
**EXPLANATORY NOTES TO THE
PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION
of
Koninklijke Brill N.V.,
having its registered office in Leiden, the Netherlands.
(Brill)**

dated 7 May 2020 as it will be presented for decision-making at the
Brill's General Meeting of Shareholders to be held on 25 June 2020.

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EXPLANATORY NOTES TO THE PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION OF KONINKLIJKE BRILL N.V. (BRILL), dated 7 May 2020 as it will be presented for a decision at the General Meeting of Shareholders to be held on 25 June 2020

1. General

The Articles of Association of Brill were last amended in 2010. The proposed Amendment of the Articles of Association is intended to make a number of adjustments to Brill's Articles of Association which have been prompted by the following changes in the law since 2010:

- the amendment of the statutory provision regarding conflict of interests of managing directors and supervisory directors which took effect on 1 January 2013 (*Wet bestuur en toezicht*) (the **Management and Supervision Act**)
- the Implementation Act amendment Transparency Directive which took effect on 29 January 2016
- the Implementation Act Directive on markets in financial instruments 2014 which took effect on 3 January 2018
- the Implementation Act Shareholder Rights Directive II regarding the encouragement of long-term shareholder engagement which took effect on 1 December 2019

2. Management and Supervision Act; Conflict of interests

As per 1 January 2013, an amendment of the statutory provision regarding conflict of interests of managing directors has been made and a conflict of interests provision for supervisory directors was introduced. The essence of both provisions is that a managing director or supervisory director who has a direct or indirect personal interest in a matter which is submitted for decision-making, cannot take part in deliberating and decision-making on this matter if his personal interest conflicts with the interest of the company and the business connected with it.

Therefore, it proposed to amend Article 17, paragraph 3, which article reflects the statutory representation provision that has meanwhile ceased to apply. The management board rules and the supervisory board rules of Brill contain similar provisions for deliberating and decision-making of the Management Board and Supervisory Board in the event of a conflict of interests, which are based on the Dutch Corporate Governance Code.

As of the Management and Supervision Act taking effect, the term 'managing director (*bestuurder*)' is generally applied to members of the Management Board. In the Articles of Association references to members of the Management Board are brought in line with statutory terminology.

3. Implementation Act Directive on markets in financial instruments 2014

Pursuant to the Implementation Act Directive on markets in financial instruments 2014, the statutory reference to 'a regulated market or a multilateral trading facility' has been replaced by 'a trading platform'.

It is proposed to amend Article 16, paragraph 5, sub c, to bring this article in line with the statutory terminology.

4. Implementation Act Shareholder Rights Directive II regarding the encouragement of long-term shareholder engagement

In connection with the implementation of Shareholder Rights Directive II regarding the encouragement of long-term shareholder engagement (2017/828 EU (SRD II)) in the Dutch Civil Code, it is proposed to make certain amendments relating to the procedure for the adoption of the remuneration policies for the members of the Management Board and the Supervisory Board as well as the content of these policies. It is proposed to amend the provisions in the Articles of Association concerning the remuneration of the members of the Management Board (Article 15) and the Supervisory Board (Article 20) to bring these in line with the statutory provisions in Book 2 of the Dutch Civil Code as these read since 1 December 2019.

OTHER AMENDMENTS:

5. Introduction of provisions regarding indemnification and insurance of managing directors and supervisory directors in the Articles of Association

Managing directors and supervisory directors of Brill can claim cover under a managing directors' and supervisory directors' liability insurance (the **bca insurance**). The insurance offers cover for potential claims by third parties that focus on the person of the managing director or the supervisory director if they act in such capacity. It is customary for listed companies that this right is laid down in the Articles of Association and that it is stipulated that insofar as liability is not covered by this bca insurance, the company will indemnify the managing directors and/or supervisory directors for the costs. The purpose of such an arrangement is to prevent managing directors and supervisory directors from being prevented from acting in the best interest of the company due to potential personal liability claims. The proposed text in the new Article 24 corresponds to the standard arrangement applied by many listed companies.

6. Adjustment interest rate distribution preference shares

Article 30 (old) links to the Refi interest rate of the European Central Bank as interest rate for determining the preference dividend to be paid on the cumulative preference shares. It is proposed to replace this interest rate with the Euro Interbank Offered Rate (EURIBOR), the interest rate set and published by or on behalf of the European Money Markets Institute. As a result of the proposed changes, the preference dividend that is paid on the preference cumulative shares remains aligned with the agreements between Stichting Luchtmans, holder of the right to take these cumulative preference shares, and its credit provider.

7. Other

The other changes which are proposed are related, among other things, to a further alignment of Brill's Articles of Association with the Dutch Corporate Governance Code as amended in 2016 (Article 15, paragraph 5 (new)), the adjustments of references to legal procedures that have since been amended (Article 26, paragraph 2 (new)) or with out-dated use of Dutch speech (Article 13, paragraph 3). These changes are further explained in the tripartite proposal to amend the Articles of Association.

8. Power of attorney

The proposed Amendment of the Articles also includes granting a power of attorney to every member of the Management Board, the Company Secretary and every (deputy) civil-law notary, paralegal and notarial assistant at Allen & Overy LLP, Attorneys at Law, Civil-Law Notaries and Tax Consultants, in Amsterdam to have the deed of Amendment of the Articles of Association executed.

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