

TERMS OF REFERENCE AUDIT COMMITTEE

DUTCH STAR COMPANIES TWO B.V.

Adopted by the Board on 13 November 2020

0. INTRODUCTION

- 0.1 These terms of reference have been drawn up by the Board pursuant to clause 10.4 of the By-Laws of the Board.
- 0.2 The Audit Committee is a standing committee of the Board.
- 0.3 Certain capitalised or uncapitalised terms used but not defined in these terms of reference have the meanings given to them in the By-Laws of the Board and the List of Definitions attached to those By-Laws as Annex 1.

1. COMPOSITION

- 1.1 The Audit Committee shall consist of at least one member. All members of the Audit Committee must also be Non-Executive Directors. More than half of the members of the Audit Committee shall be independent within the meaning of best practice provision 2.1.7 of the Dutch Corporate Governance Code.
- 1.2 At least one member of the Audit Committee shall have competence in accounting or auditing.¹
- 1.3 The members of the Audit Committee shall be appointed and may be replaced at any time by the Board. The Board shall appoint one of the members of the Audit Committee as chairman of the Audit Committee.² The Audit Committee shall not be chaired by the Chairman of the Board or by a former Executive Director of the Company.³
- 1.4 The term of office of a member of the Audit Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Board as a whole and that of other committees from time to time.

2. DUTIES AND POWERS

- 2.1 Working within the Board, the Audit Committee is charged in particular with:⁴
- (a) the monitoring of the financial-accounting process and preparation of proposals to safeguard the integrity of said process;
 - (b) the monitoring of the efficiency of the internal management system, the internal audit system and the risk management system with respect to financial reporting;
 - (c) the monitoring of the statutory audit of the annual accounts and consolidated accounts, and in particular the process of such audit (taking into account the review of the Dutch

¹ Audit Committee Decree 2016, section 2(3).

² Audit Committee Decree 2016, section 2(3).

³ Dutch Corporate Governance Code, best practice provision 2.3.4.

⁴ Audit Committee Decree 2016, section 2(2) (b-f).

Authority for the Financial Markets (*Autoriteit Financiële Markten (AFM)*) in accordance with Section 26 EU-Regulation 537/2014);

- (d) the review and monitoring of the independence of the External Auditor, with a special focus on other services provided to the Company, in accordance with the External Auditor Independence Policy as referred to in **Annex 2**; and
- (e) the adoption of a procedure for the selection of the External Auditor and the nomination for appointment of the External Auditor with respect to the statutory audit of the annual accounts and consolidated accounts.

2.2 Working within the Board, the Audit Committee is furthermore charged with:

- (a) the preparatory work for the Non-Executive Directors' decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Among other things, it focuses on monitoring the Executive Directors with regard to:⁵
 - (i) relations with, and following up of comments by, the internal audit function and the External Auditor;
 - (ii) the financing of the Company;
 - (iii) the application of information and communication technology (ICT), including risks relating to cyber security; and
 - (iv) the Company's tax policy.
- (b) the preparation of meetings of the Board where the Report of the Board, the Annual Accounts and the interim figures of the Company are discussed.

2.3 Each member of the Audit Committee has access to all relevant books, records and offices of the Company and the authority to interview officers and employees of the Company to the extent necessary or useful for the proper performance of his duties.

2.4 When performing its duties the Audit Committee may seek assistance or information from one or more experts appointed by it at a price agreed upon with the Audit Committee, which will be paid by the Company.

2.5 While the Audit Committee has the responsibilities and powers set forth in these terms of reference, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.

2.6 The Audit Committee may only exercise such powers as are explicitly attributed to it by the Board and may never exercise powers beyond those exercisable by the Board as a whole.

3. DUTIES REGARDING THE EXTERNAL AUDITOR

3.1 The Audit Committee shall advise the Board regarding the External Auditor's nomination⁶ for appointment, reappointment or dismissal and shall prepare the selection of the External Auditor. During the aforementioned tasks the Audit Committee shall give due consideration to the

⁵ Dutch Corporate Governance Code, best practice provision 1.5.1.

⁶ Section 15.1 By-laws of the Board.

observations of the Board.⁷ Furthermore, the (preparation of the) selection of the External Auditor shall be in accordance with Section 16 EU-Regulation 537/2014, as reflected in **Annex 1**.

- 3.2 The Audit Committee shall submit a proposal to the Non-Executive Directors for the External Auditor's engagement to audit the financial statements, taking into account the scope of the audit, the materiality to be used and remuneration for the audit. The Non-Executive Directors shall resolve on the engagement.⁸
- 3.3 The Audit Committee shall determine whether, and if so, how the External Auditor should be involved in the content and publication of financial reports of the Company other than the Annual Accounts.⁹
- 3.4 The Audit Committee shall request that the External Auditor include in his report the matters which the External Auditor wishes to bring to the attention of the Board in relation to his audit of the Annual Accounts and the related audits.¹⁰

⁷ Dutch Corporate Governance Code, best practice provision 1.6.1.

⁸ Dutch Corporate Governance Code, best practice provision 1.6.3.

⁹ Dutch Corporate Governance Code, best practice provision 1.7.3.

¹⁰ This obligation could also be included in the Board By-Laws. The obligation should in any case be included in the engagement letter to the auditor.

ANNEX 1

SELECTION PROCEDURE REGARDING THE EXTERNAL AUDITOR¹¹

Unless it concerns the renewal of an audit engagement, the advice of the Audit Committee referred to in Clause 3.1 of these terms of reference shall be prepared following a selection procedure organised by the Company respecting the following criteria:

- (a) the Company shall be free to invite any audit firm to submit proposals for the provision of the statutory audit service on the condition that the cooling down period is respected and that the organisation of the tender process does not in any way preclude the participation in the selection procedure of firms which received less than 15 % of the total audit fees from public-interest entities in the Netherlands in the previous calendar year;
- (b) the Company shall prepare tender documents for the attention of the invited audit firms. Those tender documents shall allow them to understand the business of the Company and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the Company to evaluate the proposals made by audit firms;
- (c) the Company shall be free to determine the selection procedure and may conduct direct negotiations with interested tenderers in the course of the procedure;
- (d) if the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten, (AFM)*) should require audit firms to comply with certain quality standards, those standards shall be included in the tender documents;
- (e) the Company shall evaluate the proposals made by the audit firms in accordance with the selection criteria predefined in the tender documents. The Company shall prepare a report on the conclusions of the selection procedure, which shall be validated by the Audit Committee. The Company and the Audit Committee shall take into consideration any findings or conclusions of any inspection report on the applicant audit firm;
- (f) the Company shall be able to demonstrate, upon request, to the AFM that the selection procedure was conducted in a fair manner.

The Audit Committee is responsible for the selection procedure referred to in this annex.

¹¹ Based on Section 16(3) EU-Regulation 537/2014. Pursuant to Section 16(4) public interest companies which meet the criteria referred to in Section 2(1) (f) and (t) Directive 2003/71/EC are not required to apply the selection procedure; it concerns companies that: (i) meet at least two of following three criteria: average number of employees during the financial year < 250, a total balance sheet not exceeding EUR 43,000,000, an annual net turnover not exceeding EUR 50,000,000; and (ii) an average market capitalisation of less than EUR 100,000,000 on the basis of end-year quotes for the previous 3 calendar years.

ANNEX 2

EXTERNAL AUDITOR INDEPENDENCE POLICY

1. INTRODUCTION

This policy applies in respect of External Auditors of Dutch Star Companies TWO B.V. including any possible majority-owned legal entities.

2. POLICY

The Company and its Subsidiaries use the services of the External Auditor to the extent this does not prejudice the independence of the External Auditor.

3. TERMS OF REFERENCE

The External Auditor must be independent within the meaning of EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities, the Supervision audit firms Act (*Wet toezicht accountantsorganisaties (Wta)*) and the Regulation on the independence of auditors with respect to assurance assignment (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)*) of the Royal Dutch Professional Organisation of Auditors (*Koninklijk Nederlandse Beroepsorganisatie van Accountants*).

The Audit Committee sees to it that the external auditor complies with the relevant recommendations, provisions and statutory provisions, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed.

4. AUDIT SERVICES

Audit Services is the audit of the annual financial reports of the Company, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to filings and obligations under legislation or regulations, and services that only the external auditor as such can reasonably provide.

In addition to complying with section 5 paragraph 1 of the EU Regulation, the External Auditor that conducts the statutory audit of a public-interest entity shall not render any other services to this entity in addition to the audit services.¹²

The External Auditor or any other member of the network to which the External Auditor belongs, may directly or indirectly only render auditing services to the Company and the enterprises it controls during:

- (a) the period between the beginning of the period audited and the issuing of the audit report; and
- (b) the financial year immediately preceding the period referred to in point (a) in relation to non-audit services.¹³

The External Auditor does not need to go through a tender process for each individual engagement.

¹² Section 24b par 2 Supervision audit firms Act (*Wet toezicht accountantsorganisaties (Wta)*). This provision also applies to other parts of a network of which the external auditor's firm is a part of, as set out in more detail in Section 24b par 2 Wta.

¹³ Section 5 EU Regulation 537/2014.

5. ROTATION OF THE EXTERNAL AUDITOR AND PARTNERS RESPONSIBLE FOR AUDIT SERVICES

In order to prevent that the External Auditor and the Company become too close, the number of years an External Auditor may be engaged and a certain person may be part of the audit team of the External Auditor, is capped.

The External Auditor charged with the statutory audit must be replaced after a maximum period of ten years after the start of their involvement. An external auditor is not allowed to work on a new assignment for the Company until at least four years have passed from the date of its replacement.¹⁴

Partners of the audit team of the External Auditor who are charged with essential audit tasks must be replaced after a maximum period of five years after the start of their involvement.¹⁵

The Audit Committee shall also supervise the risks of dependency of other members of the audit team of the Company who are involved with the audit for a significant period. The Audit Committee shall consult the responsible partner of the External Auditor regularly on safeguards set up by the External Auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

6. APPOINTMENT OF THE EXTERNAL AUDITOR

The External Auditor shall be appointed in accordance with clause 16 of the By-Laws of the Board. If the decision is taken to call in the services of another External Auditor, the tender process approved by the Audit Committee shall be followed.

7. COMPLIANCE WITH THIS POLICY

It shall be a condition to their engagement or continuation of engagement for External Auditors to agree to comply with this policy and to have appropriate compliance mechanisms in place for this purpose.

Any exception to this policy requires the prior approval of the Audit Committee.

The Group Controller shall oversee compliance with this policy and keep the Audit Committee informed thereof.

8. STAFF TRANSFER RESTRICTIONS

The Company and the External Auditor shall agree on a policy regarding the restriction of staff transfers from the Company and its group to the organisation of the External Auditor and vice versa, taking into account all relevant legislation and regulations.¹⁶ This policy is subject to the approval of the Board subject to the approval of the majority of the Non-Executive Directors.

9. ROLE OF THE AUDIT COMMITTEE

The Audit Committee will review the Auditor Independence on an annual basis and document its position on the matter as well as address any changes to the Policy or situation as needed. The Audit Committee will discuss the audit approach and the annual reporting of the External Auditor on internal controls and accounting. The Audit Committee is informed on the annual audit budget and other audit services and non-audit services for the year.

¹⁴ Section 17 EU Regulation 537/2014.

¹⁵ Section 24 Wta.

¹⁶ Like art. 42 of the Regulation on the independence of auditors with respect to assurance assignment (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO)) of the Royal Dutch Professional Organisation of Auditors (*Koninklijk Nederlandse Beroepsorganisatie van Accountants*)