

Corporate Governance statement

This is a statement regarding corporate governance as specified in clause 2a of the Dutch Decree implementing further accounting standards for the content of annual reports. This statement is part of the reports of Ballast Nedam over 2015.

The 2015 annual report is available on the Ballast Nedam website: www.ballast-nedam.nl

I Management and control structure

The operational management structure consists of three divisions that are formed around their related products and processes, Building & Development, Infrastructure, Specialized Companies & Supplies. Since the 2015 financial year, the results of the Specialized Companies & Supplies division have been reported on an integrated basis. A full overview of the companies in the various divisions can be found at www.ballast-nedam.nl.

The Board of Management of Ballast Nedam comprises Mr Erik van der Noordaa as Chief Executive Officer and Mr Cenk Düzyol as a member.

II Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code ('the Code') and, with a few specific exceptions, applies the best practice provisions of the Code. The best practice provisions were applied as fully as possible in the 2015 financial year.

Ballast Nedam adheres to the Code, with the exception of the following best practice provisions:

1. *Best practice principle III.4 and best practice provision III.4.3. The role of the chairman of the Supervisory Board and the company secretary.*

Ballast Nedam complies in part with these best practice provisions. According to Ballast Nedam's articles of association the Supervisory Board can appoint a secretary, who may be part of the existing workforce. The separation of the role of company secretary and secretary of the Supervisory Board prevents any possible appearance of undesirable exchange of information and emphasizes the different roles of the Board of Management on the one hand and the Supervisory Board on the other. Workload was also a consideration in the separation of these roles.

2. *Best practice provision IV.3.1: viewing presentations by means of webcasting*

Shareholders cannot follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences live by webcasting, telephone or other means.

For a detailed overview of the way in which we comply with the Code and the aforementioned and other best practice provisions, see the compliance overview at www.ballast-nedam.com.

The full text of the Code can be viewed on the website www.commissiecorporategovernance.nl.

III Risk management and control systems

Ballast Nedam's risk management is based on the following three principles:

- 1 The aim of risk management is to keep the risks which the organization incurs through its activities in line with its risk appetite.
- 2 Risk management is an integral part of all business activities and runs through the entire project life cycle.
- 3 The Ballast Nedam Board of Management has ultimate responsibility for the way in which Ballast Nedam deals with risks. Ballast Nedam manages its operations within a structure comprising three divisions based on products and processes. The divisional directors apply the holding company's risk management policy to the business units in their own division. The divisional directors oversee compliance with the policy within the specified limits.

Internal control of risks

The structure of risk management within Ballast Nedam is based on the 'Lines of Defence' model. For more information please see chapter 4 of the 2015 annual report.

- 1 First line: our people, operating processes and decision-making committees, among them a bottom-up approach to risk control, use of support instruments, involvement of the Contract Committee and involvement of the Tender Committee.
- 2 Second line: supporting functions, among them lawyers and contract managers, insurance, the compliance officer, safety and ICT risks.
- 3 Third line: monitoring, among them the risk manager and business control and treasury.
- 4 Fourth line: assessment by the Board of Management and the Supervisory Board (including the Audit Committee).

Risk philosophy

The aim of Ballast Nedam's risk management policy is to ensure that Ballast Nedam only takes responsible business risks and the probability of these risks materializing – and any consequences – must not jeopardize business continuity. For example, we have set a low risk appetite for the Safety, Compliance and Financial risk areas.

Ballast Nedam considers the management of risks to be a core competence, which is firmly embedded in the various projects we implement. Both within individual projects and across all projects as a whole we apply methodologies that are commonly used in the Construction and Infrastructure sector. That also makes it possible to communicate on risk management with parties in the chain.

Organisation

In 2015 there were three divisional directors, each of whom controlled one division. Each divisional director was supported by a financial director. In order to guarantee the independence of the financial function, the financial managers of the business units report to the corporate financial director, who reports to the CFO. This separation between operational responsibility and financial control has been implemented on all levels. The Board of Management and the divisional directors constitute the Ballast Nedam Executive Committee.

The Board of Management has both a control and assessment function. An important information source is the periodic management reporting, which surveys the current risks and opportunities for projects in the divisions and business units, and the status of the control measures. The Board of Management discusses the risks with the division managements. The division managements conduct similar discussions with the management teams of the business units. In addition, complex projects of a particular size or a particular risk level are always discussed with the Board of Management in the Contract Committee before an offer is submitted.

Projects with a certain size and risk profile are submitted to the Contract Committee for approval. Risky liabilities include tenders for internationally complex contracts, contracts with open ends, with bank guarantees and e.g. with unlimited liabilities. Contracts with unlimited liabilities are subject to approval of the Contract Committee. Before the offer is submitted, it is discussed with the Board of Management

during the mandatory Contract Committee meeting. Partly as a result of experiences in recent major projects, more time is now devoted to assessing whether the project fits in with the revised strategic focus, and to assess which project-related risks are involved and how they can be mitigated. The Board of Management's assessment covers matters such as the return risk ratio, the capital requirement, capabilities of the proposed team to execute the project and political aspects. The Board also considers the payment scheme.

All risky liabilities are assessed by a Tender Committee in the division. After approval by the Tender Committee, the major risky liabilities are submitted to the Contract Committee for approval. The Tender Committee regulations in the divisions have the same thrust as the Contract Committee regulations, supplemented where necessary with specific information concerning the market in which the division operates.

The project managers are responsible for managing the risks related to projects. They identify, analyse, prioritize and control these risks. The design of the risk management depends greatly on the size and risk profile of the specific project. In complex works, for example, in some cases hundreds of wide-ranging risks are recorded in a relational database and monitored in each phase of the project. The risks in a simple project, by contrast, are controlled with a checklist. Ballast Nedam applies the 'fit for purpose' principle in its project risk management. This will also be reflected in an updated Risk Management Policy and Manual.

The business unit managements periodically identify the risks in their unit. We then discuss these with the divisional directors. The Concern Council, on which the divisional directors and the Board of Management are jointly represented, discusses the results.

Contractual risk management

In order to maintain appropriate control of the contractual risks, specialist contract managers are deployed in the divisions, in both the tender and implementation phases. We also focus specifically on the competences of contract managers and devote attention to knowledge sharing based on lessons drawn from the recent past. The Legal department focuses on matters relating to the holding company. For large and/or complex projects a contract manager is added to the project team.

Insurance is responsible for arranging and managing insurance policies for Ballast Nedam and its businesses in line with the insurance policy agreed by the Board of Management. In the first place this involves the arrangement and management of more general insurances which afford financial protection for the company in the event of claims and losses. Second, Insurance promotes the insurance interests of Ballast Nedam in the implementation of projects, in both the tender and implementation phases. Third, Insurance ensures that the arranged insurances offer the intended financial protection. Finally, this department has a responsibility in the field of prevention: within the various divisions it promotes awareness of the benefit and necessity of insurances.

The Supervisory Board and the Audit Committee

Ballast Nedam's risk profile and the internal risk management and control systems are discussed at meetings with the Supervisory Board and the Audit Committee. The Audit Committee meets with the Board of Management and the external auditor at least five times a year. At these meetings they discuss the financial state of affairs and the findings together with the company's internal audits and risk management. The activities are covered in Section 6.2. Report of the Supervisory Board of the 2015 annual report.

Compliance officer

Ballast Nedam requires its employees, but also its suppliers and subcontractors, to behave with integrity. Ballast Nedam operates a zero tolerance policy for compliance with its code of conduct, in which the compliance officer plays a central role. The compliance officer conducts an enquiry whenever possible

violations are reported. If violations have occurred, immediate measures are taken. In order to guarantee the organization's integrity we continually evaluate the compliance policy and tighten it where necessary. Further details can be found in Section 5.7 Compliance & Integrity of the 2015 annual report.

Assessment of risk management and control systems

On the basis of the above, the Board of Management declares that the risk management and control systems have in general worked correctly. Additional efforts having to be made particularly with regard to the control of major infrastructure projects.

With regard to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting presented in the 2015 financial statements is free of material misstatement.

It should be noted that no 100% guarantee of the proper operation of risk management and control systems can be given. Project assessments are based on estimates and depend, among other things, on the results of negotiations and discussions on the financial settlement of projects (contract variations, penalties and claims, delivery time and quality of the work). It may subsequently emerge that the results of the negotiations do not correspond to the estimates made. Hence Ballast Nedam cannot guarantee that material errors, as well as fraud or violations of legal provisions, will not arise in the future.

The further improvement and supervision of the internal risk management and control systems remains a priority for the Board of Management. This subject is therefore discussed regularly with the Audit Committee, the new Shareholder and the Supervisory Board.

IV General Meeting of Shareholders

The Annual General Meeting of Shareholders must be convened no later than six months after the end of the financial year. Other meetings of shareholders may be convened by the Board of Management or the Supervisory Board. Shareholders and/or holders of depositary receipts for shares who solely or jointly represent at least 10% of the capital in issue may also convene a meeting of shareholders.

Agenda of the Annual General Meeting

The agenda of the Annual General Meeting of Shareholders will include the following items:

- discussion of the annual report;
- adoption of the financial statements;
- discussion of the conducted remuneration policy;
- motion to grant discharge to the Board of Management and the Supervisory Board;
- appointment of the external auditors.

Shareholders and/or holders of depositary receipts for shares solely or jointly representing at least 3% of the capital in issue have the right to propose agenda items. The company will accept requests of this kind. Requests must be submitted at least sixty days prior to the date of the meeting.

Voting right and decision procedure

Each shareholder and holder of depositary receipts for shares has the right to attend and address the General Meeting of Shareholders, and to exercise voting rights at that meeting. In order to exercise such meeting rights, shareholders and holders of depositary receipts for shares must comply with the conditions stated in the announcement of the meeting. In convening a meeting of shareholders, the Board of Management uses a registration date. Each share or depositary receipt for a share affords the right to cast one vote. All resolutions of the General Meeting of Shareholders are carried by a simple majority of the votes cast, unless a larger majority is required by law or the articles of association.

Voting results and minutes

The results of votes cast for each agenda item at a General Meeting of Shareholders are posted on the company's website www.ballast-nedam.nl no later than fifteen days after the meeting. No later than three months after a General Meeting of Shareholders, the draft minutes are posted on Ballast Nedam's website. Shareholders and holders of depositary receipts for shares may respond to the draft minutes in the following three months. The Chairman and Secretary of the General Meeting of Shareholders will then adopt the minutes.

Depositary receipts for shares

If the Board of the Ballast Nedam Administration Office exercises its voting rights for the shares, the Board focuses primarily on the interests of the holders of depositary receipts for shares and takes account of the interests of the company and its associated business. The Board of the Ballast Nedam Administration Office consists of three independent members and appoints the members. The Meeting of Holders of Depositary Receipts may recommend persons for appointment to the Board.

The Board of the Ballast Nedam Administration Office comprises Mr P.C. van der Linden as chairman and board member and Mr L.H. Keijts and Mr W.F.C. Baars as board members.

A Meeting of Holders of Depositary Receipts is convened each year. At this meeting, the Board of the Ballast Nedam Administration Office declares its proposed voting conduct at the General Meeting of Shareholders.

The Board of the Ballast Nedam Administration Office issues proxies in all circumstances and without limitation to the holders of depositary receipts who so request. There is also the possibility to issue binding voting instructions. The depositary receipts are fully exchangeable. Ballast Nedam does not use the system of issuing depositary receipts for shares as an antitakeover measure, but as a means of preventing a minority of shareholders from controlling the decision-making process in a General Meeting of Shareholders and as a means to allow shareholders, including minor shareholders, to be represented by an independent board in the exercise of their voting rights.

Section 8.4 of the 2015 annual report presents the report of the Board of the Ballast Nedam Administration Office explaining its activities in 2015. The report also gives personal details of the board members.

V Board of Management

The Board of Management manages the company and is responsible for the company's objectives, strategy and policy and the consequent results. The Board of Management has two members.

The General Meeting of Shareholders appoints and removes members of the Board of Management. The Supervisory Board suspends members of the Board of Management. The Supervisory Board notifies the General Meeting of Shareholders of a proposed appointment. The General Meeting of Shareholders will enable the Board of Management member whom it intends to remove from office to account for himself to the General Meeting of Shareholders.

In October 2015 Mr Van Zwieten and the Supervisory Board decided in close consultation that Mr Van Zwieten would step down as Chief Financial Officer with effect from 1 January 2016. With effect from 20 November 2015, the appointment of Mr Düzyol as a member of Ballast Nedam's Board of Management became effective.

Regulations

The Board of Management Regulations contain further rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General

Meeting of Shareholders, the Central Works Council and the external auditors. These regulations can be found at www.ballast-nedam.nl.

Management of the divisions and business units

The Board of Management supervises the division management, which in turn supervises the management of the business units. The managements of the divisions and of each business unit have clearly defined terms of reference that determine their powers. We also refer to paragraph III Risk management and control systems of this statement.

Principles of the remuneration policy for Board of Management members

The Supervisory Board sets the remuneration of individual Board of Management members within the limits of the remuneration policy adopted by the General Meeting of Shareholders. Ballast Nedam's current remuneration policy was set at the Annual General Meeting of Shareholders in 2005. The Annual General Meeting of Shareholders of 17 May 2016 will discuss the 2015 remuneration policy as a separate agenda item. That is in accordance with the legislative amendment regarding the authority to adjust excessive bonuses of directors (the 'Clawback' Act) which came into force on 1 January 2014.

The remuneration report of the Supervisory Board contains a summary account of Ballast Nedam's remuneration policy. Please see paragraph 6.4 Remuneration report of the 2015 annual report. Mr Van Doorne (chairman) and Mrs Ilicak Kayaalp are the members of the Remuneration Committee. Mr Bout stepped down from the Remuneration Committee on 20 November 2015.

Authorization for issue or repurchase of shares and preferential rights

In 2015 both a General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders were held. The resolutions adopted at these meetings included the following.

The Annual General Meeting of Shareholders gave the Board of Management authority to amend the articles of association of Ballast Nedam as follows:

- To reduce the nominal value of the shares from €1 to €0.01 per share and increase the number of shares in the authorized capital;
- To provide for the consolidation of shares in the share capital in connection with a rights issue;
- To refer not only to holders of depositary receipts in the articles of association, but also to shareholders after the termination of the administration of the shares in the company.

The Board of Management requires approval from the Supervisory Board for these acts.

The Annual General Meeting of Shareholders gave the Board of Management authority until 31 December 2015 to resolve to:

- Issue such a number of ordinary shares, including the granting of rights, as is required to raise up to €20 million of capital by means of a rights issue;
- Limit or exclude the statutory pre-emption rights in connection with a rights issue.

The Board of Management requires approval from the Supervisory Board for these acts.

The Annual General Meeting of Shareholders gave the Board of Management authority until 29 December 2016 to:

- Issue shares and/or grant rights to acquire these shares, to a maximum of 10% of the capital issued at the time of issue, plus an additional 10% of the capital issued at the time of issue in connection with an acquisition or merger;
- Limit or exclude pre-emption rights on shares to be issued to a maximum of 10% of the capital issued at the time of issue, plus an additional 10% of the capital issued at the time of issue in connection with an acquisition or merger;

- Repurchase for valuable consideration, on the stock exchange or otherwise, fully paid-up shares or depositary receipts for shares in the company up to a maximum of 10% of the issued capital.

The Board of Management requires approval from the Supervisory Board for these acts.

In October 2015 the shareholders gave the Board of Management authority at an Extraordinary General Meeting of Shareholders to:

- Amend the articles of association of Ballast Nedam in connection with the implementation of the mitigated large company regime (*gemitigeerd structuurregime*);
- Amend the articles of association of Ballast Nedam by increasing the number of shares included in the authorized capital;
- Amend the articles of association of Ballast Nedam in order to implement an alternative consolidation of shares.

The Board of Management requires approval from the Supervisory Board for these acts. In October 2015 at an Extraordinary General Meeting of Shareholders the shareholders gave the Board of Management authority until 30 July 2016 to:

- Issue such a number of ordinary shares, including the granting of rights, as is required to raise up to approximately €47.6 million of equity, only under the condition that the rights issue, as resolved by the general meeting of the company on 29 June 2015 and announced on 29 April 2015, will not take place and only for the purposes of effecting the Rights Issue and the Private Placement;
- Limit or exclude statutory pre-emption rights pertaining to the ordinary shares in the Rights Issue and the Private Placement, only under the condition that the rights issue, as resolved by the general meeting of the company on 29 June 2015 and announced on 29 April 2015, will not take place and only for the purposes of effecting the Rights Issue and the Private Placement.

The Board of Management requires approval from the Supervisory Board for these acts.

No conflict of interest

With the exception of a termination agreement concluded between a former member of the Board of Management and the company and the conclusion of agreements with Renaissance as major shareholders of the company, in which Renaissance and Ballast Nedam amended the merger agreement, no transactions took place in 2015 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares. Corporate Governance Code best practice provisions II.3.2 to II.3.4. inclusive and III.6.4 have been complied with. This concerns transactions which are of material significance to the company or the person in question.

VI Supervisory Board

The Supervisory Board supervises the policy of the Board of Management and the affairs of the company and its business, and supports the Board of Management with advice. The Supervisory Board performs its tasks mindful of the interests of Ballast Nedam N.V. and the associated business, taking into consideration the relevant interests of the stakeholders who play a part or are affiliated. The Supervisory Board also takes into consideration in its duties the social aspects of business conduct that are relevant to the company.

During the Extraordinary General Meeting of Shareholders on 30 October 2015, Mrs I. Ilicak Kayaalp, Mr H.A. Akvardar and Mr E. Baki were conditionally appointed as members of the Supervisory Board. Mr J. Bout and Mr J.S.T. Tiemstra conditionally stepped down as members of the Supervisory Board.

The aforementioned resignations and appointments were conditional upon the declaration from Renaissance that its public offer was unconditional. The Supervisory Board currently has five members. All supervisory directors are independent within the meaning of the Code.

During the take-over procedure by Renaissance Infrastructure B.V., it was agreed that Ballast Nedam's minority shareholders' interests as well as non-financial covenants would be protected by the appointment of two independent Supervisory Board members for a term of two years, i.e. until 20 November 2017. Mrs Insinger and Mr Van Doorne are qualified as such independent Supervisory Board members.

The Chairman shall ensure that the Supervisory Board functions properly and shall be the primary contact person on the Supervisory Board's behalf for the Board of Management. As a Chairman, he ensures that the General Meeting proceeds in an orderly and efficient manner. The Supervisory Board shall be assisted by a secretary.

Nomination and appointment

The General Meeting of Shareholders appoints the members of the Supervisory Board as nominated by the Supervisory Board. The General Meeting of Shareholders may reject nominations by a simple majority of the votes cast, provided that at least one-third of the capital in issue is represented at the meeting. The General Meeting of Shareholders and the Central Works Council can recommend persons for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will follow the recommendations of the Central Works Council in nominating one-third of its membership. This principle ceases to apply if the Supervisory Board has objections, in particular if the Board expects:

- the nominee to be unfit to perform the duties of a supervisory director;
- the composition of the Supervisory Board to be inappropriate if the recommended appointment were made.

Remuneration

The General Meeting of Shareholders sets the remuneration of the supervisory directors. The current remuneration of the Supervisory Board was set at the Annual General Meeting of Shareholders in 2005. The remuneration of the Audit Committee was set at the Annual General Meeting of Shareholders in 2008.

Collective removal

The General Meeting of Shareholders may adopt a resolution of no confidence in the Supervisory Board by a simple majority of the votes cast, provided that at least one-third of the capital in issue is represented at the meeting.

Duties and regulations

The Supervisory Board has established an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. Each within its field of responsibilities, these committees prepare Supervisory Board decision-making and advise the Supervisory Board. The responsibilities and working methods of these committees are laid down in regulations which can be found at www.ballast-nedam.nl.

The Supervisory Board Regulations contain additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting of Shareholders and the Central Works Council. These rules can also be found on our website.

No conflict of interest

With the exception of a termination agreement concluded between a former member of the Board of Management and the company and the conclusion of agreements with Renaissance as major shareholders of the company, in which Renaissance and Ballast Nedam amended the merger agreement, no transactions took place in 2015 involving a conflict of interest on the part of supervisory

directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares. Corporate Governance Code best practice provisions II.3.2 to II.3.4. inclusive and III.6.4 have been complied with. This concerns transactions which are of material significance to the company or the person in question.

Balanced allocation of seats

The company complies with Section 166 of Book 2 of the Netherlands Civil Code with regard to the seats on the Supervisory Board. The seats on the Board of Management are not currently allocated in a balanced way as referred to in the aforementioned section. The company is striving for a balanced allocation of seats on the Board of Management, but it is not easy to achieve this allocation in view of the small composition of the body. The interests of Ballast Nedam and its subsidiaries and the evident suitability and experience of the candidates for the seats on this body were paramount considerations in the selection of candidates. In future Ballast Nedam will again strive for a balanced allocation, but other important criteria referred to above will again be considered.

VII Information based on article 10 of the Takeover Directive

Capital structure and shares

The authorized capital consists of 800,000,000 ordinary shares and amounts to €8 million. The issued share capital consists of 220,299,776 ordinary shares each of a par value of 0.01.

In December 2015 a €20 million rights issue and a €27.6 million private placement took place to strengthen the financial position of Ballast Nedam. This involved the issue of 67.672.500 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2955 per new depositary receipt for the rights issue and the issue of 132.959.776 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2076 per new depositary receipt for the private placement. This led to an increase of €47.6 million in the share premium reserve. The net proceeds of this rights issue amounted to €47.6 million.

At the shareholders' meeting of May 2015 it was decided to amend the articles of association, with the authorized share capital being changed from €45 million to €8 million divided into 800 million shares each of a par value of 0.01.

The total number of repurchased depositary receipts for ordinary shares at year-end 2015 was 332,500 (2014: 332,500) and is stated at acquisition price. None of the company's own shares or depositary receipts were repurchased in 2015 (2014: zero) and none were sold (2014: idem).

On 31 December 2015, Ballast Nedam had 220,299,776 issued shares and 219,967,276 outstanding shares. This increase of 200,632,276 shares is the result of the shares issued in 2015 (rights issue and private placement). At the end of 2015 we had 332,500 repurchased own shares and depositary receipts for shares.

The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At the end of 2015, depositary receipts had been issued for 99.85% of the capital in issue. Ballast Nedam depositary receipts for shares are listed on Euronext Amsterdam. Ballast Nedam has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006. ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.

As at 30 December 2015 Renaissance Infrastructure B.V. had reported to the Authority for the Financial Markets that it held shares or depositary receipts for shares of Ballast Nedam representing an interest of 97.82%, pursuant to the Financial Supervision Act.

Consequently, Renaissance and Ballast Nedam have announced delisting of the depositary receipts of ordinary shares Ballast Nedam from the Stock Exchange of Euronext in Amsterdam, effective 26 February 2016, with the last trading day being 25 February 2016.

Amendment to the articles of association

If the Board of Management moves a resolution to amend the articles of association and the Supervisory Board approves, the General Meeting of Shareholders will adopt the resolution by a simple majority of the votes cast. In all other cases, resolutions to amend the articles of association are carried in the meeting only by a majority of votes representing at least 70% of the capital in issue.

Designation to issue shares and/or grant rights to acquire shares

For more information please see Authorisation for issue or repurchase of shares and preferential rights in chapter V Board of Management of this Corporate Governance Statement.