition of the Supervisory Board;
  - (d) the potential conflicts of interests of members of the Management Board within the meaning of article 12.
- 10.3 The external auditor of the Company shall attend either each Audit Committee or each Supervisory Board meetings at which the examination, adoption and, if applicable, approval of the annual accounts are discussed.
- 10.4 Meetings shall be convened by the Company secretary on behalf of the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the Supervisory Board and relevant members of the Management Board.
- 10.5 The chairman, and in his absence the vice-chairman (if previously appointed), shall chair the meeting. If both are absent, the meeting itself shall appoint the chairman of the meeting.
- 10.6 Minutes of the meeting shall be prepared by the Company secretary of the meeting. They shall generally be adopted as soon as reasonably practicable after the meeting. The minutes shall be signed for adoption by the chairman and the Company secretary and shall be dispatched to all members of the Supervisory Board as soon as practically possible. The Company secretary may issue and sign extracts of the adopted minutes.

## **Article 11**

### **Decision-making**

- 11.1 The Supervisory Board can only validly adopt resolutions, other than set out in article 24.6 of the Articles, by a simple majority in a meeting at which at least half of its members is present or represented.
- 11.2 In accordance with article 24.6 of the Articles certain resolutions of the Supervisory Board require a simple majority of the votes cast in a meeting in which at least seventy-five (75) percent of the members of the Supervisory Board are present.
- 11.3 If the quorum requirements set out in articles 11.1 and 11.2 above are not met in a meeting, a second meeting shall be convened within two days after the date of the first meeting to be held no later than seven days after the first meeting, to which meeting the same quorum requirements apply. If at the second meeting these quorum requirements are not met, a third meeting shall be convened within two days after the date of the second meeting to be held no later than seven days after the second meeting. In the third meeting valid resolutions can be adopted, regardless if the quorum requirements set out in articles 11.1 and 11.2 above are met in the third meeting, provided the resolutions set out in articles 11.1 and 11.2 above shall be adopted by a simple majority of the votes cast.

- 11.4 The Supervisory Board may also adopt resolutions in writing without holding a meeting. The Corporate secretary shall draw up a report regarding a resolution thus adopted and shall circulate that report amongst all Supervisory Board members. The report shall be signed by all Supervisory Board members indicating their vote: "yes", "no" or "abstain".
- 11.4 The ongoing items to be considered and discussed at Supervisory Board meetings include reviewing the Company's budget and financial results, approving major decisions requiring Supervisory Board action, discussing and approving corporate strategy (and changes thereto) with the Management Board (*e.g.* long-term strategy, capital expenditures in excess of the Company's budget, long-term capital structures, new lines of business, major acquisitions and divestments) and receiving reports from the Supervisory Board's committees, as necessary.
- 11.5 At least once a year, the Supervisory Board shall discuss:
- (a) the functioning of the Supervisory Board and its individual members, and the conclusions to be drawn on the basis thereof;
  - (b) the desired profile, composition and competence of the Supervisory Board;
  - (c) the functioning of the Management Board and its individual members and the conclusions to be drawn on the basis thereof;
  - (d) the evaluation of the induction, education and training programme as referred to in article 5;
  - (e) the corporate strategy, the risks of the business and the result of the evaluation by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto.
- 11.6 Items not placed onto the agenda, will only be discussed in the meeting if a majority of the members of the Supervisory Board approve to this.

## **CHAPTER VI – CONFLICT OF INTERESTS**

### **Article 12**

#### **Conflict of interest of members of the Supervisory Board**

- 12.1 A Supervisory Board member shall not participate in the discussions and/or decision-taking process (but may be present at the meeting during such discussions, in particular in view of the quorum requirements set forth in articles 11.1 and 11.2 of these Rules) on a subject or transaction in relation to which he/she has a conflict of interest with the Company within the meaning of article 12.3. Such transaction must be concluded on terms at least customary in the sector concerned. Resolutions to enter into such transaction must be approved by the Supervisory Board.
- 12.2 The chairman of the Supervisory Board shall procure that transactions in respect of which Supervisory Board members have a conflict of interest will

be referred to in the Company's annual report with reference to the conflict of interests and a declaration that articles 12.1, 12.2, 12.3 and 12.4 of these Rules were complied with.

12.3 A member of the Supervisory Board shall in any event have a conflict of interest to the Company if:

- (a) he/she personally has a material financial interest in a company with which the Company intends to enter into a transaction;
- (b) his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree is a member of the managing or supervisory board of a company with which the Company intends to enter into a transaction;
- (c) he/she is a member of the managing or supervisory board of, or holds similar office with, a company with which the Company intends to enter into a transaction;
- (d) under applicable law, including the rules of any exchange on which the Company's shares (or depository receipts thereof) are listed, such conflict of interests exists or is deemed to exist; or
- (e) the Supervisory Board has ruled that such conflict of interests exists or is deemed to exist.

12.4 Each Supervisory Board member (other than the chairman of the Supervisory Board) shall immediately report any potential conflict concerning a Supervisory Board member to the chairman of the Supervisory Board. The Supervisory Board member with such (potential) conflict of interests must provide the chairman of the Supervisory Board with all information relevant to the conflict of interests.

In all circumstances other than the ones listed in article 12.3 under (d) and (e), the chairman of the Supervisory Board will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests to which article 12.1 applies.

In case the chairman of the Supervisory Board has a (potential) conflict of interest he shall immediately report such potential conflict to the vice-chairman of the Supervisory Board, or any other member of the Supervisory Board in case no vice-chairman is appointed. The chairman of the Supervisory Board must provide the vice-chairman of the Supervisory Board, or any other member of the Supervisory Board in case no vice-chairman is appointed, with all information relevant to the conflict of interests. In all circumstances other than the ones listed in article 12.3 under (d) and (e), the Supervisory Board will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests to which article 12.1 applies.

## **Article 13**

### **Conflict of interest of members of the Management Board**

- 13.1 Article 12.3 applies *mutatis mutandis* to members of the Management Board. In addition, a conflict of interests is deemed to exist in case the Company intends to enter into a transaction with a person or entity that holds at least ten percent of the shares in the Company.
- 13.2 Each member of the Management Board shall immediately report any potential conflict of interests concerning a member of the Management Board to the chairman of the Supervisory Board. The Management Board member with such (potential) conflict of interests must provide the chairman of the Supervisory Board with all information relevant to the conflict of interests. In all circumstances other than the ones listed in article 12.3 under (d) and (e), the Supervisory Board will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests pursuant to which the transaction must be concluded on terms at least customary in the sector concerned. Resolutions to enter into such transaction must be approved by the Supervisory Board. The chairman of the Supervisory Board shall procure that these transactions will be referred to in the Company's annual report with reference to the conflict of interests and a declaration that this article 13.2 was complied with.

## **Article 14**

### **Conflict of interest of the external auditor**

- 14.1 The external auditor shall in any event have a conflict of interests with the Company, if:
- (a) the independence of the external auditor with respect to its (supervision of) financial reporting is compromised by the non-audit activities for the Company (including *inter alia* marketing, advice on (management) consultancy or information technology;
  - (b) the responsible partner in the external auditors firm has been in charge of the audit activities for the Company during a continuous period of 7 years without rotation;
  - (c) under applicable law, including the rules of any exchange on which the Company's shares (or depository receipts thereof) are listed, such conflict of interests exists or is deemed to exist; or
  - (d) the Supervisory Board at its sole discretion has ruled that such conflict of interests exists or is deemed to exist.
- 14.2 The external auditor of the Company, as well as each member of the Management and Supervisory Board shall immediately report any potential conflict concerning the external auditor to the chairman of the Supervisory Board. The external auditor of the Company, as well as each member of the Management and Supervisory Board must provide all information relevant to the conflict of interests to the chairman of the Supervisory Board. In all circumstances other than the ones listed under article 14.1 (c) and (d), the

Supervisory Board will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests pursuant to which the appointment of the external auditor will have to be reconsidered or other measures must be taken to resolve it. The chairman of the Supervisory Board shall procure that those measures will be mentioned in the Company's annual report with reference to the conflict of interests and a declaration that this article 14.2 was complied with.

## **CHAPTER VII – RELATIONSHIP WITH OTHER ORGANS OF THE COMPANY**

### **Article 15**

#### **Relationship with the Management Board**

- 15.1 The Management Board shall timely provide the Supervisory Board with information (if possible, in writing) on all facts and developments concerning the Company which the Supervisory Board may need to function as required and to properly carry out its duties.
- 15.2 The Management Board shall monthly provide the Supervisory Board with a report prepared in a format as agreed from time to time and setting out detailed information on *inter alia* revenues, store openings and other relevant KPIs. The Management Board shall also quarterly provide the Supervisory Board with appropriate financial reporting, including but not limited to a balance sheet and P&L statement, prepared in a format as agreed from time to time.
- 15.3 Each year, without prejudice to the above, the Management Board shall provide the Supervisory Board with a budget for the following year, an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, the management and control systems of the Company and the compliance with all relevant laws and regulations. In addition, the Management Board shall issue an annual declaration that it has provided the Supervisory Board with all relevant information required for the due performance of its duties. These documents will be provided in time so as to enable the Supervisory Board to give its approval by December of the then current financial year.
- 15.4 If a member of the Supervisory Board should receive information or indications relevant to the Supervisory Board in the proper performance of its supervisory and advisory tasks (from a source other than the Management or Supervisory Board), he shall make this information available to the chairman as soon as possible. The chairman of the Supervisory Board shall subsequently inform the entire Supervisory Board.

### **Article 16**

#### **Relationship with the shareholders of the Company**

- 16.1 In accordance with the Articles, General Meetings of shareholders may be convened at the request of the Supervisory Board. The person(s) convening

the General Meeting shall ensure that it is held in due time and that the shareholders are informed by means of a shareholders circular, if so required by law or the Code, of all facts and circumstances relevant to the item(s) on the agenda. The shareholders circular will be placed on the website of the Company.

- 16.2 Members of the Management and Supervisory board shall, as required and necessary, participate in General Meetings unless the General Meeting has expressed the wish to meet without the presence of the Supervisory Board or Management Board or a specific member of the Supervisory or Management Board. The Chairman of the Supervisory Board or any other member of the Supervisory Board shall chair the General Meeting.
- 16.3 The Supervisory Board shall provide the General Meeting with any information it may require concerning an item on the agenda, unless important interests (*zwaarwegende belangen*) of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The Supervisory Board shall specify the reasons for invoking such important interests.
- 16.4 The Management Board and the Supervisory Board are responsible for the corporate governance structure of the Company and must give account to the General Meeting in relation to such structure. Each year the broad outline of the Company's corporate governance structure shall be set forth in a separate chapter of the annual report. In this chapter will be set forth where the best practices of the Code were followed and if not, the reason for not doing so, and to which extent the Company deviates from these best practices. Each significant change in the Company's corporate governance structure and the compliance of the Code shall be addressed in a separate item on the agenda for consideration by the annual General Meeting.

## **CHAPTER VIII – MISCELLANEOUS**

### **Article 17 Confidentiality**

Members of the Supervisory Board shall treat all information and documentation acquired within the framework of their position as member of the Supervisory Board with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Supervisory or Management board, made public or otherwise made available to third parties, even after resignation from the Supervisory Board, unless (i) it has been made public by the Company (ii) it has been established that the information is already in the public domain (iii) the Company is obliged to disclose information pursuant to law or (iv) it is being made available to advisors of the Company in connection with specific advisory work such advisors are providing to the Company.

**Article 18**  
**Whistleblowers**

The Management Board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the Company to the chairman of the Management Board or to an official designated by him, without jeopardizing their legal position. Alleged irregularities concerning the functioning of Management Board members shall be reported to the chairman of the Audit Committee of the Supervisory Board. The arrangements for whistleblowers shall in any event be posted on the Company's website.

**Article 19**  
**Non-compliance, amendment**

- 19.1 The Supervisory Board may occasionally decide at its sole discretion not to comply with and adhere to these Rules pursuant to a Supervisory Board resolution to that effect. Such resolution shall be referred to in the Supervisory Board's report.
- 19.2 These rules may be amended by resolution of the Supervisory Board to that effect. Such resolution shall be referred to in the Supervisory Board's report.

**Article 20**  
**Governing law and jurisdiction**

- 20.1 The Rules shall be governed by and construed in accordance with the law of the Netherlands.
- 20.2 The courts of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with the Rules (including any dispute regarding the existence, validity or termination of the Rules).

## **PROFILE OF THE SUPERVISORY BOARD'S SCOPE AND COMPOSITION**

This profile was prepared on 2 November 2006 on the basis of article 2.1 of the rules of the Supervisory Board, and reviewed on 10 July 2008. Taking into account the nature of the Company's business and its activities, the Supervisory Board's scope and composition (and division of duties) is as follows:

The Supervisory Board consists of six or more members. Members of the Supervisory Board are selected and recommended according to the following selection criteria:

- (i) Overall Experience (including retail experience in Russia/CIS and internationally)
- (ii) Background/education/training/degrees;
- (iii) Specific skills
- (iv) Independence

The composition of the Supervisory Board shall be such that the combined knowledge and experience, expertise and independence of its members encompass financial, economic, legal, regulatory, social, best-practices, government and public administration which taken together enables the Supervisory Board to best carry out the variety of the Supervisory Boards responsibilities. In addition, the Supervisory Board and each individual Supervisory Board member shall have sufficient time available for the proper performance of his/her duties.

Without prejudice to article 7.1 of the Rules, the Supervisory Board has designated the following members to be primarily responsible for the following areas:

- (a) Company strategy and risks inherent to the Company's business: at least 2 members: Presently Messrs. Hervé Defforey, Michael Fridman, Vladimir Ashurkov, Carlos Criado-Pérez Trefault, Alexander Savin and Alexander Tynkovan have the requisite experience;
- (b) International developments and government policy and relations: at least 2 members: Presently Messrs. Michael Fridman, Hervé Defforey and Carlos Criado-Pérez Trefault have the requisite experience;
- (c) Corporate Finance and mergers and acquisitions experience: at least 2 members: Presently Messrs. Michael Fridman, Vladimir Ashurkov and Alexander Savin have the requisite experience;
- (d) Financial administration and accounting, financial reporting process, and internal risk management and control systems: at least 1 member: Presently Messrs. David Gould and Hervé Defforey have the requisite experience;
- (e) Compliance with laws (including EU/EEA rules and regulations) and statutes, constitutive documents/articles of association, stock exchange rules, corporate governance): at least 1 member: Presently Messrs. Hervé Defforey and David Gould have the requisite experience;

- (f) Management selection, recommendation and development: at least 2 members:  
Presently all members of the Supervisory Board have the requisite experience.

## Annex B

### **RETIREMENT AND REAPPOINTMENT SCHEDULE**

This retirement and reappointment schedule was approved on 27 November 2008 on the basis of article 3.3 of the rules of the Supervisory Board.

<b>Name</b>	<b>Date of initial appointment</b>	<b>End of term</b>	<b>Date of re-appointment</b>	<b>Ultimate date of resignation</b>
1. Vladimir Ashurkov	2006	2008	2012	2016
2. Mikhail Fridman	2006	2009	2013	2017
3. Alexander Savin	2006	2009	2013	2017
4. David Gould	2006	2010	2014	2018
5. Hervé Defforey	2006	2010	2014	2018
6. Carlos C-P Tréfaut	2007	2011	2015	2019
7. Alexander Tynkovan	2008	2012	2016	2020
8. Stephan DuCharme	2008	2012	2016	2020

## Annex C

### **RULES GOVERNING THE SUPERVISORY BOARD'S AUDIT COMMITTEE**

These rules were prepared on 14 December 2006 on the basis of article 6.2 of the rules of the Supervisory Board.

#### **Article 1 Responsibilities**

- 1.1. Without prejudice to article 6.1 of the Supervisory Board's rules, the audit committee advises the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory Board in relation thereto.
- 1.2. The responsibilities of the audit committee shall include:
  - (a) supervising and monitoring, and advising the Management Board on, the effect of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct;
  - (b) supervising the submission of financial information by the Company (choice of accounting policies, application and assessment of the effects of new legislation in this area, information on the treatment of estimated entries (*schattingsposten*) in the annual accounts, forecasts, etc.);
  - (c) supervising the compliance of recommendations and observations of internal and external auditors;
  - (d) supervising the functioning of the internal audit department; in particular co-determining the plan of action (*werkplan*) for the internal audit department and taking note of the findings and considerations of the internal audit department;
  - (e) supervising the policy of the Company on tax planning;
  - (f) supervising the financing of the Company;
  - (g) supervising the application of information and communication technology (ICT);
  - (h) maintaining frequent contact and supervising the relationship with the external auditor, including in particular (i) assessing the external auditor's independence, remuneration and any non-auditing work for the Company, (ii) determining the involvement of the external auditor in respect of the contents and publication of financial reporting by the Company other than the annual accounts, and (iii) taking note of irregularities in respect of the content of the financial reporting as may be reported by the external auditor;
  - (i) recommending the appointment of an external auditor by the General Meeting;
  - (j) pre-approval of the consolidated annual accounts.

- 1.3 The audit committee shall prepare and publish on an annual basis a report of its deliberations and findings.
- 1.4 At least once a year the audit committee, shall, together with the Management Board, report to the Supervisory Board on the developments concerning the relationship with the external auditor, in particular his independence, The report shall address, *inter alia*, the desirability of rotation of partners within a firm of external auditors that is responsible for the Company's audit, and the desirability of any non-auditing work for the Company by the external auditor. The selection and recommendation of the external auditor will also take into account the outcome of this report.
- 1.5 At least every four years, the Management Board, shall, together with the audit committee, thoroughly assess the functioning of the external auditor in the various entities and capacities in which the external auditors operates. The main conclusions of the assessment shall be notified to the General Meeting for the purpose of considering the (recommendation for the appointment of) external auditor of the Company.
- 1.6 The external auditor shall receive the financial information underlying the adoption of the quarterly or half yearly accounts and other interim financial reports and shall be given the opportunity to respond to all information.

## **Article 2**

### **Composition, expertise and independence of the audit committee**

- 2.1 The audit committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Supervisory Board's rules, the following requirements must be observed in composing the audit committee:
  - (a) at least one of its members must have relevant expertise in financial administration and accounting for listed companies or other large companies;
  - (b) at least one of its members must be independent within the meaning of article 2.4 under (d) of the Supervisory Board's rules;
  - (c) neither the chairman of the Supervisory Board nor any of the Company's (former) members of the Management Board, may (simultaneously) be the chairman of the audit committee.

## **Article 3**

### **Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the audit committee. He/she shall act as the spokesman of the audit committee and shall be the main contact for the Supervisory Board.

#### **Article 4**

##### **Audit committee meetings (agenda, attendance, minutes)**

- 4.1 The audit committee will, hold at least one meeting per year and whenever one or more of its members request a meeting. Audit committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 The external auditor of the Company may ask the chairman of the audit committee to be present at audit committee meetings.

The audit committee will at least once a year hold a meeting with the external auditor of the Company without any of the Management Board members or internal auditors being present. Subject to the preceding sentence, the audit committee shall decide if and when the Management Board members, the external auditor of the Company or the internal auditor of the Company will be present at its meetings.

- 4.3 Audit committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the audit committee.
- 4.4 Minutes of the meeting shall be prepared by the chairman of the audit committee or by the Company secretary. They shall generally be adopted as soon as practicable after the meeting. The minutes shall be signed for adoption by the chairman and any one other committee member, and shall be dispatched to all members of the Supervisory Board as soon as practically possible.

#### **Article 5**

##### **Applicable Rules of the Supervisory Board**

Articles 1.1, 11.1, 11.2, 11.4, 19 and 20 of the rules of the Supervisory Board shall apply *mutatis mutandis* to these rules.

## Annex D

### **RULES GOVERNING THE SUPERVISORY BOARD'S REMUNERATION COMMITTEE**

These rules were prepared on 14 December 2006 on the basis of article 6.2 of the rules of the Supervisory Board.

#### **Article 1 Responsibilities**

- 1.1 Notwithstanding article 6.1 of the rules of the Supervisory Board, the remuneration committee advises the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory Board in relation thereto.
- 1.2 The responsibilities of the remuneration committee shall include:
  - (a) preparing a proposal for the Supervisory Board concerning the remuneration policies for the Management Board to be adopted by the General Meeting;
  - (b) preparing a proposal concerning the individual remuneration of members of the Management Board to be adopted by the Supervisory Board, which proposal will in any event include: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options and/or other variable remuneration components, pension rights, severance pay and other forms of compensation to be awarded, as well as the performance criteria and the application thereof;
  - (c) preparing the Supervisory Board's remuneration report on the remuneration policies for the Management Board to be adopted by the Supervisory Board. The remuneration report comprises a report on the way in which the remuneration policy was implemented in the most recent financial year and comprises an outline of the remuneration policy that will be implemented in the next forthcoming financial year and the years following such year; the outline at least contains the information as referred to in II.2.10 of the Code. The remuneration policy will be placed on the Company's website.
- 1.3 The remuneration committee shall prepare and publish on the Company website on an annual basis a report of its deliberations and findings.

#### **Article 2 Composition, expertise and independence of the remuneration committee**

- 2.1 The remuneration committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Supervisory Board's rules, the following requirements must be observed in composing the remuneration committee:

- (a) at least one of its members must be independent within the meaning of article 2.4 under (d) of the Supervisory Board's rules;
- (b) neither the chairman of the Supervisory Board, nor any of the Company's (former) members of the Management Board, nor any member of the management board of any other listed company, may (simultaneously) be the chairman of the remuneration committee;
- (c) none of its members, with the exception of no more than one person, may (simultaneously) be a member of the managing board of any other listed Dutch company.

### **Article 3 Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the remuneration committee. He/she shall act as the spokesman of the remuneration committee and shall be the main contact for the Supervisory Board.

### **Article 4 Remuneration committee meetings (agenda, attendance, minutes)**

- 4.1 The remuneration committee will hold at least one meeting per year and whenever one or more of its members request a meeting. Remuneration committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 Members of the Management Board shall not be invited to participate in the meetings of the remuneration committee, unless the remuneration committee determines otherwise.
- 4.3 Remuneration committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the remuneration committee.
- 4.4 Minutes of the meeting shall be prepared by the chairman of the remuneration committee or by the Company secretary. They shall generally be adopted as soon as practicable after the meeting. The minutes shall be signed for adoption by the chairman and any one other committee member, and shall be dispatched to all members of the Supervisory Board as soon as practically possible.

### **Article 5 Applicable Rules of the Supervisory Board**

Articles 1.1, 11.1, 11.2, 11.4, 19 and 20 of the rules of the Supervisory Board shall apply *mutatis mutandis* to these rules.

## Annex E

### **RULES GOVERNING THE SUPERVISORY BOARD'S SELECTION AND APPOINTMENT COMMITTEE**

These rules were prepared on 14 December 2006 on the basis of article 6.2 of the rules of the Supervisory Board.

#### **Article 1 Responsibilities**

- 1.1 Notwithstanding article 6.1 of the Supervisory Board's rules, the selection and appointment committee shall advise the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory board in relation thereto.
- 1.2 The responsibilities of the selection and appointment committee shall include:
  - (a) preparing the selection criteria and appointment procedures for members of the Supervisory Board and the Management Board;
  - (b) periodically evaluating the scope and composition of the Management Board and Supervisory Board, and proposing the profile of the Supervisory Board in relation thereto;
  - (c) periodically evaluating the functioning of individual members of the Management Board and Supervisory Board and reporting the results thereof to the Supervisory Board;
  - (d) proposing the (re-)appointments of members of the Management Board and Supervisory Board;
  - (e) supervising the policy of the Management Board in relation to the selection and appointment criteria for senior management.
- 1.3 The selection and appointment committee shall prepare and publish on an annual basis a report of its deliberations and findings.

#### **Article 2 Composition, expertise and independence of the selection and appointment committee**

- 2.1 The selection and appointment committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Supervisory Board's rules, the following requirements must be observed in composing the selection and appointment committee:
  - (a) at least one of its members must be independent within the meaning of article 2.4 under (d) of the Supervisory Board's rules;

- (b) none of its members, with the exception of no more than one member, may (simultaneously) be member of the managing board of any other listed Dutch company.

### **Article 3 Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the selection and appointment committee. He/she shall act as the spokesman of the selection and appointment committee and shall be the main contact for the Supervisory Board.

### **Article 4 Selection and appointment committee meetings (agenda, attendance, minutes)**

- 4.1 The selection and appointment committee will hold at least one meeting per year and whenever one or more of its members have requested a meeting. Selection and appointment committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 Members of the Management Board shall not be invited to participate in the meetings of the selection and appointment committee, unless the selection and appointment committee determines otherwise.
- 4.3 Selection and appointment committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the selection and appointment committee.
- 4.4 Minutes of the meeting shall be prepared by the chairman of the selection and appointment committee or by the Company secretary. They shall generally be adopted as soon as practicable after the meeting. The minutes shall be signed for adoption by the chairman and any one other committee member, and shall be dispatched to all members of the Supervisory Board as soon as practically possible.

### **Article 5 Applicable Rules of the Supervisory Board**

Articles 1.1, 11.1, 11.2, 11.4, 19 and 20 of the rules of the Supervisory Board shall apply *mutatis mutandis* to these rules.

## Annex F

### **RULES GOVERNING THE SUPERVISORY BOARD'S RELATED PARTY COMMITTEE**

These rules were prepared on 14 December 2006 on the basis of article 6.2 of the rules of the Supervisory Board.

#### **Article 1 Responsibilities**

- 1.1 Notwithstanding article 6.1 of the rules of the Supervisory Board, the related party committee advises the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory Board in relation thereto.
- 1.2 The responsibilities of the related party committee shall include:
  - (a) advising the Supervisory Board on the handling, and deciding on, reported potential conflicts of interests (as contemplated under Articles 12 and 13 of these Supervisory Board rules) and any other related party transactions which are contemplated between the Company on the one hand and any conflicted persons or entities on the other hand including but not limited to its shareholders, members of the Supervisory Board members of the Management Board;
  - (b) in carrying out its duties the related party committee may, at its discretion, engage outside advisors (e.g. legal advisors, valuation advisors) in order to comply with Dutch law, London Stock Exchange and other regulatory requirements generally and to ensure that the contemplated transaction is being concluded on terms which are customary for the sector.
- 1.3 The related party committee shall give account to the Supervisory Board and the Supervisory Board shall then give account to the General Meeting of any related party transactions which must be disclosed under Dutch law, London Stock Exchange listing rules or other regulatory regime which may apply to the Company.

#### **Article 2 Composition, expertise and independence of the related party committee**

- 2.1 The related party committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Supervisory Board's rules, the following requirements must be observed in composing the related party committee:

- (a) at least one of its members must be independent within the meaning of article 2.4 under (d) of the Supervisory Board's rules;
- (b) neither the chairman of the Supervisory Board, nor any of the Company's (former) members of the Management Board, nor any member of the management board of any other listed company, may (simultaneously) be the chairman of the related party committee;
- (c) none of its members, with the exception of no more than one person, may (simultaneously) be a member of the managing board of any other listed Dutch company.
- (d) in case a member of the related party committee is conflicted, such member shall not participate in the discussions and/or decision-taking process on a subject or transaction in relation to which he/she has a conflict of interest with the Company

### **Article 3 Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the related party committee. He/she shall act as the spokesman of the related party committee and shall be the main contact for the Supervisory Board.

### **Article 4 Related party committee meetings (agenda, attendance, minutes)**

- 4.1 The related party committee will hold at least one meeting per year and whenever one or more of its members request a meeting. Related party committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 Members of the Management Board shall not be invited to participate in the meetings of the related party committee, unless the related party committee determines otherwise.
- 4.3 Related party committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the related party committee.
- 4.4 Minutes of the meeting shall be prepared by the chairman of the related party committee or by the Company secretary. They shall generally be adopted as soon as practicable after the meeting. The minutes shall be signed for adoption by the chairman and any one other committee member, and shall be dispatched to all members of the Supervisory Board as soon as practically possible.

**Article 5**  
**Applicable Rules of the Supervisory Board**

Articles 1.1, 11.1, 11.2, 11.4, 19 and 20 of the rules of the Supervisory Board shall apply *mutatis mutandis* to these rules.

## Annex G

### **RULES GOVERNING THE SUPERVISORY BOARD'S STRATEGY COMMITTEE**

These rules were prepared on 14 December 2006 on the basis of article 6.2 of the rules of the Supervisory Board.

#### **Article 1 Responsibilities**

- 1.1 Notwithstanding article 6.1 of the rules of the Supervisory Board, the strategy committee advises the Supervisory Board in relation to its responsibilities and shall prepare resolutions of the Supervisory Board in relation thereto.
- 1.2 The responsibilities of the strategy committee shall include:
  - (a) Review of the general strategy of the Company including but not limited to the following main areas: Overall growth and development strategy; financing strategy; budget and key-performance indicators including capital budgets; investment planning including merger with and acquisition of attractive targets;
  - (b) Any other business which does not come under the competency of the other established Company committees.

#### **Article 2 Composition, expertise and independence of the strategy committee**

- 2.1 The strategy committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Supervisory Board's rules, the following requirements must be observed in composing the strategy committee:
  - (a) at least one of its members must be independent within the meaning of article 2.4 under (d) of the Supervisory Board's rules;
  - (b) neither the chairman of the Supervisory Board, nor any of the Company's (former) members of the Management Board, nor any member of the management board of any other listed company, may (simultaneously) be the chairman of the related party committee;
  - (c) none of its members, with the exception of no more than one person, may (simultaneously) be a member of the managing board of any other listed Dutch company.

### **Article 3**

#### **Chairman**

Subject to article 2 of these rules, the Supervisory Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the strategy committee. He/she shall act as the spokesman of the strategy committee and shall be the main contact for the Supervisory Board.

### **Article 4**

#### **Strategy committee meetings (agenda, attendance, minutes)**

- 4.1 The strategy committee will hold at least one meeting per year and whenever one or more of its members request a meeting. Strategy committee meetings are generally held at the offices of the Company, but may also take place elsewhere.
- 4.2 Members of the Management Board shall not be invited to participate in the meetings of the strategy committee, unless the strategy committee determines otherwise.
- 4.3 Strategy committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least five working days before the meeting and sent to each member of the strategy committee.
- 4.4 Minutes of the meeting shall be prepared by the chairman of the strategy committee or by the Company secretary. They shall generally be adopted as soon as practicable after the meeting. The minutes shall be signed for adoption by the chairman and any one other committee member, and shall be dispatched to all members of the Supervisory Board as soon as practically possible.

### **Article 5**

#### **Applicable Rules of the Supervisory Board**

Articles 1.1, 11.1, 11.2, 11.4, 19 and 20 of the rules of the Supervisory Board shall apply *mutatis mutandis* to these rules.

## Annex H

### **X5 Retail Group N.V.**

#### **Corporate Code for Reporting of Alleged Irregularities "Whistleblower Policy"**

##### **Clause 1 Definitions**

In these rules the following terms shall have the following meanings. Terms defined in the singular form also refer to the plural form and vice versa.

**Alleged Irregularity:** an (alleged) suspicion based on reasonable grounds with regard to the Company and in connection with:

- (i) a (potential) violation of rules of conduct or rules of ethics applicable within the Company;
- (ii) a (potential) violation of laws and regulations;
- (iii) a (potential) criminal offence;
- (iv) a (potential) international provision of incorrect information to public bodies or authorities;
- (v) a (potential) international suppression, destruction or manipulation of information regarding the above facts; or
- (vi) any other (substantial) irregularities of a general, operational or financial nature.

**Chairman of the MB:** the chairman of the Management Board of the Company;

**Chairman of the AC:** the chairman of the Audit Committee of the Company;

**Company:** the limited liability company X5 Retail Group N.V.;

**Compliance Officer:** the official designated by the Supervisory Board to act in that capacity for the Company and its group companies;

**Confidential Adviser:** a person designated by the Chairman of the MB to act in that capacity for the Company or one of its group companies. The Company and each of the operating group companies shall have a Confidential Adviser;

**Employee:** a person employed or otherwise working for the Company or its group companies;

**Manager:** the person directly managing the Employee.

## **Clause 2      Normal Procedure**

1. Unless an exception applies as referred to in Clause 3.1 and 3.2, Employees shall report Alleged Irregularities internally to their Manager or, if they consider reporting to the Manager inappropriate, to their Confidential Adviser.
2. The Manager or Confidential Adviser shall on request make a written record of the report and of the date of its receipt and shall have the Employee concerned sign the record for approval. The Employee shall receive a copy of the record. The Manager or Confidential Adviser shall procure that the Compliance Officer shall be informed immediately of an Alleged Irregularity and of the date on which it was reported, and he shall procure that the Compliance Officer receives a copy of the record.
3. Immediately after reception of the Employee's report, the Compliance Officer shall start an investigation into the Alleged Irregularity on behalf of the Management Board of the Company.
4. The Employee who has reported the Alleged Irregularity and the person to whom he has reported shall keep the report confidential. No information shall be provided to third parties in or outside the Company and its group companies without the consent of the Compliance Officer. In providing information, the name of the Employee shall not be disclosed and information shall otherwise be provided in such a manner as to safeguard where possible the anonymity of the Employee.
5. Within six weeks from his internal report, the Employee shall be informed in writing, by or on behalf of the Compliance Officer, of the Compliance Officer's position with regard to the Alleged Irregularity and the action taken as a consequence of the Employee's report.
6. If no position can be given within six weeks, the Employee shall be notified thereof by or on behalf of the Compliance Officer and be given an indication as to when he will be informed of the Compliance Officer's position.
7. In the event that the Alleged Irregularity concerns an irregularity of a financial nature or a violation of financial reporting standards the Compliance Officer will forward the Employee's report to the Chairman of the AC, immediately after reception of the report from the Manager or Confidential Adviser. In that event Clause 3.4 through Clause 3.8 shall apply to the Employee's report and the Compliance Officer shall immediately notify the Employee that he has forwarded his report to the Chairman of the AC.

### **Clause 3 Reporting to the Chairman of the AC**

1. The Employee may report the Alleged Irregularity to the Chairman of the AC, if:
  - (i) he disagrees with the position of the Compliance Officer referred to in Clause 2.6;
  - (ii) he has not been given a position by the Compliance Officer within the requisite period, as referred to in Clause 2.6;
  - (iii) the period as referred to in the Clause 2.7 is, given all circumstances, unreasonably long and the Employee has objected against this to the Compliance Officer, but the latter has not indicated a shorter, reasonable period;
  - (iv) the Alleged Irregularity concerns (a member of) the Management Board of the Company or the Compliance Officer;
  - (v) the Alleged Irregularity concerns an irregularity of a financial nature or a violation of financial reporting standards; or
  - (vi) an exception as referred to in the next Clause applies.
2. An exception as referred to in the previous Clause under (vi) applies if there is:
  - (i) a situation in which the Employee has reasonable grounds to fear that an internal report would lead to countermeasures;
  - (ii) a previous, duly submitted, internal report about essentially the same Alleged Irregularity, which has not removed the Alleged Irregularity.
3. The Chairman of the AC shall on request make a written record of the report and of the date of its receipt and shall have the Employee concerned sign the record for approval. The Employee shall receive a copy of the record.
4. Immediately after reception of the Employee's report, the Audit Committee (in case of an irregularity of financial nature or a violation of financial reporting standards), shall start an investigation into the Alleged Irregularity.
5. The Employee who has reported the Alleged Irregularity and the person to whom he has reported shall keep the record confidential. No information shall be provided to third parties in or outside the Company and its group companies without the consent of the Chairman of the AC. In providing information, the name of the Employee shall not be disclosed and information shall otherwise be provided in such a manner as to safeguard where possible the anonymity of the Employee.
6. Within six weeks from his internal report, the Employee shall be informed in writing, by or on behalf, of the Chairman of the AC, of the Audit Committee's position with regard to the Alleged Irregularity and the action taken as a consequence of the Employee's report.
7. If no position can be given within six weeks, the Employee shall be notified thereof by or on behalf of the Chairman of the AC and be given an indication as to when he will be informed of the Audit Committee's position.

#### **Clause 4 Reporting Addresses**

1. The Employee who wishes to report an Alleged Irregularity has the option to send his report, marked "private and confidential", to one of the following addresses of the respective Managers, Confidential Advisers or Chairman of AC:
  - (i) the Company's address or the address of the relevant group company;
  - (ii) another professional (e-mail) address of such person; or
  - (iii) the private (e-mail) address of such person.
2. At the request of the Employee, the names and addresses of the respective Managers, Confidential Advisers or the Chairman of the AC will be given by the Compliance Officer .

#### **Clause 5 Legal protection**

1. The position of Employees who have reported an Alleged Irregularity in accordance with these rules shall not be affected in any way as a result of the report.

#### **Clause 6 Effective Date**

1. This Corporate Code for Reporting of Alleged Irregularities is amended by resolution of the Supervisory Board on 27 November 2008 and, as amended, effective from that date.

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