



**THEON**  
INTERNATIONAL  
Advanced Optronics

---

# TERMS OF REFERENCE OF THE BOARD OF DIRECTORS OF THEON INTERNATIONAL PLC

---

---

<b>Date of entry into force</b>	19.01.2024
---------------------------------	------------

<b>Edition</b>	1 <sup>st</sup>
----------------	-----------------

---

## TABLE OF CONTENTS

### Table of Contents

<u>Introduction .....</u>	<u>3</u>
<u>Interpretations and Definitions .....</u>	<u>3</u>
<u>Regulatory Framework.....</u>	<u>4</u>
<u>Role of the BOD.....</u>	<u>5</u>
<u>Duties and Responsibilities.....</u>	<u>5</u>
<u>BOD Composition .....</u>	<u>6</u>
<u>Appointment .....</u>	<u>6</u>
<u>Removal of Directors .....</u>	<u>7</u>
<u>Disqualification .....</u>	<u>8</u>
<u>Decision-Making.....</u>	<u>8</u>
<u>Committees .....</u>	<u>9</u>
<u>Audit Committee.....</u>	<u>9</u>
<u><b>Nominations and Remuneration Committee .....</b></u>	<u><b>10</b></u>
<u>Conflicts .....</u>	<u>10</u>
<u>A. Conflict of Interest Policy .....</u>	<u>10</u>
<u><b>B. Conflict of Interest in Contracts .....</b></u>	<u><b>10</b></u>

## 1. INTRODUCTION

The Terms of Reference (“**Terms**”) which apply the BOD (as defined below) of the Company (as defined below) are laid in the present document.

The scope and purpose of these Terms is to clearly determine, govern and define the operation, management, duties and conduct of the activities of the Company’s BOD, in relation to decision making within the Company.

## 2. INTERPRETATION AND DEFINITIONS

2.1 Headings in these Terms are inserted for the ease of convenience and reference only and shall not affect the interpretation hereof.

2.2 All words denoting only the singular will include the plural and vice versa.

2.3 Words denoting natural persons include companies and vice versa.

2.4 References in these Terms to any other Company’s documents, rules and policies or other document or instrument shall be deemed to include references thereto as the same may be varied, amended, novated or replaced from time to time documents and instruments stated to be supplemental thereto.

2.5 In these Terms, unless the content requires otherwise, the neutral gender includes the male and female and vice versa.

2.6 In these Terms:

2.6.1 “**AoA**” mean the Articles of Association of the Company, as they shall read as applicable at the date of the present;

2.6.2 “**Applicable Law**” means any Cyprus and/or Dutch and/or EU law which might be applicable to the Company and/or the BOD;

2.6.3 “**Audit Committee**” means the committee established for the purposes of financial reporting;

2.6.4 “**BOD**” means the persons and/or members consisting the Board of Directors;

2.6.5 “**Company**” means THEON INTERNATIONAL PLC

2.6.6 “**Companies Law Cap.113**” means the Companies Law Cap.113 of the Republic of Cyprus as amended;

- 2.6.7 “**Conflict of Interest Policy**” means the policy in relation to the administration of conflicts of interest, which the Company has implemented;
- 2.6.8 “**Corporate Governance Code**” means the Cyprus and/or the Dutch Corporate Governance Code as this is applicable to the Company;
- 2.6.9 “**Director**” means any person appointed to exercise the duties of the directors to that effect;
- 2.6.10 “**EU**” means European Union;
- 2.6.11 “**Executive Directors**” means the Directors appointed by the Company and who are responsible for the day-to-day management;
- 2.6.12 “**Group**” means the Company and its subsidiaries;
- 2.6.13 “**Nomination and Remuneration Committee**” means the committee established for reviewing the structure, size and composition of the BOD and the remuneration policy and practices;
- 2.6.14 “**Non-Executive Directors**” means the Directors appointed by the Company, who are responsible for the supervision of the Executive Directors and who are not involved in the day to day management;
- 2.6.15 “**Policy**” or “**Policies**” means the Policy and/or Policies of the Company, respectively, which are currently in effect;
- 2.6.16 “**Cyprus**” means the Republic of Cyprus;
- 2.6.17 “**Terms**” mean the present Terms of Procedure as these are described in this document;
- 2.6.18 “**Shareholder(s)**” means any shareholder or shareholder participating in the Company’s issued share capital;
- 2.6.19 “**Vice-Chairman**” means Mr. Christianos Hadjiminias as elected by the Company;

### 3. REGULATORY FRAMEWORK

Each Director, comprising the BOD of the Company, is obliged to follow the law and rules of the member state of incorporation, namely the Cyprus Companies Law Cap. 113, but also the Regulatory Framework applicable to publicly traded and listed entities in EU market in financial instruments and the Dutch law, as this might be applicable.

#### **4. ROLE OF THE BOD**

The Board is responsible for the continuity of the Company and the businesses of the Group. The Directors are responsible for the Company's general affairs and oversee the day-to-day management, following the Company's and the Group's strategy, policies, and rules of procedure.

The BOD is responsible for setting and achieving the Company's objectives.

The BOD of the Company is additionally responsible for conducting the Company's business and proceeding with all necessary actions for the proper performance of the business and operations of the Company, acting within the ambit of the AoA and the Applicable Law, which is mandatory applicable to the Company and/or the BOD.

The BOD shall always act within the powers and duties conferred under the aforesaid laws, considering and following the Company's AoA, Policies and these Terms, as these are applicable.

#### **5. DUTIES AND RESPONSIBILITIES**

The Directors while exercising their responsibilities and powers within the Company have a fiduciary duty, a duty of skill and care and diligence to the Company.

The Directors of the Company may also exercise their duties while taking into consideration the general interest of the Group, provided that they do not compromise or erode the interests of the Company.

The Directors are obliged to act in good faith, in the best interests of the Company while exercising their powers and also act in accordance with the provisions of the Applicable Law, the AoA and the Corporate Governance Code.

The Cyprus Companies Law Cap.113, explicitly provides that Directors have:

- a. a duty of care to disclose payment in certain circumstances, which are made in connection with the transfer of shares in the Company;
- b. general duties to make disclosures in relation to registers of directors, register of shareholders, and in particulars of accounts in relation to loans to any officer;
- c. to disclose any conflicts of interest in contracts (as explained below).

As per the Cyprus Companies Law Cap.113, standard applicable practice and the AoA of the Company, the Board of Directors of the Company is also responsible and entitled, non-exhaustively, for:

- a. Proposing a dividend distribution from the profits of the Company, following the relevant procedures to that effect;
- b. Safekeeping the Company's seal/stamp;
- c. Appointment of a managing director;
- d. Procuring to keep the minutes of all General Meetings of the Company as well as minutes to any appointments of officers and to any proceedings of all meetings of the Directors and committees;
- e. Give such notice as per the Cyprus Companies Law Cap.113 in relation to the convention of any general meeting and/or any BOD meeting of the Company;
- f. To issue any copies or extracts of the Company's minutes;
- g. Ensure in accordance with the relevant provisions of the Applicable Law, that the annual financial statements are prepared and presented to the Shareholders of the Company, in a general meeting.

In addition, the BOD is responsible for keeping proper books of account with respect to:

- a. all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- b. all sales and purchases of goods by the Company; and
- c. the assets and liabilities of the Company.

## **6. BOD COMPOSITION**

The BOD shall consist of nine (9) members, divided into five (5) Executive Directors and four (4) Non-Executive Directors.

In compliance with the Company's AoA and the Company's Policies and corporate documents, the Executive Directors are responsible for the Company's day-to-day management, decision-making and conducting the business affairs of the same.

Non-Executive Directors are responsible for the oversight and supervision of Executive Directors' performance and implementation of their duties in accordance with the Company's Policies, AoA and Applicable Law.

## **7. APPOINTMENT**

In accordance with the Company's AoA, the minimum number of Directors, whether Executive Directors or Non-Executive Directors, shall be three (3) and the maximum number of Directors shall be nine (9). The Company must ensure that a balance of independent Non-Executive Directors and Executive Directors is maintained in order to ensure that no individual Director or small group of them can dominate in terms of decision-making.

Each Director upon appointment, should be appropriately briefed and receive training as to the affairs, operation and business of the Company pertaining to the position he/she holds and as it is deemed necessary.

The members of the BOD shall be appointed by the shareholders of the Company, at a general meeting convened for that purpose and by passing of an ordinary resolution and with their term of appointment of a maximum of 3 years. Each Director shall be eligible for re-election.

The Nomination and Remuneration Committee will lead the process of appointment of additional members of the BOD and shall make relevant recommendations to that effect as mentioned in the terms of reference of the Nomination and Remuneration Committee.

## **8. REMOVAL OF DIRECTORS**

Following the procedure within the Company's AoA and the provisions of the Cyprus Companies Law Cap.113, the Company can remove a director from his/her office before the expiration of his/her term of appointment, via an ordinary resolution, by giving a special notice to that effect.

Pursuant to the provisions of Companies Law Cap.113, the Director to whom the notice is given, can make written representations, and upon request these are notified to the members of the Company, and the Company shall, unless these are received late, notify that these representations have been made and send a copy to every member of the Company entitled to be present at the meeting.

In case the written representations are not notified to the members, whether due to delay or Company's default, the Director may, without prejudice to his right to be heard orally, require that the representations are read out at the meeting. The Director, to whom the special notice for removal is given, has the right and/or is entitled to be heard at the general meeting convened for that purpose.

## 9. DISQUALIFICATION

A Director shall be disqualified in one of the following occasions:

- a. When she/he is declared bankrupt; or
- b. When she/he becomes prohibited from being a Director by reason of any order made under Section 180 of the Law; or
- c. When she/he is mentally incompetent; or
- d. When she/he resigns his/her office by providing notice in writing to the Company; or
- e. When she/he is absent for more than six months without the permission of the Directors from the meetings held during that period and the Directors decide that his office has become vacant due to his absence.

## 10. DECISION-MAKING

The BOD should meet regularly and at least six (6) times within each year and convene each meeting and take decisions in accordance with the AoA and the Applicable Law.

The BOD at its discretion is entitled to convene any BOD meeting or adjourn one as they think fit. The BOD meetings might also commence via a teleconference or with any other means as provided and/or applied under the Cyprus Companies Law Cap.113. Any member of the BOD participating to a meeting via teleconference or by any other valid means under the Cyprus Companies Law Cap.113, shall count for the purposes of a quorum and shall be eligible to vote.

Any meeting of the BOD shall be convened at the request of any Director or by the Secretary at the request of any Director, and the Secretary is obliged to call such meeting.

For a valid BOD meeting, the quorum shall be at least three (3) Directors, with the one being a Non-Executive Director.

During their meetings, the Directors can elect a Vice-Chairman, or Vice Chairmans for their meetings and appoint them for such period to hold such office. In the event that the Chairman or the Vice Chairman are not present at any meeting, then the present Directors may elect one of them as Chairman for the respective meeting.

The Chairman of the Board will have a second or a casting vote in case of a tied vote.

Every decision taken by the BOD shall be decided on a majority of vote following the Company's AoA.



The BOD of the Company should have a formal schedule of matters discussed in meetings, and this shall include at least the following:

- (a) the objects and strategic policy of the Company;
- (b) its annual budget and business plan;
- (c) the significant capital expenditures as set out by the BOD
- (d) the unusual transactions the context of which is set out by the BOD;
- (e) the mergers, acquisitions and allocations of a significant part of the Company's assets;
- (f) the adoption and any changes in the application of accounting principles
- (g) the material transactions of the Company and/or the Group and associated companies, of any form, in which any Director, chief executive officer, senior executive, Secretary, auditor or major Shareholder of the Company has directly or indirectly any interest;
- (h) the selection, appointment and termination of the services of the Chief Executive Officer (Chief Executive Officer or Managing Director or Director General or CEO or any other title used) of the Company;
- (i) the drafting of the retirement policy for executive management.

## **11. COMMITTEES**

The Directors of the Company can delegate one or more of their powers to committees, with these committees established consisting of a member or members of the BOD as they think fit.

Any committee established to that effect, must follow the relevant rules of procedure as these are set out by the BOD of the Company and the AoA.

The Company has currently established two committees, the Audit Committee and the Nomination and Remuneration Committee.

### **A. Audit Committee**

The Company's Audit Committee is responsible for the financial reporting, including reviewing the Group's financial statements and accounting policies, internal and external audits and controls. In addition, the Audit Committee is responsible the work undertaken by external auditors, advising

on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group.

The Audit Committee shall carry any of its activities in accordance with the Company's rules of procedure in relation to the Audit Committee but also in accordance with listing, regulatory requirements and Corporate Governance Code as this is applicable.

## **B. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is responsible for assisting the BOD in reviewing the structure, size, composition of the BOD and shall be responsible for proposing appointments and re-elections.

It is also responsible of assessing on an individual level each Director's functions and operations.

The Nomination and Remuneration Committee shall carry any of its activities in accordance with the Company's rules of procedure in relation to the Nomination and Remuneration Committee but also in accordance with listing, regulatory requirements and Corporate Governance Code as this is applicable.

## **12. CONFLICTS**

### **A. Conflict of Interest Policy**

The Company has implemented the Conflict of Interest Policy, for the purposes of prevention, management and elimination of any cases of conflict, in order to be able safeguard the Company's and the Group's integrity, but also the independent, slick and unbiased conduct of the Company's operations and decision making.

The BOD of the Company is strictly obliged to follow the Conflict of Interest Policy and make any disclosures and administration of conflicts as indicated therein.

### **B. Conflict of Interest in Contracts**

In addition to the aforementioned, in accordance with the Cyprus Companies Law Cap.113, the Company, the BOD and each Director are obliged to disclose any conflicts of interest in a contract or proposed contract, at a meeting of Directors.

The declaration of nature of conflict under the present, shall be made at a BOD meeting, at which the approval of entering into the contract is first taken into consideration. In case the Director is not aware of such conflict, disclosure must be made at the next meeting of the Directors.

In occasions where a Director has a conflict of interest in a contract or a proposed contract, this Director shall not be eligible to vote and his vote shall not count for the purposes of a quorum, at a BOD meeting of the Company.

Subject to the AoA, this prohibition shall not apply to:

- a. Any arrangement for the granting to any Director of any security or indemnity in respect of money lent by him to the Company or liabilities entered into by him for the benefit of the Company, or
- b. Any arrangement for the granting of any security by the Company to a third party in respect of a debt or liability of the Company for which the Director has personally assumed responsibility, in whole or in part, by reason of warranty or indemnity or by reason of the deposit of any security, or
- c. Any agreement by a Director to contribute money or guarantee for the disposal of shares or bonds of the Company, or
- d. Any agreement or arrangement with any other company in which he has an interest only as an officer of the Company or as a holder of shares or other securities.