

Conditions for Custody of Financial Instruments

JULY 2021

- a. The terminology used has the same meaning as in the Conditions for Investment Service Provision, unless the context indicates otherwise. In addition the following definitions apply.
 - Rights: all rights accepted as such by Kempen & Co are held by Kempen & Co in their own name for Kempen & Co or for Clients.
 - Conditions: these Conditions for Custody of Financial Instruments
- b. The Conditions do not apply to Financial Instruments, within the meaning of the Book-Entry Securities Transactions Act, that are included in a collective deposit of Kempen & Co in compliance with the provisions of that Act.
- c. Kempen & Co ensures that all rights held for a Client on the basis of the relationship between the Client and Kempen are held solely by Kempen & Co and are exercised by Kempen & Co on behalf of the relevant Client, to the extent that this is reasonably possible with regard to the relevant right.
- d. Kempen & Co shall have obligations to the Client only with regard to the rights it holds for the Client. The Client has sole authorisation to issue orders to Kempen & Co in relation to the rights held for the Client. Kempen & Co is not permitted to exercise the rights other than in accordance with the Client's instructions and the provisions of these Conditions. The Client issues its instructions concerning the rights to Kempen & Co, which will be authorised to act on the Client's behalf.
- e. Kempen & Co shall deploy third parties to the extent that Kempen & Co considers this necessary in relation to the work for Clients, which may include giving Financial Instruments into custody of third parties and acquiring rights concerning the Financial Instruments via third parties. Kempen & Co is not liable for shortcomings of those third parties if it shows that it exercised due care in the selection of those third parties. If Kempen & Co is not liable for the shortcomings of those third parties and the Client has suffered damages, Kempen & Co shall in any event assist the Client as much as possible to reverse those damages. Kempen & Co will not be liable for the shortcomings of said third parties unless Kempen & Co itself can be accused of malicious intent or an attributable failure to perform.
- f. The benefits and disadvantages arising from or relating to the rights shall be credited or charged to the Client, so that Kempen & Co runs no economic or commercial risk whatsoever in relation to the rights.
- g. Kempen & Co is responsible for the work generated by managing the rights held by Kempen & Co on behalf of the Client, including the collection of interest and dividends, the realisation of subscription rights, the performance of conversion actions, filing for meetings and handling sale orders, and (providing for) the issue of instructions to correspondents in relation to such activities. Kempen bears no liability in relation to this work, except in the case of malicious intent or an attributable failure to perform on the part of Kempen & Co itself.
- h. Kempen & Co shall not be required to register the numbers of the rights and the corresponding Financial Instruments, although with regard to rights concerning Financial Instruments in which special rights are attached to particular numbers, the relevant numbers will be administered separately for the Client and to the extent that the rights or the related Financial Instruments are subject to drawing by lot, Kempen & Co shall ensure that for each draw, a sum consistent with the Client's entitlement shall be allocated to the Client for settlement of the designated rights or the associated Financial Instruments.
- i. Whenever Kempen & Co considers this desirable, the Client is required to pledge to Kempen & Co all rights which the Client holds or shall hold from time to time in respect of Kempen & Co with regard to rights held on behalf of the Client, including the rights to payment of sums received in relation to the rights, as security for all Kempen & Co's receivables from the Client at any time on any grounds, payable on demand or subject to conditions, or otherwise. Kempen & Co shall notify of that pledge. Kempen & Co is authorised to issue notice of this right of pledge and take receipt of any other pledges made pursuant to this Article. Unless Kempen & Co has given notice to the contrary, it is deemed to waive a pledge if and to the extent that this is necessary in order to enable honouring the Client's rights as if there were no pledge. However, as soon as Kempen & Co notifies that it no longer consents to the honouring of the Client's rights, no waiver of the pledge shall be assumed any longer and Kempen & Co shall refuse to honour the Client's rights on the grounds of Kempen & Co's rights of pledge. Kempen & Co shall not make unreasonable use of these powers. Without prejudice to the provisions of Article d, Kempen & Co may exercise its powers as the pledgee in full.
- j. With regard to all kinds of rights, Kempen & Co is required to ensure at all times that the content and, where applicable, the number of such rights that it holds is consistent with the Client's corresponding rights in respect of Kempen & Co. If the rights of any kind held by

Kempen & Co fall short in relation to the corresponding rights of the Client in respect of Kempen & Co at any time, for reasons that are not attributable to malicious intent or failure to perform on the part of Kempen & Co, Kempen & Co shall allocate the deficit to the Client(s) that can uphold such rights against Kempen & Co at the end of the working day in the Netherlands preceding the date on which Kempen & Co established the difference, in proportion to the amount of the relevant rights of those Clients.

In such a case, Kempen & Co is required to do no more than attempt to eliminate the cause of the difference as much as possible. In particular, Kempen & Co is not required to acquire rights to eliminate the difference. The costs incurred with the aim of eliminating the cause of the difference may be allocated on the same basis as the provision in the preceding paragraph regarding the shortfall.

The allocation of the shortfall referred to in the second paragraph shall be reversed partially or in full to the extent that the shortfall diminishes as a result of the measures taken by Kempen & Co. As soon as Kempen & Co observes that a shortfall has arisen or could arise, it has the right to refuse execution of orders concerning the rights of the relevant kind, until it is established that no shortfall exists or allocation of the shortfall has taken place. In such a case, Kempen & Co shall act with the utmost urgency and in the event of an allocation, shall notify the Clients concerned without delay.

- k. Without prejudice to the other provisions of these Conditions, Kempen & Co is liable to the Clients for the damages that they suffer, to the extent that such damages are the consequence of Kempen & Co attributable failure to comply with its obligations to those Clients.
- l. Kempen & Co shall charge the Client's Securities Account administered in its books for the amount payable by the Client to Kempen & Co for its work.
- m. Kempen & Co guarantees correct compliance with all its obligations to the Client.
- n. Changes and additions to these Conditions, made by Kempen & Co, shall also be binding on the Client within one month of the announcement on the Website or by other means. However, the provisions of Article m do not qualify for alteration.
- o. To the extent that these Conditions do not depart from this, the relationship of the Client with Kempen & Co is likewise subject to the General Banking Conditions of Kempen and the Conditions for Investment Services Provision of Kempen & Co. These Conditions are available at Kempen & Co free of charge.

p. If and to the extent that any condition included here cannot be invoked due to its unreasonably burdensome character or on the grounds of reasonableness and fairness, that condition shall have the effect of a condition that can be deemed to be valid, the purport of which is consistent with the original conditions to the extent that it must be assumed that this condition would have been included if the original condition had been rejected due to its invalidity.

q. These conditions and Kempen & Co's activities governed by these conditions are subject to Dutch law. Disputes concerning these conditions and said work shall be filed with the competent court in Amsterdam. By way of departure from the provisions of the preceding sentence, if the Client acts as a plaintiff, it is authorised, within the limits of the relevant Regulations, to file disputes with the Financial Services Complaints Institute (KiFiD) www.KiFiD.nl, to the competence of which Kempen has subjected itself. By way of departure from the preceding sentence, Kempen & Co acts as plaintiff, it is authorised not to file a dispute with the court in Amsterdam but with a (foreign) court qualifying for the Client.

r. Kempen & Co maintains one or more securities accounts for its clients in the Netherlands. From these accounts it appears which securities are held in administration for its clients. These securities may be deposited by Kempen & Co at central securities depositories (hereinafter: "CSDs"). Kempen & Co is a direct participant in multiple CSDs for certain securities, such as bonds and (non) exchange traded funds. Kempen & Co has opened accounts with these CSDs, for these securities, that reflect the securities positions that clients of Kempen & Co hold with Kempen & Co.

Under Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (hereinafter: "CSD Regulation"), the accounts opened by Kempen & Co with a CSD can be set up in two ways:

- (i) as an omnibus securities account, i.e. an account with the CSD in which securities belonging to multiple clients of Kempen & Co are held (abbreviated "OSA"); or
- (ii) as an individual securities account, i.e. an account with the CSD in which only the securities of one client are held (abbreviated: "ISA").

Under the CSD Regulation Kempen & Co is obliged to offer its clients the choice between these two options (i.e. the holding by Kempen & Co of their securities in an OSA or an ISA at the CSD).

The CSD determines the set-up of the OSA's and ISA's. Underneath more information regarding the options and explanation of which levels of protection are associated with an OSA or an ISA, respectively.

- i. Levels of protection concerning OSA's and ISA's: If Kempen & Co goes into insolvency, Netherlands law is applicable to the insolvency proceedings. The securities of the clients are protected in the insolvency of Kempen & Co. Clients have the benefit of this protection pursuant to the Netherlands Giro Administration and Transfer Act (Wet giraal effectenverkeer; "SGATA"). This is explained in more detail below.
- ii. Securities entitlement: The SGATA is based on the concept of co-ownership. This means that clients, together with other investors who hold securities of the same type, jointly own these securities. Each type of securities constitutes a so-called collective deposit (verzameldepot) that is administered by Kempen & Co. The interest of the clients in this deposit and the interest of the other investors is shown by the records of Kempen & Co. All clients jointly own the securities in the collective deposit. This collective deposit is segregated from the Bank's assets.
- iii. Insolvency of the Bank: Because the collective deposit does not form part of the assets of Kempen & Co, the securities are protected in the event of insolvency of Kempen & Co. In the event of insolvency an insolvency trustee will be appointed. The insolvency trustee will, on the basis of the records of Kempen & Co, first determine who is entitled to which securities and then proceed to return the securities to their legitimate owner. If Kempen & Co is insolvent, it makes no difference whether its clients have opted for Kempen & Co to hold the securities in an OSA or an ISA. In both cases, clients have the benefit of the protection of the SGATA. However, additional costs are associated with an ISA, partly because Kempen & Co must open additional accounts with the CSDs.
- iv. Shortfalls in a collective deposit: The SGATA includes an arrangement for the situation that the number of securities of a particular type for which Kempen & Co has credited its clients exceeds the number of securities of that type for which Kempen & Co is credited in the books of the relevant CSD. This is the arrangement for shortfalls in a collective deposit. The arrangement for shortfalls is relevant when the collective deposit must be split-up, for example in the event of insolvency of the Bank. If there is a shortfall, the client will not receive all its securities, but only part thereof, in proportion to its share in the collective deposit. This arrangement applies regardless of whether the securities are administered in an OSA or an ISA at a CSD level.

- v. Determination of securities holdings: The holding of securities in an ISA at CSD level could entail that in the event of insolvency of Kempen & Co it would be easier to determine to whom the securities in the collective deposit belong. However, this does not necessarily mean that an insolvency trustee will be able to release the securities more quickly if the securities are administered in an ISA. The insolvency trustee will also have to consider the arrangement for shortfalls in a collective deposit under the SGATA and the interests of other securities account holders.
- vi. Insolvency of a CSD: The conditions do not concern the situation that a CSD goes into insolvency. The CSD itself will publish an information document about the levels of protection associated with an OSA or an ISA. The CSD will also inform their clients about the consequences of the CSD going into insolvency and whether an OSA or ISA offers advantages for their clients in this situation.
- vii. Charges: Opting for an ISA will give rise to additional charges. This is, amongst others, because Kempen & Co must open additional accounts with the CSDs and must perform additional administrative services. The initial Charges will include:
 - A setup fee for every ISA that has to be opened;
 - Migration and settlement fees in order to migrate current Client securities from the OSA to the ISA.

Any additional third party charges in relations to the ISA will be charged on to the Client. In the event of large scale or complex transactions extra charges may be applicable. If this is the case, Kempen & Co will contact the Client.

Kempen & Co

Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

P.O. Box 75666
1070 AR Amsterdam
The Netherlands

T +31 (0)20 348 8700
F +31 (0)20 348 8750

www.kempen.com