



# Suitability Policy

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**Edition**

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## 1. INTRODUCTION

This suitability policy (the "Policy") was approved on 19.01.2024 by the General Meeting of *Theon International PLC's* (the "Company") shareholders, upon relevant approval by the Board of Directors (The "Board") and is in force until any potential substantial modification occurs. Substantial modifications are those that introduce a significant change in the content of the Policy, in particular as regards the general principles and criteria that apply.

This Policy takes into account the relevant best practices and is consistent with the Dutch Corporate Governance Code and EU framework on corporate governance as this is applicable. Furthermore, during the drafting stage, the size, the internal organization, the risk-taking intention, the nature, the scale and the complexity of the Company's activities, and business practices were taken into consideration.

The Policy shall also be followed by and shall be applicable to the subsidiaries of the Company, to the extent that it is accommodated or sustained by virtue of the applicable corporate laws of the relevant jurisdiction.

## 2. OBJECT

This Policy is designed to promote the corporate interest by ensuring quality staffing, effective operation evaluation and fulfillment of the Board role with the Company's general strategy and medium to long term pursuits.

The Company has established internal procedures to monitor the effectiveness of the Policy and evaluates it at regular intervals or when significant events or changes take place.

The Company, where appropriate, assesses Policy's design and implementation, making necessary adjustments in line with recommendations from internal departments (e.g. Human Resources), its Committees (e.g. Nominations and Remuneration Committee) and external bodies.

The Nominations and Remunerations Committee is responsible for identifying gaps regarding the suitability of the members of the Board, on both individual and collective level. To achieve this, the Board conducts self-assessment annually, as well as it is regularly assessed by third party consultants.

## 3. GOVERNANCE AND TERM MANAGEMENT

The Company has implemented a robust corporate governance framework, aiming to benefit both shareholders and other stakeholders. The objectives of this Policy revolve around supporting and promoting diversity and further bolstering the Board with members demonstrating a broad range of skills, know-how, and capabilities. This diversity fosters varied perspectives and independent opinions. The Board and the Nominations and Remuneration Committee are responsible for implementing these principles, serving as the stewards of the Company's management philosophy.

The Nominations and Remuneration Committee is responsible for identifying and proposing suitable candidates for the Board. The composition of the Board reflects the necessary expertise to fulfill its responsibilities in line with the Company's business model and strategy.

Capabilities include:

- International Business Acumen
- Corporate Financing and Financial Management
- Technology
- Business operations and production
- Risk
- Strategy
- Business Development
- Environmental, social, and corporate governance ("ESG")

The Nominations and Remuneration Committee's role is to ensure that the Board consists of a sufficient number of members with diverse knowledge and capabilities to facilitate constructive discussions and effective decision making. The Board shall consist of 9 members, divided into executive, non-executive and independent non-executive members. Independent non-executive members must constitute at least one third (1/3) of the Board and never fewer than two, ensuring an adequate composition.

Independent, non-executive members contribute objective perspectives and advice to safeguard the Company's interests and ensure due abidance with the Company's Conflict of Interest Policy and any conflicts of interest will be appropriately dealt with. Executive members ensure the execution of Board decisions and policies.

Suitability criteria, along with the balance between executive and non-executive members, ensure consistency, continuity and smooth succession planning.

Succession planning incorporates insights from Board evaluations to effect necessary changes in composition and skills optimizing the effectiveness and collective suitability of the Board. The Nominations and Remunerations Committee ensures a suitable succession plan for Board members and senior executives, aiming to maintain continuity and efficient decision making. This plan comes into play within 3 months of any change in the suitability criteria, particularly for executive and committee members, ensuring the seamless management of the Company's affairs.

#### **4. SUITABILITY ASSESSMENT CRITERIA**

The Nominations and Remunerations Committee performs an annual suitability assessment to uphold governance and leadership standards. This comprehensive evaluation considers the structure and size of the Board, the skills and knowledge of each Board member, any potential conflicts of interest, and the members' suitability under relevant laws. The assessment ensures a diverse and capable leadership team, promoting adaptability and long-term success. It guides action plans, development initiatives and succession planning to maintain corporate excellence.

In addition, the Board conducts an annual self-assessment through questionnaires and/or interviews. This self-assessment offers Board members the opportunity to reflect on their individual and collective performance, emphasizing their commitment to continuous improvement and accountability. It ensures that leadership remains proactive and committed to its governance responsibilities, enabling the Board to provide strategic direction that aligns the Company's mission and values.

Evaluation feedback is disclosed and discussed among the Board, assisting them to adopt informed decisions related to succession planning and the development of training programs for its members. Following the evaluation, corrective actions are taken to address identified weaknesses.

Reassessment of suitability is conducted under specific circumstances, including when doubts arise regarding an individual Board member's suitability, the suitability of the Board's composition, or a significant impact on a Board member's reputation. Suitability reassessment is also necessary in cases of events that could significantly affect a Board member's fitness, including noncompliance with the Company's Conflict of Interest Policy and any other Company's policies.

To ensure individual and collective suitability, the Company has established suitability criteria applicable to all Board members, regardless of their status as executive, non-executive, or independent non-executive members. These criteria consider composition, diversity and effective collaboration amongst Board members.

During collective assessments, the evaluation considers the composition, diversity, and effective cooperation of the Board members in fulfilling their duties. In individual assessments, various criteria are considered, such as the member's status (executive, non-executive, independent) participation in committees, assumption of special responsibilities or projects, time commitment, behavior and the application of knowledge and experience.

## A. Individual Suitability

The individual suitability assessment criteria are summarized in the following table:

### Individual Suitability Criteria

#### Sufficiency of Knowledge, Expertise and Competencies

- Demonstrated practical and professional proficiency
- Corporate Governance
- Profound understanding of corporate operations
- Management capabilities and effectiveness
- Ability to foster collaboration with senior executives and employees, including strong communication skills
- Aptitude for constructive criticism
- Intellectual curiosity
- Diligence and attention to detail
- Value-added contributions to development prospects
- Innovation
- Active listening

#### Ethical Conduct and Reputation

- Strong sense of corporate legitimacy
- Integrity and reliability
- Prestige

#### Conflict of Interests

- Understanding and compliance with the Conflicts of Interest Policy of the Company
- Addressing any challenges in terms of Conflicts of Interest

#### Independence of Judgment

- Impartiality
- Unprejudiced and holistic perspective
- Courage, conviction and strength
- Constructive criticism
- Self-reliant determination

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### **Devotion of sufficient time**

- Substantial devotion of time and attention to ensure fulfillment of duties, roles and responsibilities
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### **● Sufficiency of Knowledge, Expertise and Competencies**

To evaluate a Board member's theoretical knowledge, the education level and the relevance of their field of study and specialization to the Company's activities is considered. Demonstrated practical and professional proficiency and experience is assessed by examining their prior positions and the nature of their previous roles. Specific criteria taken into account include the duration of the Board member's term of appointment in previous roles, the size and complexity of prior organizations and their assigned responsibilities.

In evaluating knowledge and skills, the following factors are considered:

- a) the role and duties of the position and the skills required
- b) knowledge and skills acquired through education and training
- c) practical and professional experience gained in previous roles
- d) demonstrated knowledge and skills in their professional conduct and development.

Executive members of the Board typically acquire sufficient practical experience through their positions of responsibility or their extensive involvement in business activities. The aim is to enhance the Board's decision-making by offering a well-informed and business savvy perspective on business strategy and corporate matters in general.

The members of the Board are required to possess a clear understanding of the Company's Corporate Governance System, which is derived from applicable laws and the Company's adopted Corporate Governance Code. They must also understand their roles and responsibilities as Board and Committee members, the Company's structure and have an in-depth grasp of corporate affairs and potential conflicts of interest.

Key skills include active listening, effective communication, conscientiousness in fostering constructive dialogue and providing criticism, as well as facilitating effective collaboration between Board members and Company employees. Additionally, Board members should demonstrate intellectual curiosity and openness to new ideas and market trends to contribute to the Company's future development prospects.

### **● Ethical Conduct and Reputation**

Board members must maintain a strong reputation and uphold ethical standards, particularly in terms of honesty and integrity. A Board member is presumed to possess a good reputation, honesty, and integrity unless objective, substantiated reasons suggest otherwise.

To assess reputation, honesty and integrity, the Company conducts investigations and may request details and relevant supporting documents related to any final administrative or judicial decisions against nominated or current Board members. During the assessment, any decision by a competent authority that disqualified a nominated Board member from serving as such is also considered.

### ● **Conflict of Interest**

Addressing all actual and potential conflicts of interest at Board level is of paramount importance. The conflicts of interest should be openly communicated, discussed, substantiated, and managed appropriately, with measures taken to limit conflicts, guided by the Company's Conflict of Interest Policy.

### ● **Independence of Judgement**

Board members must exercise independent judgment during Board and Committee meetings. All members actively participate in discussions and make objective, independent decisions, and judgements within the scope of their responsibilities.

When assessing independence of judgment, the Company considers elements of impartiality that allow Board members to carry out their roles based on their personal perspectives without compromising quality. Factors include:

- I. The courage, conviction, and strength to critically evaluate and challenge proposals or views from other Board members.
- II. The ability to ask pertinent questions and provide constructive criticism to other Board members, particularly executive members.
- III. The capacity to resist group think mentality.

### ● **Devotion of sufficient time**

All Board members must allocate sufficient time for their duties, in accordance with the position's description, role and responsibilities. Factors considered include the Board member's capacity and responsibilities, the number of positions held on other boards and any concurrent professional or personal commitments.



The Company informs nominated Board members of the expected time commitments for their duties and Board meetings, as well as participation in other committees. The Company sets guidelines for the number of Board positions members can hold in other non-affiliated entities. Specifically, each Board member is encouraged to limit their involvement to no more than seven (7) other entities Boards.

Additionally, concerning participation in other listed entities, non-executive board members may not sit on the Boards of more than five (5) listed entities, and the Chairman may not sit on more than three (3) listed entities Boards.

## B. Collective Suitability

The collective suitability assessment criteria are summarized in the following table:

Collective Suitability Criteria
<p><b>Collective Expertise</b></p> <ul style="list-style-type: none"> <li>➤ Core business operations and associated risks</li> <li>➤ Strategic planning</li> <li>➤ Financial statements &amp; reports</li> <li>➤ Cash Flow management</li> <li>➤ Compliance with the legislative and regulatory framework</li> <li>➤ Understanding of corporate governance issues</li> <li>➤ Risk identification and management competency</li> <li>➤ Technological impact on business</li> <li>➤ Proficiency in addressing (ESG) matters.</li> </ul>
<p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>➤ Adequate gender representation, targeting a minimum of 33% of total Board members</li> <li>➤ No exclusions shall take in place due to discrimination based on sex, race, color, ethnic or social origin, religion or beliefs, wealth, disability, age or sexual orientation</li> </ul>

It is advisable for the Board to collectively possess the full spectrum of knowledge necessary for the Company's business activities, this entails having members with diverse expertise who can facilitate informed decision making. Moreover, the Board members as a collective entity should possess the aptitude to effectively oversee and provide constructive feedback on the decisions made by the chief executive officer, along with the essential skills for active management and supervision of the Company.

The Company bears the primary responsibility for identifying any gaps in the overall suitability of the Board. To address this, the Board conducts annual self-assessments, evaluating both itself and its committees. Additionally, it periodically seeks external evaluations and counsel to ensure continuous improvement and alignment with best practices.

As the significance of ESG issues continues to grow, encompassing concerns like climate change, water scarcity, and human rights, it becomes imperative to understand how these factors impact business strategy and performance. Risks stemming from ESG issues may include not only adverse effects on business objectives, such as revenue reduction or reputational harm, but also missed opportunities. Consequently, the selection criteria for Board members are designed to guarantee that the Board collectively possesses the capability to comprehend and address ESG issues within the framework of its strategic vision.

## C. Independence

According to the Dutch Corporate Governance Code, Board members are not considered independent if they or their spouse, registers partner or life companion, foster child, or relative by blood or married up to the second degree:

- i. has been an employee or member of the Board of the Company (including associated companies) within the five (5) years prior to the appointment.
- ii. receives personal financial compensation from the Company, or an entity associated with it, other than the compensation received for the work performed as a Board member and insofar as this is not in keeping with the normal course of business.
- iii. has had an important business relationship with the Company or an entity 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 advisor, has acted as advisor to the Company (consultant, external auditor, civil notary or lawyer) and the case where the independent Board member has been an executive Board member or an employee of a bank with which the Company has a lasting and significant relationship.
- iv. Is a member of the Board of a Company in which a member of the Board of the Company they oversee serves as a Board member.
- v. has temporarily performed management duties during the previous twelve (12) months in the absence or incapacity of Board members.
- vi. has a shareholding in the Company of at least ten per cent (10%), taking into account the shareholding of natural persons or legal entities collaborating with him on the basis of an express or tacit verbal or written agreement.

- vii. is a member of the Board or is a representative in some other way of a legal entity which directly or indirectly holds at least ten per cent (10%) of the shares in the Company, unless the entity is a group company.

## **5. APPLICATION, MONITORING & AMENDMENT OF THE POLICY**

Supervising the implementation of the policy is a shared responsibility involving the Board, with potential support from the internal audit and/or compliance unit and the Nominations and Remuneration Committee.

This Policy shall periodically be reviewed by the Nominations and Remuneration Committee, approved by the Board, and ratified in the upcoming general meeting, to ensure its continued relevance and compliance with evolving requirements.

Documentation related to the Policy's approval and any subsequent revisions is maintained in an electronic archive.