



## **MEMBERS' COUNCIL REGULATIONS**

# **COÖPERATIE ROYAL FLORAHOLLAND U.A.**

**Adopted on 30 August 2018 and approved on 28 November 2018**

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## **ROYAL FLORAHOLLAND MEMBERS' COUNCIL REGULATIONS**

### **Article 1 – General provisions, status and substance of the rules**

- 1.1 These Members' Council Regulations (henceforth "Regulations") have been compiled by the Members' Council of the Coöperatie Royal FloraHolland U.A. (henceforth "Royal FloraHolland") with the approval of the Supervisory Board on the grounds of Article 28 par. 22 of the Articles of association of Royal FloraHolland (henceforth the "Articles of association") and supplement the rules regarding the structure and procedure that apply to the Members' Council as governed by law, the relevant legislation and the Articles of association.
- 1.2 These Regulations were adopted on 30 August 2018 by the (pilot) Members' Council and approved by the Supervisory Board on 28 November 2018.
- 1.3 Where these Regulations are inconsistent with Dutch law or the Articles of association, the law or the Articles of association prevail. Where these Regulations conform to the Articles of association but are inconsistent with Dutch law, the latter prevails. If one of the provisions of these Regulations is not or no longer valid, it will not affect the validity of the other provisions. Subject to the approval of the Supervisory Board, the Members' Council will replace the invalid provisions with valid provisions that have, as far as is possible, the same substance and scope as the invalid provisions.
- 1.4 The terms "written" or "in writing" in these Regulations are understood to include electronic communications.
- 1.5 The use of he/him in these Regulations is intended to include she/her and vice versa.

### **Article 2 – Incidental suspension, amendments**

- 2.1 Without prejudice to the stipulations in Article 1 par. 3, the Members' Council in consultation with the Supervisory Board may occasionally decide not to comply with and adhere to these Regulations.
- 2.2 Without prejudice to the stipulations in Article 1 par. 3, the Members' Council may decide to amend these Regulations after approval by the Supervisory Board.

### **Article 3 – Composition of Members' Council**

- 3.1 In accordance with Article 28 par. 1 of the Articles of association, Royal FloraHolland has a Members' Council that forms the general meeting of the cooperative.
- 3.2 The Members' Council is composed of no less than thirty-five (35) and no more than forty-five (45) natural persons. Only natural persons who belong to the members' circle may be members of the Members' Council.
- 3.3 The following persons belong to the members' circle:
  - a. members–natural persons;
  - b. direct or indirect managers of members–natural persons;

- c. the shareholders of members–natural persons;
- d. the partners of a combination of persons that is a member of Royal FloraHolland as specified in Article 6 par. 2 of the Articles of association;
- e. the direct or indirect managers of the partners specified under e;
- f. the direct or indirect managers of the legal entity that is a member or shareholder of a legal entity that does not run a horticultural company (such as growers' associations), as specified in Article 6 par. 1 of the Articles of association.

In deviation from the provision in par. 3, the Members' Council may upon the recommendation of the Nomination Committee, as specified in Article 30 of the Articles of association (the "Nomination Committee"), also nominate as members of the Members' Council other persons than the intended representatives of members–natural persons as specified under b who are registered as such in the trade register of the Chamber of Commerce.

- 3.4 Candidates for nomination and the nominated members of the Members' Council must meet the specifications of a profile compiled by the Members' Council (**Appendix A**). In the composition of the Members' Council, an adequate reflection of the membership of Royal FloraHolland must be ensured, with the aim of maintaining a high quality and mixed composition so that the Members' Council can carry out its duties properly.

#### **Article 4 – Appointment, reappointment, term of office and retirement**

- 4.1 The members of the Members' Council are nominated by the members of Royal FloraHolland in a special members' meeting called by the Nomination Committee. Appointments made at other times are done if there are five (5) or more vacancies in the Members' Council.
- 4.2 The appointment procedure for the members of the Members' Council is established by the Supervisory Board. The Members' Council itself is responsible for the proper and timely application of the appointment procedure and the associated consequences.
- 4.3 The members of the Members' Council take office for a period of four (4) years. A retiring member of the Members' Council may be reappointed for a consecutive period of four (4) years. After holding office in the Members' Council for two (2) terms, a member of the Members' Council will only qualify for a third term if he has not been part of the Members' Council for at least four (4) years. The new term of office is then viewed as a first term, and he can be reappointed for a second term as described above.
- 4.4 A Members' Council member appointed in the interim takes the place of his predecessor. Should the first term of office of the predecessor have lasted less than half of the original term, par. 3 of this Article does not apply to this period.
- 4.5 The Members' Council establishes a retirement rota (**Appendix B**). The term of office of a member of the Members' Council may deviate from the retirement rota on the understanding that the term for which a member is appointed to the Members' Council may never exceed four (4) years.

- 4.6 A nomination for reappointment of a member to the Members' Council always undergoes careful consideration by the Nomination Committee and will not be automatically accepted. In the case of reappointment, account will be taken of the way in which the candidate fulfilled his duties as a member of the Members' Council. For every nomination, the Nomination Committee confirms that the nominated candidate has properly fulfilled his duties as a member of the Members' Council.
- 4.7 A member of the Members' Council may be suspended by the Members' Council on the grounds of poor performance or if this is deemed desirable by the Members' Council. The period of suspension lasts at most three (3) months, and this period may be extended once at most by a successive period of up to three (3) months. The Members' Council always has the right to suspend a member of the Members' Council should the Members' Council deem that events and circumstances provide grounds for the suspension as specified in sections c and d of par. 8 of this Article.
- 4.8 A member of the Members' Council retires:
- a. because and from the moment that he no longer belongs to the circle of members as specified in Article 3 par. 3;
  - b. because and from the moment that he is appointed a member of the Supervisory Board, a member of a FloraHolland Product Committee as specified in Article 25 of the Articles of association ("FPC") or a member of a regional advisory committee as specified in Article 26 of the Articles of association ("RAC");
  - c. because and from the moment that he is dismissed from his position pursuant to a decision taken by the members of Royal FloraHolland with due observance of the relevant provisions in the Articles of association or Regulations of Royal FloraHolland, and for which the members are authorised in cases:
    - (i) that the member of the Members' Council does not act in accordance with the Articles of association, other rules of Royal FloraHolland or the decisions of Royal FloraHolland's entities;
    - (ii) prejudices the Cooperative and/or Royal FloraHolland;
    - (iii) Royal FloraHolland cannot reasonably be asked to allow continued membership of the Members' Council, including cases in which the member of the Members' Council is subject to a civil law ban as specified in Articles 106a to 106e of the Bankruptcy Act or a similar ban in foreign law, and in cases in which the member has been convicted of criminal offences due to membership of an organisation banned in the Netherlands and/or outside the Netherlands.
  - d. in case of poor performance, structural incompatibility of interests or if this is required in other instances in the judgement of the Members' Council.

#### **Article 5 – Compensation**

- 5.1 The members of the Members' Council receive a compensation for the preparation of and attendance at meetings of the Members' Council and for activities commensurate to the function of a member of the Members' Council. The compensation for members of the Members' Council is not dependent on the performance of Royal FloraHolland.

- 5.2 All costs reasonably incurred in the carrying out of the position such as travel expenses are reimbursed to the members of the Members' Council.
- 5.3 The amount of the compensation specified in par. 1 and the amount of the costs specified in par. 2 that qualify for reimbursement and the manner and time at which they are paid out are established every year by the Supervisory Board and are made known through Royal FloraHolland's online platform (**Appendix C**).
- 5.4 The total annual compensation and expenses are stated in the clarification of Royal FloraHolland's annual accounts.

#### **Article 6 – Tasks and authorities of the Members' Council**

- 6.1 The Members' Council is granted all authority assigned by law to the general meeting of a cooperative, as well as those assigned to it by the Articles of association.
- 6.2 The Members' Council has the legal power to take decisions concerning:
- a. adoption and amendment of the Articles of association;
  - b. appointing, suspending and discharging members of the Supervisory Board;
  - c. adoption of the financial statements;
  - d. merger, division, change in its legal form and dissolution of Royal FloraHolland, these being subject to the relevant provisions in the Articles of association (these authorities jointly referred to as: the "legal powers").
- 6.3 The approval of the members' meeting, as specified in Article 28 par. 2 of the Articles of association, is required for decisions of the Members' Council concerning:
- a. merger, division, change in its legal form and dissolution of Royal FloraHolland; and
  - b. amendments of the provisions specified under a.
- 6.4 Pursuant to Article 28 par. 3 of the Articles of association, the Members' Council has the following advisory tasks:
- a. advising the management of Royal FloraHolland (the "Management Board") on the strategic development of Royal FloraHolland and policy issues at a higher level than products;
  - b. fulfilling a signalling role for the Management Board regarding developments in the market, the strategic direction of Royal FloraHolland as an organisation and the performance of the Royal FloraHolland organisation; and
  - c. tabling subjects that require the attention of the Management Board and the Royal FloraHolland organisation.
- 6.5 On the grounds of provisions in Article 28 par. 4 of the Articles of association, the Members' Council has the following tasks:
- a. recommending the appointment/reappointment of a supervisory director to the Supervisory Board;
  - b. exercising the right to object to candidates proposed by the Supervisory Board;
  - c. advising the Supervisory Board on the composition and size of the Management Board and on the profile for the members of the Management Board;

- d. establishing the compensation policy for the top level of Royal FloraHolland; and
  - e. establishing the compensation of the members of the Supervisory Board.
- 6.6 The Members' Council is responsible for a good dialogue between the members and the Members' Council on subjects and themes related to Royal FloraHolland and the tasks and powers of Royal FloraHolland as specified in the Articles of association and takes charge of this. However, the Members' Council does not consult the members on subjects that belong to the work and fall under the powers of other entities of Royal FloraHolland or of an FPC or RAC. The Members' Council can consult the members about special subjects and organise information meetings. The Members' Council considers the results of consultation with the members in its decision-making and advice and regularly renders account thereof to its members.
- 6.7 The Members' Council always consults the members on the occasion of the annual meeting (which means prior to, during and thereafter) and prior to the autumn meeting, both as specified in Article 9 par. 1 below. The manner and organisation of these consultations with the members is done through a programme prepared in advance by the Binding Members committee.
- 6.8 The Members' Council is authorised to hold information meetings together with the Management Board and Supervisory Board for the members and other stakeholders of Royal FloraHolland (such as suppliers, customers and companies that provide relevant services to Royal FloraHolland), involving and inviting experts for the purpose of exploring and preparing possible new developments and initiatives, with a view to optimising the quality and effectiveness of its decision-making.
- 6.9 The Members' Council reports annually on the performance and activities of the Members' Council in a chapter in the annual report of Royal FloraHolland. This chapter also gives information on the annual evaluation of the members of the Members' Council.

#### **Article 7 – Chair of the Members' Council**

- 7.1 The Members' Council appoints one of its members as its chair. The profile as described in Article 3 par. 4 also comprises a profile of the chair of the Members' Council. The Members' Council may request the Nomination Committee to recommend candidates for the position of chair, supported by the profile of the chair as referred to above.
- 7.2 All members of the Members' Council are entitled to stand for the position of chair. At least four (4) members of the Members' Council may jointly nominate another member of the Members' Council for the position of chair on the proviso that they have obtained permission from that candidate.
- 7.3 Candidates for chair may be nominated up to four (4) weeks before the Members' Council's meeting in which the appointing of the chair is tabled on the agenda. The candidacy will be accompanied by a short motivation by the candidate on his reasons for standing for the position of chair.

- 7.4 The decision on appointing the chair will be done in accordance with the provisions in Article 11 par. 6.
- 7.5 The term of office of the chair of the Members' Council is three (3) years. A retiring chair of the Members' Council may be reappointed once for a period of three (3) years. In deviation to the provision in the second sentence of Article 4 par. 3, the chair may be appointed for a second term as a member of the Members' Council for a period of four (4) years.
- 7.6 The provisions in Article 4 par. 6 fully apply to the reappointment of the chair of the Members' Council. Deliberations on the reappointment will take place in the absence of the person concerned.
- 7.7 The chair of the Members' Council chairs the informal meetings of the Members' Council and compiles the meeting agenda. Prior to sending the agenda to the members of the Members' Council, the chair of the Members' Council submits the agenda for information to the Supervisory Board and the Management Board.
- 7.8 The chair of the Members' Council is the point of contact for the Management Board and the Supervisory Board. The chair of the Members' Council ensures that contact with the Management Board and the Supervisory Board proceed satisfactorily.
- 7.9 The chair of the Members' Council ensures that the Members' Council and its committees and/or working groups perform satisfactorily so that:
- a. the members of the Members' Council can take part in the introduction and training programme;
  - b. the members of the Members' Council receive the information required to carry out their tasks properly in a timely fashion;
  - c. there is sufficient time for deliberation and decision-making by the Members' Council;
  - d. the members of the Members' Council can be evaluated regularly on their performance;
  - e. the members of the Members' Council can communicate fully on the issues decided by the Members' Council, in compliance with the provisions laid out in Article 11 par. 13.

#### **Article 8 – Secretary of the Members' Council**

- 8.1 In consultation with the chair of the Members' Council, the chair of the Supervisory Board and the chair of the Management Board, Royal FloraHolland makes one of its employees available to the Members' Council as secretary of the Members' Council. The secretary of the Members' Council may not be removed from the position without the approval of the Members' Council.
- 8.2 The secretary of the Members' Council ensures that the correct procedures are followed and that this is done in compliance with the legal obligations and other relevant legislation, the Articles of association and these Regulations and any other regulations that apply.
- 8.3 The secretary of the Members' Council supports the chair of the Members' Council in the actual organisation of the Members' Council (understood to mean the subjects referred to in Article 7 par. 9). The secretary of the Members' Council supports the chair of the Supervisory Board in a



similar fashion as needed in connection with a formal meeting of the Members' Council, as well as the committees and workgroups of the Members' Council.

- 8.4 In consultation with the chair of the Members' Council, the chair of the Supervisory Board and the chair of the Management Board, the secretary of the Members' Council may delegate his tasks or parts thereof to persons working at Royal FloraHolland or outside.

#### **Article 9 – Meetings**

- 9.1 The Members' Council meets according to a meeting schedule set annually that includes at least one meeting in the first half of the year and one meeting in the second half of the year. The former meeting will be held within the first six (6) months of the financial year unless this term is extended by the Members' Council. This meeting is referred to as the "annual meeting". In determining the annual meeting schedule, the meetings will fit as far as possible with the meeting schedules of the Management Board and the Supervisory Board. Every year the chair of the Members' Council, the chair of the Management Board and the chair of the Supervisory Board determine in mutual consultation the subjects to be included on the annual agenda of the Members' Council and which of these subjects will require consultation with the members.
- 9.2 During the annual meeting, in accordance with the provisions laid out in the Articles of association, the annual report and the annual accounts of Royal FloraHolland of the previous financial year will always be examined.
- 9.3 Apart from the two meetings stated in par. 1, other meetings of the Members' Council may be called as often as the Management Board, the Supervisory Board or the chair of the Members' Council deem necessary.
- 9.4 At the written request of the members of the Members' Council who can exercise at least one tenth (1/10) part of the number of votes that can be cast in a meeting of the Members' Council in which resolutions can be passed (a "formal meeting"), the Management Board is obliged to convene a formal meeting within a period of no longer than four (4) weeks after submission of that request. The foregoing also applies to a meeting of the Members' Council in which no decisions can be taken (an "informal meeting"), on the understanding that in that case the request will be addressed to the chair of the Members' Council and that the chair will then be obliged to convene the informal meeting or have the informal meeting convened by the Management Board.
- 9.5 A formal meeting of the Members' Council, which includes the annual meeting and the second meeting as specified in the first sentence of par. 1 of this Article, is chaired by the chair of the Supervisory Board. If the chair of the Supervisory Board is unavailable, the Supervisory Board will provide a replacement.
- 9.6 Informal meetings of the Members' Council are chaired by the chair of the Members' Council.
- 9.7 Meetings of the Members' Council other than those referred to in par. 1 shall be held at the request of the Members' Council or at the request of the Supervisory Board, without prejudice to the provisions of par. 3 of this Article and the provisions of Article 10. All meetings of the

Members' Council are convened by the Management Board by means of convening notices, with due observance of a period of at least eight (8) days, not counting the day of dispatch of the notice and the day of the meeting. The convening notices are sent to each of the members of the Members' Council at the addresses recorded for them at Royal FloraHolland. The convening notices state the place and the time of the meeting, whether it concerns a formal meeting or an informal meeting, as well as the subjects that will be discussed. Without prejudice to the provisions above regarding the deadline for dispatch of the convening notices to the members of the Members' Council, the Members' Council strives to make the documents to be discussed at the meeting available to the members of the Members' Council at least two (2) weeks prior to the meeting.

9.8 After approval by the Supervisory Board, the Management Board sets the agenda of formal meetings of the Members' Council. The chair of the Members' Council sets the agenda of informal meetings of the Members' Council and submits it for information to the Supervisory Board and the Management Board before sending it to the members of the Members' Council in convening notices as specified in par. 7.

9.9 Agenda points of formal meetings and of informal meetings may be submitted to the Management Board:

- a. by the Nomination Committee;
- b. by the Supervisory Board; and
- c. by members of the Members' Council who form at least one tenth (1/10) part of the number of votes that can be cast in a plenary formal meeting.

A request for inclusion on the agenda must be made to the Management Board at least two (2) weeks before the day of the calling of a formal meeting, and to the chair of the Members' Council in the case of an informal meeting, and in both cases with a copy to the Supervisory Board.

9.10 Should a matter arise in a formal meeting that was not stated on the agenda of the meeting, the chair of the meeting may decide to allow a decision to be taken about the matter on the proviso that:

- a. it is a matter requiring urgent handling that cannot be postponed; and
- b. the Supervisory Board is not against the handling of the matter; and
- c. the proposal by the chair of the meeting to handle this matter is accepted with an absolute majority of the votes cast by the Members' Council and then the decision on that matter is taken by the Members' Council with a two-thirds majority of the votes cast, unless the Articles of association require a larger majority and without prejudice to the provisions of Article 11 par. 2.

#### **Article 10 – Requests by members to convene an informal Members' Council meeting**

10.1 If the Members' Council is requested to consider subjects that are in the interest of Royal FloraHolland and the members in an informal meeting, at the proposal of a group of at least two hundred and fifty (250) members who are jointly authorised to cast at least one-twentieth (1/20) part of the votes in a plenary members' meeting as specified in Article 31 of the Articles of

association, provided the subjects fall within the mandate of the Members' Council, the Members' Council will decide in a formal meeting whether or not to honour that request. A decision to refuse the request must be accompanied by reasons for doing so.

- 10.2 The powers in regard to the subjects specified in Articles 2 through 6 are part of the mandate of the Members' Council.
- 10.3 The mandate of the Members' Council does not include:
- i. subjects that are prescribed by law and/or the Articles of association to the Management Board, the Supervisory Board or another entity of Royal FloraHolland, including, for example, subjects that are related to operational matters (**Appendix D**);
  - ii. the structure and governance of Royal FloraHolland;
  - iii. cases in which a judicial or arbitral procedure is pending or can be made or has been opened (cases going through courts and/or arbitrators or over which the court or arbitrators have previously ruled);
  - iv. cases that for a period of three (3) years prior to the request were already the subject of a request, regardless of whether the request was honoured or rejected, unless the Members' Council decides that the members have not been sufficiently consulted about the subject in question.
- 10.4 The members' request is directed to the chair of the Members' Council and a copy is submitted to the Management Board and to the Supervisory Board. The request states as accurately as possible the matter that the members wish to see handled by the Members' Council and contains a reasoned explanation.
- 10.5 The request is accompanied by a list of the members on whose behalf the request is made (the "Applicants"). The request also states the contact person who is acting on behalf of the Applicants (the "Contact Person"). All correspondence from and on behalf of the Members' Council, the Management Board and the Supervisory Board is directed to the Contact Person and in so doing is considered to be directed to all Applicants. All correspondence from and on behalf of the Contact Person is directed to the chair of the Members' Council and is done on behalf of all Applicants.
- 10.6 The chair of the Members' Council confirms receipt of the request within ten (10) days after receipt in a written or electronic document directed to the Contact Person with a copy sent to the Management Board and the Supervisory Board.
- 10.7 The chair of the Members' Council then enters into consultation with the chair of the Management Board (the "CEO") and the chair of the Supervisory Board regarding the request. This meeting:
- i. ascertains whether the request meets one or more of the criteria specified in par. 2 for consideration in the Members' Council or meets one or more of the criteria specified in par. 3, in which case it does not qualify for consideration;
  - ii. determines what consequences that Royal FloraHolland may expect should the request qualify for consideration.

- 10.8 The chair of the Members' Council, the CEO and the chair of the Supervisory Board enter into the necessary deliberations with the other members of their respective entities if they deem this useful or necessary.
- 10.9 The chair of the Members' Council invites the Contact Person in writing to provide additional information in person on behalf of the Applicants (the "Consultation Meeting"). The Consultation Meeting can also be attended by at most ten (10) other Applicants. The secretary of the Members' Council attends the meeting. Should he or she be unable to attend, the chair of the Members' Council appoints another member of the Members' Council to act as secretary of the Consultation Meeting. The CEO and the chair of the Supervisory Board are authorised but not required to attend the Consultation Meeting. They have the authority to appoint another Management Board member or another supervisory director to attend the Consultation Meeting in their stead.
- 10.10 In consultation with the CEO and the chair of the Supervisory Board, the chair of the Members' Council may allow other persons to attend the Consultation Meeting, whether at the request of the Applicants or not.
- 10.11 The Consultation Meeting takes place in one of the offices of Royal FloraHolland, to be decided by the chair of the Members' Council. The Consultation Meeting takes place within four (4) weeks of receipt of the request from the members.
- 10.12 The secretary of the Members' Council takes the minutes of the Consultation Meeting. The minutes are sent to all those present as soon as possible, but definitely within two (2) weeks of the Consultation Meeting. The minutes are signed by the chair and secretary of the Members' Council.
- 10.13 The chair of the Members' Council, the CEO and the chair of the Supervisory Board advise the Members' Council regarding the request (the "Advice"). They decide, preferably unanimously, on the content of the Advice. If the decision is taken through a majority vote, the Advice is accompanied by the grounds on which each of them reached their decision.
- 10.14 When the minutes are sent to those who attended the Consultation Meeting, the chair of the Members' Council informs the Contact Person about the Advice, providing a brief explanation of the considerations that led to the Advice issued to the Members' Council with the request to either consider the request or honour it.
- 10.15 At the same time, the chair of the Members' Council requests the Management Board to call a formal meeting of the Members' Council as specified in Article 29 par. 4 under b of the Articles of association to take a decision about the request; this meeting must be held within four (4) weeks after the last date on which the minutes and the Advice must be sent to those present at the Consultation Meeting.

- 10.16 Should the Members' Council decide to honour the request in its formal meeting, the informal meeting has to be called immediately and must take place within four (4) weeks of the formal meeting of the Members' Council as specified in par. 15.
- 10.17 During the annual members' meeting as specified in Article 31 par. 1 of the Articles of association, the Members' Council issues a report to the members regarding the number of requests that they have received in the previous financial year and the decisions taken.
- 10.18 No appeal may be made against the decision of the Members' Council regarding a request as specified in Article 10.

#### **Article 11 – Decision-making process**

- 11.1 In meetings, the Members' Council may only take lawful decisions if the majority of its members are present or represented, on the understanding that members who have a conflict of interest as specified in par. 4 of this Article are not included in calculating this quorum. The Members' Council takes its decisions by an absolute majority of the votes cast, unless by law or the Articles of association a supermajority is required and without prejudice to the provisions of par. 2 of this Article. One member of the Members' Council may not be represented in a meeting by another member of the Members' Council. Should the votes be tied, the chair casts the deciding vote.
- 11.2 If the number of serving Members' Council members drops below thirty (30) persons, the Members' Council cannot take any other decisions than those over its statutory authority as specified in Article 6 par. 2 until at least thirty-five (35) serving members are present in the Members' Council. Should a vacancy arise due to the voluntary retirement of a member of the Members' Council in the period of three (3) months preceding the day of the meeting of the Members' Council in which a decision regarding a non-statutory authority of the Members' Council is put on the agenda, the vacancy is not considered when applying the foregoing.
- 11.3 Each member of the Members' Council has one (1) vote in the Members' Council meetings. When exercising the right to vote, the members vote without hindrance or consultation and take the interests of all members into account. The members of the Members' Council do not represent individual interests or partial interests of members or of groups of members.
- 11.4 Members of the Members' Council do not take part in the deliberations of the Members' Council or the decision-making if they have a direct or indirect interest that is in conflict with the interests of Royal FloraHolland. Any member to whom this applies is required to inform the chair of the Members' Council accordingly prior to the meeting of the Members' Council.
- 11.5 Voting on points in a meeting of the Members' Council is done verbally unless the chair of the meeting decides upon a written vote. Any points concerning people are voted on in a Members' Council meeting with sealed and unsigned ballots. Voting by acclamation in a meeting of the Members' Council can be done on points as well as on persons as long as none of the eligible voters who are present object.

- 11.6 If votes about persons are cast but no-one obtains the absolute majority of the valid votes cast, and after an intermediate vote between persons who received the same number of votes, a second vote shall be held between the two persons who obtained the two highest number of votes. If the number of votes in the intermediate vote are equally divided between two or more persons, lots will be drawn to determine which two persons are eligible for the second vote. If the votes are tied in the second vote, lots will be drawn to decide the winner.
- 11.7 If the vote does not show an absolute majority, the proposal is rejected.
- 11.8 Blank votes and invalid votes will not be considered as votes.
- 11.9 If Royal FloraHolland has an automated voting system, using voting keypads for example, the voting rights will be exercised during a meeting using this method.
- 11.10 After the vote, the secretary informs the meeting of the result of the vote on the relevant agenda point, mentioning how many of the members voted for the proposal and how many against and how many abstained. After the meeting, the secretary makes the results of the votes and a report of the issues considered known to the members through the online platform of Royal FloraHolland on behalf of the Members' Council. Only the result will be made known, with the percentages of votes in favour, votes against and abstentions, but without mention of the votes cast by each member of the Members' Council.
- 11.11 The minutes of the meetings are adopted in the next Members' Council meeting and are signed by the chair and the secretary of the next meeting. The minutes always contain the decisions taken by the meeting. The secretary sends (i) a draft of the minutes to the Management Board and the Supervisory Board prior to the next meeting of the Members' Council for comments and (ii) a copy of the adopted minutes after adoption of the minutes by the Members' Council. Members of the Members' Council, the Management Board or the Supervisory Board may not share the minutes outside their immediate circle unless expressly permitted to do so in advance by the Members' Council.
- 11.12 Further, if a member of the Members' Council voted against a proposal or abstained from voting and that proposal is adopted by the Members' Council, the member is expected to respect and carry out that decision on the understanding that he may explain his point of view.

## **Article 12 - Members' Council committees**

- 12.1 The Members' Council has a number of committees:
- a. the Finance committee for all financial subjects;
  - b. the Strategic committee for strategic and policy issues;
  - c. the Binding Members committee for the active and timely consultation of the members, regardless of the subject;
  - d. the Governance committee for the recruitment, selection, appointment, suspension, expulsion and evaluation of members of the Members' Council and their compensation, assessment of the structure and procedure of the Members' Council, as well as all authority conferred to the Members' Council by law or Articles of association regarding

- the aforementioned subjects to the extent that they are related to the members of the Management Board and the members of the Supervisory Board; and
- e. other occasional committees at the discretion of the Members' Council.
- 12.2 The committees prepare the decision-making process in the Members' Council and, if requested, provide advice to the Members' Council on subjects within the remit of their tasks. The committees consequently do not have any decision-making powers delegated by the Members' Council.
- 12.3 The Members' Council assigns a task to each committee and can change this task from time to time, including limiting the task or expanding it. The Members' Council may install a new committee on its own initiative or at the proposal of a committee, and determine its composition, tasks and authority if it so decides.
- 12.4 Committee members are appointed by the Members' Council. Every committee of the Members' Council consists of a number of members of the Members' Council set by the Members' Council. The minimum number is at least five (5) persons. A committee can invite experts and others to provide it with advice and/or to attend its meetings without these persons being required to be part of the committee.
- 12.5 The specified meetings and other meetings of the committees are organised, prepared and convened in consultation with the secretary of the Members' Council. Meetings and sessions of the committees are held at least three (3) times a year or more often if deemed necessary by the Members' Council. At the request of at least three (3) members of the committee, more meetings or sessions may be held.
- 12.6 The meetings and sessions of the committees are not chaired but are facilitated and supported by a support team established by the Management Board in consultation with the chair and the secretary of the Members' Council.
- 12.7 The secretary of the Members' Council ensures that a report is compiled of every meeting and session of the committee and that this is sent to the Members' Council for information after approval by the relevant committee.

**Article 13 - Introduction programme. Training programme.**

- 13.1 After appointment, every member of the Members' Council takes introduction and training programmes compiled by Royal FloraHolland in consultation with the Members' Council and financed by Royal FloraHolland. The programmes cover:
- a. general financial, social and legal subjects;
  - b. Royal FloraHolland's financial reporting;
  - c. specific aspects of Royal FloraHolland and its company, activities and the markets in which it operates;
  - d. the responsibilities of the members of the Members' Council;
  - e. skills to enhance the ability to think and act in the interests of policy and independently;
  - f. leadership and management of groups;



- g. gaining and keeping the trust of the members and others in Royal FloraHolland.
- 13.2. Every year the Governance committee assesses what additional training or coaching components that members of the Members' Council need during their term of office, and it evaluates the performance of the members of the Members' Council in accordance with the provisions laid out in Article 14.
- 13.3 The members of the Members' Council are required to have and to allocate sufficient time so as to perform their function properly.
- 13.4 The members of the Members' Council attend all the meetings of the Members' Council, unless exceptional circumstances such as illness, family circumstances and extraordinary circumstances in their company prevent this. Should they be unable to attend a meeting, they must report this by telephone to the chair of the Members' Council or, if he is not accessible or available, to the secretary of the Members' Council.
- 13.5 At the request of the Members' Council or the chair of the Members' Council, the members of the Members' Council attend the consultation meetings with the members and the information meetings with the members and other stakeholders so that the associated time used for this purpose is reasonably shared among the members of the Members' Council.
- 13.6 The members of the Members' Council prepare for all the meetings and sessions in which their presence is desired or required.

**Article 14 - Annual evaluation of the Members' Council and its members.**

- 14.1 Every year, in the month of October at the latest, the Members' Council evaluates its own performance. The Governance committee prepares the evaluation.
- 14.2 The Governance committee definitely covers:
- a. the evaluation of the performance of the Members' Council as a whole and of its committees;
  - b. the composition and size of the Members' Council;
  - c. the profile for the composition of the Members' Council;
  - d. the selection criteria for the members of the Members' Council and the appointment procedure;
  - e. the relationship between the Members' Council and the Management Board and the Supervisory Board;
  - f. the quality of consultation of the members and other stakeholders by the Members' Council;
  - g. the quality and effectiveness of the Members' Council's decision-making process;
  - h. the performance of the members of the Members' Council, their attendance of meetings of the Members' Council and of the members' consultations, their knowledge and skills;
  - i. the performance of the chair of the Members' Council;
  - j. if a member of the Members' Council is not performing adequately, including the chair, submitting a proposal to the Members' Council on the consequences of this.



- 14.3 Every year, the Governance committee compiles the report specified in Article 6 par. 8 about the performance and the activities of the Members' Council.

#### **Article 15 – Relationship with the Management Board and the Supervisory Board**

- 15.1 The members of the Management Board and at least two (2) members of the Supervisory Board, whose attendance it determines on a case-by-case basis, are required to attend the formal meetings of the Members' Council. At the request of the chair of the Members' Council, the members of the Management Board and at least two (2) members appointed by the Supervisory Board are required to attend the informal meetings of the Members' Council.
- 15.2 At the request of the chair of the Members' Council, the Management Board will ensure the attendance of one or more members of the management team in the meeting of the Members' Council.

#### **Article 16 – Relationship with the Royal FloraHolland Product Committees and the Regional Advisory Committees**

- 16.1 At the initiative of the Members' Council, at least one meeting takes place every year between some of its members appointed by the Members' Council and the chairs of the FPCs and RACs. The agenda for this meeting is compiled by the chair of the Members' Council. The secretary of the Members' Council sends the agenda and other meeting documents to those invited to the meeting no later than eight (8) days before the day of the meeting.
- 16.2 Without prejudice to the provisions of Article 11 par. 11 and 12, the secretary of the Members' Council sends a list of the decisions taken by the Members' Council and advice given, accompanied by a brief explanation of their contents, for information to the chairs of the FPCs and of the RACs, unless the content and/or the confidentiality of the advice given jeopardises the interests of Royal FloraHolland.

#### **Article 17 – Confidentiality**

- 17 Each member of the Members' Council is required to exercise the necessary discretion in relation to all the information and documentation received while a member and, in the case of confidential information, is required to comply with the rules of confidentiality. Members and former members of the Members' Council will not share such confidential information outside the Members' Council or make it public or make it available to third parties in any other way unless Royal FloraHolland has made this information public or it has been determined that this information is already known to the public.

#### **Article 18 – Information**

- 18.1 The Members' Council and its members are responsible for obtaining all the information required from the Management Board and the Supervisory Board that the Members' Council needs in order to carry out its task as Members' Council properly.

- 18.2 The Management Board and the Supervisory Board each provide the Members' Council with all the information on time (and in writing whenever possible) that they know or should know is required by the Members' Council in order to carry out its task properly.
- 18.3 If a member of the Members' Council obtains information (from a source other than the Members' Council, the Management Board or the Supervisory Board) that is useful for the Members' Council to be able to carry out its task properly, he will make this information available to the chair of the Members' Council as quickly as possible. The chair will then inform the entire Members' Council.

**Appendix A: Members' Council profile.**

**Appendix B: Retirement rota.**

**Appendix C: Types of compensation.**

**Appendix D: List of operational matters that do not qualify for consideration.**