

**RULES GOVERNING THE PRINCIPLES AND PRACTICES
OF THE MANAGING BOARD OF SHOP APOTHEKE EUROPE N.V.**

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RULES GOVERNING THE PRINCIPLES AND PRACTICES OF THE MANAGING BOARD OF SHOP APOTHEKE EUROPE N.V.

CHAPTER I - INTRODUCTION

Article 1

Status

- 1.1 These rules (the **Rules**) have been drawn up pursuant to article 17.6 of the articles of association (the **Articles**) of Shop Apotheke Europe N.V. (the **Company**) and are complementary to the rules and regulations applicable to the managing board of the Company (the **Managing Board**) under Dutch law and the Articles. The Rules implement and reflect the principles embodied in the Dutch corporate governance code (the **Code**) effective as per 1 January 2004, as amended by the Dutch Corporate Governance Code Monitoring Committee from time to time.
- 1.2 The Rules were adopted by the Managing Board and approved by the Company's supervisory board (the **Supervisory Board**) on 28 September 2016.
- 1.3 Capitalised terms not defined herein shall have the meanings given to them in the Articles.
- 1.4 The Rules will be made available on the Company's website.

CHAPTER II – COMPOSITION, (RE-)APPOINTMENT, INTEGRITY, REMUNERATION

Article 2

Composition and independence

- 2.1 In accordance with article 14.2 of the Articles, the number of members of the Managing Board shall be determined by the Supervisory Board. The general meeting of shareholders of the Company (the **General Meeting**) shall appoint the members of the Managing Board, from a non-binding nomination, to be drawn up by the Supervisory Board.
- 2.2 The Company shall be managed by the Managing Board. The Managing Board shall in any event comprise of the Chief Executive Officer (the **CEO**), who will act as chairman and who will ensure the proper functioning of the Managing Board.
- 2.3 The Managing Board shall function independently from any instructions issued by third parties from outside the Company.
- 2.4 A member of the Managing Board shall:
 - (a) not enter into competition with the Company;
 - (b) not demand or accept (substantial) gifts from the Company for himself/herself or for his/her spouse, registered partner or other life

- companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law;
- (c) not provide unjustified advantages to third parties to the detriment of the Company; and
 - (d) not take advantage of business opportunities to which the Company is entitled for himself/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law.

Article 3

(Re-)appointment, term and resignation

- 3.1 The members of the Managing Board shall be appointed in the manner stipulated in the Articles.
- 3.2 A member of the Managing Board shall be appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.
- 3.3 In accordance with the Code, the main elements of the contract of the members of the Managing Board with the Company shall be made public via the Company's website immediately after it has been concluded, and in any event no later than the date of the notice calling the General Meeting where the appointment of the member of the Managing Board will be proposed.
- 3.4 A member of the Managing Board may not be a member of the Supervisory Board of more than two listed companies, subject to Article 3.5 of these Rules below.
- 3.5 A member of the Managing Board shall not accept membership of the Supervisory Board of another listed company, not belonging to the group to which the Company belongs, without the approval of the Supervisory Board. Such position must be in the interest of the Company.
- 3.6 A member of the Managing Board may not be the chairman of the Supervisory Board of a listed company, not belonging to the group to which the Company belongs.
- 3.7 Other important ancillary positions held by a member of the Managing Board shall be notified to the Supervisory Board.
- 3.8 The members of the Managing Board shall retire early in the event of inadequate performance, structural differences of opinion, incompatibility of interests and other instances where retirement is deemed necessary at the discretion of the Supervisory Board.
- 3.9 Managing positions held in group companies of the Company, are deemed to be derived from the position of the members of the Managing Board and shall therefore be subject to these Rules.

Article 4

Remuneration

- 4.1 The remuneration of the members of the Managing Board shall be determined within the scope of the remuneration policy adopted by the General Meeting on the proposal of the Supervisory Board, and in accordance with the Code.
- 4.2 The level and structure of the remuneration and further conditions of employment of each individual member of the Managing Board shall be determined by the Supervisory Board, by reference to, among other things, the Company's results, share price performance and non-financial indicators that are relevant to the Company's long-term value creation.
- 4.3 The Supervisory Board shall submit a proposal in respect of the granting of share schemes or option schemes to members of the Managing Board to the General Meeting for its prior approval, which proposal shall at a minimum state how many shares or rights to subscribe for shares may be granted to the Managing Board and which criteria apply thereto.
- 4.4 The shares or options on shares in the Company granted to a member of the Managing Board are long-term investments and shall be governed by the agreed terms approved by the Supervisory Board and the remuneration policy adopted by the General Meeting.
- 4.5 The members of the Managing Board shall act in accordance with the rules regarding securities transactions by members of the Managing Board.

CHAPTER III – FUNCTIONS, TASKS, RESPONSIBILITIES

Article 5

Tasks and responsibilities of the Managing Board

- 5.1 The members of the Managing Board shall be collectively responsible for the Company's management, the general affairs of the Company's business and the general affairs of the group companies of the Company. In the performance of their duties, the members of the Managing Board shall be guided by the interests of the Company and the business affiliated with it, taking into consideration the interests of the Company's stakeholders. The Managing Board shall be responsible for the quality and of its own performance.
- 5.2 The members of the Managing Board shall comply with the rules of proper corporate management. If they violate the due care and diligence of a prudent and conscientious member of the Managing Board, they are liable to the company for damages. An infringement of duty when taking business decisions is not present if the member of the Managing Board could reasonably believe, based on appropriate information, that he/she was acting in the best interest of the company (Business Judgment Rule).

- 5.3 The members of the Managing Board shall divide their tasks by mutual consultation and subject to the Supervisory Board's prior approval. During the absence of a member of the Managing Board, his/her duties and powers shall be carried out by another member of the Managing Board to be designated by the Managing Board with, in case of long-term absence, a notification to the Supervisory Board.
- 5.4 In view of the Managing Board's collective responsibility, each member of the Managing Board shall report to the Managing Board on a regular basis and in such a manner as to give the Managing Board a proper insight in the performance of his/her duties.
- 5.5 Each member of the Managing Board shall at all times timely and entirely notify the members of the Managing Board of his/her intention to act for and on behalf of the Company. Each member of the Managing Board shall also provide all other members of the Managing Board with the relevant draft documentation pertaining to the proposed act. Once the documentation has been signed, copies of the signed documentation should be sent without delay to all members of the Managing Board for their files.
- 5.6 Each member of the Managing Board shall always provide the other members of the Managing Board with information concerning financial, social, legal, economic and other aspects of the Company if he/she knows or should know that:
- (a) one or several of the other members of the Managing Board lack the information concerned; and/or
 - (b) he/she, given his/her capacity as member of the Managing Board, should be aware of the information concerned.
- 5.7 The Managing Board shall adopt, subject to approval of the Supervisory Board:
- (a) the operational and financial objectives of the Company;
 - (b) the strategy designed to achieve the objectives of the Company;
 - (c) the parameters to be applied in relation to the strategy of the Company, for example in respect of the financial ratios; and
 - (d) corporate social responsibility issues that are relevant to the Company.
- 5.8 The main responsibilities of the Managing Board shall include:
- (a) the achievement of the Company's objectives, the strategy and associated risk profile, the development of results and corporate social responsibility issues that are relevant to the Company;
 - (b) managing the risks associated with the Company's activities;
 - (c) ensuring that effective internal risk management and control systems are in place and discussing this with the Supervisory Board;
 - (d) maintaining and preparing the financial reporting process;
 - (e) compliance with all relevant primary and secondary legislation;

- (f) compliance with and maintaining the corporate governance structure of the Company;
 - (g) publishing information required under the Code, through the annual report, the Company's website and otherwise;
 - (i) preparing the annual accounts and drawing up the annual budget and important capital investments of the Company; and
 - (j) giving advice in connection with the nomination of the external auditor of the Company.
- 5.9 The Company shall, in any event, employ as instruments of the internal risk management and control system:
- (a) risk analyses of the operational and financial objectives of the Company;
 - (b) a code of conduct which should be published on the Company's website;
 - (c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and
 - (d) a system of monitoring and reporting.
- 5.10 Under the supervision by the Supervisory Board, the Managing Board shall be responsible for setting up and maintaining internal procedures ensuring that the Managing Board is aware of all important financial information, in order to safeguard timely, complete and accurate external financial reporting. For that purpose, the Managing Board shall ensure that the financial information from group companies is reported directly to it and that the integrity of the information is not affected.

Article 6

Allocation of duties

- 6.1 Notwithstanding each Managing Board member's authority to actively participate in the decision making process of the Company and to represent the Company in accordance with the Articles, the Managing Board may determine the duties with which each member of the Managing Board will be charged in particular. This allocation of duties requires the approval of the Supervisory Board.

Article 7

Functions of the chairman of the Managing Board and the Company Secretary

- 7.1 The CEO, acting as chairman of the Managing Board in accordance with Article 10.3 of these Rules, is *inter alia* responsible for:
- (a) coordinating the management policy of the Company;
 - (b) ensuring the effective and collective functioning of the Managing Board;
 - (c) the financial reporting of the Company;
 - (d) drafting the agenda and chairing meetings of the Managing Board;

- (e) maintaining intensive and frequent contacts with the Supervisory Board and in particular with its chairman, and informing the other members of the Managing Board in a timely and careful manner about the results of those contacts;
- (f) maintaining good contacts with the shareholders of the Company; and
- (g) receiving and deciding on reports by employees of the Company of irregularities in the Company of a general, operational and financial nature, unless the Company's rules on whistleblowers provide that those employees report such irregularities to the chairman of the Supervisory Board.

CHAPTER IV – REPORTING

Article 8

Annual report

- 8.1 The annual report shall in any event contain the information required by law and by the Code.
- 8.2 More specifically, the Managing Board shall, in the annual report, describe (i) the main risks related to the strategy of the Company, (ii) the design and effectiveness of the internal risk management and control systems for the main risks during the financial year and (iii) any major failings in the internal risk management and control systems which have been discovered in the financial year, any significant changes made to these systems and any major improvements planned, and a confirmation that these issues have been discussed with the Supervisory Board. In addition, the annual report shall contain a declaration of the Managing Board that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain errors of material importance and that the risk management and control systems worked properly in the year under review. The Managing Board shall provide clear substantiation of this. Finally, the Managing Board shall describe the main elements of the objectives mentioned in Article 5.6 of these Rules.

Article 9

Quarterly reporting

- 9.1 The Managing Board shall report on a quarterly basis the results of the Company in the previous period to the Supervisory Board, including a comparison of the figures and budget, also in relation to the same period in the previous financial year and with reference to the most important developments in that period.

CHAPTER V – MANAGING BOARD MEETINGS, DECISION-MAKING

Article 10

Managing Board meetings

- 10.1 A meeting of the Managing Board shall be held at least annually and not later than four months after the end of the financial year of the Company, for the purpose of discussion and drawing up the annual accounts (which consist of the balance sheet and a profit and loss account with an explanation pertaining to that financial year) and drafting a proposal to the General Meeting as to the appointment of the external auditor of the Company for the year to come.
- 10.2 In addition, the Managing Board shall meet as necessary and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the offices of the Company, but may also take place elsewhere. Meetings may be held by telephone or by other means of communication provided that all participants can hear each other simultaneously.
- 10.3 The CEO shall chair the meeting. In the absence of the CEO, the Managing Board shall appoint one of the members of the Managing Board as the chairman for that meeting. The chairman of the meeting of the Managing Board shall appoint the secretary of the meeting, who need not be a member of the Managing Board.
- 10.4 Convocation of a meeting shall be in writing (by letter, email or any other means of transmitting written statements) with attached the agenda and other communications. The notification period will be at least one day, the day of the meeting excluded. In urgent matters, convocation may take place in a different manner if reasonableness so requires.
- 10.5 The chairman of the meeting shall determine the agenda of each meeting. Other members of the Managing Board may submit to the chairman of the meeting items to be discussed in the meeting. An item to be discussed which has not been submitted on time, or is not supported by sufficient documentation, shall not be placed on the agenda.
- 10.6 Urgent matters may be discussed at once at the request of a member of the Managing Board and with the agreement of the majority of other members of the Managing Board.
- 10.7 The members of the Managing Board are in principle obliged to attend the meetings of the Managing Board. In the event that they are unable to attend and the minutes require explanation, the chairman of the meeting shall inform them about the resolutions passed and the discussions held in the meeting in question.
- 10.8 A member of the Managing Board may be represented by another member of the Managing Board through a power of attorney made in writing or by

electronic means of communication. A member of the Managing Board may not act as representative for more than one member of the Managing Board.

- 10.9 The secretary of the meeting shall keep minutes of the proceedings at meetings of the Managing Board. The minutes shall be adopted in the same meeting or in a following meeting of the Managing Board and shall be signed by the chairman of the meeting and secretary of the meeting as evidence thereof. The adopted minutes shall be kept at the offices of the Company in the Netherlands.
- 10.10 Following a meeting held by telephone or by other means of communication, the secretary of the meeting shall draw up a report regarding resolution(s) adopted in this way. The reports shall be kept at the offices of the Company in the Netherlands.

Article 11

Decision-making

- 11.1 In meetings of the Managing Board, each member of the Managing Board shall have the right to cast one vote.
- 11.2 The Managing Board decides by an absolute majority of the votes cast. If there is a tie of votes, the Supervisory Board shall decide.
- 11.3 Resolutions of the Managing Board may also be adopted without holding a meeting, provided all members of the Managing Board entitled to vote have expressed themselves in writing or through electronic means of communication. One of the members of the Managing Board shall draw up a report regarding a resolution thus adopted and shall circulate that report amongst all other Managing Board members. The report shall be signed by all Managing Board members indicating their vote: "yes", "no" or "abstain".
- 11.4 Items not placed on the agenda, will only be discussed in the meeting if a majority of the members of the Managing Board approve to this.
- 11.5 In accordance with article 16.3 of the Articles, certain resolutions of the Managing Board require the prior approval of the General Meeting. The Supervisory Board is authorised to submit resolutions of the Managing Board other than referred to in article 16.3 of the Articles to its approval. Such resolutions must be clearly defined and be notified to the Managing Board.

Article 12

Absence or vacancy

- 12.1 In case of the vacancy or absence as meant in article 19 of the Articles of one or more of the members of the Managing Board, the remaining members of the Managing Board may pass resolutions if the Managing Board deems this necessary and the last sentence of Article 10.2 of these Rules does not offer a solution under the given circumstances.

- 12.2 The Managing Board is allowed to appoint a person who assists a member of the Managing Board in case of the long-term absence or vacancy of the latter. Such an appointment requires the approval of the Supervisory Board.

CHAPTER VI – CONFLICTS OF INTEREST

Article 13

Conflicts of interest of the members of the Managing Board

- 13.1 A member of the Managing Board shall adhere to Article 2.4 of these Rules.
- 13.2 A member of the Managing Board shall not take part in the deliberation and decision-making process that involves a subject or transaction in relation to which he/she has a direct or indirect personal interest which conflicts with the interest of the Company. In case of a conflict of interest in respect of a member of the Managing Board, the requirements set forth in Article 11 of these Rules shall, to the extent possible, remain applicable to the non-conflicted members of the Managing Board. A conflicted member of the Managing Board shall be taken into account when calculating a quorum. In case of a conflict of interest in respect of all members of the Managing Board, the resolution shall be adopted by the Supervisory Board.
- 13.3 A conflict of interest exists, in any event, if the Company intends to enter into a transaction with a legal entity:
- (a) in which a Managing Board member personally has a material financial interest;
 - (b) which has a Managing Board member who is related under family law to a Managing Board member of the Company; or
 - (c) in which a Managing Board member of the Company has a management or supervisory position.
- 13.4 Each member of the Managing Board shall immediately report any (potential) conflict of interest that is of material significance to the Company and/or to him/her to the chairman of the Supervisory Board and to the other members of the Managing Board. A member of the Managing Board with such (potential) conflict of interest must provide the chairman of the Supervisory Board and the other members of the Managing Board with all information relevant to the conflict, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law. The Supervisory Board shall decide, without the Managing Board member concerned being present, whether there is a conflict of interest which prevents him/her from participation in the consultation and decision-making of the Managing Board with respect to the relevant subject.

- 13.5 All transactions approved by the Supervisory Board in accordance with Article 13.2 of these Rules, will be referred to in the Company's annual report with reference to the conflict of interest and a declaration that the Articles of these Rules as well as the Code's corresponding best practice provisions (i.e. II.3.2, II.3.3 and II.3.4) are being complied with.

CHAPTER VII – RELATIONSHIP WITH OTHER CORPORATE BODIES OF THE COMPANY

Article 14

Relationship with the Supervisory Board

- 14.1 The Managing Board shall timely provide the Supervisory Board with information on all facts and developments concerning the Company, which the Supervisory Board may need to function as required and to properly carry out its duties. The Managing Board's reports to the Supervisory Board are, as a rule, to be submitted in writing (including electronic form).
- 14.2 The Managing Board shall monthly provide the Supervisory Board with a report prepared in a format as agreed from time to time and setting out detailed information on *inter alia* revenues and other relevant KPIs. The Managing Board shall also quarterly provide the Supervisory Board with appropriate financial reporting, including but not limited to a balance sheet and P&L statement, prepared in a format as agreed from time to time. The Managing Board shall point out to the Supervisory Board if there are deviations from the Company's actual business development from previously formulated plans and targets, indicating the reasons therefor.
- 14.3 Each year, without prejudice to the above, the Managing Board shall provide the Supervisory Board with a budget for the following year, an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, and the management and control systems of the Company.

Article 15

Relationship with the shareholders of the Company

- 15.1 The members of the Managing Board shall, as required and necessary, attend with the members of the Supervisory Board the General Meetings, unless the General Meeting has expressed the wish to meet without the presence of the Managing Board or a specific member of the Managing Board.
- 15.2 The Managing Board shall provide the General Meeting with any information it may require, unless important interests of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The Managing Board shall specify the reasons for invoking such important interests.
- 15.3 The Managing Board is responsible for the corporate governance structure of the Company and is accountable to the General Meeting.

CHAPTER VIII – MISCELLANEOUS

Article 16

Confidentiality

- 16.1 The members of the Managing Board shall treat all information and documentation acquired within the framework of their position as member of the Managing Board with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Supervisory Board or the Managing Board, made public or otherwise made available to third parties, even after resignation from the Managing Board, unless (i) it has been made public by the Company, (ii) it has been established that the information is already in the public domain, (iii) the Company is obliged to disclose information pursuant to law, or (iv) it is being made available to advisors of the Company in connection with specific advisory work such advisors are providing to the Company.
- 16.2 Good corporate governance requires an open discussion between the Managing Board and Supervisory Board as well as among the members within the Managing Board and the Supervisory Board. For this, the comprehensive observance of confidentiality is of paramount importance. All Managing Board members shall ensure that the staff members they appoint to support them comply with the confidentiality obligation accordingly.

Article 17

Whistleblowers

- 17.1 The Managing Board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature within the Company to an official designated by the CEO, without jeopardizing their legal position. Alleged irregularities concerning the functioning of Managing Board members shall be reported to the chairman of the Supervisory Board. The arrangements for whistleblowers shall be posted on the Company's website.

Article 18

Non-compliance, amendment

- 18.1 The Managing Board may occasionally decide at its sole discretion not to comply with and adhere to the Rules pursuant to a Managing Board resolution to that effect. Such resolution shall be referred to in the Managing Board's annual report.
- 18.2 These Rules may be amended from time to time by resolution of the Managing Board and are subject to the prior approval of the Supervisory Board.

Article 19
Governing law and jurisdiction

- 19.1 The Rules shall be governed by and construed in accordance with the laws of the Netherlands.
- 19.2 The courts of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with the Rules (including any dispute regarding the existence, validity or termination of the Rules).