

Supervisory Board Rules Stichting War Child

These rules were adopted by the Supervisory Board of Stichting War Child on June 20th, 2014.

Introduction

Stichting War Child ('**WCH**') is an organisation set up for the benefit of war children. WCH is founded in the Netherlands and operates primarily under Dutch law; WCH works in various countries – where it abides also to the local laws.

In line with Dutch law, rules and regulations, WCH clearly separates the executive/managerial responsibilities and duties, from the supervisory responsibilities and duties.

These rules ('**Rules**') concern the main duties and responsibilities of the Supervisory Board ('**SB**'). A Supervisory Board may also be known as Board of Trustees, Board of Non-Executive Directors, or Board of Governors. In these Rules, we use 'Supervisory Board', as it comes close to the Dutch official title "Raad van Toezicht".

In essence, these Rules state that the SB shall:

- act within its powers, in good faith, and in the interest of WCH and in particular the war children it serves – using good care and skill in their work;
- make sure it is sufficiently informed;
- take into account the relevant factors and the perspectives of all those involved in WCH;
- manage conflicts of interest;
- be composed as a 'diverse' group of qualified and independent supervisors;
- supervise, monitor and advise executive management;
- be the employer to the Statutory Director
- see to it that WCH serves its purpose, to the benefit of war children, in a proper way.

Article 1. Status and contents of the Rules

1.1. The Rules are complementary to the rules and regulations applicable to the SB under WCH's Articles of Association. They are based on WCH's application of Dutch law, rules and regulations - in particular of Stichting Centraal Bureau Fondsenwerving (CBF, a Dutch supervisory authority, that furthers responsible fundraising, communication and spending by charities like WCH), of Vereniging Fondsenwervende Instellingen (VFI, a Dutch association of charities, that promotes and self-regulates the most prominent fundraising charities in Holland, amongst which WCH), of Samenwerkende Brancheorganisaties Filantropie (SBF, a Dutch association that furthers the role of philanthropy in the Dutch society) and of the Dutch tax authority - and on today's general principles of governance.

1.2. If one or more provisions of these Rules are or become invalid, this shall not affect the validity of the remaining provisions. The SB shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of these rules is, to the greatest extent possible, similar to that of the invalid provisions.

1.3. The following annexes are attached to, and form an integral part of, these Rules: Annex A (Profile of the membership and composition of the SB), Annex B (Rules governing the SB's Audit and Risk Committee), and Annex C (Rules governing the SB's Nomination and Compensation Committee).

1.4. These Rules are published on WCH's website www.warchild.nl

1.5. The English version of these Rules is the official version.

Article 2. Responsibilities of the Supervisory Board

2.1. The SB shall be responsible for:

- a.** supervising WCH's management (i.e. the Statutory Director and the members of the Management Team that he/she selects and appoints) and WCH's general affairs and the activities connected with it;
- b.** being a sounding board and advisor to WCH's management;
- c.** being the employer to WCH's Statutory Director.

In discharging its duties, the SB shall be guided by the interest of WCH and its activities; it shall take into account the relevant interests of all those involved in WCH.

The SB has no managerial responsibilities (other than being the employer to WCH's Statutory Director).

The SB is responsible for the quality of its own performance.

2.2. In particular, the responsibilities of the SB shall include:

- a.** supervising, monitoring, and advising WCH's management periodically on WCH's
 - i. strategy and general performance, and the achievement of WCH's objectives and its mission;
 - ii. risk and security policy and management;
 - iii. organizational structure;
 - iv. transparency to all those (potentially) involved in WCH;
 - v. efficiency and effectiveness in fundraising and in spending according to the mission and objectives;
 - vi. volunteer policy and management;
- b.** approving matters of major importance to WCH, such as those mentioned in article 12;
- c.** upon the advice of the Audit and Risk Committee ('**ARC**') approving the disclosure of financial information by WCH;
- d.** upon the advice of the ARC, and having taken notice of the opinion of WCH's management, selecting, appointing and evaluating WCH's external auditor;
- e.** upon the advice of the Nomination and Compensation Committee ('**NCC**') selecting, appointing and evaluating WCH's Statutory Director and SB members, and approving and implementing the remuneration policy;
- f.** handling, and deciding on, reported conflicts of interest within the meaning of article 11;
- g.** seeing to it that appropriate internal alert procedures are adopted that allow staff to draw attention to significant and legitimate concerns regarding matters connected with internal governance (Whistle-blower Procedure) and handling, and deciding on, reported irregularities that relate to the functioning of the Statutory Director with regard to the Whistle-blower procedure.

2.3. The SB shall prepare and publish a report on the functioning and activities during the preceding financial year of the SB, the SRC and the NCC. The report will be included in the annual report of WCH.

2.4. The members of the SB shall perform their tasks in a meticulous, expert and fair manner, taking into account the applicable laws, regulations and codes of conduct.

Article 3. Composition, expertise and independence of the Supervisory Board

3.1. The SB consists of such number of members as fixed in accordance with the Articles of Association of WCH. The SB shall prepare a profile of its scope and composition, taking into account the nature of WCH's activities and the desired expertise, experience and independence of its members.

3.2. The composition of the SB shall be such that the combined experience, expertise and independence of its members meet the profile attached as Annex A. All of its members, with the exception of no more than one person, must be independent within the meaning of article 3.3.

3.3. A member of the SB will not be considered independent (and will accordingly be considered independent if none of the below apply to him/her) if he/she or his/her wife/husband, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law:

- a.** has been an employee or Statutory Director in the year prior to his/her appointment;
- b.** receives personal financial compensation from WCH other than the reimbursement of paid costs related to the performance of his/her duties as a SB member;
- c.** has had an important business relationship with WCH in the year prior to his/her appointment (note: being a volunteer or donor, in kind or money, is not considered as having a business relationship);
- d.** is a member of the management board of an organisation in which the Statutory Director of WCH (that he/she supervises) is a SB member (cross-ties).

Article 4. Chairman and Vice-chairman

4.1. The SB shall appoint from among its members a Chairman and a Vice-chairman who shall replace the Chairman in his/her absence. The Chairman chairs the meetings of the SB and acts on behalf of the SB as main contact for the Statutory Director.

The Chairman of the SB shall see to it that:

- a.** the SB members shall timely receive all information which is necessary for the proper performance of their duties;
- b.** there is sufficient time for consultation and decision-making by the SB and the co-ordination of the SB's decision-taking process;
- c.** discussions are open and critical, and dissenting views can be expressed and discussed within the decision-making process;
- d.** the committees of the SB function properly;
- e.** the performance of the Statutory Director and the SB is assessed at least once a year;
- f.** the SB has a proper contact with WCH's management and the works council;
- g.** the SB receives, and decides on, reported potential conflicts of interest within the meaning of article 11;
- h.** the SB receives, and decides on, reported alleged irregularities relating to the functioning of the Statutory Director with regard to the Whistle-blower procedure.

4.2. The Chairman of the SB shall not be a former Statutory Director of WCH.

4.3. The Vice-chairman of the SB shall replace the Chairman when the occasion arises. The Vice-chairman shall act as contact for individual SB members and the Statutory Director concerning the functioning of the Chairman of the SB.

Article 5. Supervisory Board committees

5.1. The SB shall have two standing committees, the ARC and the NCC, to be appointed by the SB from its own members. The (entire) SB remains responsible for its decisions even if they were prepared by one of the Board's committees.

5.2. The SB shall draw up a set of regulations for each committee. The present rules of the respective committees are attached as Annexes B and C.

5.3. The SB shall receive from each of the committees on a regular basis a report of its deliberations and findings.

Article 6. (Re) appointment, term and resignation

6.1. The members of the SB shall be appointed in the manner as provided in WCH's Articles of Association and in these Rules. Members of the SB shall hold office for a maximum period of four years and shall thereafter be eligible for re-appointment, provided that no member shall hold office for more than two 4-year terms or eight years, as the case may be.

On re-appointment, the manner in which the candidate fulfilled his/her duties as a member of the SB, as well as the profile for the vacant position, shall be taken into account.

6.2. The SB shall prepare a resignation rota, amongst others to prevent re-appointments occurring simultaneously. Subject to article 6.3. and/or an explicit SB decision, members of the SB shall resign in accordance with the resignation rota.

6.3. Members of the SB shall retire early in the event of inadequate performance, structural incompatibility of interests, and other instances where the SB deems retirement necessary.

6.4. Whenever a vacancy arises on the SB, an individual profile shall be drawn up for the new member of the Board.

6.5. Members of the SB who take on the management of WCH temporarily, where the Statutory Director is absent or unable to discharge his/her duties, shall (temporarily) resign from the SB in order to do so.

Article 7. Remuneration

7.1. No member of the SB is entitled to remuneration for his duties as a board member.

7.2. Members of the SB are entitled to reimbursement for (reasonable) paid costs incurred in connection with their duties as a board member.

Article 8. Induction programme

8.1. Once appointed, each member of the SB shall follow an induction programme, prepared by management, addressing amongst others:

a. general overview of the strategy;

b. meetings with the individual members of the Management Team together with those within WCH who are deemed most relevant for the new board member concerned (related to his/her individual profile);

d. overview of the most important rules and regulations and governance of WCH;

e. visit of one programme area within 2 years after appointment.

Article 9. Supervisory Board meetings (board calendar, teleconferencing, participants, minutes)

9.1. The SB shall meet at least 4 times a year in a joint meeting with the Statutory Director in accordance with a schedule drawn up during the previous year. Meetings can also be convened whenever two or more of its members, or the Chairman of the SB, have requested a meeting. The SB may invite members of the Management Team, other than the Statutory Director, to meetings of the SB from time to time.

SB meetings are generally held at WCH's offices in Amsterdam, but may also take place elsewhere. In addition, meetings may be held by telephone or videoconference, provided that all participants can hear each other simultaneously.

9.2. The SB shall meet without the Statutory Director on subjects as:

- a.** the evaluation of the functioning of the Statutory Director and the conclusions to be drawn from that evaluation;
- b.** the evaluation of the functioning of the SB and its individual members, and the conclusions to be drawn from that evaluation;
- c.** the potential conflicts of interests of the Statutory Director within the meaning of article 11.

9.3. The agenda of the meetings shall be drawn up in joint consultation between the Chairman of the SB and the Statutory Director.

9.4. The external auditor of WCH shall attend each SB meeting at which the annual accounts are discussed.

9.5. Meetings shall be convened by the secretary. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched at least 6 working days before the meeting and sent to each member of the SB and the Statutory Director.

9.6. The secretary of the meeting shall prepare minutes of the meeting. They shall generally be adopted in the next meeting. The minutes of the meeting shall set out the items on the agenda and clearly state the decisions taken and actions agreed. The Chairman and the secretary shall sign them for adoption.

Article 10. Supervisory Board resolutions (quorum, votes, items to be considered)

10.1. The SB can only validly adopt resolutions in a meeting at which at least the majority of its members is present or represented.

The SB may also adopt resolutions outside a meeting, provided that the motion in question has been submitted to all of its members and none of them has objected to this form of decision taking, and at least the majority of its members participated in the voting.

10.2. The SB can only adopt resolutions validly inside resp. outside a meeting if the majority of the SB members present or represented in the meeting resp. in the voting has voted in favour of the resolutions.

10.3. Members of the SB who have a conflict of interest as referred to in article 11 shall not be taken into account when calculating the quorum as prescribed in article 10.1, nor in the voting itself.

10.4. The on-going items to be considered and discussed at SB meetings include:

- a.** the programmes to support war children in the various programme areas;
- b.** the activities to raise awareness about war children and advocacy for their rights and needs;
- c.** the way funds are being raised and the success of these efforts;
- d.** the budget and the financial progress during the year;
- e.** positive and negative press coverage;
- f.** risks, security and compliance issues;
- g.** internal organization, amongst which Human Resources, IT;
- h.** any major issue that arises;
- i.** the reports from the SB's committees.

10.5. The SB shall discuss at regular intervals:

- a.** the strategy;
- b.** the main risks of the activities (including security of all staff and children involved) and the result of the assessment by WCH's management of the design and effectiveness of the internal risk & security management and control systems, as well as any significant changes thereto;
- c.** the continuity reserve that serves to enable WCH to (partly) continue its operations in material adverse situations;
- d.** the cooperation with other NGO's such as, but not limited to, War Child UK, War Child Canada and War Child International.

10.6. The SB shall discuss at least once a year, without the Statutory Director being present:

- a.** the functioning of the SB, the functioning of the separate committees, and its individual members, and the conclusions that must be drawn on the basis thereof;
- b.** the functioning of the Statutory Director, and the conclusions that must be drawn on the basis thereof.

Article 11. Conflict of interest, duties and position of individual members of the SB

11.1. A member of the SB shall not represent the interest of any particular constituency.

11.2. A member of the SB shall resign in the event of a failure to adequately exercise his or her duties, structural differences of opinion, conflicting interests or other important circumstances, which hamper the requirements of team spirit and/or mutual trust. If necessary the Chairman shall remind the member of his or her responsibilities in this respect.

11.3. A SB member, the Statutory Director, as well as the external auditor (all: 'a relevant person') shall immediately report any conflict of interest or potential conflict of interest that is of material significance to WCH and/or to him/her, to the Chairman of the SB and shall provide all relevant information, including information concerning his/her spouse, 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 Chairman of the SB reports in this respect to the Vice-chairman.

The SB member, the Statutory Director or the external auditor concerned shall not take part in the assessment by the SB of whether a conflict of interest exists.

A conflict of interest exists in any event if WCH intends to enter into a transaction with a legal entity

- (i) in which a relevant person personally has a material financial interest,
- (ii) which has a management board member who has a relationship under family law with a relevant person, or
- (iii) in which the relevant person has a management or supervisory position.

Being a donor to WCH, either personally or through a legal entity as described above, is considered not to give rise to a conflict of interest.

11.4. A SB member, Statutory Director and/or external auditor shall not take part in a discussion and/or decision-making on a subject or transaction in relation to which he/she has a conflict of interest with WCH.

11.5. All transactions in which there are conflicts of interest with a relevant person shall be agreed on terms that are customary in the sector concerned.

Decisions to enter into transactions in which there are conflicts of interest with a relevant person that are of material significance to WCH and/or the relevant person require the approval of the SB. Such transactions shall be published in the annual report.

11.6. Decisions to enter into transactions in which there are conflicts of interest between WCH on the one hand, and the Statutory Director, a SB member or the external auditor on the other hand are the responsibility of the SB.

11.7 The prime person responsible to avoid any conflict of interest is the SB member concerned. Members of the SB, as well as candidates for SB-membership, shall report all relevant other activities they (start to) perform to the Chairman and the Statutory Director. All relevant other activities of each SB member shall be published in the annual report.

Article 12. Information, relationship with the Statutory Director

12.1. The SB, and its individual members, have their own responsibility for obtaining all information from the Statutory Director and the external auditor that the SB needs in order to be able to carry out its duties properly as a supervisory organ. If the SB considers it necessary, it may obtain information from officers and external advisors to WCH. WCH shall provide the necessary means for this purpose. The SB may require that certain officers and external advisors attend its meetings.

12.2. The Statutory Director shall timely provide the SB and its committees with information on all facts and developments concerning WCH, which the SB may need to function as required and to properly carry out its duties.

12.3. The Statutory Director shall at least quarterly provide the SB with a report prepared in a format as agreed from time to time and setting out the most relevant information on inter alia the development of programmes, advocacy, communication, marketing & fundraising, staff, IT and financial outcomes and projections. A memo from the Statutory Director shall accompany this periodic report, so as to highlight the most relevant developments and issues.

12.4. The Statutory Director shall at least annually submit for approval to the SB an Annual Plan, which outlines the operational and financial objectives of WCH and the plans designed to achieve the objectives.

12.5. The Statutory Director shall at least every 4 years submit for approval to the SB a (medium to long-term) strategy, in such a format & time-schedule that members of the SB will have time for reflection and interaction with WCH's management and/or external advisors.

12.6. Any matter of major importance to WCH, including but not limited to proposed mergers, acquisitions & divestures, transactions in registered property (e.g. land, real estate), major cooperation with third-parties (including War Child International), change of bank relations, and a change in WCH's Articles of Association and governance structure, shall be submitted to the SB for approval in writing either during or between meetings.

Article 13. Relationship with the works council

13.1 The SB shall designate one of its members as primarily responsible for matters concerning WCH specifically in relation to the works council. In consultation with the works council and the Statutory Director, it will be decided how often representatives of the SB will be present at meetings of the works council with the Statutory Director.

Article 14. Confidentiality

14.1 Members of the SB shall treat all information and documentation acquired within the framework of their membership with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the SB or Statutory Director, made public or otherwise made available to third parties, even after resignation from the SB, unless it has been made public by WCH or it has been established that the information is already in the public domain.

Article 15. Non-compliance, amendment

15.1. The SB may occasionally decide at its sole discretion not to comply with and adhere to these Rules pursuant to a SB resolution to that effect. Such resolutions shall be referred to in the SB's report in the annual report.

15.2. These Rules may be amended by a resolution of the SB to that effect. Such resolutions shall be referred to in the SB's report in the annual report.

Article 16. Governing law and jurisdiction

16.1. These Rules shall be governed by and construed in accordance with the law of the Netherlands.

16.2. The courts of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with these Rules (including any dispute regarding the existence, validity or termination of these Rules).

Annex A. Profile of the membership and composition of the Supervisory Board

A1. General

The purpose of this profile is to provide guiding principles for

- i. the composition of the SB as a whole; and
- ii. the (re-) appointment of its individual members.

At the initiative of the NCC, this profile shall be evaluated on a regular basis.

The SB shall operate as a collegial body and the specific knowledge, experience and background of its individual members shall be considered in the context of the SB as a whole. Whenever a vacancy arises on the SB, an individual profile shall be drawn up for the new member.

A2. Profile of the Supervisory Board

A2.1. To meet the requirements, the SB as a whole must be able to perform competently its responsibilities and tasks.

The composition of the SB shall be such that

- i. the members are able to act critically and independently of one other, the Statutory Director and any particular interest;
- ii. the members of the SB have no close family or business relations with one other or the Statutory Director;
- iii. the collective of SB members can be characterised as a 'diverse' group (referring to fields of expertise, background, experience, personality, age and gender) so as to foster the quality of discussion and supervision;
- iv. humour, positive spirit and a can-do-mentality is well represented.

A2.2. Each member of the SB shall in any event, as a minimum requirement, have

- i. affinity with the vision, mission, objectives and values of WCH;
- ii. senior management experience, and international experience;
- iii. sufficient time available for the proper performance of his/her duties;
- iv. sufficient intrinsic interest in WCH to be an involved SB member, who (amongst others) visits at least one of WCH's project areas within 2 years after appointment;
- v. respect for the basic rights and dignity of children – and respect and promote their self-determination and autonomy.

All of its members shall declare to have had no involvement in child abuse of whatever nature, and must sign WCH's Code of Conduct at appointment.

All of its members, with the exception of no more than one person, must be independent within the meaning of article 3.3. of the Rules.

A2.3 The primary areas of expertise and competence to take into account for the composition of the SB are:

- i. general management in an international context;
- ii. financial management in an international context;
- iii. operational expertise in development programmes in developing, fragile states;
- iv. expertise in psycho-social and educational programmes for children;
- v. (inter)national governmental and non-governmental organisations active in developing countries;
- vi. communication and advocacy;
- vii. marketing & fundraising.

Annex B. Rules governing the SB's Audit and Risk Committee

B1. Constitution of the Audit and Risk Committee

The Audit and Risk Committee ('ARC') is a special committee of the SB, whose task it is to prepare, pre-discuss, and advice on, the decisions of the SB on audit issues, risk and security policy & management and other matters as described below.

The ARC shall be appointed by the SB from its ranks for this purpose. The SB shall appoint the chairman of the ARC. Members of the ARC shall resign at the request of the SB.

The ARC consists of at least two members.

The ARC shall meet at least two times a year. The first shall take place in the first half of the year before the approval of the annual accounts by the SB, the second shall take place in the second half of the year shortly after the external auditor has delivered its management letter. The ARC shall decide whether the Statutory Director, the Manager Finance & Legal, the external auditor, and on particular issues any WCH employee or (external) advisor, should attend its meeting(s).

B2. Tasks of the Audit and Risk Committee

The ARC shall in any event focus on supervising the activities of WCH's management, in particular of the Manager Finance & Legal and the Statutory Director, with respect to:

- a.** provision of financial information by WCH, including the annual accounts, the accounting policy, the application of (new) rules, the budgets and forecasts, financial and administrative control (including who is eligible to sign and release funds up to what amounts and what are the procedures in case employees do not follow the rules) and the functioning of the external auditor. Special attention will be paid to the reports of the external auditor;
- b.** the follow up given to the recommendations and observations of the external auditor;
- c.** the relation and interaction with the external auditor, its independence, remuneration and any non-audit services for WCH;
- d.** the structure, implementation and operation of risk and security policy and management, and its consequences for the continuity reserve;
- e.** WCH's public disclosures on the financial position and developments, as well as risk and safety policy and management;
- f.** WCH's policy and management related to taxes and the applications of information and communication technology (ICT);
- g.** the structure, implementation and operation of investment policy and management, and its consequences for the continuity reserve.

Furthermore, after consultation with the Statutory Director, the (Chairman of the) ARC shall act as the principal contact for the external auditor if he/she discovers irregularities in the content of the financial reports.

B3. Minutes

The chairman of the ARC shall report on the working of the ARC at the next succeeding meeting of the SB.

Minutes shall be made after each ARC meeting and will be signed by the chairman of the ARC.

The minutes shall be distributed to the SB.

Annex C. Rules governing the SB's Nomination and Compensation Committee

C1. Constitution of the Nomination and Compensation Committee

The Nomination and Compensation Committee ('NCC') is a special committee of the SB, whose task it is to prepare and pre-discuss the decisions of the SB on selection, appointment, evaluation and remuneration issues, in particular regarding the SB and the Statutory Director, and other matters as described below.

The NCC shall be appointed by the SB from its ranks for this purpose. The SB shall appoint the chairman of the NCC. Members of the NCC shall resign at the request of the SB.

The NCC consists of at least two members.

The NCC shall meet at least one time a year.

The NCC shall decide whether the Statutory Director, the Manager Human Resources, the external auditor, and on particular issues any WCH employee or (external) advisor, should attend its meeting(s).

C2. Tasks of the Nomination and Compensation Committee

The NCC shall in any event have the following duties:

- a.** drafting a proposal for the SB concerning the remuneration policy for the Statutory Director and the reimbursement policy for the SB regarding costs incurred en paid by members of the SB while exercising their duties for WCH;
- b.** consultation with the Statutory Director (or prospective Statutory Director) about his/her remuneration;
- c.** periodically assessing the functioning of individual SB members and the Statutory Director;
- d.** drawing up selection criteria and appointment procedures for SB members and the Statutory Director; note: the appointment procedures shall include the requirement of a governmental behavioural statement ("Verklaring Omtrent Gedrag") for all, and a professional assessment for the Statutory Director;
- e.** selecting, and making proposals for appointments and reappointments, of individual SB members and the Statutory Director;
- f.** periodically assessing the profile of the membership and composition of the SB and making proposals for adjustment;
- g.** supervising the policy of the Statutory Director regarding the composition and size of the Management Team and the selection and appointment of its members.

Furthermore, the NCC shall in any event focus on supervising WCH's public disclosures on the remuneration of the Statutory Director and the SB.

C3. Minutes

The chairman of the NCC shall report on the working of the NCC at the next succeeding meeting of the SB.

Minutes shall be made after each NCC meeting and will be signed by the chairman of the NCC.

Taking into account the sensitivity of the personal information that may be part of these minutes, distribution of the minutes – or parts of these minutes - may be on a restricted basis.

List of abbreviations

ARC	= Audit and Risk Committee of the Supervisory Board of Stichting War Child
CBF	= Centraal Bureau Fondsenwerving
NCC	= Nomination and Compensation Committee of the Supervisory Board of Stichting War Child
Rules	= Supervisory Board Rules of Stichting War Child
SB	= Supervisory Board of Stichting War Child
VFI	= Vereniging Fondsenwervende Instellingen
WCH	= War Child Holland = Stichting War Child, gevestigd te Amsterdam
WCH's management	= the Statutory Director and the members of the Management Team that he/she selects and appoints