

**BALLAST NEDAM N.V.**

**REGULATIONS FOR THE  
BOARD OF MANAGEMENT**

20 November 2015

## CONTENTS

	<b>Page</b>
<b>Introduction</b>	<b>3</b>
<b>Section I      Composition of the BoM; positions</b>	
1.      Composition of the BoM; assignment of duties	3
2.      Chairman of the BoM	4
3.      Chief Financial Officer	5
<b>Section II      Duties and powers</b>	<b>6</b>
4.      General duties and powers	6
5.      Strategy, budget and risks	7
6.      Financial reporting: Annual Accounts and Annual Report	8
7.      Dealing with the external auditor	8
8.      Dealing with the SB	9
9.      Dealing with the shareholders	9
10.     Dealing with the Central Works Council	10
11.     Dealing with analysts, the financial press and institutional and other investors	11
12.     The Company's website	11
<b>Section III     BoM meetings; decision-making</b>	<b>11</b>
13.     BoM meetings	11
14.     Decision-making within the BoM	12
<b>Section IV     Other provisions</b>	<b>13</b>
15.     Conflicts of interest with BoM Members	13
16.     Remuneration for BoM Members	14
17.     Other positions	15
18.     Ownership of and transactions in securities	16
19.     Confidentiality	16
20.     Miscellaneous	16
<b>Annexes</b>	
1.      Definitions	18
2.      Assignment of duties for BoM Members	20
3.      List of information to be placed on the Company's website based on the Dutch Corporate Governance Code adopted on 10 December 2008	21

## INTRODUCTION

- 0.1 These Regulations have been drawn up pursuant to Article 13.8 of the Company's Articles of Association.
- 0.2 These Regulations supplement the provisions concerning the BoM and its Members as contained in applicable laws and regulations, the Company's Articles of Association and the rules regarding the relation between the SB and BoM set forth in the SB Regulations.
- 0.3 These Regulations have been drawn up in accordance with the Dutch Corporate Governance Code (the Code), as adopted by the Corporate Governance Code Monitoring Committee on 10 December 2008.
- 0.4 These Regulations and any later amendments to them shall be placed on the Company's website.
- 0.5 By a unanimous resolution on 22 October 2009, the BoM declared that:
  - a. it would apply and consider itself bound by the obligations of these Regulations insofar as these apply to the BoM and its individual Members;
  - b. when new Members entered onto the BoM, it would have these Members provide a declaration as referred to under a. above.
- 0.6 The meaning of several terms used in these Regulations, whether or not written with a capital letter, is set out in the Definitions included in **Annex 1**.

## SECTION 1 COMPOSITION OF THE BoM; POSITIONS

### Article 1 Composition of the BoM; assignment of duties

- 1.1 The Members of the BoM shall be appointed by the General Meeting of Shareholders.
- 1.2 As a general rule, BoM Members shall be appointed each time for a period of at most four years.<sup>1</sup> The Company may, however, deviate from the provisions in the previous sentence if there are circumstances, which – in the opinion of the General Meeting of Shareholders – preclude application of the general rule at any time. Subject to the provisions above in this Article 1.2, the BoM Members in office at the time these Regulations are adopted shall be appointed for an indefinite period. Arrangements existing when these Regulations are adopted shall be respected.
- 1.3 The number of BoM Members shall be determined by the General Meeting of Shareholders.
- 1.4 Individual BoM Members (including the Chairman of the BoM) may be specifically charged with certain aspects of the management duties, without prejudice to the joint responsibility of the BoM as a whole and subject to the BoM Chairman's duties and role under these Regulations. The BoM shall remain jointly responsible for decisions, even if these have been prepared by individual BoM Members. An individual BoM Member may only exercise those powers which the BoM has expressly granted or delegated to him, and he may never exercise powers which extend further than the powers which the BoM as a whole may exercise.

---

<sup>1</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.1.

- 1.5 The assignment of duties within the SB shall be determined (and, if necessary, modified) by the BoM, on the BoM Chairman's recommendation. The BoM Members specially charged with certain management duties shall be primarily responsible for risk management and monitoring regarding the management duties concerned. The current assignment of duties between the BoM Members, which, with respect to the Chairman of the BoM and CFO, are in addition to their duties described below in Article 2, is indicated in **Annex 2**.
- 1.6 Each BoM Member must clearly and timely inform the other BoM Members of the manner in which he has exercised powers delegated and of important developments in the area falling under his responsibility.

## **Article 2**

### **Chairman of the BoM**

- 2.1 The General Meeting of Shareholders shall appoint one of the BoM Members as Chairman of the BoM. The BoM shall, on an *ad hoc* basis or not, agree on an arrangement for replacing the BoM Chairman in his absence.
- 2.2 Within the BoM, the Chairman shall be primarily responsible for:
- a. drawing up an agenda, preparing BoM meetings (including ensuring that sufficient information is present regarding resolutions to be passed) and chairing BoM meetings;
  - b. ensuring that the BoM operates and takes decisions in a joint manner;
  - c. determining whether a proposed resolution must be submitted for a vote to the BoM or the SB;
  - d. ensuring that resolutions adopted are consistent with the strategy intended to achieve the Company's objectives as referred to in Article 5.1 of these Regulations;
  - e. monitoring the execution of resolutions passed, both by the BoM and by the individual Members of the BoM, and determining whether further consultation within the BoM concerning the execution is necessary;
  - f. maintaining contacts with the management boards of the divisions (intermediate holding companies) and operating companies (except insofar as, pursuant to an assignment of duties made, this is the responsibility of another BoM Member); and
  - g. engaging in *ad hoc* consultation with individual BoM Members regarding their different duties.
- 2.3 Within the BoM, the Chairman shall also specifically be responsible for the following matters regarding the relation between the BoM and SB:
- a. designating BoM Members to consult on the BoM's behalf with SB Committees;
  - b. submitting a proposed agenda and preparing SB meetings in consultation with the SB Chairman and with the assistance of the Company Secretary;
  - c. ensuring that the SB receives all information necessary to perform its duties properly;
  - d. monitoring and being responsible for the BoM's communications with the SB;
  - e. consulting regularly with the SB Chairman and consulting with other SB Members, if this is deemed necessary or desirable; and

- f. assessing requests by BoM members to consult with certain SB Members regarding an area in which they have expertise and – insofar as this may reasonably be important – informing the SB Chairman about this.
- 2.4 In organising the matters described in Article 2.3, the BoM Chairman shall be assisted by the Company Secretary.

**Article 3**  
**Chief Financial Officer**

- 3.1 The General meeting of Shareholders shall designate one of the BoM Members as the CFO.
- 3.2 Within the BoM, the CFO shall specifically be responsible for:
- a. formulating and preparing communication of the Company's financial strategy;
  - b. monitoring and ensuring the integrity of the Company's accounting practices;
  - c. the Company's financial reporting; and
  - d. performing the duties related to this, as these may be determined by the BoM from time to time.
- 3.3 Within the BoM, the CFO shall also specifically be responsible for, if requested, participating in meetings of the SB's Audit Committee and the BoM Chairman in which the following issues are discussed:
- a. the integrity of the Company's financial reporting (including, but not limited to, the choice of accounting policies, the application and evaluation of the effects of new regulations, information about the treatment of estimated items in the Annual Accounts and forecasts) and the drawing up and publication of the Annual Report, Annual Accounts, "trading updates", half-year figures and *ad hoc* financial information;
  - b. the qualifications, independence, remuneration and non-auditing work of the external auditor (without compromising in that respect the responsibilities of the SB's Audit Committee in the financial, accounting and tax area);
  - c. the external auditor's performance of his duties;
  - d. the financial reporting process;
  - e. the system of internal corporate control (including, but not limited to, the results of the internal risk management and control systems);
  - f. the Company's compliance with laws and regulations and applicable codes of conduct in the financial, accounting and tax area;
  - g. the Company's compliance with the recommendations accepted from the Company's external auditor;
  - h. the Company's financing and the strategies related to this; and
  - i. the Company's tax planning.

## SECTION II DUTIES AND POWERS

### Article 4 General duties and powers

4.1 The management is charged with managing the Company, which means among other things that it is responsible for achieving the objectives of the Company, the strategy and the accompanying risk profile, the performance trend and for the corporate social responsibility issues relevant to the business. The management shall account for this to the SB and the Annual General Meeting of Shareholders (AGM). In carrying out its duties the management shall be guided by the interests of the company and the business associated with it and shall take into account the interests of the company's stakeholders. The management shall provide the SB in good time with all information necessary for the exercise of the duties of the SB.<sup>2</sup>

The BoM Members shall jointly be responsible for managing the Company.

4.2 The BoM shall be responsible for compliance with all relevant laws and regulations, management of the risks associated with the business activities and financing of the Company. The BoM shall report on this and discuss the internal risk management and control systems with the SB and the SB's Audit Committee.<sup>3</sup>

4.3 In performing its duties, the BoM must act in accordance with the interests of the Company and the business affiliated with it and take into account in that regard the relevant interests of the parties involved in the Company.<sup>4</sup>

4.4 The BoM itself shall be responsible for the quality of its performance.

4.5 Subject to the responsibilities of the individual BoM Members, BoM Members shall take consistent positions vis-à-vis the outside world regarding important matters, questions of principle and matters of general interest.

4.6 Together with the SB, the BoM shall be responsible for the Company's corporate governance structure and compliance with the Dutch Corporate Governance Code.<sup>5</sup>

4.7 The BoM shall ensure that employees, without jeopardising their legal position, have the opportunity to report suspected irregularities of a general, operational and financial nature within the Company to the BoM Chairman or an officer designated by him in this regard. Suspected irregularities concerning the performance of BoM Members shall be reported to the SB Chairman. These "whistleblower" provisions have been included in Ballast Nedam's Code of Conduct.<sup>6</sup>

4.8 All transactions between the Company and natural persons or legal entities which own at least 10% of the shares in the Company must be agreed on subject to conditions which are normal for arm's length transactions in the industry in which the Company and its subsidiaries are active. Resolutions to enter into transactions with these persons and entities which are of material significance to the Company and/or such persons or entities must be approved by the SB. The SB or a (consultative) body designated by it assesses whether a transaction is of material significance for the Company or the relevant shareholder. Transactions of material significance

---

<sup>2</sup> Dutch Corporate Governance Code, Principle II.1.

<sup>3</sup> Dutch Corporate Governance Code, Principle II.1.

<sup>4</sup> Dutch Corporate Governance Code, Principle II.1.

<sup>5</sup> Dutch Corporate Governance Code, Principle I.

<sup>6</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.6.

of this kind are published in the annual report, together with a statement that best practice provision III.6.4 has been complied with.<sup>7</sup>

- 4.9 When a takeover bid for shares (or for depositary receipts for shares) in the company is being prepared, the management shall ensure that the SB is closely and timely involved in the takeover process.<sup>8</sup>
- 4.10 If the management of a company for which a takeover bid has been announced or made receives a request from a competing bidder to inspect the company's records, the management will discuss this request with the SB without delay.<sup>9</sup>

## **Article 5**

### **Strategy, budget and risks**

- 5.1 The BoM shall formulate, record and present to the SB for approval:
- (i) the Company's operational and financial objectives;
  - (ii) the strategy intended to achieve the objectives;
  - (iii) the parameters used for the strategy, for example, with respect to the financial ratios; and
  - (iv) the corporate social responsibility issues relevant to Ballast Nedam; the main points are mentioned in the annual report.<sup>10</sup>
- 5.2 The strategy referred to in Article 5.1 shall encompass a three-year period and shall include a Corporate Business Plan consisting of a strategic policy plan, as well as a financing and investment plan with a general description of the financial implications. The objectives referred to in Article 5.1 are the financial objectives to be determined with the SB, as well as the risks associated with the policy chosen.
- Each year, the BoM shall update the strategy for the coming planning period. The updated strategy shall be presented to the SB for discussion and approval each year, in the autumn.
- 5.3 The BoM shall draw up a budget each year for the Company's coming financial year. The budget shall include the financial details of the strategy for the Company's coming financial year. The budget shall be presented to the SB for discussion and approval in the autumn prior to the financial year concerned.
- 5.4 The BoM shall ensure that the Company has internal risk management and control systems which are tailored to the Company. The BoM shall in any event utilise the following tools with these internal risk management and control systems:
- a. risk analyses of the Company's operational and financial objectives;
  - b. a code of conduct, which shall be placed on the Company's website;
  - c. manuals for organising the financial reporting and the procedures to be followed in drawing this up; and
  - d. a monitoring and reporting system.<sup>11</sup>

---

<sup>7</sup> Dutch Corporate Governance Code, Best Practice Provision III.6.4.

<sup>8</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.10.

<sup>9</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.11.

<sup>10</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.2.

<sup>11</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.3.

## **Article 6**

### **Financial reporting: Annual Accounts and Annual Report**

- 6.1 The BoM shall be responsible for the quality and completeness of the financial reports which are made public.<sup>12</sup> Drawing up and publishing the Annual Report, Annual Accounts, “trading updates”, half-year figures and *ad hoc* financial information requires careful internal procedures.<sup>13</sup> The BoM shall be responsible for establishing and maintaining internal procedures which ensure that the BoM is aware of all important financial information, so that the timeliness, completeness and accuracy of the external financial reporting is guaranteed. From this viewpoint, the BoM shall ensure that the financial information from divisions and/or subsidiaries is reported directly to the BoM and that the integrity of the information is not compromised.<sup>14</sup>
- 6.2 The BoM shall formulate half-year figures and submit them each time to the SB for discussion at the first SB meeting after the half-year period in question is over. The foregoing shall likewise apply to “trading updates”.
- 6.3 Each year, no later than in the month of April, the BoM shall submit to the SB for discussion the Annual Report and Annual Accounts, together with the information to be appended in this respect. The BoM shall publish the Annual Report and Annual Accounts within four months after the financial year ends.
- 6.4 The BoM shall ensure that, in conformity with the corporate governance codes in effect at any time and endorsed by the Company, the information required by these is included in the Annual Report.

## **Article 7**

### **Dealing with the external auditor**

- 7.1 The BoM shall ensure that the external auditor can perform his audit work properly and shall make sure that, both on the external auditor’s part and the Company’s part, the Company’s role and policy concerning the external auditor is sufficiently implemented as provided for by or pursuant to the agreement with the external auditor, these Regulations, the SB Regulations and the SB’s Audit Committee Regulations.
- 7.2 The BoM shall report annually, and, where necessary, during intervening periods, to the SB on developments in relation to the external auditor, including, in particular, his independence (such as the desirability of rotating responsible partners within the external auditor’s firm and the desirability of having the external auditor responsible for the audit perform non-audit work for the Company as well).<sup>15</sup>
- 7.3 At least once every four years, the BoM shall conduct a thorough assessment of the external auditor’s performance in the various entities and capacities in which the external auditor acts. The main conclusions from this shall be communicated to the AGM for purposes of assessing the recommendation to appoint the external auditor.<sup>16</sup>

## **Article 8**

### **Dealing with the SB**

- 8.1 The BoM Chairman shall be the initial contact person for the SB Chairman.

---

<sup>12</sup> Dutch Corporate Governance Code, Principle V.I.

<sup>13</sup> Dutch Corporate Governance Code, Best Practice Provision V.I.I.

<sup>14</sup> Dutch Corporate Governance Code, Best Practice Provision V.I.3.

<sup>15</sup> Dutch Corporate Governance Code, Best Practice Provision V.2.2.

<sup>16</sup> Dutch Corporate Governance Code, Best Practice Provision V.2.3.



- 8.2 With regard to providing information to and the performance of duties and exercise of powers by the SB and its Members and Committees, the BoM and its Members shall act in accordance with the provisions with respect to the BoM and its Members under or pursuant to these Regulations, the SB Regulations, the Committee Regulations, the Company's Articles of Association and applicable laws and regulations.

## **Article 9**

### **Dealing with the shareholders**

- 9.1 The BoM and SB shall provide the AGM with all relevant information which it needs to exercise its powers.<sup>17</sup>
- 9.2 The BoM and SB shall provide the AGM with all information desired by it, unless this would be contrary to an overriding interest of the Company. If the BoM and SB claim an overriding interest, they must substantiate and explain this claim.<sup>18</sup>
- 9.3 The agenda of the general meeting shall list the items for discussion and the items for voting.
- 9.4 A resolution for approval or authorisation to be passed by the general meeting shall be explained in writing. The management will deal in the explanation with all facts and circumstances relevant to the approval or authorisation to be granted. The notes to the agenda shall be posted on the Company's website.<sup>19</sup>
- 9.5 BoM Members shall attend the AGM, unless they are prevented from doing so because of exceptional circumstances.
- 9.6 The BoM and SB shall ensure that any substantial change in the Company's corporate governance structure or in the Company's compliance with the Dutch Corporate Governance Code is submitted to the AGM for discussion under a separate agenda item.<sup>20</sup>
- 9.7 The Company's policy regarding reserves and dividends (the amount and intended use of the reserves, the amount of the dividend and the type of dividend) and any changes in this respect shall be discussed and accounted for as a separate agenda item at the AGM.<sup>21</sup>
- 9.8 A proposal to pay a dividend shall be discussed as a separate agenda item at the AGM.<sup>22</sup>
- 9.9 The Company shall fix a registration date for exercising voting rights and rights relating to meetings.<sup>23</sup>
- 9.10 The BoM shall ensure compliance with the applicable laws and regulations regarding the AGM's rights and related rights of individual shareholders.
- 9.11 If a serious private bid is made for a business unit or a participating interest, the value of this bid exceeds the limit referred to in Article 2:107(a)(1)(c) of the Dutch Civil Code, and the bid is made public, the BoM shall make its position regarding the bid, and the reasons for this position, public as soon as possible.<sup>24</sup>

---

<sup>17</sup> Dutch Corporate Governance Code, Principle IV.3.

<sup>18</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.5.

<sup>19</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.8.

<sup>20</sup> Dutch Corporate Governance Code, Best Practice Provision I.2.

<sup>21</sup> Dutch Corporate Governance Code, Best Practice Provision IV.I.4.

<sup>22</sup> Dutch Corporate Governance Code, Best Practice Provision IV.1.5.

<sup>23</sup> Dutch Corporate Governance Code, Best Practice Provision IV.1.7.

<sup>24</sup> Dutch Corporate Governance Code, Best Practice Provision IV.1.3.

- 9.12 When a takeover bid (for depositary receipts) for shares in the Company is being prepared, the BoM shall ensure that the SB is closely and timely involved in the takeover process.<sup>25</sup>
- 9.13 If, after a takeover bid has been announced or made, the BoM receives a request from a competing bidder to inspect the Company's records, the management will discuss this request with the SB without delay.<sup>26</sup>
- 9.14 If one or more shareholders intend to put an item on the agenda that may result in a change in the strategy of the company, the BoM must be given the opportunity, in accordance with Best Practice Provision IV.4.4 of the Dutch Corporate Governance Code, to invoke a reasonable response time. If the BoM invokes a response time within the meaning of Best Practice Provision IV.4.4, this period may not exceed 180 days calculated from the moment when the management is informed by one or more shareholders of his/their intention to table an item for the agenda until the day of the general meeting at which the item must be dealt. The BoM shall use the response time for further deliberation and constructive consultation, in any event with the relevant shareholder(s), and shall consider the alternatives. This shall be monitored by the SB. The response time may be invoked only once for any given AGM and may not apply to an item in respect of which the response time has been previously invoked or meetings where a shareholder holds at least three quarters of the issued capital as a consequence of a successful public bid.<sup>27</sup>

#### **Article 10** **Dealing with the Central Works Council**

If, for a proposal, the BoM needs both approval from the SB and a recommendation from the Central Works Council, the proposal shall be presented to the SB for approval first. If the SB's approval is obtained, it shall be deemed to have been granted subject to a positive or non-negative recommendation from the Central Works Council.

#### **Article 11** **Dealing with analysts, the financial press and institutional and other investors**

- 11.1 The BoM, or, where appropriate, the SB, shall inform all shareholders and other parties in the financial market equally and simultaneously about matters which may affect the share price, in conformity with the applicable rules in the law and of the stock exchanges on which the Company is listed. The contacts between the BoM on the one hand and the press and financial analysts on the other hand shall be handled and structured carefully, and the Company shall not perform any acts which compromise the independence of analysts vis-à-vis the Company, and vice versa.<sup>28</sup>
- 11.2 Meetings and presentations which are generally accessible to analysts and institutional and other investors shall be announced beforehand through the Company's website and press releases.
- 11.3 Analyst reports and valuations shall not be assessed, commented on or corrected, other than with regard to factual matters, by the Company beforehand.<sup>29</sup>

---

<sup>25</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.10.

<sup>26</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.11.

<sup>27</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.9.

<sup>28</sup> Dutch Corporate Governance Code, Principle IV.3.

<sup>29</sup> Dutch Corporate Governance Code, Best Practice Provision IV 3.2.

- 11.4 The Company shall not pay any fee(s) to parties for conducting research for analyst reports, nor for producing or publishing analyst reports about the Company, except for credit rating agencies.<sup>30</sup>
- 11.5 Analyst meetings, presentations to institutional and other investors, and direct discussions with these investors shall not take place one week before the publication of regular financial information (trading updates, half-year figures or annual figures).<sup>31</sup>

## **Article 12**

### **The Company's website**

The Company shall place and update all information which it is required to publish or file pursuant to the provisions of company law and securities law applicable to it on a separate part of the Company's website.<sup>32</sup> A list of information which, based on the Dutch Corporate Governance Code adopted on 10 December 2008, must in any event currently be placed on the website is included in **Annex 3**. It is sufficient for the Company to create a hyperlink to the website of the institutions which also publish the information concerned electronically based on statutory provisions or stock exchange regulations.

## **SECTION III**

### **BoM MEETINGS; DECISION-MAKING**

## **Article 13**

### **BoM meetings**

- 13.1 In principle, the BoM shall meet every two weeks, or more often if deemed desirable or necessary for the BoM to function properly by one or more BoM Members, in consultation with the BoM Chairman. BoM meetings shall be convened by the BoM Chairman. Except in urgent cases, such to be determined by the BoM Chairman, the agenda for the meeting shall be sent to all BoM Members before the meeting. If necessary, a written explanation shall be provided for each agenda item and relevant documents shall be appended.
- 13.2 The BoM shall hold a policy meeting each year, during which updating of the strategy and budget referred to in Article 5 of these Regulations for the coming financial year shall be discussed.
- 13.3 BoM meetings shall be chaired by the BoM Chairman. If the BoM Chairman himself is unable to be present at the meeting, the meeting shall be chaired by another BoM Member designated by the BoM Chairman. If such a designation is not made, the meeting shall be chaired by another BoM Member, designated by the BoM Members present and represented at the meeting by a majority of the votes cast.
- 13.4 A BoM Member may be represented in meetings by another BoM Member pursuant to a proxy. The existence of such a proxy must be sufficiently demonstrated to the BoM Chairman, or, in his absence, the BoM Members present at the meeting.
- 13.5 The Chairman of the BoM meeting shall decide on allowing other persons besides the BoM Members and the Company Secretary or his deputy to attend the meeting.
- 13.6 A report shall be drawn up of the BoM meeting's proceedings. The report shall provide insight into the decision-making at the meeting. The report shall be adopted by the BoM in the same or next meeting.

---

<sup>30</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.3.

<sup>31</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.4.

<sup>32</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.6.

## Article 14

### Decision-making within the BoM

- 14.1 The BoM Members shall try as much as possible to pass resolutions unanimously.
- 14.2 Each BoM Member shall have one vote.
- 14.3 Resolutions may not be passed without the BoM Chairman's agreement.
- 14.4 If a resolution is not passed with the agreement of all BoM Members in office, each of the Members shall be entitled to require suspension of the resolution's execution until it has been discussed again in the following scheduled meeting or a meeting specially convened for this purpose, unless the BoM Chairman believes that suspension of the resolution's execution is not justified.
- 14.5 If a consensus cannot be reached in the second meeting, either, each of the Members shall be entitled to present the resolution to the SB Chairman for a recommendation.
- 14.6 If unanimity cannot be attained and the law, the Company's Articles of Association or these Regulations do not require a greater majority, BoM resolutions shall be passed by a majority of the votes cast. If there is a tie vote, the BoM Chairman's vote shall be decisive. A majority resolution may not be passed without the BoM Chairman's agreement.
- 14.7 The following resolutions regarding the Company, subsidiaries and/or group companies of the Company which are or may be of critical importance to the group as a whole may only be passed by the unanimous vote of all BoM Members in office:
- a. adoption of the Corporate Business Plan;
  - b. any resolution entailing a deviation from the Corporate Business Plan adopted;
  - c. initiation of activities outside the core activities of the business concerned;
  - d. concluding substantive financing arrangements and other important financial resolutions;
  - e. important resolutions relating to personnel, such as:
    - adoption of the salary structure, job classification system and salary/employment terms and conditions policy;
    - granting and revoking powers of attorney (including for subsidiaries, but with the exception of *ad hoc* powers of attorney);
  - f. acquisition and sale of businesses and companies;
  - g. drawing up the Company's Annual Accounts;
  - h. submission of tenders exceeding EUR 25 million;
  - i. all other resolutions which must be approved by the SB and/or AGM or for which the consent of or a recommendation from the Central Works Council is necessary.
- 14.8. In principle, BoM resolutions shall be passed in a BoM meeting.
- 14.9 The BoM shall not pass resolutions relating to an area for which a certain BoM Member is specifically responsible if that Member is absent and not represented.

- 14.10 BoM resolutions may also be passed in writing, provided the proposal concerned has been presented to all BoM Members in office and none of them has objected to this manner of decision-making. Written decision-making shall occur through written statements by all BoM Members. A statement by a BoM Member that he wishes to abstain from voting on a resolution to be passed in writing must include a declaration that he does not object to this manner of decision-making.
- 14.11 The BoM may deviate from the provisions of Articles 14.8, 14.9 and 14.10 if the BoM Chairman deems this necessary, given the urgent nature of or other circumstances surrounding the matter. In that case, the BoM Chairman shall decide on the procedure to be followed, on the understanding that all BoM Members must be given the opportunity to participate in the decision-making. The BoM Chairman shall draw up a report of resolutions passed in this manner, which shall be appended to the documents for the next BoM meeting.
- 14.12 Proof for external purposes of a resolution passed by the BoM may be provided through a statement by the BoM Chairman or Company Secretary.

## **SECTION IV OTHER PROVISIONS**

### **Article 15 Conflicts of interest with BoM Members**

- 15.1 A BoM Member shall:
- a. not enter into competition with the Company;
  - b. not demand or accept substantial gifts from the Company for himself or for his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - c. not provide unjustified advantages to third parties to the Company's detriment; and
  - d. not take advantage of business opportunities to which the Company is entitled for himself or for his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.<sup>33</sup>
- 15.2 A BoM Member shall report a potential or actual conflict of interest which is of material significance to the Company and/or the Member concerned immediately to the SB Chairman, the BoM Chairman and the other BoM Members, and shall provide all relevant information regarding his spouse, registered partner or other life companion, foster child and relative by blood or marriage up to the second degree. Without the BoM Member concerned being present, the SB shall decide whether a conflict of interest exists.<sup>34</sup>
- 15.3 A conflict of interest shall in any event exist if the Company intends to enter into a transaction with a legal entity:
- (i) in which a BoM Member personally has a material financial interest;
  - (ii) which has a management board member who has a relationship under family law with a BoM Member<sup>35</sup>; or
  - (iii) in which a BoM Member has a management or supervisory position.<sup>36</sup>

---

<sup>33</sup> Dutch Corporate Governance Code, Best Practice Provision II.3.1.

<sup>34</sup> Dutch Corporate Governance Code, Best Practice Provision II.3.2.

<sup>35</sup> A relationship under family law exists between a child, its parents and their blood relatives (1:197 of the Dutch Civil Code).

<sup>36</sup> Dutch Corporate Governance Code, Best Practice Provision II.3.2 (continuation).

- 15.4 A BoM Member shall not participate in discussions or decision-making regarding a subject or transaction as to which he has a conflict of interest with the Company.<sup>37</sup>
- 15.5 All transactions in which there are conflicts of interest with BoM Members shall be agreed on subject to conditions which are normal for arm's length transactions in the industry in which the Company and its subsidiaries are active. Resolutions to enter into transactions in which there are conflicts of interest with BoM Members which are of material significance to the Company and/or the BoM Members concerned must be approved by the SB. Such transactions shall be published in the Annual Report, with an indication of the conflict of interest and a statement that the provisions in this Article have been complied with.<sup>38</sup>
- 15.6 In cases in which the Company has a conflict of interest with one or more BoM Members, the BoM Members in question shall remain entitled to represent the Company, without prejudice to the AGM's power to appoint one or more persons for that purpose<sup>39</sup>.

## **Article 16**

### **Remuneration for BoM Members**

- 16.1 The remuneration and contractual employment terms and conditions for BoM Members shall be determined by the SB in accordance with Article 13.6 of the Company's Articles of Association and Article 2.2 of the SB Regulations, within the remuneration policy adopted by the AGM.
- 16.2 BoM Members shall not obtain any advantage from the Company's activities, except through remuneration as a BoM Member or through shares in the Company acquired in conformity with the applicable rules.
- 16.3 The Company and its subsidiaries shall not provide any personal loans, guarantees or the like to the BoM Members, unless this is done as part of the Company's normal operations and subject to terms applicable to all personnel and after approval by the SB. Loans shall not be remitted.<sup>40</sup>
- 16.4 In addition to the remuneration, all reasonable expenses of BoM Members shall be reimbursed which were incurred with the BoM Chairman's permission, or, with regard to the BoM Chairman, with the SB Chairman's permission.

## **Article 17**

### **Other positions**

- 17.1 A BoM Member may not serve in the supervisory board of more than two listed companies. A BoM Member may also not be the chairman of a listed company's supervisory board. Membership in a supervisory board of the Company's group companies shall not be counted in this regard.<sup>41</sup>
- 17.2 Acceptance by a BoM Member of a supervisory board member position in a listed company shall be subject to the SB's approval and must be reported to the Company Secretary. Other important positions shall be reported to the SB.<sup>42</sup>
- 17.3 Subject to the provisions in Article 17.1 and 17.2, the SB shall in principle be favourable to acceptance by BoM Members of other positions, certainly if these serve a societal interest, such as general board positions.

---

<sup>37</sup> Dutch Corporate Governance Code, Best Practice Provision II.3.3.

<sup>38</sup> Dutch Corporate Governance Code, Best Practice Provision II.3.4.

<sup>39</sup> The Company's Articles of Association, Article 15.2.

<sup>40</sup> Dutch Corporate Governance Code, Best Practice Provision II.2.8.

<sup>41</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.8.

<sup>42</sup> Dutch Corporate Governance Code, Best Practice Provision II.1.8.

Subject to the provisions in Article 17.1 and 17.2, the following provisions shall apply to acceptance of other positions, both paid and unpaid, and whether or not in connection with holding positions at the Company:

- a. the number of other positions shall remain limited, so that normal performance of duties during and outside working hours is not adversely affected;
- b. the other positions may not create potential conflicts of interest with the Company or be controversial in any respect whatsoever;
- c. acceptance of other positions shall be subject to the approval of the Chairman of the BoM (and if this relates to the BoM Chairman: of the SB), except for other positions with local sports and social clubs, charities and schools.

## **Article 18**

### **Ownership of and transactions in securities**

- 18.1 Shares in the Company owned by a BoM Member must not be short-term investments.<sup>43</sup>
- 18.2 BoM Members shall be bound by the Company's Insider Trader Regulations with respect to shares in the Company and other securities referred to in those Regulations.
- 18.3 Ownership of and transactions in securities by BoM Members other than as referred to in the Company's Insider Trader Regulations shall be subject to the regulations adopted by the SB as referred to in Article 7.4 of the SB Regulations.
- 18.4 A BoM Member shall report changes in his ownership of securities relating to Dutch listed companies periodically, but in any event at least once a year, to the Compliance Officer, or, if the Company has not designated a Compliance Officer, to the SB Chairman. A BoM Member who only invests in listed investment funds or has transferred the discretionary management of his securities portfolio to an independent third party through a written mandate agreement shall be exempted from this last provision.

## **Article 19**

### **Confidentiality**

Each BoM Member undertakes, both during the period that he is a BoM Member and afterwards, not to make any statement to anyone in any manner whatsoever about information of a confidential nature concerning the business of the Company and/or companies in which it has an interest, which the BoM Member has learned in connection with performing his work for Company and which he knows or should know is confidential, unless he is required to do this by law. A BoM Member may, however, make statements about the aforementioned information to Members of the BoM, SB, and staff members of the Company and companies in which the Company has an interest who, given their work for the Company and companies in which the Company has an interest, need to be aware of the information concerned. A BoM Member may not utilise the aforementioned information for his own benefit in any manner whatsoever.

## **Article 20**

### **Miscellaneous**

- 20.1 **Acceptance by BoM Members.** Each person appointed as a BoM Member shall, in accepting the position, state in writing to the Company that he accepts the content of these Regulations and the SB Regulations and agrees to this, and undertakes vis-à-vis the Company to comply

---

<sup>43</sup> Dutch Corporate Governance Code, Principle II.2.

with the provisions of these Regulations and of the SB Regulations (the provisions of the SB Regulations, insofar as these are applicable to him).

- 20.2 **Ad hoc non-compliance.** The BoM may on an *ad hoc* basis decide not to comply with these Regulations, subject to applicable laws and regulations, but only with the SB's approval.
- 20.3 **Modification.** These Regulations may be modified from time to time and without prior notice by the BoM, but only with the SB's prior approval.
- 20.4 **Interpretation.** In the event of ambiguity or a difference of opinion concerning the meaning of any provision of these Regulations, the SB Chairman's judgment in this regard shall be decisive.
- 20.5 **Applicable law and jurisdiction.** These Regulations shall be governed by Dutch law. The Dutch court shall have exclusive jurisdiction to settle disputes resulting from or in connection with these Regulations (including disputes concerning the existence, validity or termination of these Regulations).
- 20.6 **Complementation with Dutch law and the Articles of Association.** These Regulations shall supplement the provisions regarding the BoM laid down in Dutch law, other applicable Dutch or EU regulations and the Company's Articles of Association. Where these Regulations are inconsistent with Dutch law, other applicable Dutch or EU regulations or the Company's Articles of Association, the latter shall prevail. Where these Regulations are consistent with the Company's Articles of Association but are not consistent with Dutch law or other applicable Dutch or EU regulations, the latter shall prevail.
- 20.7 **Partial invalidity.** If one or more provisions of these Regulations are or become invalid, this shall not affect the validity of the remaining provisions. Subject to the SB's prior approval, the BoM may replace the invalid provisions with valid provisions, the consequences of which, given the content and purpose of these Regulations, are as consistent as possible with the invalid provisions.



## ANNEX 1 DEFINITIONS

1. In the BoM Regulations, the following terms shall have the following meanings:
  - Audit Committee** shall mean the Committee referred to in Article 5 of the SB Regulations.
  - AGM** shall mean the Company's Annual General Meeting of Shareholders.
  - Corporate Business Plan** shall mean the Business Plan for the Company to be drawn up each year by the BoM, consisting of the strategic policy plan and financing and investment plan.
  - CFO** shall mean Chief Financial Officer.
  - Central Works Council** shall mean the Company's Central Works Council.
  - Committee** shall mean, with respect to the SB, any committee of the SB referred to in Article 5 of the SB Regulations.
  - Supervisory Board Member** shall mean a member of the SB.
  - Subsidiary** shall have the meaning given to this term in Article 2:24a of the Dutch Civil Code.
  - External auditor** shall mean the accounting firm which, pursuant to Article 2:393 of the Dutch Civil Code, is responsible for auditing the Company's Annual Accounts.
  - Affiliated company** shall have the meaning given to this term in Article 1 of the Disclosure of Major Holdings in Listed Companies Act 1996.
  - Group company** shall have the meaning given to this term in Article 2:24b of the Dutch Civil Code.
  - Annual Accounts** shall mean the Company's Annual Accounts as referred to in Article 2:101 of the Dutch Civil Code.
  - Annual Report** shall mean the Company's Annual Report drawn up by the BoM as referred to in Article 2:101 of the Dutch Civil Code.
  - SB Profile** shall mean the profile for the size and composition of the SB referred to in Article 3.1 of the SB Regulations.
  - Regulations** shall mean either the BoM Regulations or the SB Regulations, depending on the context, including the related Annexes.
  - Remuneration Report** shall mean the SB's Remuneration Report concerning the Company's remuneration policy drawn up by the SB's Remuneration, Selection and Appointment Committee.
  - Remuneration Committee** shall mean the Committee referred to in Article 5 of the SB Regulations.
  - BoM** shall mean the Company's Board of Management.
  - SB** shall mean the Company's Supervisory Board.

**In writing** shall mean by letter, fax or e-mail, or by a message which is conveyed through another common means of communication and can be received in writing.

**Selection and Appointment Committee** shall mean the Committee referred to in Article 5 of the SB Regulations.

**Company** shall mean Ballast Nedam N.V., as well as, where appropriate, the subsidiaries and any other group companies of the Company, the financial data of which is included in the Company's Consolidated Annual Accounts.

2. Except insofar as the context implies otherwise, the following shall apply in the BoM and SB Regulations:
  - a. terms and expressions indicated in the singular shall also pertain to the plural, and vice versa;
  - b. words and terms indicated in the masculine form shall also pertain to the feminine form; and
  - c. a reference to a statutory provision shall constitute a reference to such a statutory provision subject to all amendments, additions and replacement regulations which apply from time to time.
  
3. Headings for Articles and other headings in the BoM and SB Regulations have only been included for the sake of clarity and shall not constitute part of the Regulations concerned for interpretation purposes.

**ANNEX 2**  
**ASSIGNMENT OF DUTIES FOR BOM MEMBERS**

Supplementary to Articles 1, 2, 3 and 4, this Annex indicates the areas of interest for which the members of the BoM shall be the primary contact person, without prejudice to the joint responsibility of the BoM as a whole.

---

Erik van der Noordaa is Chief Executive Officer (CEO)

Peter van Zwieten is Chief Financial Officer (CFO)

Cenk Düzyol is Member of the Board

### ANNEX 3

#### LIST OF INFORMATION TO BE PLACED ON THE COMPANY'S WEBSITE BASED ON THE DUTCH CORPORATE GOVERNANCE CODE ADOPTED ON 10 DECEMBER 2008

- Code of Conduct.<sup>44</sup>
- Whistleblower provisions<sup>45</sup> (see Ballast Nedam Code of Conduct).
- The SB's Remuneration Report.<sup>46</sup>
- The SB's Regulations in which rules are stated regarding ownership of and transactions in securities by BoM Members other than those issued by the Company.<sup>47</sup>
- The SB Regulations.
- The SB Profile.<sup>48</sup>
- The SB Resignation Schedule.<sup>49</sup>
- The Committees' regulations and composition.<sup>50</sup>
- Notices prior to generally accessible discussions with and presentations to analysts and institutional and other investors and press conferences.<sup>51</sup>
- The Company shall place and update all information which it is required to publish or file pursuant to the provisions of company law and securities law on a separate part of the Company's website.<sup>52</sup>
- Agenda for the meeting of shareholders and notes.<sup>53</sup>
- The BoM Regulations.<sup>54</sup>
- Reports of AGMs.
- The Company's Insider Trader Regulations.
- Investor Relations Policy.<sup>55</sup>

---

<sup>44</sup> BoM Regulations, Article 5.4 (b).

<sup>45</sup> BoM Regulations, Article 4.7.

<sup>46</sup> SB Regulations, Article 12.2.

<sup>47</sup> Dutch Corporate Governance Code, Best Practice Provision II.7.3.; SB Regulations, Article 7.4.

<sup>48</sup> SB Regulations, Article 3.1 and annexe A.

<sup>49</sup> SB Regulations, Article 6.2 and annexe B.

<sup>50</sup> SB Regulations, Article 5.

<sup>51</sup> BoM Regulations, Article 11.2.

<sup>52</sup> BoM Regulations, Article 12.

<sup>53</sup> BoM Regulations, Article 9.3.

<sup>54</sup> BoM Regulations, Article 0.1.

<sup>55</sup> Dutch Corporate Governance Code, Best Practice Provision IV.3.13.