



## **Guidelines on the Employment Conditions, Appointment and Dismissal/Resignation of Members of the Hivos Executive Board**

### **1. GENERAL**

- 1.1. These guidelines are in implementation of the provisions of Hivos's Articles of Association (Article 4, paragraphs 2 and 3).
- 1.2. Executive Board members are appointed and dismissed by the Supervisory Council (Article 5 Paragraph 2)
- 1.3. The legal status of Executive Board members is determined by law, the Hivos's Articles of Association and the employment contract with the Executive Board member. The employment contract is based on these guidelines, by or on behalf of the Supervisory Council.
- 1.4. The legal status of Executive Board members is subject to Dutch law.

### **2. SELECTION AND APPOINTMENT**

- 2.1. In the event of a vacancy on the Executive Board, the Supervisory Council establishes a profile for the vacancy at the Executive Board's proposal. In its proposal the Executive Board includes the opinions of the management team and Works Council on the proposed profile.
- 2.2. In the event of a vacancy on the Executive Board the Supervisory Council establishes a selection committee consisting of:
  - the chairperson of the Supervisory Council;
  - two members of the Supervisory Council, preferably also one member of the Remuneration Committee;
  - the chairperson of the Executive Board, or, if the vacancy concerns this office, another Executive Board member.The selection committee is supported by the board secretary.
- 2.3. In the event of a vacancy on the Executive Board, the Supervisory Council appoints an appointment advisory committee consisting of:
  - HR specialist of Hivos
  - two members nominated by and from the management team;
  - an additional member appointed by and from the Works Council as an observer.The Hivos organisation provides the secretariat of the appointment advisory committee.

- 2.4. Before external publication the vacancy and profile are published internally at Hivos for a two-week period, during which employees can express their interest in the vacancy, supported by reasons.
- 2.5. The selection committee will only decide to publish the vacancy externally if no suitable internal candidates come forward.
- 2.6. After hearing the advice of the appointment advisory committee the selection committee will propose a candidate for permanent appointment to the Supervisory Council.
- 2.7. Membership of the selection committee and the appointment advisory committee is incompatible with any candidacy for the vacancy on the Executive Board.
- 2.8. The employment contract with an Executive Board member is entered into for a period of four years with the option to renew the contract for a second four-year period. This article applies to new Executive Board members after adoption of these regulations.

### **3. EMPLOYMENT CONDITIONS AND FRINGE BENEFITS**

- 3.1. The package of employment conditions for Executive Board members is based on customary employment conditions in comparable positions in government institutions and institutions comparable to Hivos and is in compliance with the Wijffels code.
- 3.2. The Civil Servants' Pay Decree (BBRA) salary scales, as applied by the government, are taken as a point of departure in determining the salaries.
- 3.3. The position of chairperson of the Executive Board is remunerated in accordance with salary scales 16 and 17 of the BBRA. The position of Executive Board member is remunerated in accordance with salary scales 15 and 16 of the BBRA.
- 3.4. The weighting of the Executive Board members' positions is recalculated at least once every four years or as often as required by internal developments. If this results in a different salary scale classification, the guidelines will be amended accordingly.
- 3.5. There are no provisions on working week and working hours for Executive Board members. Salary is based on a working week of 36 hours according to the Civil Servants' Pay Decree. There is no separate remuneration for working overtime.
- 3.6. The general conditions of the Legal Status Regulations (RPR) are not applicable to Executive Board members. The following conditions do apply for Executive Board members:
  - i. Executive Board members are participants of the pension fund 'Zorg en Welzijn' (PGGM) and costs are paid for two thirds by the employer and one third by the employee.

- ii. An 8% holiday allowance is paid in May each year.
- iii. Holiday entitlement is 165,6 hours per year on a full-time basis. Additional special leave will be granted upon the Supervisory Council's approval.
- iv. In case of sickness and occupational disability Executive Board members receive full salary payment for the period of one year and 70% in the second year.
- v. The following allowances and reimbursement of costs apply:
  - Transport allowance is applicable according to general guidelines of the RPR and the UR, currently being € 0,18/km with a maximum of 150 km per day.
  - Cost for usage of (mobile) telephone will be paid according to general RPR and UR guidelines.
  - Other necessary business expenses related to functioning as Executive Board member will be reimbursed based on relevant and signed invoices.

Reimbursement of costs will be checked by the auditor as part of the annual audit.

Agreed changes to the RPR in relation to the above mentioned subjects are only applicable to Executive Board members after a decision by the Supervisory Council.

- 3.7 Hivos is obliged to provide insurance coverage for Executive Board members' liability. In addition Hivos will assure coverage by insurance for travelling abroad and separate insurance covering injuries/damage to the Executive Board member in the workplace.
- 3.8 The Executive Board member has a duty of confidentiality regarding information that comes to his/her knowledge pursuant to his/her position and profession, further specified in the individual labour contract.
- 3.9 Executive Board members are obliged to communicate the intention to carry out (remunerated) work elsewhere to the Supervisory Council in writing. Specified work besides the employment at Hivos needs formal approval of the Council.
- 3.10 Any other employment conditions of the Executive Board members are determined by or on behalf of the Supervisory Council.

#### **4 ASSESSMENT**

- 4.1 In accordance with the Remuneration Committee Regulations, the duties of the Supervisory Council with regard to meetings on the performance of the Executive Board are carried out by this committee.
- 4.2 At least two progress meetings will take place with the Remuneration Committee of the Supervisory Council in every year. In November/December of each calendar year a performance and planning meeting takes place with the Executive Board and individual Executive Board members. In this meeting the collective and individual results to be achieved are established for the following calendar year.



- 4.3. After adoption of the annual accounts and annual report, in June of each calendar year an assessment meeting is held with the Executive Board and with individual Executive Board members; the assessment elements are: achievement of the budget, policy plans and, in accordance with the preceding paragraph, the established collective and individual results, including attitude and behaviour.
- 4.4. In preparation for this the Remuneration Committee seeks input and opinions from representatives of the management team and the Works Council. At the discretion of the Remuneration Committee, other employees may be invited to provide information.
- 4.5. Reports of these assessment meetings are made by the Executive Board member concerned and signed by the chairperson of the Remuneration Committee and the Executive Board member concerned. These reports are included in the personnel file and distributed to the members of the Supervisory Council, subject to confidentiality.
- 4.6. Based on the assessment, the Remuneration Committee advises the Supervisory Council on the decision regarding salary adjustment.

## **5. DISMISSAL/RESIGNATION**

- 5.1. The notice term for a member of the Executive Board is two months. In the event of dismissal by the Supervisory Council of a member of the Executive Board, the notice period is four months.
- 5.2. If the employment contract of the Executive Board member is terminated on initiative of the Supervisory Council, including in a situation that the foundation is dissolved by the judge on the basis of facts and/or circumstances for the account and at the risk of the foundation, yet not due to the Executive Board members severe malperformance, the Executive Board member is entitled to a 'transition compensation' as defined by art. 7:673 of the Dutch Civil Code. This also applies if the employment contract of the Executive Board member has expired and is not renewed by the Supervisory Council.

The total amount of the 'transition compensation' will not be higher than the maximum severance payment as defined by the Standards for Remuneration Act of Public and Semi-public Sector Senior Officials.

- 5.3. Any disputes arising from the employment contract and its termination on which the parties cannot reach agreement in mutual consultation will be submitted to the competent court for settlement.

- 5.4. In any case the employment contract ends, without notice being required, on the first day of the month in which the Executive Board member reaches the legal retirement age.

**6. OTHER PROVISIONS**

- 6.1 Amendments to these guidelines will be decided in a Supervisory Council meeting.
- 6.2 The Executive Board has the right to make proposals to this end.

Thus adopted in the Supervisory Council meeting of 28 June 2016.

A handwritten signature in blue ink, appearing to be "J. Ernst Groot", is positioned above the name and title.

Jan Ernst Groot  
Chairperson of the Supervisory Council

