

# Corporate Governance

Neways Electronics International N.V. (Neways) is a two-tier company under Dutch law and is not associated with protective or control arrangements in the form of a trust office or depositary receipts for shares.

Our governance structure is based on Book 2 of the Dutch Civil Code, the company's articles of association, and the Dutch Corporate Governance Code. The Board of Directors and the Supervisory Board are responsible for the governance structure, which is periodically evaluated. All relevant regulations and reports are available on our corporate website.

Neways is committed to good corporate governance and endorses the importance of striking a balance between the interests of the different stakeholders and the principles of the Dutch Corporate Governance Code (the Code).

## Corporate governance statement

The corporate governance statement is a statement within the meaning of Section 2a of the Dutch Decree adopting Further Rules on the Contents of Annual Reports (dated 20 March 2009).

The information that must be included in this statement pursuant to Sections 3, 3a and 3b of said decree can be found in the following sections of this report:

- compliance with the Code's principles and best practice provisions – page 41;
- the principal features of the risk management and control systems for the group's financial reporting process, described under 'Risks and risk management' – page 47;
- the functioning of the general meeting of shareholders, its principal powers, and the rights of the shareholders and how these can be exercised – page 45;
- the composition and tasks of the Board of Directors – page 43 and 55;
- the composition and tasks of the Supervisory Board – page 44 and page 56;
- the rules for appointing and replacing members of the Board of Directors and Supervisory Board – pages 43 and 44;
- the rules for amending the company's articles of association – page 45;
- the powers of the of Board of Directors to issue and repurchase shares – page 45;
- the transactions with associated parties – page 91.

## Compliance with the Code

Wherever possible and relevant, Neways complies with the best practices of the Dutch Corporate Governance Code. In 2019, we updated our procedures and regulations to reflect the revised Dutch Corporate Governance Code, which came into effect in 2016.

The following should be noted in relation to the best practice provisions of the Code mentioned below:

### *Best practice provisions 2.1.5 and 2.1.6*

When selecting nominees for membership of the Supervisory Board and the Board of Directors, diversity is sought in terms of background and work experience, technical expertise and competencies, nationality, ethnicity, gender and age. Hans Büthker and Karin de Jong were appointed as members of the Supervisory Board in the General Meeting of Shareholders. Peter van Bommel has transferred all his tasks conscientiously and professionally, and will step down from the Supervisory Board in 2021 after six years of service. From that time on, the Supervisory Board will again consist of three members and comply with the proposed statutory quota for women. The policy on diversity is set out in the Regulations for the Supervisory Board. There was no diversity in terms of nationality and gender in the Board of Directors in 2020.

### *Best practice provision 2.7.4*

In the 2020 financial year, there were no transactions that involved conflicts of interests in relation to members of the Board of Directors or the Supervisory Board.

## Deviation from the Code

In accordance with the 'apply or explain' principle, we have described deviations from the best practice provisions below.

### *Best practice provision 2.2.1*

Members of the Board of Directors who joined the Board before 2019 are appointed for an indefinite period of time. These are Messrs Adrie van Bragt (COO) and Paul de Koning (CFO). Mr Van Bragt stepped down from his position on 31 December 2020.

In accordance with the Code, Eric Stodel (CEO) was appointed as a member of the Board of Directors on 1 January 2020, for a period of four years. On 1 January 2021,

Mr Steven Soederhuizen was appointed interim COO as the intended successor to Mr Van Bragt. The Supervisory Board intends to confirm Mr Soederhuizen's appointment for a period of four years after the General Meeting of Shareholders on 19 April 2021.

#### *Best practice provision 2.3.2*

The roles of the Selection and Appointment Committee, the Remuneration Committee and the Audit Committee are fulfilled by the complete Supervisory Board. No separate committees have been formed. To ensure continuity and a good transfer of tasks, the Supervisory Board is currently made up of four members. After the next General Meeting of Shareholders, the Supervisory Board will consist of three members again.

#### *Best practice provision 4.2.3*

In view of previous positive experiences, a physical meeting to discuss the annual and half-year results with the media and analysts is considered preferable to a webcast. Due to coronavirus, extra hygiene and safety measures were observed at this meeting, which was held in August. The presentation of the annual and half-year results was again well attended and positively received in 2020.

This year's General Meeting of Shareholders was held completely virtually for the first time ever - see page 45.

### Coronavirus

Due to the coronavirus outbreak, the Supervisory Board had much more contact than usual with the Board of Directors in 2020. Monthly meetings were set up to discuss the health and safety measures for the employees, the impact on demand and operational activities, particularly in relation to Automotive, and the precautions that were required to assure a healthy financial position for Neways. All the members of the Supervisory Board attended these meetings.

Given the extreme uncertainty of the situation, the focus lay on cash management and maximising the cash position. In this context, it was also decided to cancel the 2019 dividend proposal of € 0.28 per share as a precautionary measure. The plans for adapting the organisation in the Netherlands and Germany were also discussed, along with other topics.

In the long term, we do not expect the coronavirus crisis to have a negative impact on Neways' business model. We are well positioned in growth sectors. Furthermore, the crisis has shown that we have a good spread of activities across different sectors.

### Employee participation

In the Netherlands, employee participation is organised for each operating company in works councils that are represented at central level in the Central Works Council (CWC). The CWC is made up of representatives of the different works councils. During the past year, the CWC met twelve times. In 2020, the CWC successfully completed the task of setting up works councils at all the operating companies.

### Report of the Central Works Council

*The Central Works Council was assigned the role of sparring partner in the coronavirus task force and we acted as a sounding board to assess the practical and legal feasibility of the coronavirus rules. We gather information from our colleagues and indicate in the task force what additional measures are considered necessary. We also provide feedback on how measures work out in the workplace. In addition, the Central Works Council had an important say in the communications sent out to employees each week and played a coordinating role in the talks between the various parties during the restructuring exercise.*

*This called for close collaboration with the Board of Directors in this period, a requirement to which we responded extremely well. The noteworthy achievements this year include the establishment of works councils at all the operating companies and our assessments of various requests for advice, including the appointment of a new COO. While we expect coronavirus to remain a key area of focus in the early months of 2021, we are also looking ahead: how can we, as the Central Works Council, contribute to One Neways? The works councils play an important role in strengthening mutual understanding and making people aware of the usefulness and necessity of intensive collaboration.*

### Code of Conduct

Following the additions to the Code of Conduct in 2019, it remained unchanged in 2020. The Code of Conduct specifies the usual guidelines relating to the health and safety of the employees active within our company. In addition, the Code of Conduct sets out guidelines on the conduct expected of our employees and of the company as a whole, and relating to our impact of on the local community and the environment. A number of additions were

made to the Code of Conduct in 2019. These were adjustments in the context of the new personal data protection legislation (GDPR), which includes guidelines on how to deal with data and privacy.

When representing Neways, employees are expected to have a thorough knowledge of the Code of Conduct and carry out their work in accordance with the standards, values and guidelines set out in the code of conduct. The Code of Conduct is available for reference on our corporate website.

### Whistle-blower policy

The whistle-blower policy remained unchanged in 2020. The policy was last amended in 2019, in consultation with the Central Works Council, when a facility was added to allow employees to report suspected improprieties and irregularities in a safe and structured way.

The basic principle of this policy is that internal investigations are carried out first in the event of a suspected irregularity to determine whether that suspicion can be allayed. Only if this is not possible, or does not result in an improvement, will the matter be reported to an external authority.

The whistle-blower policy is available for reference on the intranet.

### Language and annual report

As Neways is an international tech company and the standards for reporting are laid down internationally in the IFRS guidelines, the company intends to publish its annual report in English only from 2021. This proposal will be tabled for adoption during the next General Meeting of Shareholders.

## Board of Directors

### Tasks

Neway's Board of Directors consists of three members and is responsible for the group's strategy, central management and performance. The Board of Directors receives detailed weekly and monthly progress reports and is responsible for compliance with all relevant legislation and regulations and effective operation of the internal risk management and control systems.

These tasks are carried out under the watchful eye of the Supervisory Board. The Board of Directors provides all information in a timely manner and makes the necessary resources available for proper performance of the Supervisory Board's monitoring tasks.

### Appointment

The Supervisory Board appoints the members of the Board of Directors. From 2019 onward, members of the Board of Directors are appointed for a period of four years, as determined under best practice provision 2.2.1.

The General Meeting of Shareholders must be notified of a proposed appointment. Members of the Board of Directors may not serve on more than two supervisory boards nor serve as the Chairman of a supervisory board. More information on the composition of the Board of Directors in 2020 is provided in the section entitled Supervisory Board, Board of Directors and management team in this annual report – page 38.

### Suspension and dismissal

The members of the Board of Directors cannot be dismissed directly by the General Meeting of Shareholders. The Supervisory Board periodically evaluates the performance of the members of the Board of Directors. The Supervisory Board has the right to suspend or dismiss the members of the Board of Directors.

### Remuneration

Neways' remuneration policy for the Board of Directors focuses on value creation in the long term. In line with the new legislation based on the EU Shareholder Rights Directive II (SRD II), the remuneration policy for the Board of Directors has been revised and amended in a number of areas. This amended remuneration policy was submitted for adoption during the

General Meeting of Shareholders of 16 April 2020. The remuneration policy has not been changed since and is available for reference on the corporate website ([www.newayselectronics.com](http://www.newayselectronics.com)).

The 2020 remuneration report is also available for reference on the corporate website ([www.newayselectronics.com](http://www.newayselectronics.com)) and will be submitted as an advisory document to the General Meeting of Shareholders on 19 April 2021. More information on the remuneration of the Board of Directors in 2020 is also provided in the financial statements on page 91 of this report.

## Supervisory Board

### Independence

The Supervisory Board operates independently of the Board of Directors. The members of the Supervisory Board act independently within the meaning of the Code, are not part of management and are also not employed by Neways.

### Tasks

The Supervisory Board monitors the policies and performance of the Board of Directors. In addition, the Supervisory Board has an advisory function that focuses on the best interests of the company, taking into account the relevant stakeholder interests. The basic principles of responsible entrepreneurship are taken as the guideline for this.

The Supervisory Board and the individual members perform their supervisory and advisory tasks based on the extensive information required for this purpose that is provided by the Board of Directors. In addition, the Supervisory Board obtains information from other company officers of Neways, external parties that advise Neways and, if necessary, the Supervisory Board's own advisers. Neways provides the resources required for this purpose.

### Appointment

Members of the Supervisory Board are appointed by the General Meeting of Shareholders for a period of four years. They can subsequently be reappointed for a second term of four years and a third term of two years.

When a new appointment is made, the Supervisory Board has a right of nomination based on the associated profile description. This profile description is available on our corporate website. The Central Works Council has an 'enhanced right of recommendation' for one third of the number of supervisory directors. This recommendation can be adopted by the Supervisory Board.

The Supervisory Board appoints a Chairman and a Deputy Chairman. The Chairman is not a former member of the Board of Directors of Neways. In view of the size of the company, there is no formal introduction programme for Supervisory Board members.

More information on the composition and relevant other positions of the Supervisory Board in 2020 is provided in the section entitled Supervisory Board, Board of Directors and management team in this annual report – page 38.

### Suspension and dismissal

The General Meeting of Shareholders has the right to dismiss the complete Supervisory Board. Individual members of the Supervisory Board cannot be dismissed directly by the General Meeting of Shareholders.

### Remuneration

The General Meeting of Shareholders can, in line with a proposal submitted by the Supervisory Board, allocate remuneration to the members of the Supervisory Board. This remuneration does not depend on the company's results.

In line with the recent new legislation based on SDR II, a remuneration policy has now also been drawn up for the first time for the Supervisory Board. This policy is available for reference on the corporate website ([www.newayselectronics.com](http://www.newayselectronics.com)) and was approved and adopted by the General Meeting of Shareholders on 16 April 2020. More information on the remuneration of the supervisory directors in 2020 is also provided in the financial statements on page 94 of this report.