

AUDIT COMMITTEE REGULATIONS

BALLAST NEDAM N.V.

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INTRODUCTION

These Regulations have been drawn up by the Supervisory Board. The Audit Committee is a standing committee of the Supervisory Board. As long as the Supervisory Board consists of less than 5 members, the Supervisory Board shall jointly perform the tasks of the Audit Committee. The Supervisory Board may at all times decide to form the Audit Committee (even if Supervisory Board consists of less than 5 members). The Supervisory Board may at all times decide to abolish the Audit Committee.

1. COMPOSITION

- 1.1. The Audit Committee shall consist of at least two members. All members of the Audit Committee must be members of the Supervisory Board.
- 1.2. At least one member of the Audit Committee shall be an expert, in the sense that he has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.
- 1.3. The members of the Audit Committee shall be appointed, and may be removed from office at any time, by the Supervisory Board. The Supervisory Board shall appoint one of the members of the Audit Committee as Chairman of the Audit Committee. The Audit Committee shall not be chaired by the Chairman of the Supervisory Board or by a former member of the Board of Management.
- 1.4. The terms of office of a member of the Audit Committee shall in principle depend on how the Supervisory Board and other committees are composed from time to time. Membership of the Audit Committee shall end automatically upon termination of the member's Supervisory Board membership.
- 1.5. The Company Secretary shall act as Secretary to the Audit Committee. The Company Secretary may delegate all or any of his duties under these Regulations to a deputy appointed by him in consultation with the Chairman of the Audit Committee.

2. DUTIES AND POWERS

- 2.1. The Audit Committee prepares, within its designed area of duties, the decision-making of the Supervisory Board and advises the Supervisory Board, on the understanding that the full Supervisory Board remains collectively responsible for the fulfilment of its duties.
- 2.2. The Audit Committee has at least the following duties:
 - a) The supervision of the Board of Management with respect to:
 - (i) the operation of the internal risk management and control systems, including supervision of compliance with the relevant legislation and regulations and supervision of the operation of the codes of conduct;
 - (ii) the provision of financial information by the Company;
 - (iii) compliance with recommendations and follow-up action on observations and recommendations of the External Auditor;
 - (iv) the role and functioning of the internal auditor, in so far as such an auditor has been appointed;
 - (v) the company's fiscal policy;
 - (vi) the relationship with the External Auditor, including in particular, his independence, remuneration and any non-audit services carried out by him for the Company (see also clause 3 below);
 - (vii) the financing of the Company; and
 - (viii) the applications of information and communication technology.

- b) Advising the Supervisory Board on the Supervisory Board's nomination to the General Meeting of Shareholders for the appointment of the External Auditor.
 - c) Where necessary, making proposals to the Supervisory Board on the policy to be applied in respect of the independence of the External Auditor and any (potential) conflicts of interest between the External Auditor and the Company.
 - d) Preparing meetings of the Supervisory Board with the Board of Management where the Annual Report, the Annual Accounts and the half-yearly figures of the Company are discussed.
 - e) Assessing other subjects that the Audit Committee may require in accordance with the provisions in these Regulations.
- 2.3 At least once a year the Audit Committee discusses and assesses, together with the Board of Management and the Finance Director, the general financial strategy and procedures of the Company. The discussions between the Audit Committee, the Board of Management and the Finance Director about the aforementioned matters take place before they are discussed between Supervisory Board and the Board of Management.
- 2.4 The following Annexes to these Regulations contain further details on some of the duties of the Audit Committee described in clause 2.2:
Annex 2 Supervision of External Auditor;
Annex 3 Supervision of financial reporting and publications;
Annex 4 Supervision of compliance with legislation and regulations.
- 2.5. Each member of the Audit Committee has access to all relevant books, records and offices of the Company and has the authority to interview managers, supervisors and employees to the Company to the extent necessary of useful for the proper performance of his duties. Audit Committee members shall exercise this right in consultation with the Chairman of the Audit Committee and the Company Secretary.
- 2.6. When performing its duties the Audit Committee may seek assistance of information from one or more experts appointed by it for a fee agreed upon with the Audit Committee and paid by the Company.
- 2.7. The Audit Committee can exclusively exercise those powers that have been explicitly assigned or delegated to it by the Supervisory Board and can never exercise powers extending beyond those of the Supervisory Board as a whole.

3. DUTIES REGARDING THE INTERNAL AUDIT FUNCTION

- 3.1 Each year the Audit Committee evaluates whether there is a need for the internal auditor function, which may or may not have been filled. On the basis of this evaluation the Supervisory Board makes a recommendation, on the proposal of the Audit Committee, to the Board of Management and includes this in the report of the Supervisory Board.
- 3.2 The Internal Auditor operates under the responsibility of the Board of Management.
- 3.3 If the internal auditor function has been filled, the External Auditor and the Audit Committee will be involved in drawing up the plan of work of the Internal Auditor and his findings.
- 3.4 The Internal Auditor has access to the External Auditor and to the chairman of the Audit Committee.

4. DUTIES REGARDING THE EXTERNAL AUDITOR

- 4.1. The Audit Committee shall act as the principal point of contact for the External Auditor if the latter wants to bring matters to the attention of the Supervisory Board.
- 4.2. The Board of Management informs the Audit Committee regarding the engagement of the External Auditor to provide non-audit services.
- 4.3. The Audit Committee shall determine how the External Auditor should be involved in the content and publication of financial reports of the Company other than the Annual Accounts.
- 4.4. The Audit Committee shall request that the External Auditor include in his report the matters that he wishes to bring to the attention of the Board of Management and the Supervisory Board in relation to his audit of the Annual Accounts and related audits.
- 4.5. The Audit Committee is the first contact for the External Auditor if the latter discovers irregularities in the content of the financial reports.
- 4.6. Supplementary to the Board of Management's assessment thereof, the Audit Committee shall – at least once every four years – conduct a thorough assessment of the functioning of the External Auditor in the different capacities in which he acts. The main conclusions of this assessment shall be communicated to the General Meeting of Shareholders for the purposes of assessing the nomination for the appointment of the External Auditor.

5. MEETINGS

- 5.1. The Audit Committee shall meet as often as required to ensure the proper functioning of the Audit Committee. The Audit Committee shall meet at least two times a year, of which at least one shall concern the closure of the financial year and the Annual Accounts and the Annual Report. This meeting will annually take place prior to the meeting of the Supervisory Board concerning the prepared Annual Accounts and the Annual Report.
- 5.2. The Audit Committee shall meet at least once a year with the External Auditor without the presence of Board of Management.
- 5.3. The Audit Committee shall meet at least once a year with the Finance Director without the presence of Board of Management.
- 5.4. Meetings of the Audit Committee are in principle called by the Company Secretary in consultation with the Chairman of the Audit Committee. Save in urgent cases, as determined by the Chairman of the Audit Committee, the agenda for the meeting shall be sent to the Audit Committee members at least seven calendar days before the meeting. Written explanation shall be provided and relevant documents shall be enclosed insofar as possible for each item on the agenda.
- 5.5. The Chairman of the Audit Committee shall set the agenda and chair the meeting of the Audit Committee, and shall also ensure and actively promote the proper functioning of the Audit Committee.
- 5.6. The Chairman of the Board of Management and the Finance Director shall be present at all meetings of the Audit Committee. Each member of the Supervisory Board may attend the meetings of the Audit Committee. The External Auditor shall attend in principle each meeting of the Audit Committee.

- 5.7 The Audit Committee may require any officer or employee of the Company, its external legal advisers or the External Auditor to attend a meeting of the Audit Committee or to consult with members or advisers of the Audit Committee.
- 5.8 When the need arises, the External Auditor may request the Chairman of the Audit Committee to be allowed to attend a meeting of the Audit Committee.
- 5.9 The Company Secretary or any other person designated for this purpose by the Chairman shall draw up a report of the deliberations in each meeting of the Audit Committee.

6. REPORTING TO THE SUPERVISORY BOARD

- 6.1 The Audit Committee must inform the Supervisory Board in a clear and timely manner of the way it has used delegated powers and of major developments in the area of its responsibilities.
- 6.2 The Audit Committee shall report annually, or at such other times as may be deemed necessary, to the Supervisory Board on any developments in the relationship with the External Auditor.
- 6.3 The Supervisory Board shall receive from the Audit Committee a report of its deliberations, findings and recommendations.
- 6.4 The Chairman of the Audit Committee shall, upon request, provide the Supervisory Board with further information on the outcome of the discussions of the Audit Committee during meetings of the Supervisory Board.
- 6.5 Every Supervisory Board member shall have unrestricted access to all records of the Audit Committee. A member of the Supervisory Board shall exercise this right in consultation with the Chairman of the Audit Committee and the Company Secretary.

7. MISCELLANEOUS

- 7.1 At request of the Chairman of the Supervisory Board, the Chairman of the Audit Committee (or any other member of the Audit Committee) shall be available at the annual General Meeting of Shareholders to answer questions regarding the Audit Committee's activities.
- 7.2 The Supervisory Board may occasionally approve non-compliance with these Regulations, subject to applicable laws and regulations.
- 7.3 The Audit Committee shall annually review and assess the adequacy of these Regulations, report to the Supervisory Board on the outcome of this review and assessment and, where appropriate, recommend changes to the Supervisory Board.
- 7.4 The Supervisory Board can at all times amend these Regulations and/or revoke any powers granted to the Audit Committee.
- 7.5 The annual report of the Supervisory Board shall state the composition of the Audit Committee, the number of meetings held by the Audit Committee and the main issues dealt with at these meetings.

7.6 The Regulations and the composition of the Audit Committee are posted on the Company's website.

ANNEX 1 DEFINITIONS

In these Regulations of the Audit Committee, the following terms shall have the following meanings:

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 Board of Management as referred to in Article 2:101 of the Dutch Civil Code.

Audit Committee shall mean the Audit Committee of the Supervisory Board.

Board of Management shall mean the Company's Board of Management.

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.

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.

Finance Director shall mean the Company's finance director (the Finance Director is not a member of the Board of Management).

Internal Auditor shall mean the auditor who operates under the responsibility of the Board of Management and is appointed by the Board of Management on the basis of recommendation of the Supervisory Board made on the proposal of the Audit Committee.

Subsidiary shall have the meaning given to this term in Article 2:24a of the Dutch Civil Code.

Supervisory Board shall mean the Company's Supervisory Board.

ANNEX 2

SUPERVISION OF EXTERNAL AUDITOR

The supervision of the Audit Committee over the External Auditor consists of, but is not restricted to:

- a) Assessing and evaluating the External Auditor and the lead partner of the audit team of the External Auditor.
- b) Ensuring the periodic rotation of the lead (or co-ordinating) partner having primary responsibility for the audit and the partner responsible for reviewing the audit, as well as the other members of the External Auditor.
- c) Meeting with the External Auditor prior to the audit to discuss the planning, scope and staffing of the audit.
- d) Assessing and discussing annually the audit-process of the External Auditor.

ANNEX 3

SUPERVISION OF FINANCIAL REPORTING AND PUBLICATIONS

The supervision of the Audit Committee over the financial reporting and publications consists of, but is not restricted to:

- a) Meeting with the Board of Management, the Finance Director and the External Auditor to review and discuss the audited financial statements and financial reports.
- b) Meeting with the Board of Management, the Finance Director and the External Auditor to discuss significant items in the financial reports and comments on the preparation of the Company's financial statements, including the quality of earnings, significant discrepancies between planned and actual performance, significant changes in the Company's choice of application of accounting principles, issues concerning the adequacy of the Company's internal controls and any special steps taken in light of control deficiencies.
- c) Reviewing and discussing reports of the External Auditor on:
 - i. all major elements of the accounting policies and the methods used;
 - ii. other important written communications between the External Auditor and the Board of Management or one of its members, e.g. management letters.
- d) Discussing with the Board of Management and the Finance Director:
 - i. press releases about the financial position of the Company, and
 - ii. plans and policies of the Company with respect to comments on financial information and earnings guidance given by analysts and rating agencies.
- e) Discussing with the Board of Management, the Finance Director and the External Auditor the consequences of legislative or regulatory initiatives.
- f) Discussing with the Board of Management and the Finance Director the Company's major financial risk exposures and the steps the Board of Management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

ANNEX 4 SUPERVISION OF COMPLIANCE WITH LEGISLATION AND REGULATIONS

The supervision of the Audit Committee over the compliance with legislation and regulations consists of, but is not restricted to:

- a) Obtaining reports from the Board of Management and the External Auditor to the effect that the Company and its Subsidiaries comply with the applicable legislation and regulations and the internal rules of the Company.
- b) Reviewing reports and intended disclosures on insider and affiliated party transactions. Advising the Supervisory Board on policy and procedures of the Company for compliance with applicable legislation and regulations.
- c) Discussing with the Board of Management, the Finance Director and the External Auditor any correspondence with regulators or government agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- d) Discussing with the relevant persons in the Group Legal of the Company the legal issues that may materially affect the financial reports of the policy of the Company regarding compliance with legislation and regulations.
- e) Discussing important legal steps taken against or by the Company.