

Cosun endorses the NCR Governance Code for Cooperatives and applies it in full with the exception of a number of principles and provisions. This memo explains where and why Cosun departs from the Code. The memo is based on the third version of the NCR Governance Code of 22 May 2015.

Principle 3.1.A *The role of the management board is to manage the cooperative*

Cosun is organised on the lines of the 'traditional' management model, with members holding a clear majority on the management board (the Board). The management board is accordingly appointed for a large part by the members and, in consequence, day-to-day management and the preparation and implementation of the policies adopted by the management board have been delegated to the President of the Executive Board.

Principle 3.1.B *The management board provides the supervisory board with all necessary information*

For practical reasons, the Chairman of the Board is responsible for the provision of information to the Supervisory Board. A joint meeting of the full Board and the Supervisory Board is held twice a year.

Provision 3.2.1.1 *Approval of corporate social responsibility issues relevant to the business*

The corporate social responsibility issues that are relevant to the cooperative's business are not put to the Supervisory Board for approval separately because, in Cosun's opinion, corporate social responsibility is an integral part of all facets of the business and does not need to be approved separately.

Provision 3.2.2.2 *Statement of relevant information on managing directors in the annual report*

The information listed in the NCR Governance Code regarding the members of Cosun's Board is not presented in Cosun's annual report but is published on its website.

Provisions 3.2.2.3 and 4.2.2.2 *At least 30% of the seats on the management board and the supervisory board will be held by women and at least 30% by men*

The 30% criterion is not achieved on either the Board or the Supervisory Board because the members hold a majority on both boards and nearly all the members are men. The 30% rule is observed on the appointment of external members, with one seat on each board currently being held by a woman. Diversity is encouraged and women who wish to be active participants in the Members' Council and districts are actively sought out among the members.

Provision 3.2.2.5 *Managing directors in the traditional model are appointed for a maximum term of four years and a total term of 12 years*

Cosun's Articles of Association stipulate that members of the Board are appointed for a term of five years and a total term of 15 years. The total term of the Board's Chairman is 20 years. The current terms of appointment were selected because the quality of management and supervision is determined in part by experience and continuity. These provisions of the Articles of Association were discussed with and endorsed by the Members' Council in 2012. In the light of the different term in the third NCR Governance Code, the current terms of appointment will be evaluated in 2017.

Provisions 3.2.4.2, 3.2.4.4, 3.2.4.5 *Variable remuneration components*

These provisions do not apply because Cosun does not have variable remuneration components for members of the Board.

Provision 3.2.5.4 *Managing directors report actual and potential conflicts of interest*

Members of the Board report actual or potential conflicts of interest if they are of material importance. Some members of the Board are also members of the cooperative. A member's entering into a customary transaction on arm's length conditions is not considered a conflict of interest.

Provision 4.2.1.8 *Appointment and dismissal of the secretary of the supervisory board*

The NCR Code states that the management board should appoint and dismiss the secretary of the supervisory board. By way of departure, Cosun's Supervisory Board appoints its own secretary, from amongst its own ranks or otherwise. Appointment and dismissal by the Supervisory Board itself increases its independence from the Board. The Supervisory Board receives support from Cosun's corporate staff.

Provision 4.2.2.7 *Before accepting a position at another legal entity by supervisory board members*

This provision had initially not been included in the regulations for the Supervisory Board. The regulations have since been amended.

Provision 3.2.1.4, Principle 5.1.D *The management board, supervisory board, all members and all must comply with a cooperative code of conduct drawn up by the management board*

The Cosun Principles apply to the staff, managers, managing directors and supervisory directors of Cosun and its group companies, not to its members. The Principles have been drafted from the perspective of the business Cosun carries on and, as such, are less suited to be of general application to the members. The Articles of Association, regulations and members' contracts, however, contain various rules that are applicable to the members and that are reflected in the Cosun Principles.

Provision 5.2.4.1      *Profile of the Members' Council*

No profile is provided for the composition of Cosun's Members' Council. The composition is laid down in the Articles of Association, supplemented with certain provisions in the general rules and regulations.

Breda, November 2015