

**REGULATIONS  
OF THE SUPERVISORY BOARD  
OF BALLAST NEDAM N.V.**

THESE REGULATIONS (the “**Regulations**”) were adopted by the Supervisory Board (the “**Supervisory Board**”) of Ballast Nedam N.V. (the “**Company**”) on 21 October 2004, amended on 13 December 2007, 23 October 2009, 25 October 2012, 21 July 2015 and most recently amended on 20 November 2015.

**Article 1**

**Status and content of the rules**

1.1 These Regulations have been drawn up pursuant to Article 18.4 of the Company’s Articles of Association and are intended to supplement the rules and requirements applicable to the Supervisory Board under Dutch law or the Company’s Articles of Association.

1.2 Where these Regulations are inconsistent with Dutch law or the Company’s Articles of Association, the latter shall prevail. Where these Regulations are consistent with the Articles of Association, but inconsistent with Dutch law, the latter shall prevail.

If one of the provisions of these Regulations is invalid or no longer valid, this shall not affect the validity of the remaining provisions. The Supervisory Board shall replace the invalid provisions with valid provisions, the effect of which, given the content and purpose thereof, is as similar as possible with that of the invalid provisions.

1.3 The following Annexes, which shall constitute an integral part of these Regulations, have been appended to these Regulations:

**Annex A:** the desired profile of the size and composition of the Supervisory Board;

1.4 These Regulations have been drawn up in response to the Dutch Corporate Governance Code, as adopted by the Corporate Governance Committee on 9 December 2003 (and the bill to amend Book 2 of the Dutch Civil Code in connection with the modification of the dual-board regime, as accepted by the Lower House on 9 September 2003) and by the Upper House on 6 July 2004. These Regulations have been amended following the amendment to the Dutch Corporate Governance Code (the ‘Code’) on 10 December 2008. Several Best Practices for the Supervisory Board and its committees are formulated in the Code. The Company’s website indicates where these Best Practices have been implemented and, if they have not been implemented, the reason for deviating from them (compliance overview).

1.5 The Supervisory Board of the Company declared in a unanimous resolution passed on 22 October 2009 that:

- a) it would apply and consider itself bound by the obligations of these Regulations in so far as they are applicable to it and its individual Members; and
  - b) when new members join the Supervisory Board it would arrange for these Members to make a declaration as referred to above at a).
- 1.6 The Company's Board of Management (the "**Board of Management**") declared in a unanimous resolution passed on 22 October 2009 that:
- a) it would apply and consider itself bound by the obligations of these Regulations in so far as they apply to it and its individual Members; and
  - b) when new Members join the Board of Management, it will arrange for these Members to make a declaration as referred to above at a).
- 1.7
- a) The Company's External Auditor declared on 22 October 2009 that it would apply and consider itself bound by the obligations of article 12.6 of these Regulations.
  - b) The Supervisory Board Chairman shall arrange that when a new Company's External Auditor shall be appointed, this external auditor shall make a declaration as referred to above at a).
- 1.8 These Regulations have been published on, and can be downloaded from, the Company's website: [www.ballast-nedam.nl](http://www.ballast-nedam.nl).

## **Article 2**

### **Duties of the Supervisory Board**

- 2.1 The Supervisory Board shall be responsible for supervising the Company's management and monitoring the general state of affairs concerning the Company and the business affiliated with it, and it shall provide advice to the Board of Management. In performing its duties, the Supervisory Board shall be guided by the interest of the Company and the business affiliated with it; the Board shall take into account in that regard the relevant interests of the parties involved in the Company (including the shareholders). The Supervisory Board itself shall be responsible for the quality of its performance.
- 2.2 The Supervisory Board's duties shall include:
- a) supervising and (whether beforehand or not) monitoring, and providing advice to, the Board of Management concerning: (i) the achievement of the Company's objectives', (ii) the strategy and risks associated with the business activities, (iii) the design and operation of the internal risk management and control systems, (iv) the financial reporting process, (v) the compliance policy and vi) the compliance with laws and regulations;
  - b) publicising, ensuring compliance with and maintaining the Company's corporate governance structure;
  - c) the relationship with the shareholders;
  - d) approving the Company's annual budget and major capital investments;
  - e) approving decisions relating to corporate social responsibility issues;

- f) selecting and nominating the Company's external auditor;
  - g) proposing for adoption (by the Company's General Meeting of Shareholders (the "**General Meeting**") the remuneration policy for Board of Management Members and determining the remuneration (in accordance with the aforementioned remuneration policy and the provisions of the Code) and contractual employment terms and conditions for Board of Management Members;
  - h) selecting Supervisory Board Members as well as proposing for adoption by the General Meeting the compensation for its Members;
  - i) evaluating and assessing the performance of the Board of Management and Supervisory Board, as well as of their individual Members (including assessing the profile for the Supervisory Board and the introduction and training programme (see Articles 3.1 and 9);
  - j) dealing with and deciding on reported potential conflicts of interest as referred to in Article 12 between the Company on the one hand and Board of Management Members, the external auditor and the controlling shareholder(s) on the other hand;
  - k) dealing with and deciding on reported suspected irregularities concerning the Board of Management Members' performance as referred to in Article 13.
- 2.3 Each year after the end of the Company's financial year, the Supervisory Board shall draw up and publish a report on the performance and work of the Supervisory Board (and any committees it has). The report shall at least contain the information referred to in Articles 3.2, 3.5, 3.6, 6.4, 10.2, 11.4, 12.4, 19.1 and 19.2.

### **Article 3**

#### **Composition, expertise and independence of the Supervisory Board**

- 3.1 The Supervisory Board shall consist of at least five Members. The Supervisory Board shall draw up a profile of its desired size and composition, taking into account the nature of the business, its work and the desired expertise, experience and independence of its Members. The desired profile shall also deal with aspects of diversity relevant to the Company in the composition of the Supervisory Board and shall state what concrete objective the Supervisory Board pursues in relation to diversity. The Supervisory Board shall evaluate the desired profile each year. The Supervisory Board's current profile is shown in **Annex A** to these Regulations.
- 3.2 In so far as the actual profile of the Supervisory Board differs from the desired profile, the Supervisory Board shall render account for this in the report of the Supervisory Board and also indicate within what period it expects to be able to comply with the desired profile.
- 3.3 The Supervisory Board's composition shall be such that the combination of experience, expertise and independence of its Members satisfies the desired profile (as shown in Annex A) and enables the Supervisory Board to best fulfil its various obligations vis-à-vis the Company and the parties involved in the Company (including the shareholders), in accordance with applicable laws and regulations (including the rules of the stock exchange on which the Company's depositary receipts are listed).

- 3.4 The following requirements must be complied with in respect of the Supervisory Board's composition:
- a) each of the Members must be able to assess the general outlines of the overall policy of the Company and its business;
  - b) each of the Members must fit within Annex A's profile and, through his/her participation in the Supervisory Board (upon appointment/re-appointment and afterwards), the composition of the Supervisory Board as a whole must be consistent with Article 3.2;
  - c) at least one of its Members must have gained relevant knowledge and experience in the financial administration/accounting area with listed companies or with other large legal entities;
  - d) at least one of its Members must have gained relevant knowledge and experience in compliance, preferably with listed companies or with other large legal entities;
  - e) two Members must be independent as referred to in Article 3.5;
  - f) none of its Members may be appointed after the third 4-year term of office or after their twelfth year in office;
  - g) none of its Members may be members of more than five supervisory boards of Dutch listed companies ( including the Company), in which connection the chairmanship of a supervisory board counts double;
  - h) none of its Members may be a member of the management board of the administration office which holds and administers the Company's capital for management purposes;
  - i) the Supervisory Board Chairman may not be a former Board of Management Member of the Company.
- 3.5 A Supervisory Board Member shall not be considered independent (and shall therefore be deemed independent if none of the provisions below apply to him/her) if he/she, or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
- a) was an employee or Board of Management Member of the Company (including affiliated companies as referred to in Article 1 of the Disclosure of Major Holdings in Listed Companies Act 1996) during the five years preceding the appointment as Supervisory Board Member;
  - b) receives personal financial compensation from the Company or a company affiliated with it, besides the compensation received for the work performed as a Supervisory Board Member, and insofar as this is not in keeping with normal business operations;
  - c) had an important business relationship with the Company or a company affiliated with it during the year prior to the appointment as Supervisory Board Member. This shall in any event be the case if the Supervisory Board Member, or a firm in which he/she is a shareholder, partner, employee or adviser, acted as an adviser to the Company (consultant, external auditor, civil-law notary or lawyer) and if the Supervisory Board Member is a management board member or employee of a bank with which the Company has a long-term and significant relationship;

- d) is a management board member of a company in which a management board member of the company (which he/she supervises) is a supervisory board member (cross-connections);
- e) holds a block of shares equal to at least 10 per cent of the shares in the Company (including the shares held by natural persons or legal entities which cooperate with him/her under an express legal or tacit, oral or written, agreement);
- f) is a member of the management board or supervisory board of, or is otherwise a representative of, a legal entity which holds at least ten per cent of the shares in the Company, unless this involves group companies;
- g) temporarily managed the Company during the previous twelve months because Board of Management Members were absent or unable to discharge their duties.

The Supervisory Board shall state in the Supervisory Board's report that, in its judgment, the provisions in Article 3.4(e) have been complied with. The Supervisory Board shall also indicate in the report which, if any, Supervisory Board Members it considers non-independent.

- 3.6 The Supervisory Board may designate one or more Members as a "delegated" Supervisory Board Member. A delegated Supervisory Board Member shall be a Supervisory Board Member with special responsibilities. The delegation may not extend further than the duties which the Supervisory Board Member himself/herself has and shall not encompass managing the Company; it shall involve more intensive supervision and advice and more frequent consultation with the Board of Management. The delegated Supervisory Board Member position shall be merely temporary.

The delegation cannot take away the Supervisory Board's duties and powers. The delegated Supervisory Board Member shall remain a Supervisory Board Member.

- 3.7 Each Supervisory Board Member must furnish the Chairman of that Board with the information necessary to determine and, if applicable, keep up to date, his/her:
- a) sex;
  - b) age;
  - c) occupation;
  - d) primary position;
  - e) nationality;
  - f) other positions, insofar as relevant to fulfilling his/her duties as a Supervisory Board Member;
  - g) the initial appointment period;
  - h) the current period for which he/she has been appointed.

The Chairman shall ensure that this information is published in the Supervisory Board's report.

## **Article 4**

### **Chairman, Vice-Chairman and secretary**

4.1 The Supervisory Board shall appoint one of its Members as Chairman (subject to the provisions in Article 3.4(i)). The Chairman shall be a representative of RC Rönésans Insaat Taahhüt A.S. The Chairman shall appoint a Vice-Chairman. The Chairman shall determine the agenda, chair the Supervisory Board meetings, ensure that the Supervisory Board and its committees (if applicable) function properly, arrange for the Supervisory Board Members to receive sufficient information, ensure that there is sufficient time for decision-making, be responsible for the introduction and training programme for Supervisory Board Members, be the primary contact person on the Supervisory Board's behalf for the Board of Management, initiate the evaluation of the performance of the Supervisory Board and of the Board of Management and, as the Chairman, ensure that the General Meeting proceeds in an orderly and efficient manner.

The Supervisory Board Chairman shall be responsible for the following:

- a) ensuring that the Supervisory Board Members follow their introduction and training programme;
- b) ensuring that information is timely and adequately furnished to Supervisory Board Members as necessary to perform their duties properly;
- c) ensuring that the Supervisory Board has more than ample time to obtain advice, deliberate and take decisions;
- d) providing direction to the Supervisory Board's committees and ensuring that they function properly (if applicable);
- e) arranging for the annual evaluation and assessment of the performance of the Members of the Board of Management and the Supervisory Board;
- f) acting as the main contact for the shareholders concerning the functioning of the members of the Board of Management and the Supervisory Board;
- g) arranging for the appointment of a Supervisory Board Vice-Chairman;
- h) ensuring that contacts with the Board of Management and the Works Council or Central Works Council proceed properly and that other Supervisory Board Members are informed in a timely and careful manner about the results of these contacts;
- i) receiving, and taking decisions regarding, reports of potential conflicts of interest as referred to in Article 12;
- j) receiving, and taking decisions regarding, reported suspected irregularities which relate to the performance of Board of Management Members as referred to in Article 13.

4.2 The Vice-Chairman shall deputise for the Chairman and act as the main contact for individual members of the Supervisory Board and the Board of Management concerning the functioning of the Chairman.

4.3 The Supervisory Board shall be assisted by a secretary. The Supervisory Board shall appoint, whether or not from the employees of the Company, a secretary. The Board of Management

may recommend persons for appointment. The secretary of the Supervisory Board shall specifically be responsible for:

- a) following the correct procedures and acting in accordance with obligations under the law and Articles of Association (including obligations under the Code and these Regulations);
- b) assisting the Supervisory Board Chairman with the actual organisation of the Supervisory Board (information, drawing up agendas, evaluations and so forth);
- c) the introduction and training programme.

## **Article 5 Compliance**

- 5.1 The Supervisory Board designates one Member as a compliance Supervisory Board Member. A compliance Supervisory Board Member shall be a Supervisory Board Member with special responsibilities concerning compliance (“Compliance Supervisory Board Member”).

On behalf of the Supervisory Board the Compliance Supervisory Board Member shall be responsible for the following:

- a) ensuring that an effective compliance organisation exists;
- b) ensuring that compliance policy exists;
- c) ensuring that compliance policy shall be implemented adequately.

- 5.2 In the decision-making of the Supervisory Board with regard to compliance the Compliance Supervisory Board Member shall have the casting vote.

- 5.3 Within the Supervisory Board the Compliance Supervisory Board Member shall be the first point of contact of the Chief Compliance Officer. The Board of Management shall appoint an employee of the Company as Chief Compliance Officer. The Supervisory Board may recommend persons for appointment. A person may only be appointed Chief Compliance Officer after approval has been obtained from the Supervisory Board. The Chief Compliance Officer shall be particularly responsible for the duties and responsibilities as defined in the Compliance Charter.

## **Article 6 The Supervisory Board and committees**

- 6.1 The Supervisory Board has an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee. These committees will jointly be called the core. The core committees shall be appointed by the Supervisory Board from its own members. The (entire) Supervisory Board remains responsible for its decisions even if they were prepared by a core committee.

- 6.2 The Supervisory Board shall prepare regulations governing each core committee's practices and principles (responsibilities, composition, meetings, etc.). The principles and practices of the Code relating to the core committees shall apply to each core committee. The regulations and the composition of each core committee shall be placed on the Company's website.
- 6.3 The composition of each core committee, the number of its meetings and the main items to be discussed therein shall be recorded in the Supervisory Board's report.
- 6.4 The Supervisory Board shall receive from each core committee on an annual basis a report of its deliberations and findings.

## **Article 7**

### **Appointment, reappointment, term of office and resignation**

- 7.1 Supervisory Board Members shall be appointed on the Supervisory Board's recommendation in the manner provided for in the Articles of Association. Three Supervisory Board Members shall be recommended by RC Rönesans Insaat Taahhüt A.S. The appointment/reappointment nomination shall be supported by reasons. With regard to reappointment, consideration shall be given to the manner in which the candidate has performed his/her duties as a Supervisory Board Member. Supervisory Board Members shall serve in the Supervisory Board for at most a four-year period, and shall then be eligible for reappointment. A member of the Supervisory Board may sit on the Supervisory Board for a maximum of twelve years. The maximum term of four years or twelve years, as the case may be, may be derogated from pursuant to a resolution of the General Meeting of Shareholders.
- 7.2 The Supervisory Board shall draw up a resignation schedule to avoid, insofar as possible, a situation in which many Supervisory Board Members resign simultaneously. The current resignation schedule is shown on the Company's website. Subject to Article 7.3, Supervisory Board Members shall resign in accordance with the resignation schedule.
- 7.3 Supervisory Board Members shall resign early if they do not perform adequately or have a structural conflict of interests, or if this is otherwise necessary in the Supervisory Board's judgment.
- 7.4 Supervisory Board Members who temporarily serve in the Board of Management because Board of Management Members are absent or unable to discharge their duties shall resign temporarily from the Supervisory Board in order to fulfil their Board of Management duties.



## **Article 8**

### **Compensation and ownership of securities**

- 8.1 The Supervisory Board shall make a proposal to the General Meeting from time to time concerning the compensation for the Chairman and other Supervisory Board Members. The Supervisory Board Members' compensation shall not depend on the Company's results.
- 8.2 In the determination of the Supervisory Board's remuneration, the following requirements must be complied with:
- a) no shares and/or options or similar rights to acquire shares in the Company's capital may be granted to a Supervisory Board Member as remuneration;
  - b) none of the Members may accept personal loans, guarantees or the like from the Company, unless this is done as part of the Company's normal operations and after approval by the Supervisory Board. Loans shall not be remitted.
- 8.3 None of the Supervisory Board Members may own the securities referred to in Article 8.2(a) except as a long-term investment.
- 8.4 After obtaining the approval of the Supervisory Board, the Board of Management has adopted Insider Trading Regulations, including rules regarding ownership of and transactions in securities by Supervisory Board Members other than those issued by the Company. These regulations can be found on the Company's website.
- 8.5 The explanatory notes to the Annual Accounts shall at least include the information required by law regarding the amount and structure of the remuneration for individual Supervisory Board Members.

## **Article 9**

### **Introduction programme and continuous training**

- 9.1 After appointment, each Supervisory Board Member shall follow an introduction programme, in which attention shall be given to:
- a) general financial and legal matters;
  - b) financial reporting by the Company;
  - c) specific aspects which are unique to the Company and its business activities;
  - d) Supervisory Board Members' responsibilities.
- 9.2 Each year, the Supervisory Board shall assess in which areas Supervisory Board Members need further training during their appointment period.

## **Article 10**

### **Supervisory Board meetings (agenda, meetings by telephone, participation, minutes)**

- 10.1 The Supervisory Board shall meet at least five times a year and, in addition, as often as one or more of its Members deems necessary. As a rule, the meetings shall be held at the Company's offices, but may also take place elsewhere. Meetings may also take place by telephone or through video conferencing, provided all participating Members are able to hear each other at the same time.
- 10.2 If a Supervisory Board Member is frequently absent, the Chairman shall talk to the Member concerned about this and ask him/her for an explanation. The Supervisory Board's report shall state which Supervisory Board Members were frequently absent from meetings.
- 10.3 Unless the Supervisory Board decides otherwise, Supervisory Board meetings shall be attended by one or more Board of Management Members, except for meetings discussing:
- a) the assessment of the performance of the Board of Management and its individual Members, and the conclusions which must be attached to this;
  - b) the assessment of the performance of the Supervisory Board and its individual Members, and the conclusions which must be attached to this;
  - c) the desired profile, composition and competence of the Supervisory Board;
  - d) Board of Management Members' potential conflicts of interests as referred to in Article 12.

The Company's external auditor shall participate in each Supervisory Board meeting in which the audit of the Annual Accounts and its adoption, and, if applicable, approval, are discussed. The external auditor shall receive the financial information forming the basis for the adoption of the quarterly and/or half-year figures and other interim reports, and shall be given the opportunity to respond to all information.

- 10.4 Meetings shall be convened by the secretary of the Supervisory Board on behalf of the Supervisory Board Member requesting the meeting. Insofar as practicable, the notice and agenda of the subjects to be discussed shall be provided to the Supervisory Board Members and Board of Management Members seven days before the start of the meeting.
- 10.5 The secretary of the meeting shall draw up minutes of the meeting. As a rule, these shall be adopted during the next meeting; if, however, all Supervisory Board Members can agree to the content of the minutes, they may be adopted earlier as well. Extracts from the adopted minutes may be signed and furnished by the secretary of the Supervisory Board.

## **Article 11**

### **Supervisory Board resolutions (quorum, votes, subjects for discussion)**

- 11.1 The Supervisory Board may only pass valid resolutions in meetings if a majority of its Members are present or represented, on the understanding that Members having a conflict of

interest as referred to in Article 12 shall not be counted in the calculation of this quorum. The Supervisory Board may also pass resolutions outside meetings, provided the subject in question has been brought to the attention of all Members, and none of the Members has objected to this manner of decision-making, on the understanding that that Members having a conflict of interest as referred to in Article 12 shall not participate in the decision-making. A resolution passed in such a manner shall be recorded in writing and signed by the Chairman, with any written responses received being attached. Passage of a resolution outside a meeting must be reported at the Supervisory Board's next meeting.

- 11.2 The Supervisory Board shall strive to have decision-making occur based on consensus. If consensus cannot be reached, the resolutions shall be postponed (if possible) until a subsequent meeting. If consensus cannot be reached in a subsequent meeting, either, or if postponement of the resolutions is not possible or desirable, the resolutions shall be passed by an absolute majority vote. If there is a tie vote, the proposal shall be deemed to have been rejected. Blank votes and abstention votes shall be deemed not to have been cast in this regard.
- 11.3 The budget and financial results of the Company, important resolutions on which the Supervisory Board must take action, the Company's strategy and changes in this regard (for example, the long-term strategy, capital investments falling outside the Company's budget, long-term capital structures, setting up new business units, and major acquisitions and divestments), and the reports of the Supervisory Board's separate committees shall in any event be recurring subjects for meetings.
- 11.4 At least once a year, the Supervisory Board shall discuss:
- a) the performance of the Board of Management and of its individual Members, and the conclusions which must be attached to this (outside the Board of Management's presence);
  - b) the desired profile, composition and competence of the Supervisory Board (outside the Board of Management's presence);
  - c) the performance of the Supervisory Board and of its individual Members, and the conclusions which must be attached to this (outside the Board of Management's presence);
  - d) the introduction and training programme referred to in Article 9;
  - e) the strategy and risks associated with the business and the results of the Board of Management's assessment of the design and operation of the internal risk management and control systems, as well as any significant changes in this respect.

The Supervisory Board's report shall mention the discussions held.

## Article 12

### Conflict of interest

12.1 A Supervisory Board Member shall not participate in the discussion and decision-making concerning a subject or transaction in which he/she has a conflict of interest with the Company as referred to in Article 12.2. Such a transaction may only be entered into under conditions which are at least normal in the industry. Resolutions to enter into such a transaction must be approved by the Supervisory Board.

The Supervisory Board Chairman shall ensure that all transactions which involved conflicts of interest involved are published in the Annual Report, with an indication of the conflict of interest and a statement that Articles 12.1, 12.2 and 12.3 have been complied with.

12.2 A conflict of interest which is of material significance to the Company and/or the Supervisory Board Member concerned (“**conflict of interest**”) shall in any event exist with respect to a Supervisory Board Member if:

- a) the Company intends to enter into a transaction with a legal entity in which the Supervisory Board Member personally maintains a material financial interest;
- b) the Company intends to enter into a transaction with a legal entity which has a management board member who has a relationship under family law with the Supervisory Board Member;
- c) the Company intends to enter into a transaction with a legal entity in which the Supervisory Board Member has a management or supervisory position;
- d) under applicable law, including the rules of any stock exchanges on which the depositary receipts or shares in the Company are listed, a conflict of interest exists or is deemed to exist;
- e) the Supervisory Board has determined that a conflict of interest exists or is deemed to exist.

12.3 Each Supervisory Board Member (except for the Supervisory Board Chairman) shall report any potential conflict of interest immediately to the Supervisory Board Chairman. Each Supervisory Board Member who has a potential or actual conflict of interest shall provide all relevant information concerning this to the Supervisory Board Chairman, including the information concerning his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. In all other cases besides those mentioned in Articles 12.2(d) and (e), the Supervisory Board shall determine whether a reported potential or actual conflict of interest is a conflict of interest to which Article 12.1 applies.

If the Supervisory Board Chairman has a potential or actual conflict of interest, he/she shall report this immediately to the Supervisory Board Vice-Chairman. The Chairman shall provide all relevant information concerning this to the Supervisory Board Vice-Chairman, including the information concerning his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. In all other cases besides those mentioned in Articles 12.2(d) and (e), the Supervisory Board shall determine whether a

reported potential or actual conflict of interest is a conflict of interest to which Article 12.1 applies.

- 12.4 Article 12.2 shall apply by analogy to Members of the Board of Management (see Article 15.3, Board of Management Regulations). A conflict of interest shall also be deemed to be present if the Company intends to enter into a transaction with a natural person or legal entity which holds at least 10 per cent of the shares in the Company.

Each Board of Management Member shall report any potential conflict of interest immediately to the Supervisory Board Chairman. Each Board of Management Member who has a potential or actual conflict of interest shall provide all relevant information concerning this to the Supervisory Board Chairman and the other Board of Management Members, including the information concerning his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. In all other cases besides those mentioned in Articles 12.2(d) and (e), the Supervisory Board shall determine whether a reported potential or actual conflict of interest is a conflict of interest as a result of which the transaction may only be entered into under conditions which are at least normal in the industry. Resolutions to enter into such a transaction must be approved by the Supervisory Board.

The Supervisory Board Chairman shall ensure that these transactions are published in the Annual Report, with an indication of the conflict of interest and a statement that Article 12.4 has been complied with.

- 12.5 A conflict of interest will also be deemed to exist if the Company intends to enter into a transaction of material significance for the company or for the shareholder with a natural or legal person who owns at least ten per cent of the shares in the company. The Supervisory Board may delegate the assessment of whether a transaction is of material significance for the Company or the relevant shareholder wholly or partially to a (consultative) body of the Company. The resolutions to enter into a transaction involving a conflict of interest as referred to in this article require the approval of the Supervisory Board. The Chairman of the Supervisory Board shall ensure that such transactions are published in the annual report of the Supervisory Board, together with the notice that this Article 12.5 has been complied with.

- 12.6 A conflict of interest with regard to the External Auditor of the Company will exist in any event:

- a) in the situations referred to in Articles 23 and 24 of the Audit Firms (Supervision) Act;
- b) if the non-auditing work, other than as referred to at a), (including in any event marketing, (management) consultancy and advice on information technology) , carried out for the Company by the External Auditor calls into question the independence of the External Auditor in respect of the financial reporting (and the audit of this reporting);
- c) if a conflict of interest exists or is deemed to exist according to the applicable law, including the rules of any stock exchanges on which the shares (or depository receipts for shares) of the Company are listed;
- d) if the Supervisory Board has ruled that a conflict of interest exists or is deemed to exist.

The External Auditor and each Member of the Board of Management and the Supervisory Board shall report any potential conflict of interest regarding the external auditor immediately to the Supervisory Board Chairman. Each Member of the Board of Management and the Supervisory Board shall provide all relevant information concerning this to the Supervisory Board Chairman. In all other cases besides those mentioned under (c) and (d) above, the Supervisory Board shall determine whether a reported potential or actual conflict of interest is a conflict of interest as a result of which the external auditor's appointment must be reconsidered or other measures taken, so that the conflict of interest is eliminated.

The Supervisory Board Chairman shall ensure that these measures are published in the Annual Report, with an indication of the conflict of interest and a statement that Article 12.6 has been complied with.

### **Article 13**

#### **Whistle blowers**

- 13.1 The Board of Management 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 Board of Management Chairman or an officer designated by him/her.
- 13.2 Suspected irregularities concerning the performance of Board of Management Members shall be reported to the Supervisory Board Chairman.
- 13.3 The "whistle blower" provisions have been placed on the Company's website referred to in Article 1.8.

### **Article 14**

#### **Information, relation with the Board of Management**

- 14.1 The Supervisory Board and its individual Members shall each be responsible for requesting from the Board of Management and the external auditor all information which the Supervisory Board needs to perform its duties as a supervisory body properly. If the Supervisory Board deems this necessary, it may obtain information from the Company's officers and external advisers. The Management Board shall furnish the necessary resources for this. The Supervisory Board may require the Company's officers and external advisers to be present at its meetings.
- 14.2 The Board of Management shall timely provide the Supervisory Board (if possible, in writing) with information regarding the facts and developments concerning the Company which the Board needs to perform its duties properly.

- 14.3 When a takeover bid for shares (or for depositary receipts for shares) in the Company is being prepared, the Board of Management shall ensure that the Supervisory Board is closely and timely involved in the takeover process. If, after a takeover bid has been announced or made, the Board of Management receives a request from a competing bidder to inspect the Company's records, the Board of Management shall discuss this request with the Supervisory Board without delay.
- 14.4 If the Board of Management invokes a response time in accordance with Article 9.14 of the Regulations of the Board of Management, the Supervisory Board will ensure that this response time is in keeping with the relevant regulations and is used for the appropriate purposes.
- 14.5 At least four times a year, the Board of Management shall send the Supervisory Board a report drawn up in a form as agreed on from time to time and in which detailed information is given regarding, for example, financial matters, marketing, investments and personnel. A letter from the Board of Management shall be appended to this report, in which the Board explains and comments on the report and furnishes further information regarding its policy.
- 14.6 Subject to the foregoing, the Board of Management shall provide the Supervisory Board each year with a budget for the coming year, a recent version of its long-term plans and the general outlines of the strategic policy, the general and financial risks, the Company's management and control system and the compliance with all relevant laws and regulations. In addition, the Board of Management shall furnish a statement each year that it has provided the Supervisory Board with all relevant information necessary for it to perform its duties properly. These documents shall be provided in a timely manner, so that the Supervisory Board can approve them no later than in December of the current year.
- 14.7 If a Supervisory Board Member obtains information (from another source besides the Board of Management or Supervisory Board) which is useful for the Supervisory Board to perform its duties properly, it shall make this information available to the Supervisory Board Chairman as soon as possible. The Chairman shall then inform the entire Supervisory Board.

## **Article 15**

### **Remuneration of the Board of Management**

- 15.1 The Supervisory Board shall determine the remuneration of the Members of the Board of Management annually. The amount and structure of the remuneration shall be such that qualified and expert managers can be recruited and retained.
- 15.2 Before drawing up the remuneration policies and determining the remuneration of individual Members of the Board of Management, the Supervisory Board shall analyse the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Members of the Management Board.

- 15.3 The Supervisory Board shall determine the amount and structure of the remuneration of Members of the Board of Management by reference to the scenario analyses carried out and with due regard for the pay differentials within the enterprise.
- 15.4 In determining the amount and structure of remuneration of Members of the Board of Management, the Supervisory Board shall take into account, among other things, the results, the share price performance and non-financial indicators relevant to the long-term objectives of the Company, with due regard for the risks to which variable remuneration may expose the business. When the overall remuneration is determined, its impact on pay differentials within the business will be taken into account.
- 15.5 If the remuneration consists of a fixed component and a variable component, the variable component shall be linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature. The variable component of the remuneration must be appropriate in relation to the fixed component.
- 15.6 The remuneration structure shall promote the interests of the Company in the medium and long term, may not encourage the Members of the Board of Management to act in their own interests or to take risks that are not in keeping with the adopted strategy, and may not reward failing Members of the Board of Management upon termination of their employment. The Supervisory Board is responsible for this.
- 15.7 The Supervisory Board shall determine the amount of the severance pay for Members of the Board of Management. The amount of the severance pay for a Member of the Board of Management may not exceed one year's salary, unless this would be manifestly unreasonable in the circumstances and unless the amount of the severance pay of an individual Member is a consequence of a contract of employment entered into before the adoption of these Regulations.

## **Article 16**

### **Relation with the shareholders**

- 16.1 Subject to the Company's Articles of Association, General Meetings shall be held at the request of the Supervisory Board, the Board of Management or the shareholders. The Supervisory Board and/or Board of Management (or their Members) convening the meeting shall ensure that this takes place in a timely manner and that the shareholders are informed through a shareholders circular about all relevant facts and circumstances with regard to the subjects of the meeting. This shareholders' circular shall be placed on the Company's website referred to in Article 1.8.
- 16.2 The Board of Management and Supervisory Board Members shall be present at General Meetings, unless they are prevented from attending for valid reasons. Subject to the Company's Articles of Association, the Chairman shall, as a rule, chair the General Meeting and decide on the content of the resolutions. Subject to the provisions in Article 2:13 of the



Dutch Civil Code, the result of the vote, as established and pronounced by the Chairman, shall be decisive.

- 16.3 The Supervisory Board shall provide the General Meeting with all desired information, unless this would be contrary to the Company's overriding interests, or a statutory requirement or rule of law. If the Supervisory Board claims such an overriding interest, this must be substantiated and explained.
- 16.4 The Board of Management and Supervisory Board shall be responsible for the Company's corporate governance structure and shall account for this to the General Meeting. The general outlines of the corporate governance structure shall be set forth each year in a separate section in the Annual Report. That section shall also indicate the extent to which the Company is complying with the Code's Best Practice Provisions and, if not, why, and the extent to which it is deviating from these provisions.

Any substantial change in the Company's corporate governance structure and in the compliance with the Code shall be presented to the General Meeting for discussion as a separate agenda item.

## **Article 17**

### **Relation with the Works Council**

- 17.1 Each year, the Supervisory Board shall draw up a schedule for attendance by one or more of its Members at the Works Council's consultative meetings, insofar as these consultative meetings must be attended by those Members under the law or pursuant to an agreement with the Works Council or Central Works Council. Attendance at such consultative meetings is mandatory under Article 24.1 of the Works Councils Act. During these meetings, there shall be consultation concerning the Company's general state of affairs and the proposals referred to in Article 25.1 of the Works Councils Act. The Supervisory Board may also convene other meetings with the Works Council or Central Works Council.
- 17.2 Each year, a list shall be drawn up of available Supervisory Board Members to attend meetings of the Central Works Council or Works Council in which their attendance is not required by law.
- 17.3 A Supervisory Board Member appointed on the Central Works Council's recommendation shall be responsible within the Board for maintaining and coordinating contacts with the Central Works Council. If a Supervisory Board Member is invited to attend a meeting with the Central Works Council or Works Council, he/she shall only accept such an invitation after prior consultation with the Board Member having primary responsibility.
- 17.4 If, for a proposal, the Board of Management needs both approval from the Supervisory Board and a recommendation from the Central Works Council or Works Council, the proposal shall be presented to the Supervisory Board for approval first. If approval is obtained, it shall be

deemed to have been granted subject to a positive or non-negative recommendation from the Central Works Council or Works Council.

## **Article 18**

### **Non-disclosure**

Each Supervisory Board Member must exercise the necessary discretion with respect to all information and documentation obtained in connection with his/her membership and, if confidential information is involved, not disclose this. Members and former Members of the Supervisory Board shall not bring or disclose confidential information to the public outside the Supervisory Board or Board of Management, or otherwise make this available to third parties, unless the Company has published this information or it is determined that this information is already known to the public.

## **Article 19**

### ***Ad hoc* non-application, amendment**

- 19.1 Subject to the provisions in Articles 1.2 and 16.4, the Supervisory Board may on an *ad hoc* basis decide by resolution not to comply with these Regulations. The Supervisory Board may on an *ad hoc* basis decide by resolution not to comply with article 5 only in case of a unanimous decision. Such a resolution shall be mentioned in the Supervisory Board's report.
- 19.2 Subject to the provisions in Articles 1.2 and 16.4, the Supervisory Board may amend these Regulations by resolution. The Supervisory Board may amend article 5 of these Regulations only through a unanimous decision. Such a resolution shall be mentioned in the Supervisory Board's report.

## **Article 20**

### **Applicable law and designated court**

- 20.1 These Regulations shall be subject to and must be interpreted through application of Dutch law.
- 20.2 The District Court in Utrecht, the Netherlands, shall have exclusive jurisdiction to hear any dispute regarding these Regulations (including disputes concerning the existence, validity or termination of these Regulations).