

# CORPORATE GOVERNANCE

## Introduction

NSI N.V. is a Dutch public limited liability company listed on Euronext Amsterdam and has its registered seat in Amsterdam, the Netherlands. NSI has a two-tier structure, with a Management Board and a non-executive Supervisory Board. The company's highest authority is the General Meeting of Shareholders which is held at least once a year.

## Capital, shares and voting rights

The authorised capital of the company is EUR 99,568,556.46, divided into 27,056,673 ordinary shares with a nominal value of EUR 3.68 each. At 31 December 2020, 19,291,415 shares were issued and fully paid up.

Shareholders have the right to cast one vote for each ordinary share held; they may cast their votes in person or by proxy. There are no restrictions on voting rights.

All shares have equal entitlement to the company's profit and reserves.

NSI does not cooperate with the issuance of depository receipts for its shares, nor does the company apply any restrictions on the transfer of its shares. The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or restrictions on the exercise of voting rights.

All resolutions of the General Meeting of Shareholders are passed with an absolute majority of the votes cast, unless a larger majority is required by law or under the Articles of Association.

## Issuing shares

Shares may only be issued pursuant to a resolution of the General Meeting of Shareholders if it has not allocated this authority to another corporate body of the company for a period not exceeding five years. This authorisation may be extended from time to time, albeit for periods not exceeding five years. A resolution of the General Meeting to issue shares or to assign this authority to another corporate body of the company may only be made upon a proposal by the Management Board and subject to the prior approval of the Supervisory Board.

The resolution of the General Meeting to allocate authority as set out above to another corporate body of the company must set out how many shares may be issued and whether the allocation may be withdrawn during the five-year period. Furthermore it must state whether such body will have the authority to exclude or limit preferential rights.

Upon the issue of shares, each shareholder will have a preferential right to subscribe for shares being issued in proportion to the aggregate nominal amount of their existing shares, unless such right is denied by mandatory legal provisions. Shareholders have identical preferential rights in the event that rights are granted to subscribe for shares. This preferential right can be limited or excluded by the General Meeting subject to formalities prescribed



by law or by the corporate body authorised to issue shares if it has been given this authority. A resolution of the General Meeting to limit or exclude preferential rights or to designate another corporate body of the company for this purpose can only take place upon a proposal by the Management Board and subject to the prior approval of the Supervisory Board.

There is no employee share scheme granting rights to employees to acquire shares in the company or any of its subsidiaries.

### Shareholder meetings

General Meetings of Shareholders are convened by the Management Board or the Supervisory Board. A legal term of at least 42 days applies between the convocation date of a General Meeting of Shareholders and the actual date of the meeting.

At least one General Meeting is held every year within six months of the end of the company's financial year. At the Annual General Meeting the following is discussed:

- the written report of the Management Board on the course of business of the company and the conduct of its affairs during
- the past financial year;
- the adoption of the annual accounts;
- the remuneration report
- the policy of the company on additions to reserves and on distributions of profits (the level and purpose of the addition to reserves, the amount of the distributions of profits and the type of distributions of profits) as well as an explanation thereto;
- any proposal to distribute profits;
- if any, each substantial change in the corporate governance structure of the company and in the compliance of the company with the Dutch corporate governance code;
- any appointments to the Management Board and the Supervisory Board and
- all proposals placed on the agenda by the Management Board, including, but not limited to, the proposal to grant discharge to the members of the Management Board for their management during the financial year and any proposals submitted by shareholders in accordance with legal provisions and the Articles of Association.

Extraordinary General Meetings are held as often as the Management Board or the Supervisory Board deems necessary. Extraordinary General Meetings will also be held if the Management Board or the Supervisory Board is requested to that effect in writing by one or more holders of shares individually or jointly representing one-tenth or more of the issued capital, specifying in detail the subjects to be discussed.

All shareholders are authorised – either in person or by written proxy – to attend the General Meeting, speak at the meeting and vote provided they have notified the Management Board of their intention to attend no later than the date stated in the notice convening the meeting and in the manner stated.

The Management Board and the Supervisory Board should ensure that the general meeting is adequately provided with information. If the Management Board and the Supervisory Board decide not to provide the general meeting with all information desired, with the invocation of an overriding interest on the part of the company, they must give reasons for this.

The draft minutes of the General Meeting of Shareholders are published on the company's website within three months of the date of the meeting. Shareholders are invited to submit comments on the draft minutes during a three-month period. After this period the Chairman and the Secretary of the General Meeting of Shareholders shall officially adopt and sign the minutes, taking into consideration any comments received.

The 2020 Annual General Meeting of Shareholders took place on 24 April. This meeting addressed the following topics: the 2019 annual report, including the Report of the Management Board and the report of the Supervisory Board on the 2019 financial year, the application of the remuneration policy, the adoption of the 2019 financial statements, the dividend policy of NSI and the declaration of the final dividend 2019, the discharge of the Management Board and the Supervisory Board, the (re)appointment of the CEO and three members of the Supervisory Board, the revision of the Remuneration policy for the Management Board and for the Supervisory Board and the granting of various authorities by the General Meeting of Shareholders to the Management Board and the Supervisory Board with regard to the issuance of a limited number of shares subject to certain conditions and to the restriction or exclusion of pre-emptive rights, and the authorisation to buyback a limited number of shares subject to certain conditions.

### Management Board Responsibilities and reporting line

The Management Board is responsible for managing the company, for the continuity of the company, for developing a view on long-term value creation and for formulating a strategy in line with this. When developing the strategy, the management board pays attention to the strategy's implementation and feasibility, the business model applied by the company and the market in which the company and its affiliated enterprise operate, opportunities and risks for the company, the company's operational and financial goals and their impact on its future position in relevant markets, the interests of the stakeholders and any other aspects relevant to the company and its affiliated enterprise, such as the environment, social and employee-related matters, the chain within which the enterprise operates, respect for human rights, and fighting corruption and bribery.

The Management Board is responsible for complying with relevant laws and regulations, for identifying and managing the risks associated with the company's strategy and activities and for financing the company.

The Management Board reports to the Supervisory Board and the General meeting of Shareholders.

### Management Board Composition, division of duties and remuneration

The Management Board consists of at least two directors who are appointed by the General Meeting of Shareholders. As of May 1<sup>st</sup> 2020 the Management Board comprises two members: a CEO and a CFO.

The division of duties within the Management Board as well as the Board's operating procedures are set out in the Articles of Association and the Management Board regulations. The Articles of Association and the regulations relating to the Management Board are made available on the company's website.

The Supervisory Board establishes the remuneration and other terms of service for members of the Management Board in accordance with the 'Remuneration Policy for Members of the Management Board of NSI' which is published on the website. The General Meeting determines the remuneration policy for the Management Board, in accordance with the relevant statutory provisions. The Supervisory Board makes a proposal to that end.

### Supervisory Board Responsibilities and reporting line

The primary duty of the Supervisory Board is to supervise the management exercised by the Management Board and the general developments at the company and its affiliated enterprise, as well as to advise the Management Board. In the performance of its duties, the Supervisory Board focuses on the interests of the company and its affiliated enterprise and on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.

In its monitoring, the Supervisory Board focuses on the strategy for realizing long-term value creation which has been established for this purpose as well as on the targets derived from this strategy. The Supervisory Board also monitors the process of acquiring, divesting and investing in real estate, the financial reporting process, and compliance with laws and regulations. Lastly, the Supervisory Board is involved in preparing the company's remuneration policy and determining the individual remuneration of individual managing directors within the framework of the remuneration policy approved by the General Meeting of Shareholders.

The Supervisory Board monitors the internal control structure and procedures and the assessment of the risks faced by the company and its subsidiaries. During 2020 the systems and procedures functioned in accordance with their intended purpose and there were no issues that raised doubt as to whether the internal control structure and procedures functioned adequately.

In accordance with its regulations, the Supervisory Board is responsible for decision-making in dealing with existing or potential conflicts of interest between Management Board members, Supervisory Board members and the external auditor, on the one hand, and the company, on the other. Under the provisions of the Dutch Financial Supervision Act (Wet op het financieel toezicht or Wft) and EU-IFRS, the item 'related parties' in the annual financial statements specifies transactions between the company and related parties, including members of the Management Board and the Supervisory Board, as well as transactions involving one or more related parties. The item also states to what extent such transactions were entered into at market conditions. No such transactions between the company and related parties took place in the 2020 financial year.

The Supervisory Board reports to the General meeting of Shareholders.

### Supervisory Board Composition, division of duties and remuneration

In accordance with the company's Articles of Association, the Supervisory Board consists of at least three members who are appointed by the General Meeting of Shareholders. As of April 24<sup>th</sup>, 2020 the Supervisory Board comprises five members.

The Supervisory Board is composed in such a way that its members can operate independently and critically with regard to

each other, the Management Board and any interest group. All of the Supervisory Board members are currently independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. A supervisory director is considered to be independent if the dependence criteria stated in the Code do not apply. One of the members of the Supervisory Board is a shareholder in ICAMAP Investments SARL, which is holding more than 10.0% of NSI shares as per 31 December 2020. This company has invested in NSI with a view to a long-term commitment and the respective Supervisory Board member actively ensures that no transactions in NSI shares take place during the closed periods and during periods when the member of the Supervisory Board has inside information at its disposal which has not yet been made public by the company.

The General Meeting of Shareholders appoints the Supervisory Board members. Proposals to the General Meeting of Shareholders for appointment or reappointment are supported by adequate grounds. In case of a reappointment, the performance and operation of the candidate in his or her capacity of Supervisory Board member is taken into account. The Articles of Association and the regulations governing the Supervisory Board state that the members of the Supervisory Board may be appointed for a term of no more than four years and reappointed once for term of no more than four years. After this time a member can be reappointed for a term of no more than two years, with the possibility of reappointment for a term of not more than two years for each reappointment. A decision by the General Meeting of Shareholders to dismiss or suspend a Supervisory Board member can be taken by a two-thirds majority of votes in a meeting at which over 50% of the issued capital is represented.

The Supervisory Board members receive a remuneration in accordance with the 'Remuneration Policy for Members of the Supervisory Board of NSI' which is published on the company's website. The General Meeting determines the remuneration policy for the Supervisory Board, in accordance with the relevant statutory provisions. The Supervisory Board makes a proposal to that end.

The division of duties within the Supervisory Board as well as its operating procedures are laid down in the company's Articles of Association and the Supervisory Board regulations, both of which are made available on the company's website. The Supervisory Board has appointed an Audit Committee, a Remuneration Committee, a Selection and Appointment Committee, and a Real Estate Committee from within its ranks. The regulations of these committees can also be accessed via the website.

### External auditor

The external auditor is appointed by the General Meeting of Shareholders and attends the meeting of the Supervisory Board at which the financial statements are discussed and adopted in the presence of the Management Board. NSI publishes the audited annual figures and reviewed semi-annual figures. NSI publishes a trading update for the first and third quarters, neither of which is reviewed or audited by the external auditor.

The General Meeting of Shareholders may ask the external auditor questions about the auditor's report relating to the reliability of the financial statements. The external auditor may address the meeting on this subject.

PricewaterhouseCoopers Accountants N.V. was appointed as NSI's external auditor in 2016.

### Corporate Governance Code

As a public limited liability company in the Netherlands, NSI is subject to the Dutch Corporate Governance Code. The current Corporate Governance Code was published on 8 December.

An overview of the manner in which the company complies with the provisions of the Dutch Corporate Governance Code and an explanation why or where the company derogates from best practice provisions is published on the company website.

NSI complies with all best practice provisions of the Dutch Corporate Governance Code, with the exception of best practice provision 1.3.1. As is the case with many small listed companies in the Netherlands, NSI has not appointed an internal auditor as specified in best practice provision 1.3.1. The Supervisory Board assesses annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee, and considers whether it is necessary to establish an internal audit department and includes the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board. In practice NSI has an comprehensive Internal Audit program and yearly executes a number of Internal Audits that are conducted by BDO accountants and reported to and discussed with the Audit committee.

### Compliance

The NSI Code of Conduct outlines the main integrity risks NSI may encounter in its business and the way it wishes to deal with these risks. The Code of Conduct contains a whistle blowers policy. NSI has a mature, open culture that encourages employees to speak up. Every year all employees are instructed on the main topics of the Code of Conduct and reaffirm their adherence to its provisions. Several compliance-related issues and dilemmas that were brought up in 2020 were dealt with by the Compliance Officer directly or were discussed in management meetings with the aim of establishing policies.

There was no breach of the Code of Conduct in 2020.

### Diversity

NSI's diversity policy targets a Management Board that is composed in a balanced way. The board is considered to be composed in a balanced way if at least 30% of the seats on the board are occupied by women and at least 30% by men. As of 1 May 2020 50% of the Management Board consisted of women and 50% of men.

The Supervisory board profile addresses the desired expertise and background of the Supervisory Board members, the desired diverse composition of the Supervisory Board, the size of the Supervisory Board and the independence of the Supervisory Board members. The profile of the Supervisory Board includes a target for 30% of the board to be composed of women. As of 24 April 2020 40% of the Supervisory Board has consisted of women and 60% of men.

The Supervisory Board strives to achieve a situation in which the experience and expertise of its members are appropriate in relation to the strategy and operations of NSI. The experience and expertise of the individual Supervisory Board members is detailed on pages 79 and 80 of this annual report.

### Further information regarding Decision on Article 10 of Takeover Directive

Notifications pursuant to the Dutch Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Act were received from holders of ordinary shares representing more than 3% of the company's capital.

According to the most recent notifications, these interests were as follows:

	31 December 2020	31 December 2019
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.0%	5.0%
Norges Bank	4.2%	3.0%
Phoenix Insurance Company Ltd.	3.7%	3.7%
APG Asset Management N.V.	3.3%	3.3%
Clearance Capital	3.2%	

The agreements that NSI has with its financiers include the provision that in the event of a change in the control of NSI, the financiers have the possibility of demanding that the loans be redeemed early. This could for instance come into effect after a successful public offer for the NSI shares.

NSI and its subsidiaries have entered into an important agreement that contain a clause that in the event of a change of control the other party has the right to terminate the agreement and receive substantial reimbursements for investments in the fit out of an office. This clause aims to prevent and would come into effect in case of a transfer of the control over NSI to a party that is mentioned on the Specially Designated Nationals and Blocked Persons List, as from time to time published by the US Office of Foreign Assets Control (OFAC), or to a party who is otherwise subject to economic or financial sanctions by the relevant authorities of the US, the EU or The Netherlands.