

OUTLINE PROFILE DESCRIPTION: DNB SUPERVISORY BOARD

I. Function description

With due regard to the provisions of the Treaty and the Statute of the European System of Central Banks (ESCB), the Supervisory Board (*Raad van Commissarissen*) oversees the overall developments within DNB and the policy pursued by the Governing Board in implementation of Section 4 of the *Bankwet 1998* [Bank Act 1998]. The Supervisory Board also offers advice to the Governing Board. The powers of the Supervisory Board include adoption of the annual accounts, of the budget and of the Annual Statement of DNB on the performance of its duties as an ‘independent public body’. Moreover, certain major operational decisions by the Governing Board, such as reorganisations, large-scale investments or modifications to important internal regulations, are also subject to the prior approval of the Supervisory Board. All members of the Supervisory Board exercise these duties with the best interest of the corporation of DNB and its associated enterprise in mind, and in due adherence to the mission of DNB and to the applicable (ESCB) legislation.

The Supervisory Board consists of no fewer than seven and no more than ten members. Members are appointed for consecutive four-year terms by the general shareholder assembly. Members may be reappointed twice in succession. One of the members is appointed by the State and acts as liaison between DNB and the Minister of Finance. This state-appointed member may – with due regard to the provisions of the Treaty and the ESCB Statute – whether or not at the Minister’s request, collect data and information from the Governing Board regarding the manner in which DNB exercises its duties. The Board is headed by a Chairman. The members elect a vice-chairman from among their number. The Board convenes at least six times each year. Such regular meetings take place in the presence of the Governing Board of DNB. In addition, the Board discusses its own performance and that of the Governing Board at least once a year.

The Supervisory Board has three standing committees, composed of its members, which prepare the Board’s decision-making processes in its most important areas of activity. The Supervision Committee advises the Board on the Governing Board’s high-level policy on DNB’s supervisory duties, including in any case the Supervisory Strategy adopted at regular intervals by the Governing Board and outlining DNB’s supervisory strategy for the next few years. The Supervision Committee also studies the supervision budget, the organisational set-up of the supervisory functions and the general efficiency and efficacy of DNB’s supervisory policy. The Remuneration and Appointment Committee advises the Board on, among other things, continuity assurance regarding the governance of DNB, the remuneration policy for Governing Board members, internal integrity regulations and the size and composition of the Governing and Supervisory Boards. The Financial Committee (also referred to as

the Audit Committee) advises the Board on issues including the Annual Accounts, the budget, financial statements, adherence to internal procedures and the control of operational risks – among them DNB’s risk profile and risk appetite as adopted by the Governing Board. The Committees convene at least four times a year. Each committee consists of three members, including a chairman, who must be competent in the area of expertise on which the Committee reports to the plenary Board.

II. General appointment criteria

The formulation of appointment criteria must follow a number of general principles. First, the Board must be composed of persons having ‘a high moral and professional reputation and a relevant occupational background’. The Supervisory Board is the highest supervisory body within DNB. Therefore it is of prime importance for the operational soundness of DNB that the Board should be able to exercise its duties according to current professional standards. The actual formulation should be in line with the duties and responsibilities of the Board as ensuing from, jointly, the Dutch Civil Code, the Corporate Governance Code, the Bank Act 1998, the Articles and the Board’s Rules of Procedure. By implication, the Board must act in a *critical* and *independent* manner and be of *balanced* composition in that all requisite expertise is represented within the Board. A final, generic principle is that the personal qualities of Board members must satisfy at least the requirements imposed by DNB on the (co-)policymakers of institutions under its supervision. Thus, Board membership is *subject to the Policy Rule on Expertise* of DNB and the competence requirements set out therein.

The above results in the following general criteria regarding prospective membership, composition and size:

- The Supervisory Board should adequately represent i) specific expertise in relation to DNB’s societal and economic context (including prudential supervision and the payment system) and ii) experience in the business community, in politics and/or public interest organisations.
- At a minimum, all areas of knowledge and competence specified under III.2 below must be represented within the Board. Where this should prove impossible, every effort should be made to achieve the closest possible alternative.
- The Supervisory Board should be so composed that its members can operate critically and independently of each other, the Governing Board and any minority interest.
- The Board must number sufficient members to be able to fulfil its duties adequately, including the duties of its Standing Committees.

- The Supervisory Board's composition must reflect a balanced distribution of gender, age as well as active and retired executives.
- Every member is willing and able to fulfil his or her role as a Supervisory Board member, in accordance with the requirements made by Dutch law, the Dutch Corporate Governance Code, the Articles of DNB, the Board's Rule of Procedure and with any and all other applicable internal regulations, especially in the area of personal integrity.
- Every member of the Board should be able to appraise the principal aspects of DNB's policy in relation to DNB's tasks and responsibilities.
- Every member of the Supervisory Board should demonstrably possess the specific expertise required for fulfilment of his or her duties within the scope of this profile.
- The independence and personal integrity of all Board members must be beyond doubt; they neither hold incompatible positions nor do they represent conflicting interests as referred to in, respectively, the Regulation on Incompatible Positions and the Regulation on Conflicting Interests.
- Members of the Supervisory Board should be able (or, if reappointed, have proven to be able) to function in a collegial manner and should refrain from advancing individual interests.
- Members should have an open eye for, and be able to evaluate, (international) societal, political and other developments relevant to DNB.
- The membership of supervisory boards of Dutch listed corporations as held by a Board member should be so limited as to safeguard their adequate functioning, in any case to no more than five, where the position of chairman in such a supervisory board counts double.
- Every supervisory board member will be nominated on the basis of their potential contribution in terms of knowledge, experience and expertise in one or more domains, regardless of race or gender, and in line with the Supervisory Board's requirements at the time of the nomination.

III. Specific appointment criteria

III.1 Chairman

The Chairman possesses broad organisational and managerial experience, preferably in management or supervisory board positions in complex organisations. Also, he or she is knowledgeable in the fields of payment systems, supervision of financial institutions and the financial (banking, insurance, pension) sector, or is able and willing to acquire such knowledge at an appropriate level. The Chairman is intimately familiar with all aspects of corporate governance. He or she has a keen sense of governance and politics and access to a broadly based relevant societal and managerial network. He or she is an inclusive and convincing personality, capable of strengthening cohesive forces within the Board and of bringing out the best qualities in each of its members. The Chairman has excellent chairing qualities. His or her independence and integrity are beyond any doubt. In addition, the Chairman possesses such competences as appear from the Annex to paragraph 1.2.1 of the Policy Rule on Expertise and extensive knowledge and expertise in at least one of the fields listed under III.2.

III.2 Members

Members have demonstrable organisational and managerial experience, preferably in management or supervisory board positions in complex organisations. They have a feeling for the subjects of payment systems, financial supervision and the banking, insurance and pensions sectors. A feeling for management issues and access to a wide-ranging societal and managerial network is considered an advantage. His or her independence and personal integrity are beyond any doubt. In addition, Members possess such competences as appear from the Annex to paragraph 1.2.1 of the Policy Rule on Expertise and extensive knowledge and expertise in at least one of the fields listed below.

- Management and organisation
- Governance in the (semi-)public sector
- Board membership at a financial or market supervisor
- The financial sector in general and the banking, insurance and/or pension sectors in particular
- Human resources and management development
- Planning, financial analysis, risk management or accountancy
- (Inter)national issues related to economics, legislation or society
- Labour and social relations within corporations
- Legal affairs and corporate governance
- Corporate probity
- Information technology.