



NEPI
ROCKCASTLE



CORPORATE GOVERNANCE FRAMEWORK

Corporate governance framework



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I. OUR APPROACH TO GOVERNANCE

NEPI Rockcastle NV and its subsidiaries (the “Group”) own and operate shopping centres, office, industrial and mixed use buildings, in Central and Eastern Europe (CEE), with presence in multiple countries. As NEPI Rockcastle shares are listed on several stock exchanges, the Board of Directors (“Board”) recognises the importance of good corporate governance, endorses and monitors compliance with King IV Report on Corporate Governance in South Africa (“King IV”), the Dutch Corporate Governance Code, Johannesburg Stock Exchange Limited (“JSE”) Listing Requirements, Euronext Amsterdam (“Euronext”) and A2X guidelines.

Sound corporate governance values will guide the Board in directing, governing and controlling the Group, whilst subscribing to the principles of ethical leadership, business, social and environmental sustainability and stakeholders engagement.

Moreover, the Board recognises that, through good governance, the Group will have an ethical culture, good performance, effective control and legitimacy. The Board particularly recognises the need to manage the Group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, that provide a proper and objective overview on the Group and its activities, directing the strategy and operations of the Group with the intention of building a sustainable business, and considering the short-term and long-term impact of this strategy on the economy, society and the environment. All shareholders are treated equitably, and the Board ensures that the interests of minority shareholders are adequately protected. Management seeks to recognise, protect and facilitate the exercise of shareholders rights through constant, timely, relevant, objective, and open communication to all shareholders.

To serve the interests of shareholders and other stakeholders, the Group’s corporate governance system is subject to ongoing review, assessment and improvement. The Board proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level in the organization.

Corporate governance covers the allocation of authority and responsibilities by which the business and affairs of the Group are carried out by its Board and management, including how they:

- set the Group’s strategy and objectives;
- ensure adequate resources and oversee personnel;
- operate the business on a day-to-day basis;
- align corporate culture, corporate activities and behaviour with the expectation that the Group will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations and as a good corporate citizen;
- establish control and assurance functions.

II. THE CORE PRINCIPLES THAT DRIVE OUR APPROACH

Members of the Board should individually and collectively cultivate the following characteristics and lead by example by exhibiting them in their conduct:

Integrity

- Directors must act in good faith and in the best interest of the organisation;
- Directors should avoid conflicts of interest. In cases where a conflict cannot be avoided, it should be disclosed to the Board in full at the earliest opportunity, and then proactively managed as determined by the Board while subject to legal provisions;
- Directors should act ethically beyond mere legal compliance;
- Directors should set the tone for an ethical organisational culture.

Competence

- Directors should take steps to ensure that they have sufficient working knowledge of the organisation, its industry, the funds it uses and affects as well as of the key laws, rules, codes and standards applicable to the organisation;
- Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision;
- Directors should continuously develop their competence to lead effectively.

Accountability

- Directors acknowledge their responsibilities for decisions, policies, steering mechanisms they employ in the governing of the Group;
- The Directors are willing to answer for the execution of their responsibilities towards the Group.

Transparency and Confidentiality

- - Directors should be transparent in the way they exercise their governance role and responsibilities;
- - Directors shall respect the confidentiality of information acquired in their capacity as members of the Board and shall not disclose any such information to third parties without proper and specific authority or unless there is a legal or professional duty to do so. Confidential information acquired as a result of professional and business relationships shall not be used to the personal advantage of the Directors or any third parties.

Strategic oversight

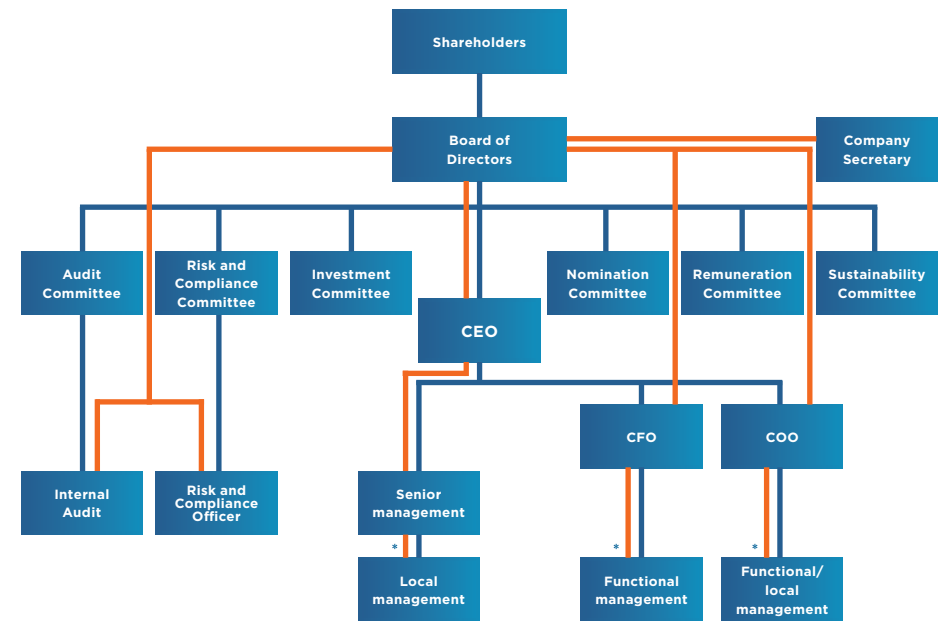
In carrying out its oversight role, the Board actively engages in setting the long-term strategic goals for the organisation, reviews and approves business strategies, corporate financial objectives, financial and funding plans that are consistent with the strategic goals and monitors the Group's performance in executing strategies and meeting objectives.

It is recognised that there should be an appropriate mix of executive and nonexecutive representation at Board level, and to this end the Board comprises a majority of non-executive directors.

Non-executive Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the Group's risk appetite.

III. GOVERNANCE STRUCTURE

The Group's governance structure establishes the fundamental relationships among the Board, its committees, management and shareholders.



* based on delegation of authority by the CEO

— functional reporting

— appointment

IV. BOARD OF DIRECTORS

1. Board composition

The Board comprises of a combination of non-executive Directors and Executive Directors. The Board appoints a Chairman and a Lead Independent Director. In order to ensure that the Directors' varied background and experience provide NEPI Rockcastle with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively, the Group has set out the Board Profile Paper, to describe the appropriate mix of knowledge and background, diversity, independence of its Directors.

Furthermore, a clear division of responsibilities at Board level is in place, in order to ensure a balance of power and authority, including with respect to the roles of Chairman and the Chief Executive Officer which are clearly defined and segregated.

The **Chairman** of the Board (the "*Chairman*") is an independent non-executive Director which acts as a link between the Board and the executive management.

The Chairman:

- cannot be appointed as member or Chair of the Audit Committee or of the Risk and Compliance Committee;
- cannot chair the Remuneration Committee;
- must be a member of the Nomination Committee and can act as its Chair, and
- cannot be appointed as Chief Executive Officer.

The Chairman has the following main responsibilities:

- set the ethical tone and make sure Executive Directors drive activities in respect of Group's culture;
- foster proper corporate governance set-up;
- participate in the selection of Board members;
- oversee a formal succession plan for the Board members;
- set the Board work plan;
- oversee the performance evaluation process, onboarding / induction of new Directors and continuous development of the Board members;
- the functioning of individual board members is assessed at least annually;
- take a lead role in removing non-performing Directors;
- ensure that any material misconduct amongst the members of the Board is investigated and responded to properly and in a timely manner;
- ensure that Directors are fully aware of their duties and responsibilities and foster proper functioning of the Board and sub-Committees;

- ensure that there is a procedure in place to facilitate reporting upwards via the different layers in the company and up to the Board, with respect to material misconduct, misbehaviour and other irregularities;
- see that Board members are kept up to date with significant relevant laws, regulations and codes.
- ensure that a Lead Independent Director is nominated in order to guarantee proper back up;
- ensure that the Board is involved closely, and at an early stage, in any merger or takeover process;
- ensure that amicable relationships are maintained with major shareholders and stakeholders;
- ensure effective communication with stakeholders;
- ensure there is sufficient time for deliberation and decision making in the Board;
- the general meeting proceeds in an orderly and efficient manner.

Lead Independent Director

The Board appoints one of its independent non-executive members as the Lead Independent Director. The Lead Independent Director has the following main responsibilities:

- lead in the absence of the Chairman;
- serve as a sounding board or trusted adviser of the Chairman;
- act as an intermediary between the Chairman and other members of the Board, if necessary;
- chair discussions and decision-making by the Board on matters where the Chairman may have a conflict of interest;
- lead the performance appraisal of the Chairman with the other non-executive Directors without the Chairman present.

The **Executive Directors** comprise of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operations Officer (COO) and of other Executive Directors, as the Board may decide. Subject to the provisions of the applicable regulations, the Board may appoint such Executive Directors, specify their duties and delegate powers to them. Executive Directors duties are further detailed in chapter VI below.

External advisors should not regularly attend, or be invited to attend, Board meetings.

2. Appointment of Directors

Directors appointment is voted by the shareholders, as per the provisions of the Articles of Association of NEPI Rockcastle (*"Articles of Association"*).

The Board appointments are conducted in a formal and transparent manner following recommendations made by the Nomination Committee to the Board. The candidates' profiles will be carefully analysed and new appointments will be made taking into account the necessary mix of competences, as set out in the Board Profile Paper.

An Executive Director is appointed for a maximum period of four years. The Executive Director may then be reappointed for successive terms of not more than four years at a time, each reappointment being prepared in a timely fashion. A non-Executive Director is appointed for a period of four years and may then be reappointed for another four-years period. The non-Executive Director may then subsequently be reappointed for a period of two years, which appointment may be extended by at most two more years. In the event of a reappointment after an eight-year period, rationale should consider provisions of 2.1 and 2.2 below and be explained in the annual report.

2.1. Length of service

A non-Executive member of the Board may continue to serve in an independent capacity for longer than 8 (eight) years if, upon an assessment conducted annually by the Board, after the eight year, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. In any case, such reappointment should not exceed 12 (twelve) years.

2.2. Independence assessment

The independence of each newly proposed Director will be assessed formally by the Nomination Committee and will be presented in the Board when the Director is proposed to be appointed.

A board member is not independent if they or their spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

- has been an employee or executive director of NEPI Rockcastle (including associated companies), in the five years prior to the appointment or has temporarily performed management duties during the previous twelve months in the absence or incapacity of any executive director;
- receives personal financial compensation from NEPI Rockcastle or a company associated with it (including by participating in the Group's share incentive scheme), contingent on Group performance and in so far as this is not in the normal course of the business, other than the fix compensation received for the work performed as a board member;
- has had an important business relationship with the NEPI Rockcastle or a company associated with it in the year prior to the appointment. This includes in any event the case where the board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to NEPI Rockcastle (consultant, civil notary or lawyer) and the case where the board member is a management board member or an employee of a bank with which NEPI Rockcastle has a lasting and significant relationship;
- is a member of the management board of a company in which an executive director of NEPI Rockcastle is a supervisory board member;
- has a shareholding in NEPI Rockcastle or has provided financing, material to his wealth, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement;
- is an employee, member of the management board (or executive director) or board of directors (or supervisory board) – or is a representative in some other way – of a legal entity that is a significant funding provider (equity or debt), unless the entity is a NEPI Rockcastle group company;
- has been an external auditor of the Group or a key member of the external audit engagement team during the preceding 3 (three) financial years.

If any of the criteria above is met, the Director will be considered non-independent.

Independence will be re-assessed for all members formally on an annual basis by the Nomination Committee and any changes or updates will be presented and discussed in the Board.

In addition to the power of the shareholders to remove the Directors, the Board is entitled to remove any Director without shareholder approval, in accordance with the provisions of the Articles of Association.

A formal onboarding and induction program will be in place for newly appointed Directors, in order to support in getting familiar with the Group's business, strategy, policies, structure. The program will cover general financial, social and legal affairs, financial reporting, any specific aspects that are unique to the company and its business activities, the company culture, the Corporate Governance Framework, together with the Group's compliance policies, such as: General Compliance Policy, Code of Ethics, Whistleblowing policy, Group Dealing Policy.

For the appointment and re-appointment of Directors, the provisions defined in the Group Diversity Policy will be considered in the assessment.

A member of Board should retire early in the event of inadequate functioning, structural incompatibility of interests, and in other instances in which this is deemed necessary by Board. In the event of the early retirement of a member of the Board, the company will issue in due time a market communication mentioning the reasons for the departure.

3. Directors' remuneration

The Group implemented a Remuneration policy, aligned with the strategic objectives at Group level, in order to create long-term sustainable value for shareholders.

Executive Directors' remuneration is competitive, and increases are determined with reference to individual performance, inflation and market-related factors, in line with the Remuneration Policy. Executive Directors' remuneration is proposed annually by the Remuneration Committee to the Board, and is tied to performance. The Remuneration Committee acts in accordance with the pre-set terms of its Charter and the approved Remuneration Policy Individual Director's remuneration is disclosed in the Group's Annual Report. The Remuneration report describes, in a transparent manner, in addition to the matters required by law:

- how the remuneration policy has been implemented in the past financial year;
- how the implementation of the remuneration policy contributes to long-term value creation;
- relevant pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;
- for variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and performance; and

- in the event that a current or former Executive Director would receive a severance payment, in line and if permitted by the Remuneration Policy, the reasons for this payment.

4. Directors' stock ownership and dealings

Dealing in NEPI Rockcastle securities by Directors, their associates, and company officials is regulated and monitored in accordance with the requirements of the stock exchanges where the Group is listed. NEPI Rockcastle will maintain a closed period from the end of a financial period to publication of the financial results and will notify all those concerned. The Group implements detailed guidelines to comply with all applicable requirements and to define internally the processes for dealing in its securities.

5. Role of the Board

The Board assumes collective responsibility for the following functions: direct, govern and control the Group, while providing effective corporate governance, promoting an ethical corporate culture and ensuring that the organisation is, and is seen to be, a responsible corporate citizen. Furthermore, the Board acts as a link between the stakeholders and the Group and ensures that there is a transparent and effective communication with stakeholders on both positive and negative aspects of the business.

The Board's role consists of two fundamental elements: **decision-making** and **oversight**.

The **decision-making function** is exercised through the formulation or approval of fundamental policies and strategic goals and the approval of significant actions in relation to implementing the Group's strategy.

The **oversight function** concerns the review of selected management decisions, monitoring of the adequacy of systems and internal controls and oversight of the implementation of policies and procedures across the Group.

Based on the above, the Board makes major policy decisions, participates in strategic planning, delegates to management authority and responsibility for day-to-day affairs and reviews management's performance and effectiveness. More precisely, in line with the Articles of Association, the Board has the following main responsibilities:

- establishes a framework for the delegation of authority to the CEO, the CFO, the COO, other Executive Directors if the case and the other lines of management;
- makes strategic decisions with respect to significant financing transactions in which the Group may engage, following the recommendation received from CFO;
- oversees equity management processes, according to the rules set out in the Articles of Association;
- makes strategic decisions with respect to acquisitions, disposals or CAPEX, except the ones delegated to the Investment Committee and/or the CEO;
- provides risk oversight of enterprise risk management culture, capabilities, and practices and approves the Group's Risk Management Policy and Risk Appetite;
- adopts the Group's strategy and budget based on management's proposal and monitors the timely execution of the investment and development strategy;
- steers the direction of the Group for realisation of its core targets and monitors the Group's operational performance compared to budget and forecasts;
- monitors the financial performance of the business, including its going concern and viability and reviews the financial and operational results and approves the financial statements and Annual Report;
- ensures an effective, risk-based internal audit and monitors the effectiveness of the internal controls;
- ensures the independence of the external audit;
- ensures the integrity of the financial reporting;
- facilitates effective communication with the stakeholders and provides a commentary on the financial results enabling investors to assess the Group's economic value.
- ensures that the Group's IT systems are integrated with the overall business strategy and processes. For this purpose, regular reports are provided by management, in order to monitor that use of information technology results in:
 - » seamless integration of processes across the Group;
 - » adequate hard and soft infrastructure enabling the execution of the Group's strategy;
 - » proper arrangements in place for business continuity and disaster recovery;
 - » proper security measures implemented to ensure confidential data is safely safeguarded and easily accessible while complying with the relevant cybersecurity, data protection or other applicable laws and regulations;
 - » adequate level of investments in information technology to enable the above;
 - » responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.
- oversees that the combined assurance model is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of the following assurance service providers and functions:
 - » line functions that own and manage risks on a daily basis;
 - » specialist functions that facilitate and oversee risk management and compliance;
 - » internal auditors;
 - » independent external assurance service providers such as external auditors;
 - » other external assurance providers such as sustainability reviewers, grading agencies, etc.
- ensures that management fosters a culture of ethical conduct through the creation of an ethical risk profile, the establishment of a code of conduct, the integration of ethical considerations into all Group practices, procedures, policies and conduct;
- assess and monitor the Group's culture and tone from the top. Where the Board is not satisfied that policies, practices or behaviour throughout the business are aligned with the Group's purpose, values and strategy, it should seek assurance that management has taken corrective action;
- oversees annually that management has implemented proper policies and procedure to guide Group's operations across all significant processes.

6. Role of the Company Secretary

The Board shall appoint (respectively recall) a competent Company Secretary who may be consulted for guidance on Board's responsibilities.

The Company Secretary has the following **main responsibilities**:

- ensures that the procedures for the appointment of Directors are observed;
- ensures that Board matters such as onboarding of new members, development programs, training, evaluations are properly organised and any Board activity related information is properly stored;
- sees that agenda and materials are distributed in time, that detailed minutes of Board meetings are kept and that Board decisions are distributed, tracked and reported upon, in collaboration with the Executive Directors;

- ensures that proper procedures are followed and that the statutory obligations and obligations under the Articles of Association are complied with;
- ensures that rules regarding conflict of interest management applicable to the Board, as defined in the Declaration of Interests Policy, are observed and keeps evidence thereof;
- provides corporate governance advice to the Board members on all governance matters and issues;
- supports the Chairman in making the Board members aware of significant relevant laws, regulations and codes, as well as circulates emerging information to Group entities (e.g. new studies published etc.);
- generally, supports the Chairman of the Board in the organisation of the affairs of the Board;
- prepares communications for Group entities and stakeholders, as instructed by the Board;
- coordinates and guides the activity of the persons appointed as Secretary within the Board sub-committees.

7. Board operations

The Board meets regularly (at least quarterly) and is responsible for setting the Group's strategy, approving major matters, governing risk management processes and monitoring overall performance. The Board monitors the overall effectiveness of the internal control framework, designed to ensure that assets are appropriately safeguarded, operations are run efficiently, proper accounting records are maintained and that the financial information which is issued is reliable.

In the event that the Board or any of its Committees need to obtain independent, external professional advice or other types of professional services at the cost of the Group, on matters within the scope of their duties, the following principles will apply:

- the procurement process will be transparent, objective and traceable;
- the provider will be selected to achieve the best value for money;
- the evaluation process may be driven by any of the Directors or the Company Secretary;
- the Company Secretary is responsible for storing the documentation relevant for the selection process as well as the deliverables or other evidence of service performance as applicable;
- the contract will be signed based on Group procurement guidelines.

8. Performance assessment, succession and development programs

The Board ensures that the evaluation of its own performance, profile, composition, competencies and expertise and those of its committees, its chair and its individual members, support continued improvement in its performance, effectiveness and proficiency in exercising their duties.

The performance of the Board, its Committees and individual Directors is evaluated annually, in a formalised manner, by the Nomination Committee or the Board, based on an evaluation methodology approved in advance by the Board. The process may be run internally or with support from external advisors. In doing so, attention is paid to:

- substantive aspects and mutual interaction;
- events that occurred in practice from which lessons may be learned; and
- the desired profile, composition, competencies and expertise of the Board.

Ongoing training and development programs are implemented for Board members to ensure the members of the Board are kept up to date with economic developments, industry-specific topics, legal and regulatory relevant topics.

Formal succession planning is in place to ensure availability and capability of Board members to assume key roles within the Board when such roles become available.

V. COMMITTEES OF THE BOARD

Without abdicating accountability, the Board delegates certain functions to well-structured committees, comprised of part of its Directors.

The following requirements are considered in setting up Board Committees:

- an independent non-executive Director is required to be the Chairman of the Audit and the Remuneration Committees;
- the Nomination Committee should only consist of non-executive Directors, and the majority should be independent;
- the Remuneration Committee should consist of non-executive Directors, of whom the majority should be independent,
- Directors who are not members of a Committee, may attend meetings and participate in their proceedings to gain information, but are not entitled to vote;

- the CEO should not be a member of the Remuneration, Audit or Nomination committees, but may attend by invitation any meeting, if needed to contribute pertinent insights and information.

The Board considers the allocation of roles and associated responsibilities and the composition of membership across committees holistically, so as to achieve the following:

- a. Effective collaboration through cross-membership between committees, where required, coordinated timing of meetings and avoidance of duplication or fragmented functioning in so far as possible;
- b. Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such matter are defined to ensure complementary rather than competing approaches;
- c. A balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on a single individual.

Delegation to an individual member of certain matters, if the case and not covered by delegation to any of the sub-Committees, will be recorded in writing and approved by the Board. The record will set out the nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the delegates' reporting responsibilities.

Each Committee annually assesses its effectiveness to ensure that it has effectively fulfilled its responsibilities as set out in its mandate. The Chair of each committee, in consultation with the committee members and senior management, develops work plans for the year, which provide a thematic view of the forward agenda and are intended to focus the committee on the most important aspects of its mandate with sufficient frequency.

Each committee prepares a report regularly but at least on an annual basis of its activities over the previous year which it presents to the Board. Alternatively, minutes of the meetings of the Committees and/or key decision points may be included regularly for Board review.

Taking into account its role and responsibilities, the Board considers that the following Committees are necessary to properly discharge some of its duties:

- Audit Committee
- Investment Committee

- Remuneration Committee
- Risk and Compliance Committee
- Nomination Committee
- Sustainability Committee.

The role of each Committee, together with responsibilities, accountabilities, operating guidelines are documented in the Committees Charters. All Charters are approved by the Board and shall be reviewed periodically, considering regulatory guidance and industry best practices, to ensure the Board and its Committees are adaptive and responsive to new requirements and continue to practice strong oversight.

VI. GOVERNANCE OF GROUP STRUCTURES

As the Group operates across many jurisdictions and has a complex structure, the Board has set up the present framework in order to ensure that its essential roles (decision-making and oversight) are being met, subject to all applicable laws and regulations.

Since the Group governance framework needs to be considered by the board of the subsidiaries, this has been designed with the support of the relevant members of the Senior Management.

At Group level, the Board meets regularly and, as described above, is responsible for setting the Group's strategy, approving major matters, overseeing risk management processes and monitoring overall performance. The Board monitors the effectiveness of the internal control framework. The Board and its Committees are committed to monitoring the definition of policies and frameworks to mitigate the risk of non-compliance with laws in the jurisdictions where the Group conducts its business, ensure safeguarding of assets and accurate and truthful financial reporting.

While recognising the independent legal and governance responsibilities that might apply to subsidiaries subject to local laws, the Board is considering the following measures to ensure an adequate oversight over subsidiaries:

1. the Group has established adequate policies, processes and controls that address risk management across the businesses and legal entity structures;
2. the Group has defined a policy for establishing new legal entities;
3. the Group has set-up effective systems to facilitate the exchange of

information among the various entities, to manage the risks of the separate subsidiaries or Group entities as well as of the Group as a whole, and to ensure effective supervision of the Group;

4. the Group allocated sufficient resources in order to monitor the compliance of subsidiaries with all applicable legal, regulatory and governance requirements;
5. the Group established an effective internal audit function that ensures audits are being performed within or for all subsidiaries and the Group itself.

There is a clear demarcation of roles and responsibilities between the Board, the Executive Directors and Senior Management that fosters an environment of transparency, confidence and mutual trust, as well as a balance of power and accountability, in which the Board can constructively challenge and provide guidance to management. An Operational Mandate approved by the Board is in place, in order to ensure that the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibility.

1. Executive Directors

The Board appoints from the Directors a **Chief Executive Officer** (CEO) who is in charge to ensure that a long-term strategy in line with the Group's mission and vision is developed and deployed in the Group.

Furthermore, the Board appoints from the Directors a **Chief Financial Officer** (CFO), who is in charge to establish and manage the accounting and financial functions of the Group.

Moreover, the Board may appoint **other Executive Directors** with competences in areas to be decided by the Board in order to be in line with the Group strategy. The Executive Directors provide the Board with sound information, advice and recommendations on the organisational structure, objectives, plans and policies of the Group, to enable the Board to make informed decisions.

The Board has established that the CEO and CFO have the following roles:

CEO

- ensure that a long-term strategy in line with the Group mission and vision is developed and deployed;
- steer the development and the processes of the Group, establish performance goals and allocate resources to ensure future growth,

achievement of strategy, compliance with applicable laws and regulations, responsible citizenship;

- ensure that financial and operating goals and objectives are achieved;
- ensure that a positive and ethical working environment exists and that the ethics policies approved by the Board are implemented;
- act as chief spokesman of the Group;
- manage the communication between the Executive Directors / Senior Management and non-executive Directors; and
- maintain investors relations.

CFO

- establish and manage the accounting and financial functions of the Group, including establishing policies and practices that ensure effective financial accounting and financial performance monitoring are maintained;
- take responsibility for financial and fiscal compliance as well as general reporting of business performance;
- create realistic, projected budget plans and oversee their implementation, including limiting expenses and managing variations between projected and actual performance indicators;
- identify funding needs and ensure that these are met in a cost-effective manner;
- supervise fiscal research, projections, analysis and optimisation, and
- interact and maintain relationships with external auditors, regulators, analysts and rating agencies.

COO

- drive the strategy setting for the Group assets portfolio and ensure implementation, monitoring and reporting of the performance and results;
- drive opportunity analysis for each asset and propose potential shifts in each asset's strategy where the case (extend, transform, dispose, restructure);
- contribute to the capital allocation decisions related to existing or new assets – acquisition, development, disposal, extension / transformation;
- continuously assess the Group's assets portfolio operations, profitability and sustainability, coordinate proposals for improvements, steer project management and coordinate implementation of core initiatives;
- coordinate tenants engagement strategy, optimizing returns and monitoring tenants performance and occupancy cost;
- ensure swift, efficient and integrated processes and drive necessary performance improvement initiatives across the group;
- drive the setting of a consumer-centric culture through re-designing processes, relevant functions, technology, to understand, tailor and serve specific consumers' needs.

VII. INTERNAL CONTROLS AND THE THREE LINES OF DEFENCE PRINCIPLES

The Group implemented the three lines of defence approach, with a view to further strengthen the system of internal controls and track compliance with relevant laws and regulations. As such, the system of internal controls is structured on the following lines:

- the first line of defence, line management (Senior Management, Local management), is the function that owns risks and is responsible for operational processes within the Group. Line management is in charge to define guidelines, implement and execute internal controls, embed risk management in the day-to-day operations, compare performance against targets and KPIs and monitor status of achievement in accordance with the strategies established by the Group;
- the second line of defence has an oversight and compliance monitoring role, and consists of functions such as Compliance & Risk Management, Data Privacy. These functions are primarily charged with monitoring new laws and regulations and emerging risks and providing support and advice to management in ensuring compliance thereof. They monitor and facilitate the implementation of effective risk and compliance management practices by operational management and assist the risk owners in reporting adequate risk related information. In the consideration of their monitoring role, the 2nd line of defence functions would recommend new controls or risk mitigating measures to be embedded in current processes and practices of the 1st line of defence functions;
- the third line of defence, Internal Audit, is in charge of providing independent assurance on the effectiveness of the internal controls and risk management activities, including on how the first two lines discharge their duties.

The Group is committed to preventing and deterring significant risks such as but not limited to:

- potential conflicts of interest;
- related party transactions which may not be transparent or at an arm's length;
- confidentiality and observance of professional secrecy;
- unopen and incomplete financial reporting or communications;

- non-compliance with fiscal regulations within a complex tax environment;
- use of privileged information and insider trading;
- money-laundering and the financing of terrorism;
- non-adequate adherence to anticorruption and anti-fraud rules;
- inefficient delegation of authority required to keep the right balance between flexibility, speed and span of control.

The Executive Directors are responsible for identifying and managing the risks associated with the company's strategy and activities, as well as for the design, implement and maintain adequate internal risk management and control systems.

VIII. REVIEW AND APPROVAL OF THE FRAMEWORK

1. Ownership of the framework

Ownership of this framework is vested with the Group Company Secretary. The Group Company Secretary is responsible for the co-ordination, the drafting of and the amendments to the framework. Any proposed changes to the framework will be submitted to the Board, as and when necessary. The framework will be revisited at least annually and discussed by the Board.

2. Approval

The framework must be approved by the Board. An overview of the current corporate governance structure shall be published on the Group's website.

3. Implementation

The CEO, the Executive Directors and the Senior Management are responsible for adherence to and implementation of this framework in their business and operational areas, in strict observance with all applicable laws and regulations. Periodical reports should be provided to the Board by the CEO with respect to the implementation status in the Group.

Extract from the Group Corporate Governance Framework, approved by the Board of Directors of NEPI Rockcastle NV

