

Compliance with the Corporate Governance Code

The discussions on corporate governance in the Netherlands resulted in the first Dutch Corporate Governance Code which became effective as of 1 January 2004. This code was updated in 2009 and again in December 2016. From the 2017 financial year onwards, Dutch listed companies are to report on their application of the revised Code and to explain any deviations from its best-practice provisions.

In this overview you will find the full text of the revised Dutch Corporate Governance Code – consisting of the principles and related best-practice provisions – and the way Royal BAM Group applies these. At the Annual General Meeting on 19 April 2018, the subject of Corporate Governance, including compliance with the Dutch Corporate Governance Code, will be put on the agenda for discussion with the shareholders.

On BAM's website (www.bam.com) you will find more information on the Company's corporate governance.

EBR : Executive Board rules
SBR : Supervisory Board rules
ACC : Audit Committee charter
NCC : Nomination Committee charter
RCC : Remuneration Committee charter
AR : Annual Report (or integrated report)
AoA : Articles of Association

Please note: At BAM, the Management Board as referred to in the Corporate Governance Code is called Executive Board. The company also has a Management Board, but this body is not to be considered as an executive committee, given that it is not closely involved in the decision-making of the Executive Board.

Royal BAM Groep nv
February 2018

	Principle and best practice determination	Comply or explain	Explanation
1.	LONG-TERM VALUE CREATION		
1.1.	Principle: The Management Board is responsible for the continuity of the company and its affiliated enterprise. The Management Board focuses on long-term value creation for the company and its affiliated enterprise, and takes into account the stakeholder interests that are relevant in this context. The Supervisory Board monitors the Management Board in this.	Comply	BAM endorses this principle. It is described in clause 1.2, schedule 2 EBR and clauses 1.2 and 1.3, schedule 4 SBR.
1.1.1.	Long-term value creation strategy		
	The Management Board should develop a view on long-term value creation by the company and its affiliated enterprise and should formulate a strategy in line with this. Depending on market dynamics, it may be necessary to make short-term adjustments to the strategy. When developing the strategy, attention should in any event be paid to the following: <ul style="list-style-type: none"> i. the strategy's implementation and feasibility; ii. the business model applied by the company and the market in which the company and its affiliated enterprise operate; iii. opportunities and risks for the company; iv. the company's operational and financial goals and their impact on its future position in relevant markets; v. the interests of the stakeholders; and vi. any other aspects relevant to the company and its affiliated enterprise, such as the environment, social and employee-related matters, the chain within which the enterprise operates, respect for human rights, and fighting corruption and bribery. 	Comply	General responsibility described in clause 1.2 and 1.3 (g) and (h), schedule 2 EBR. More information to be found in the 'Value creation' chapter of the AR.
1.1.2.	Involvement of the Supervisory Board		
	The Management Board should engage the supervisory board early on in formulating the strategy for realizing long-term value creation. The Management Board renders account to the supervisory board of the strategy and the explanatory notes to that strategy.	Comply	When preparing the 2016 – 2020 strategy, the Supervisory Board was involved extensively and early in the process. A number of designated meetings were held for input and rendering account of progress.

1.1.3.	Role of the Supervisory Board		
	The Supervisory Board should supervise the manner in which the Management Board implements the long term value creation strategy. The supervisory board should regularly discuss the strategy, the implementation of the strategy and the principal risks associated with it. In the report drawn up by the supervisory board, an account is given of its involvement in the establishment of the strategy, and the way in which it monitors its implementation.	Comply	In accordance with article 18.2 AoA the Executive Board annually updates the Supervisory Board on the progress of the strategy. See also clause 6.1.6 EBR and 7.2.4 SBR as well as clause 1.1.4.c ACC. In the AR more information is provided in the 'Business performance' chapter and the Supervisory Board report.
1.1.4.	Accountability of the Management Board		
	In the management report, the Management Board should give a more detailed explanation of its view on long-term value creation and the strategy for its realization, as well as describing which contributions were made to long-term value creation in the past financial year. The Management Board should report on both the short-term and long-term developments.	Comply	The view of the Executive Board with regard to long-term value creation and strategy are described in the 'Strategy' and 'Value Creation' chapters in AR.
1.2	RISK MANAGEMENT		
	<i>Principle:</i> The company should have adequate internal risk management and control systems in place. The Management Board is responsible for identifying and managing the risks associated with the company's strategy and activities.	Comply	Clause 6.1.6 and 1.3.b, schedule 2 EBR.
1.2.1.	Risk assessment		
	The Management Board should identify and analyse the risks associated with the strategy and activities of the company and its affiliated enterprise. It is responsible for establishing the risk appetite, and also the measures that are put in place in order to counter the risks being taken.	Comply	Clause 1.3.b, schedule 2 EBR. See also the risk management paragraph in AR.
1.2.2.	Implementation		
	Based on the risk assessment, the Management Board should design, implement and maintain adequate internal risk management and control systems. To the extent relevant, these systems should be integrated into the work processes within the company and its affiliated enterprise it, and should be familiar to those whose work they are relevant to.	Comply	The company's risk management (GRC) function develops and supervises the internal risk management and control systems. The company's approach on risk management and control systems is described further in the risk management paragraph of AR. See also clause 1.1.5.d ACC.

1.2.3.	Monitoring of effectiveness		
	The Management Board should monitor the operation of the internal risk management and control systems and should carry out a systematic assessment of their design and effectiveness at least once a year. This monitoring should cover all material control measures relating to strategic, operational, compliance and reporting risks. Attention should be given to observed weaknesses, instances of misconduct and irregularities, indications from whistleblowers, lessons learned and findings from the internal audit function and the external auditor. Where necessary, improvements should be made to internal risk management and control systems.	Comply	Clause 6.1.6 EBR and 5.1.5.e SBR.
1.3	INTERNAL AUDIT FUNCTION		
	<i>Principle:</i> The duty of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The Management Board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the person fulfilling this function.	Comply	Clause 1.3.d, schedule 2 EBR and clause 1.5.j, schedule 4 SBR.
1.3.1	Appointment and dismissal		
	The Management Board both appoints and dismisses the senior internal auditor. Both the appointment and the dismissal of the senior internal auditor should be submitted to the supervisory board for approval, along with the recommendation issued by the Audit Committee.	Comply	Clause 1.3.d, schedule 2 EBR, 3.1. annex 1 to schedule 2 EBR, clause 1.5.j, schedule 4 SBR and clause 1.1.3.a ACC.
1.3.2.	Assessment of the internal audit function		
	The Management Board should assess the way in which the internal audit function fulfils its responsibility annually, taking into account the audit committee's opinion.	Comply	The Executive Board meets with the internal auditor periodically in order to discuss the internal audit plan, progress, observations and action. The role of the Audit Committee is described in clause 1.1.3.b ACC.
1.3.3.	Internal audit plan		
	The internal audit function should draw up an audit plan, involving the Management Board, the Audit Committee and the external auditor in this process. The audit plan should be submitted to the Management Board, and then to the Supervisory Board, for approval. In this internal audit plan, attention should be paid to the interaction with the external auditor.	Comply	Clause 3.1 annex1 to schedule 2 EBR. The audit plan of the internal auditor is, after submitting to the executive board, a fixed agenda item on the meeting of the Audit Committee (review) and – subsequently – the Supervisory Board (approval).

1.3.4.	Performance of work		
	The internal audit function should have sufficient resources to execute the internal audit plan and have access to information that is important for the performance of its work. The internal audit function should have direct access to the audit committee and the external auditor. Records should be kept of how the Audit Committee is informed by the internal audit function.	Comply	The internal auditor is present at all meetings of the Audit Committee. Minutes are taken of these meetings and documents shared with the Audit Committee are archived.
1.3.5.	Reports of findings		
	The internal audit function should report its audit results to the Management Board and the essence of its audit results to the audit committee and should inform the external auditor. The research findings of the internal audit function should, at least, include the following: <ul style="list-style-type: none"> i. any flaws in the effectiveness of the internal risk management and control systems; ii. any findings and observations with a material impact on the risk profile of the company and its affiliated enterprise; and iii. any failings in the follow-up of recommendations made by the internal audit function. 	Comply	The internal auditor is present at every meeting of the Audit Committee and provides a quarterly update to the latter on its activities, findings and observations as well as recommendations. A summary of these discussions is shared with the full Supervisory Board.
1.3.6.	Absence of an internal audit department		
	If there is no separate department for the internal audit function, the Supervisory Board will assess annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the Audit Committee, and will consider whether it is necessary to establish an internal audit department. The Supervisory Board should include the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board.	N.A.	
1.4.	RISK MANAGEMENT ACCOUNTABILITY		
	Principle: The Management Board should render account of the effectiveness of the design and the operation of the internal risk management and control systems.	Comply	See risk management paragraph AR.

<p>1.4.1.</p>	<p>Accountability to the Supervisory Board</p> <p>The Management Board should discuss the effectiveness of the design and operation of the internal risk management and control systems referred to in best practice provisions 1.2.1 to 1.2.3 inclusive with the audit committee, and render account of this to the supervisory board.</p>	<p>Comply</p>	<p>Clause 6.1.6 EBR. The subject is discussed annually in a meeting of the AC and – subsequently – the SB.</p>
<p>1.4.2.</p>	<p>Accountability in the management report</p> <p>In the management report, the Management Board should render account of:</p> <ul style="list-style-type: none"> i. the execution of the risk assessment, with a description of the principal risks facing the company in relation to its risk appetite. These risks may include strategic, operational, compliance and reporting risks; ii. the design and operation of the internal risk management and control systems during the past financial year; iii. any major failings in the internal risk management and control systems which have been observed in the financial year, any significant changes made to these systems and any major improvements planned, along with a confirmation that these issues have been discussed with the audit committee and the Supervisory Board; and iv. the sensitivity of the results of the company to material changes in external factors. 	<p>Comply</p>	<p>See risk management paragraph AR.</p>
<p>1.4.3.</p>	<p>Statement by the Management Board</p> <p>The Management Board should state in the management report, with clear substantiation, that:</p> <ul style="list-style-type: none"> i. the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems; ii. the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies; iii. based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and iv. the report states those material risks and uncertainties that are relevant to the expectation of the company’s continuity for the period of twelve months after the preparation of the report. 	<p>Comply</p>	<p>See risk management paragraph AR.</p>

1.5.	ROLE OF THE SUPERVISORY BOARD		
	Principle: The Supervisory Board should supervise the policies carried out by the Management Board and the general affairs of the company and its affiliated enterprise. In so doing, the supervisory board should also focus on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.	Comply	The role of the Supervisory Board is described in article 18.2 AoA and clauses 1.1, 1.4.e and f. schedule 4 SBR.
1.5.1.	Duties and responsibilities of the Audit Committee		
	The audit committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the company's internal risk management and control systems. Among other things, it focuses on monitoring the Management Board with regard to: <ul style="list-style-type: none"> I. relations with, and compliance with recommendations and following up of comments by, the internal and external auditors; II. the funding of the company; III. the application of information and communication technology by the company, including risks relating to cybersecurity; and IV. the company's tax policy. 	Comply	Clause 1.1.2, 1.1.4.a and 1.1.4.c ACC and 5.1.5.e SBR. The matters addressed in this best practice are periodically reviewed in the Audit Committee.
1.5.2.	Attendance of the Management Board, internal auditor and external auditor at Audit Committee consultations		
	The chief financial officer, the internal auditor and the external auditor should attend the audit committee meetings, unless the audit committee determines otherwise. The audit committee should decide whether and, if so, when the chairman of the Management Board should attend its meetings.	Comply	Clause 2.2.1.a ACC.
1.5.3.	Audit Committee report		
	The audit committee should report to the supervisory board on its deliberations and findings. This report must, at least, include the following information: <ul style="list-style-type: none"> I. the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in best practice provisions 1.2.1 to 1.2.3, inclusive; II. the methods used to assess the effectiveness of the internal and external audit processes; III. material considerations regarding financial reporting; 	Comply	Clause 3.1 ACC. The Audit Committee annually reports on these matters to the Supervisory Board.

	IV. the way material risks and uncertainties referred to in best practice provision 1.4.3 have been analysed and discussed, along with a description of the most important findings of the audit committee.		
1.5.4.	Supervisory Board		
	The Supervisory Board should discuss the items reported on by the Audit Committee as per of best practice provision 1.5.3.	Comply	Clause 5.1.g SBR. These items are annually reviewed by the Supervisory Board.
1.6.	APPOINTMENT AND ASSESSMENT OF THE FUNCTIONING OF THE EXTERNAL AUDITOR		
	<i>Principle:</i> The Supervisory Board should submit the nomination for the appointment of the external auditor to the General Meeting, and should supervise the external auditor's functioning.	Comply	Clause 1.5.h, schedule 4 SBR.
1.6.1.	Functioning and appointment		
	The Audit Committee should report annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the external auditor. The Audit Committee should advise the Supervisory Board regarding the external auditor's nomination for appointment/reappointment or dismissal and should prepare the selection of the external auditor. The audit committee should give due consideration to the Management Board's observations during the aforementioned work. Also on this basis, the supervisory board should determine its nomination for the appointment of the external auditor to the Annual General Meeting.	Comply	Clause 1.1.3.c and 1.1.4.h ACC. It is a fixed agenda item on the meetings of the Audit Committee and Supervisory Board. At least once every four years a thorough assessment of the functioning of the external auditor will be conducted by the Executive Board together with the Supervisory Board and Audit Committee (clause 6.1.5. EBR).
1.6.2.	Informing the external auditor about their functioning		
	The Supervisory Board should give the external auditor a general idea of the content of the reports relating to their functioning.	Comply	
1.6.3.	Engagement		
	The Audit Committee should submit a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements. The Management Board should play a facilitating role in this process. In formulating the terms of engagement, attention should be paid to the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board should resolve on the engagement.	Comply	Clause 1.6.3, schedule 4 SBR. The Audit Committee annually submits a proposal which subsequently is discussed in the Supervisory Board.

1.6.4.	Accountability		
	The main conclusions of the supervisory board regarding the external auditor's nomination and the outcomes of the external auditor selection process should be communicated to the general meeting.	Comply	When applicable, an explanation will be provided to the Annual General Meeting.
1.6.5.	Departure of the external auditor		
	The company should publish a press release in the event of the early termination of the relationship with the external audit firm. The press release should explain the reasons for this early termination.	Comply	If and when applicable, a press release will be published.
1.7.	PERFORMANCE OF THE EXTERNAL AUDITOR'S WORK		
	Principle: The Audit Committee and the external auditor should discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The Management Board and the supervisory board should maintain regular contact with the external auditor.	Comply	See clause 1.1.5.b ACC. This is an annual item on the agenda of the Audit Committee.
1.7.1.	Provision of information to the external auditor		
	The Management Board should ensure that the external auditor will receive all information that is necessary for the performance of his work in a timely fashion. The Management Board should give the external auditor the opportunity to respond to the information that has been provided.	Comply	
1.7.2.	Audit plan and external auditor's findings		
	The external auditor should discuss the draft audit plan with the Management Board before presenting it to the Audit Committee. The Audit Committee should annually discuss with the external auditor: <ul style="list-style-type: none"> I. the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and II. based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the financial statements and the management letter. 	Comply	The draft audit plan of the external auditor is a fixed agenda item on the meetings of the Audit Committee (review) and the Supervisory Board (approval).
1.7.3.	Publication of financial reports		
	The audit committee should determine whether and, if so, how the external auditor should be involved in the content and publication of financial reports other than the financial statements.	Comply	Clause 1.1.5.iii ACC.

1.7.4.	Consultations with the external auditor outside the Management Board's presence		
	The Audit Committee should meet with the external auditor as often as it considers necessary, but at least once per year, outside the presence of the Management Board.	Comply	Clause 2.1.1.b ACC.
1.7.5	Examination of discussion points arising between the external auditor and the Management Board		
	The Supervisory Board should be permitted to examine the most important points of discussion arising between the external auditor and the Management Board based on the draft management letter or the draft audit report.	Comply	The draft management letters are shared with the Supervisory Board for review and discussion.
1.7.6	External auditor's attendance of Supervisory Board meetings		
	The external auditor should in any event attend the meeting of the Supervisory Board at which the report of the external auditor on the audit of the financial statements is discussed.	Comply	This is an annual item on the agenda of the Audit Committee.
2.	EFFECTIVE MANAGEMENT AND SUPERVISION		
2.1.	COMPOSITION AND SIZE		
	<i>Principle:</i> The Management Board and the Supervisory Board should be composed such that the requisite expertise, background, competencies and – as regards the supervisory board independence are present for them to carry out their duties properly. The size of these two bodies reflects these requirements.	Comply	The size, composition and available capabilities of both the Executive Board and the Supervisory Board are evaluated annually in order to assure that these bodies are able to carry out their duties properly.
2.1.1.	Profile		
	The Supervisory Board should prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the company. The profile should address: <ul style="list-style-type: none"> I. the desired expertise and background of the supervisory board members; II. the desired diverse composition of the Supervisory Board, referred to in best practice provision 2.1.5; III. the size of the Supervisory Board; and IV. the independence of the Supervisory Board members. <p>The profile should be posted on the company's website.</p>	Comply	The profile for the Supervisory Board is available as Schedule 2 to the Supervisory Board Rules. The profile is discussed in the Supervisory Board annually (see clause 5.1.5.b SBR). See also article 18.4 AoA for requirements with regard to the independence of the members of the Supervisory Board. The profile is an annex to the Supervisory Board rules, which are available at the Company's website:

			https://www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes
2.1.2.	Personal information		
	<p>The following information about each Supervisory Board member should be included in the report of the Supervisory Board:</p> <ul style="list-style-type: none"> i. gender; ii. age; iii. nationality; iv. principal position; v. other positions, in so far as they are relevant to the performance of the duties of the supervisory board member; vi. date of initial appointment; and vii. current term of office. 	Comply	See the Executive Board and Supervisory Board paragraph in AR.
2.1.3.	Executive committee		
	<p>If the Management Board works with an executive committee, the Management Board should take account of the checks and balances that are part of the two-tier system. This means, among other things, that the Management Board's expertise and responsibilities are safeguarded and the supervisory board is informed adequately. The Supervisory Board should supervise this whilst paying specific attention to the dynamics and the relationship between the Management Board and the executive committee.</p> <p>In the management report, account should be rendered of:</p> <ul style="list-style-type: none"> i. the choice to work with an executive committee; ii. the role, duty and composition of the executive committee; and iii. how the contacts between the Supervisory Board and the executive committee have been given shape. 	N.A.	At BAM, the Management Board as referred to in the Corporate Governance Code is called Executive Board. The company also has a Management Board (see Management Board paragraph in the Annual Report) but this body is not to be considered as an executive committee, given that it is not closely involved in the decision-making of the Executive Board (see also the guidance of the Corporate Governance Committee on best practice 2.1.3).
2.1.4.	Expertise		
	Each Supervisory Board member and each Management Board member should have the specific expertise required for the fulfilment of his duties. Each Supervisory Board member should be capable of assessing the broad outline of the overall management.	Comply	Clause 2.2.3 Profile of the Supervisory Board (Schedule 2 SBR).
2.1.5.	Diversity policy		
	The Supervisory Board should draw up a diversity policy for the composition of the Management Board, the supervisory board and, if applicable, the executive committee. The policy should address the concrete targets relating to diversity	Comply	The diversity policy for the Supervisory Board is set in clause 2.3 of the Profile of the Supervisory Board. When adopting the new Profile on 8 November 2017, the

	and the diversity aspects relevant to the company, such as nationality, age, gender, and education and work background.		Supervisory Board established that this policy will apply equally to the Executive Board. The Nomination Committee advises the Supervisory Board on the content of the diversity policy (1.1.1.h NCC).
2.1.6.	Accountability about diversity		
	<p>The corporate governance statement should explain the diversity policy and the way that it is implemented in practice, addressing:</p> <ul style="list-style-type: none"> i. the policy objectives; II. how the policy has been implemented; and III. the results of the policy in the past financial year. <p>If the composition of the Management Board and the Supervisory Board diverges from the targets stipulated in the company's diversity policy and/or the statutory target for the male/female ratio, if and to the extent that this is provided under or pursuant to the law, the current state of affairs should be outlined in the corporate governance statement, along with an explanation as to which measures are being taken to attain the intended target, and by when this is likely to be achieved.</p>	Comply	See Corporate Governance paragraph in AR.
2.1.7.	Independence of the Supervisory Board		
	<p>The composition of the Supervisory Board is such that the members are able to operate independently and critically vis-à-vis one another, the Management Board, and any particular interests involved.</p> <p>In order to safeguard its independence, the Supervisory Board is composed in accordance with the following criteria:</p> <ul style="list-style-type: none"> i. any one of the criteria referred to in best practice provision 2.1.8, sections i. to v. inclusive should be applicable to at most one Supervisory Board member; ii. the total number of Supervisory Board members to whom the criteria referred to in best practice provision 2.1.8 are applicable should account for less than half of the total number of Supervisory Board members; and iii. for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one Supervisory Board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi. and vii. 	Comply	See article 18.3 AoA and clause 2.4. Profile of the Supervisory Board. All members of the Supervisory Board are to be considered as independent as referred to in best practice provision 2.1.8.

2.1.8.	Independence of Supervisory Board members		
	<p>A supervisory board member is not independent if they or their spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:</p> <ul style="list-style-type: none"> I. has been an employee or member of the Management Board of the company (including associated companies as referred to in Section 5:48 of the Financial Supervision Act (<i>Wet op het financieel toezicht / Wft</i>)) in the five years prior to the appointment; II. receives personal financial compensation from the company, or a company associated with it, other than the compensation received for the work performed as a Supervisory Board member and in so far as this is not in keeping with the normal course of business; III. has had an important business relationship with the company or a company associated with it in the year prior to the appointment. This includes in any event the case where the Supervisory Board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to the company (consultant, external auditor, civil notary or lawyer) and the case where the supervisory board member IV. is a Management Board member or an employee of a bank with which the company has a lasting and significant relationship; V. is a member of the Management Board of a company in which a member of the Management Board of the company which he supervises is a Supervisory Board member; VI. has temporarily performed management duties during the previous twelve months in the absence or incapacity of Management Board members; VII. has a shareholding in the company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement; VIII. is a member of the Management Board or Supervisory Board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in the company, unless the entity is a group company. 	Comply	All members of the Supervisory Board are to be considered as independent in accordance with the Code. See also article 18.3 AoA.
2.1.9.	Independence of the chairman of the Supervisory Board		
	The chairman of the Supervisory Board should not be a former member of the Management Board of the company and should be independent within the meaning of best practice provision 2.1.8.	Comply	Clause 2.3.2 SBR

2.1.10.	Accountability regarding Supervisory Board member independence		
	The report of the Supervisory Board should state that, in the opinion of the Supervisory Board, the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and, if applicable, should also state which Supervisory Board member(s), if any, it does not consider to be independent.	Comply	See report of the Supervisory Board in the Annual Report
2.2.	APPOINTMENT, SUCCESSION AND EVALUATION		
	Principle: The Supervisory Board should ensure that a formal and transparent procedure is in place for the appointment and reappointment of Management Board and Supervisory Board members, as well as a sound plan for the succession of Management Board and Supervisory Board members, with due regard to the diversity policy. The functioning of the Management Board and the Supervisory Board as a collective and the functioning of individual members should be evaluated on a regular basis.	Comply	The procedure for the (re-)appointment of members of the Executive Board and Supervisory Board is described in the Articles of Association of the company (clauses 15 and 18) and the rules of the Supervisory Boards (clause 7.3.4.d SBR and clause 1.5.b and 1.5.d, schedule 4 SBR). The evaluation of the functioning of the boards and its members takes place annually (clause 5.1.5.a and c SBR and 1.1.1.b and c NCC).
2.2.1	Appointment and reappointment periods – Management Board members		
	A Management Board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives from best practice provision 2.1.5 should be considered in the preparation of the appointment or reappointment.	Comply	See clause 15.9 AoA for the Executive Board. See also clause 1.3 of the profile of the Supervisory Board the diversity aspects of which apply equally to the Executive Board (see remarks with regard to best practice provision 2.1.5).
2.2.2	Appointment and reappointment periods – Supervisory Board members		
	A Supervisory Board member is appointed for a period of four years and may then be reappointed once for another four-year period. The Supervisory Board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.	Comply	See clause 20.1 AoA for the Supervisory Board and clause 1.3 of the profile of the Supervisory Board.

<p>2.2.3</p>	<p>Early retirement</p> <p>A member of the Supervisory Board or the Management Board should retire early in the event of inadequate functioning, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Supervisory Board. In the event of the early retirement of a member of the Management Board or the Supervisory Board, the company should issue a press release mentioning the reasons for the departure.</p>	<p>Comply</p>	<p>If and when applicable, a press release will be published in case of the early retirement of a member of the Supervisory Board or Executive Board, including the reasons for departure.</p>
<p>2.2.4</p>	<p>Succession</p> <p>The Supervisory Board should ensure that the company has a sound plan in place for the succession of Management Board and Supervisory Board members that is aimed at retaining the balance in the requisite expertise, experience and diversity. Due regard should be given to the profile referred to in best practice provision 2.1.1 in drawing up the plan for Supervisory Board members. The Supervisory Board should also draw up a retirement schedule in order to avoid, as much as possible, Supervisory Board members retiring simultaneously. The retirement schedule should be published on the company's website.</p>	<p>Comply</p>	<ul style="list-style-type: none"> • The Company operates a succession plan for the Supervisory Board and the Executive Board as well as for the senior management of the company. • Succession planning and talent management are fixed agenda items on the agenda of the Nomination Committee and the Supervisory Board (clause 1.1.1.d NCC and 5.1.5.j SBR). • Nominations for vacancies in the Executive Board are discussed in the Supervisory Board (clause 1.1.1.e NCC and 5.1.4.j SBR). • The retirement schedule for the Supervisory Board (article 20.1 AoA and Schedule 3 SBR) is an annex to the Rules of the Supervisory Board, which are available on https://www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes. It has been prepared in accordance with clause 2.1.3 SBR.
<p>2.2.5</p>	<p>Duties of the selection and appointment committee</p> <p>The selection and appointment committee should prepare the Supervisory Board's decision-making and report to the Supervisory Board on its deliberations and findings.</p> <p>The selection and appointment committee should in any event focus on:</p> <ol style="list-style-type: none"> i. drawing up selection criteria and appointment procedures for Management Board members and Supervisory Board members; ii. periodically assessing the size and composition of the Management Board and the Supervisory Board, and making a proposal for a composition profile of the Supervisory Board; 	<p>Comply</p>	<p>At BAM, the selection and appointment committee is called the Nomination Committee. The responsibilities of this committee are set out in the Nomination Committee Charter. See also clauses 1.1.1.a up to and including 1.1.1.g NCC.</p>

	<ul style="list-style-type: none"> iii. periodically assessing the functioning of individual Management Board members and Supervisory Board members, and reporting on this to the Supervisory Board; iv. drawing up a plan for the succession of Management Board members and Supervisory Board members; v. making proposals for appointments and reappointments; and vi. supervising the policy of the Management Board regarding the selection criteria and appointment procedures for senior management. 		
2.2.6	Evaluation by the Supervisory Board		
	<p>At least once per year, outside the presence of the Management Board, the Supervisory Board should evaluate its own functioning, the functioning of the various committees of the Supervisory Board and that of the individual Supervisory Board members, and should discuss the conclusions that are attached to the evaluation. In doing so, attention should be paid to:</p> <ul style="list-style-type: none"> i. substantive aspects, the mutual interaction and the interaction with the Management Board; ii. events that occurred in practice from which lessons may be learned; and iii. the desired profile, composition, competencies and expertise of the Supervisory Board. 	Comply	See clause 8 SBR. The evaluation is also a fixed agenda item of the annual meeting schedule for the Supervisory Board and – in preparation thereof – the Nomination Committee (1.1.1.b and c NCC).
2.2.7	Evaluation of the Management Board		
	<p>At least once per year, outside the presence of the Management Board, the Supervisory Board should evaluate both the functioning of the Management Board as a whole and that of the individual Management Board members, and should discuss the conclusions that must be attached to the evaluation, such also in light of the succession of Management Board members. At least once annually, the Management Board, too, should evaluate its own functioning as a whole and that of the individual Management Board members.</p>	Comply	See clause 7.6.1 SBR and 7.1.2 EBR. Also the evaluation of the Supervisory Board is a fixed agenda item of the annual meeting schedule for the Supervisory Board and – in preparation thereof – the Nomination Committee (1.1.1.b and c NCC).
2.2.8	Evaluation accountability		
	<p>The Supervisory Board's report should state:</p> <ul style="list-style-type: none"> i. how the evaluation of the Supervisory Board, the various committees and the individual Supervisory Board members has been carried out; ii. how the evaluation of the Management Board and the individual Management Board members has been carried out; and iii. what has been or will be done with the conclusions from the evaluations. 	Comply	See Supervisory Board report in the Annual Report.

2.3	ORGANISATION OF THE SUPERVISORY BOARD AND REPORTS		
	<i>Principle:</i> The Supervisory Board should ensure that it functions effectively. The Supervisory Board should establish committees to prepare the Supervisory Board's decision-making. The foregoing does not affect the responsibility of the Supervisory Board as an organ and of the individual members of the Supervisory Board for obtaining information and forming an independent opinion.	Comply	See clause 7.2.1 and 1.5.f, schedule 4 SBR for the responsibility to function effectively. See for the establishment of committees clause 3.1 SBR. The responsibility to obtain information and form an independent opinion is described in clause 3.1.2 SBR.
2.3.1	Supervisory Board's terms of reference		
	The division of duties within the Supervisory Board and the procedure of the Supervisory Board should be laid down in terms of reference. The Supervisory Board's terms of reference should include a paragraph dealing with its relations with the Management Board, the general meeting, the employee participation body (if any) and the executive committee (if any). The terms of reference should be posted on the company's website.	Comply	The Supervisory Board has established three committees; the Audit Committee, The Nomination Committee and the Remuneration Committee. For all committees charters have been established. See also clause 3.2 SBR. The rules for the Supervisory Board and the charters for the committees are available on https://www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes .
2.3.2	Establishment of committees		
	If the Supervisory Board consists of more than four members, it should appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. Without prejudice to the collegiate responsibility of the Supervisory Board, the duty of these committees is to prepare the decision-making of the Supervisory Board. If the Supervisory Board decides not to establish an audit committee, a remuneration committee or a selection and appointment committee, the best practice provisions applicable to such committee(s) should apply to the entire Supervisory Board.	Comply	At BAM, the Supervisory Board has established three committees; the Audit Committee, The Nomination Committee (= selection and appointment committee) and the Remuneration Committee. See clause 3.2 SBR and the charters of these committees (schedules 6, 7 and 8 to the SBR).
2.3.3	Committees' terms of reference		
	The Supervisory Board should draw up terms of reference for the audit committee, the remuneration committee and the selection and appointment committee. The terms of reference should indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. The terms of reference should be posted on the company's website.	Comply	See clause 3.2 SBR and the charters of these committees (schedules 6, 7 and 8 to the SBR). The charters for the committees are annexes to the Rules for the Supervisory Board and are available on https://www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes .

<p>2.3.4</p>	<p>Composition of the committees</p> <p>The audit committee or the remuneration committee should not be chaired by the chairman of the Supervisory Board or by a former member of the Management Board of the company. More than half of the members of the committees should be independent within the meaning of best practice provision 2.1.8.</p>	<p>Comply</p>	<p>Neither the Audit Committee nor the Remuneration Committee are chaired by the chairman of the Supervisory Board nor a former member of the Executive Board. All members of the committees are independent as described in best practice provision 2.1.8. See also 1.2.2 and 1.2.3 ACC and 1.2.3 and 1.3.2 RCC.</p>
<p>2.3.5</p>	<p>Committee reports</p> <p>The Supervisory Board should receive from each of the committees a report of their deliberations and findings. In the report of the Supervisory Board it should comment on how the duties of the committees were carried out in the financial year. In this report, the composition of the committees, the number of committee meetings and the main items discussed at the meetings should be mentioned.</p>	<p>Comply</p>	<p>The obligation to report to the Supervisory Board is described in clauses 3.1.4 SBR, 3.1 ACC, 3.1 RCC and 3.1 NCC. For an overview of the activities of the three committees, see the Supervisory Board report in the AR.</p>
<p>2.3.6</p>	<p>Chairman of the Supervisory Board</p> <p>The chairman of the Supervisory Board should in any case ensure that:</p> <ul style="list-style-type: none"> I. the Supervisory Board has proper contact with the Management Board, the employee participation body (if any) and the general meeting; II. the Supervisory Board elects a vice-chairman; III. there is sufficient time for deliberation and decision-making by the Supervisory Board; IV. the Supervisory Board members receive all information that is necessary for the proper performance of their duties in a timely fashion; V. the Supervisory Board and its committees function properly; VI. the functioning of individual Management Board members and Supervisory Board members is assessed at least annually; VII. the Supervisory Board members and Management Board members follow their induction programme; VIII. the Supervisory Board members and Management Board members follow their education or training programme; IX. the Management Board performs activities in respect of culture; X. the Supervisory Board recognises signs from the enterprise affiliated with the company and ensures that any (suspicion of) material misconduct and irregularities are reported to the Supervisory Board without delay; XI. the general meeting proceeds in an orderly and efficient manner; XII. effective communication with shareholders is assured; and 	<p>Comply</p>	<p>See clause 1.1.1, schedule 5 to the SBR.</p>

	<p>XIII. the Supervisory Board is involved closely, and at an early stage, in any merger or takeover processes.</p> <p>The chairman of the Supervisory Board should consult regularly with the chairman of the Management Board.</p>		<p>See clause 1.1.3, schedule 5 to the SBR. The chairman of the Supervisory Board has frequent contact with the chairman of the Executive Board.</p>
2.3.7	Vice-chairman of the Supervisory Board		
	<p>The vice-chairman of the Supervisory Board should deputise for the chairman when the occasion arises.</p>	Comply	<p>See clause 1.2.1, schedule 5 to the SBR.</p>
2.3.8	Delegated Supervisory Board member		
	<p>A delegated Supervisory Board member is a Supervisory Board member who has a special task. The delegation may not extend beyond the responsibilities of the Supervisory Board itself and may not include the management of the company. Its purpose is more intensive supervision and advice and more regular consultation with the Management Board. The delegation should be of a temporary nature only. The delegation may not detract from the duties and powers of the Supervisory Board. The delegated Supervisory Board member continues to be a member of the Supervisory Board and should report regularly on the execution of his special duty to the plenary Supervisory Board.</p>	Comply	<p>Currently not applicable. In case a delegated supervisory board will be appointed, the Company will comply with this best practice provision.</p>
2.3.9	Temporary Management Board function of a Supervisory Board member		
	<p>A Supervisory Board member who temporarily takes on the management of the company, where the Management Board members are absent or unable to fulfil their duties, should resign from the Supervisory Board.</p>	Comply	<p>Currently not applicable. In case a Supervisory Board member takes on the management of the Company, the Company will comply with this best practice provision.</p>
2.3.10	Company secretary		
	<p>The Supervisory Board should be supported by the company secretary. The secretary:</p> <ul style="list-style-type: none"> should ensure that the proper procedures are followed and that the statutory obligations and obligations under the articles of association are complied with; <ul style="list-style-type: none"> I. should facilitate the provision of information of the Management Board and the Supervisory Board; and II. should support the chairman of the Supervisory Board in the organisation of the affairs of the Supervisory Board, including the provision of information, meeting agendas, evaluations and training programs. 	Comply	<p>See clause 4.1 SBR.</p>

	<p>The company secretary should, either on the motion of the Supervisory Board or otherwise, be appointed and dismissed by the Management Board, after the approval of the Supervisory Board has been obtained.</p> <p>If the secretary also undertakes work for the Management Board and notes that the interests of the Management Board and the supervisory board diverge, as a result of which it is unclear which interests the secretary should represent, the secretary should report this to the chairman of the Supervisory Board.</p>		<p>See clause 4.2 SBR and 3.2 EBR.</p> <p>See clause 3.1.2 EBR.</p>
2.3.11	Report of the Supervisory Board		
	<p>The annual statements of the company include a report by the Supervisory Board. In this report, the supervisory board should render account of the supervision conducted in the past financial year, reporting in any event on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2.</p>	Comply	See the Supervisory Board report in the AR.
2.4	DECISION-MAKING AND FUNCTIONING		
	<p>Principle: The Management Board and the Supervisory Board should ensure that decisions are made in a balanced and effective manner whilst taking account of the interests of stakeholders. The Management Board should ensure that information is provided in a timely and sound manner. The Management Board and the Supervisory Board should keep their knowledge and skills up to date and spend sufficient time on their duties and responsibilities. They should ensure that, in performing their duties, they have the information that is required for effective decision-making.</p>	Comply	<p>See clause 1.2 EBR and 1.3, schedule 4 SBR for the responsibility to take account of the interests of stakeholders.</p> <p>See clause 6.1.1 and 6.1.2 EBR, 7.2.1 and 7.2.2 SBR as well as 1.1.1.d, schedule 5 SBR for the provision of information.</p> <p>See clause 1.1.1.h for the responsibility of the chairman of the Supervisory Board to supervise training and/or education programmes.</p>
2.4.1	Stimulating openness and accountability		
	<p>The Management Board and the Supervisory Board are each responsible for stimulating openness and accountability within the organ of which they form part, and between the different organs within the company.</p>	Comply	<p>Within the Company the BAM Values have been developed (predictable performance, scalable learning, open collaboration and pro-active ownership). These values are integrated in the way of working within the Company.</p>

2.4.2	Other positions		
	Management Board members and Supervisory Board members should report any other positions they may have to the Supervisory Board in advance and, at least annually, the other positions should be discussed at the supervisory board meeting. The acceptance of membership of a Supervisory Board by a Management Board member requires the approval of the supervisory board.	Comply	See clause 8.1 EBR and 9 SBR. Annually the other positions of the members of the Executive Board and Supervisory Board are jointly evaluated in a Supervisory Board meeting. The Nomination Committee advises the Supervisory Board in this respect (1.1.1.i NCC).
2.4.3	Point of contact for the functioning of Supervisory Board and Management Board members		
	The chairman of the Supervisory Board should act on behalf of the Supervisory Board as the main contact for the Management Board, Supervisory Board members and shareholders regarding the functioning of Management Board members and Supervisory Board members. The vice-chairman should act as contact for individual Supervisory Board members and Management Board members regarding the functioning of the chairman.	Comply	See clause 8.1.1 SBR, 1.1.2 and 1.2.2, schedule 5 SBR.
2.4.4	Attendance at Supervisory Board meetings		
	Supervisory Board members should attend Supervisory Board meetings and the meetings of the committees of which they are a part. If Supervisory Board members are frequently absent from these meetings, they should be held to account on this. The report of the Supervisory Board should state the absenteeism rate from Supervisory Board and committee meetings of each Supervisory Board member.	Comply	See the Supervisory Board report in the AR.
2.4.5	Induction programme for Supervisory Board members		
	All Supervisory Board members should follow an induction program geared to their role. The induction programme should in any event cover general financial, social and legal affairs, financial reporting by the company, any specific aspects that are unique to the relevant company and its business activities, the company culture and the relationship with the employee participation body (if any), and the responsibilities of a Supervisory Board member.	Comply	The responsibility of the chairman of the Supervisory Board for assuring that induction programs are available and followed is described in clause 1.1.1.g, schedule 5 SBR. At BAM there is a standard induction programme that is adjusted in individual cases, depending on the background and future role of the new Supervisory Board member. It always includes (individual) meetings with all members of the Executive Board, Supervisory Board and a number of business and staff executives as well as at least two visits to operating companies, including project visits.

2.4.6	Development		
	The Management Board and the Supervisory Board should each conduct an annual review for their own organ to identify any aspects with regard to which the Supervisory Board members and Management Board members require training or education.	Comply	See 1.5.f, schedule 4 SBR and 7.1.2 EBR.
2.4.7	Information safeguards		
	The Management Board should ensure that internal procedures are established and maintained which safeguard that all relevant information is known to the Management Board and the supervisory board in a timely fashion. The Supervisory Board should supervise the establishment and implementation of these procedures.	Comply	See clause 2.4.7, schedule 2 EBR, clause 1.4.l, schedule 4 SBR and article 18.2 AoA. The Supervisory Board is informed immediately about material matters concerning the Company (e.g. fatal accidents). The Company Secretary ensures that the members of the Supervisory Board receive their meeting documents well in advance of the respective meeting.
2.4.8	Supervisory Board members' responsibility for obtaining information		
	The Supervisory Board and each individual Supervisory Board member have their own responsibility for obtaining the information from the Management Board, the internal audit function, the external auditor and the employee participation body (if any) that the Supervisory Board needs in order to be able to carry out its duties as a supervisory organ properly.	Comply	See clause 3.1.2 and 7.2.1 SBR.
2.4.9	Obtaining information from officers and external parties		
	If the Supervisory Board considers it necessary, it may obtain information from officers and external advisers of the company. The company should provide the necessary means to this end. The Supervisory Board may require that certain officers and external advisers attend its meetings.	Comply	Members of the Supervisory Board meet regularly and one-on-one with senior officers of the Company in order to obtain information and receive their input. See clause 7.2.1 SBR.
2.5	CULTURE		
	Principle: The Management Board is responsible for creating a culture aimed at long-term value creation for the company and its affiliated enterprise. The Supervisory Board should supervise the activities of the Management Board in this regard.	Comply	See clause 1.4.m, schedule 4 SBR. Culture, values and effectiveness of the code of conduct are annually discussed in the Supervisory Board.

<p>2.5.1</p>	<p>Management Board's responsibility for culture</p> <p>The Management Board should adopt values for the company and its affiliated enterprise that contribute to a culture focused on long-term value creation, and discuss these with the supervisory board. The Management Board is responsible for the incorporation and maintenance of the values within the company and its affiliated enterprise. Attention must be paid to the following, among other things:</p> <ul style="list-style-type: none"> i. the strategy and the business model; ii. the environment in which the enterprise operates; and iii. the existing culture within the enterprise, and whether it is desirable to implement any changes in this. <p>The Management Board encourages behavior that is in keeping with the values, and propagates these values through leading by example.</p>	<p>Comply</p>	<p>Following the introduction of the 2016 -2020 strategy <i>'Building the present, creating the future'</i>, BAM has adopted new values that are aimed to support the strategy. More information on the BAM values can be found in the AR.</p>
<p>2.5.2</p>	<p>Code of Conduct</p> <p>The Management Board should draw up a code of conduct and monitor its effectiveness and compliance with this code, both on the part of itself and of the employees of the company. The Management Board should inform the supervisory board of its findings and observations relating to the effectiveness of, and compliance with, the code. The code of conduct will be published on the company's website.</p>	<p>Comply</p>	<p>The company has a code of conduct, the most recent version of which was adopted in 2014. Culture, values and effectiveness of the code of conduct are annually discussed in the Supervisory Board.</p> <p>The code of conduct is available at https://www.bam.com/en/about-bam/corporate-governance/articles-of-association-rules-and-codes</p>
<p>2.5.3</p>	<p>Employee participation</p> <p>If the company has established an employee participation body, the conduct and culture in the company and its affiliated enterprise should also be discussed in the consultations between the Management Board, the Supervisory Board and such employee participation body.</p>	<p>Comply</p>	<p>See clause 6.3.2. EBR. Twice per year a delegation of the Supervisory Board and once per year the full boards meet with the works council in order to discuss a.o. te conduct and culture in the Company. This is normally done based on statements prepared by the Central Works Council.</p>
<p>2.5.5</p>	<p>Accountability regarding culture</p> <p>In the management report, the Management Board should explain:</p> <ul style="list-style-type: none"> i. the values and the way in which they are incorporated in the company and its affiliate enterprise; and ii. the effectiveness of, and compliance with, the code of conduct. 	<p>Comply</p>	<p>See the Social performance paragraph in the Annual Report.</p>

2.6	MISCONDUCT AND IRREGULARITIES		
	Principle: The Management Board and the Supervisory Board should be alert to indications of actual or suspected misconduct or irregularities. The Management Board should establish a procedure for reporting actual or suspicion of misconduct or irregularities, and take appropriate follow-up action on the basis of these reports. The Supervisory Board monitors the Management Board in this.	Comply	Clause 5.1.5.m and 7.2.8 SBR and 1.1.1k, schedule 5 SBR. See also clause 1.3.u, schedule 2 EBR. The SB receives a compliance report twice per year which subsequently is reviewed together with the Executive Board.
2.6.1	Procedure for reporting actual or suspicion of misconduct or irregularities		
	The Management Board should establish a procedure for reporting actual or suspected irregularities within the company and its affiliated enterprise. The procedure will be published on the company's homepage. The Management Board should ensure that employees have the opportunity to file a report without jeopardising their legal position.	Comply	The responsibility of the Executive Board in this respect is described in clause 1.3.t, schedule 2 EBR. At BAM there is procedure for reporting actual or suspected misconduct since 2003. The most recent version of the procedure, which was adopted in June 2017, is available at: https://www.bam.com/sites/default/files/domain-606/en-internal-reporting-procedure-606-15100687561279467001.pdf
2.6.2	Informing the chairman of the Supervisory Board		
	The Management Board should inform the chairman of the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the company and its affiliated enterprise. If the actual or suspected misconduct or irregularity pertains to the functioning of a Management Board member, employees can report this directly to the chairman of the Supervisory Board.	Comply	The responsibility of the Executive Board in this respect is described in clause 1.3.v, schedule 2 EBR. Also see the Procedure for reporting actual or suspected misconduct (for a link see best practice provision 2.6.1). Reports to the chairman of the Supervisory Board are being made via the Compliance Officer of the Company, who acts independently from the Executive Board in this respect.
2.6.3	Notification by the external auditor		
	The external auditor should inform the chairman of the audit committee without delay if, during the performance of his duties, he discovers or suspect an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a Management Board member, the external auditor should report this directly to the chairman of the Supervisory Board.	Comply	This responsibility lies with the external auditor and has been addressed in the engagement letter. However, the Company embraces and encourages the external auditor to adhere to this best practice provision.

2.6.4	Oversight by the Supervisory Board		
	The Supervisory Board monitors the operation of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions. In order to safeguard the independence of the investigation in cases where the Management Board itself is involved, the Supervisory Board should have the option of initiating its own investigation into any irregularities that have been discovered and to coordinate this investigation.	Comply	See the Procedure for reporting actual or suspected misconduct (for a link see best practice provision 2.6.1). The SB receives a compliance report twice per year which subsequently is reviewed together with the Executive Board.
2.7	PREVENTING CONFLICTS OF INTEREST		
	Principle: Any form of conflict of interest between the company and the members of its Management Board or Supervisory Board should be prevented. To avoid conflicts of interest, adequate measures should be taken. The Supervisory Board is responsible for the decision-making on dealing with conflicts of interest regarding Management Board members, Supervisory Board members and majority shareholders in relation to the company.	Comply	See clause 5 EBR and clause 6 SBR.
2.7.1	Preventing conflicts of interest		
	Management Board members and Supervisory Board members are alert to conflicts of interest and should in any case refrain from the following: <ul style="list-style-type: none"> i. competing with the company; ii. demanding or accepting substantial gifts from the company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree; iii. providing unjustified advantages to third parties at the company's expense; iv. taking advantage of business opportunities to which the company is entitled for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. 	Comply	See clause 5.1.2 EBR and 6.1.2 SBR.
2.7.2	Terms of reference		
	The terms of reference of the Supervisory Board should contain rules on dealing with conflicts of interest, including conflicting interests between Management Board members and Supervisory Board members on the one hand and the company on the other. The terms of reference should also stipulate which transactions require the approval of the Supervisory Board. The company	Comply	See clause 5 EBR and clause 6 SBR. The company has established regulations for members of the executive board and supervisory board with regard to

	should draw up regulations governing ownership of, and transactions in, securities by management or Supervisory Board members, other than securities issued, by the company.		the ownership and transactions in other securities, which regulations are included in the BAM Insider Dealing Policy
2.7.3	Reporting		
	<p>A conflict of interest may exist if the company intends to enter into a transaction with a legal entity:</p> <ul style="list-style-type: none"> i. in which a member of the Management Board or the Supervisory Board personally has a material financial interest; or ii. which has a member of the Management Board or the Supervisory Board who is related under family law to a member of the Management Board or the Supervisory Board of the company. <p>A Management Board member should report any potential conflict of interest in a transaction that is of material significance to the company and/or to such Management Board member to the chairman of the Supervisory Board and to the other members of the Management Board without delay. The management board member should provide all relevant information in that regard, including the information relevant to the situation concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.</p> <p>A Supervisory Board member should report any conflict of interest or potential conflict of interest in a transaction that is of material significance to the company and/or to such Supervisory Board member to the chairman of the Supervisory Board without delay and should provide all relevant information in that regard, including the relevant information pertaining to his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest, he should report this to the vice-chairman of the Supervisory Board without delay.</p> <p>The Supervisory Board should decide, outside the presence of the Management Board member or Supervisory Board member concerned, whether there is a conflict of interest.</p>	Comply	<p>See clause 5.2.2.a and b EBR and 6.2.2.a and b SBR.</p> <p>See clause 5.4 EBR and 7.7.2.a SBR.</p> <p>See clause 6.4 SBR.</p> <p>See clause 6.5 and 7.7.2.b SBR.</p>

2.7.4	Accountability regarding transactions: Management Board and Supervisory Board members		
	All transactions in which there are conflicts of interest with Management Board members or Supervisory Board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with Management Board members or Supervisory Board members that are of material significance to the company and/or to the relevant Management Board members or supervisory board members should require the approval of the Supervisory Board. Such transactions should be published in the management report, together with a statement of the conflict of interest and a declaration that best practice provisions 2.7.3 and 2.7.4 have been complied with.	Comply	See 5.6 EBR and 6.6 and 7.7.2.c SBR.
2.7.5	Accountability regarding transactions: majority shareholders		
	All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company should be agreed on terms that are customary in the market. Decisions to enter into transactions with such persons that are of material significance to the company and/or to such persons should require the approval of the Supervisory Board. Such transactions should be published in the management report, together with a declaration that best practice provision 2.7.5 has been complied with.	Comply	See clause 7.7.3 SBR and 1.5.I, schedule 4 SBR.
2.7.6	Personal loans		
	The company should not grant its Management Board members and Supervisory Board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the Supervisory Board. No remission of loans should be granted.	Comply	See clauses 5.7 EBR and 6.7 SBR.
2.8	TAKEOVER SITUATIONS		
	Principle: In the event of a takeover bid for the company's shares or for the depositary receipts for the company's shares, in the event of a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Section 2:107a(1)(c) of the Dutch Civil Code, and/or in the event of other substantial changes in the structure of the organisation, both the Management Board and the Supervisory Board should ensure that the	Comply	

	stakeholder interests concerned are carefully weighed and any conflict of interest for Supervisory Board members or Management Board members is avoided. The Management Board and the Supervisory Board should be guided in their actions by the interests of the company and its affiliated enterprise.		
2.8.1	Supervisory Board involvement		
	When a takeover bid for the company's shares or for the depositary receipts for the company's shares is being prepared, in the event of a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Section 2:107a(1)(c) of the Dutch Civil Code, and/or in the event of other substantial changes in the structure of the organisation, the Management Board should ensure that the Supervisory Board is involved in the takeover process and/or the change in the structure closely and in a timely fashion.	Comply	See clause 7.3.8 and 7.3.9 SBR and 1.1.1.n, schedule 5 SBR.
2.8.2	Informing the Supervisory Board about request for inspection by competing bidder		
	If a takeover bid has been announced for the shares, or depositary receipts for shares, in the company, and the Management Board receives a request from a competing bidder to inspect the company's records, the Management Board should discuss this request with the Supervisory Board without delay.	Comply	See clause 7.3.8 SBR.
2.8.3	Management Board's position on a private bid		
	If a private bid for a business unit or a participating interest has been made public, where the value of the bid exceeds the threshold referred to in Section 2:107a(1)(c) of the Dutch Civil Code, the Management Board of the company should as soon as possible make public its position on the bid and the reasons for this position.	Comply	See clause 6.2.5 EBR. The role of the Supervisory Board in ensuring that the executive board complies to this best practice provision, is described in clause 2.8.3 SBR.
3	REMUNERATION		
3.1	REMUNERATION POLICY – MANAGEMENT BOARD		
	Principle: The remuneration policy applicable to Management Board members should be clear and understandable, should focus on long-term value creation for the company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage	Comply	See clause 1.5.c, schedule 4 SBR and 1.1.2.a schedule 7 SBR.

	Management Board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The Supervisory Board is responsible for formulating the remuneration policy and its implementation.		
3.1.1	Remuneration policy proposal		
	The remuneration committee should submit a clear and understandable proposal to the Supervisory Board concerning the remuneration policy to be pursued with regard to the Management Board. The Supervisory Board should present the policy to the general meeting for adoption.	Comply	See clause 1.1.1 RCC for the role of the Remuneration committee and clause 1.5.c, schedule 4 SBR for the responsibility of the Supervisory Board.
3.1.2	Remuneration policy		
	<p>The following aspects should in any event be taken into consideration when formulating the remuneration policy:</p> <ul style="list-style-type: none"> i. the objectives for the strategy for the implementation of long-term value creation within the meaning of best practice provision 1.1.1; ii. the scenario analyses carried out in advance; iii. the pay ratios within the company and its affiliated enterprise; iv. the development of the market price of the shares; v. an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character; vi. if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and vii. if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. Share options cannot be exercised during the first three years after they are awarded. 	Comply	<p>The aspects described under sub-clauses (i) up to and including (v) are described in clause 1.1.2.a RCC. The Company also complies with sub-clause (vi) and (vii) which are dealt with in the rules for the Long Term Incentive Plan the Company operates. Information about this plan can be found on:</p> <p>https://www.bam.com/sites/default/files/domain-606/documents/agm-2015-03.remuneration-policy-changes-606-14424842632083838149.pdf.</p>
3.1.3	Remuneration – executive committee		
	If the Management Board works with an executive committee, the Management Board should inform the Supervisory Board about the remuneration of the members of the executive committee who are not management board members. The Management Board should discuss this remuneration with the Supervisory Board annually.	N.A.	At BAM, the Management Board as referred to in the Corporate Governance Code is called Executive Board. The company also has a Management Board (see Management Board paragraph in the AR) but this body is not to be considered as an executive committee, given that it is not closely involved in the decision-making of the

			executive board (see also the guidance of the Corporate Governance Committee on best practice 2.1.3).
3.2	DETERMINATION OF MANAGEMENT BOARD REMUNERATION		
	<i>Principle:</i> The Supervisory Board should determine the remuneration of the individual members of the Management Board, within the limits of the remuneration policy adopted by the general meeting. The remuneration committee should prepare the Supervisory Board's decision-making regarding the determination of remuneration. The inadequate performance of duties should not be rewarded.	Comply	See clause 1.5.c, schedule 4 SBR and clause 1.1.2.b RCC.
3.2.1	Remuneration Committee's proposal		
	The Remuneration Committee should submit a proposal to the Supervisory Board concerning the remuneration of individual members of the Management Board. The proposal is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise.	Comply	See clause 1.1.3 RCC. The Remuneration Committee annually prepares a proposal which subsequently is provide to the Supervisory Board for discussion and approval.
3.2.2	Management Board members' views on their own remuneration		
	When drafting the proposal for the remuneration of Management Board members, the remuneration committee should take note of individual Management Board members' views with regard to the amount and structure of their own remuneration. The remuneration committee should ask the members of the Management Board to pay attention to the aspects referred to in best practice provision 3.1.2.	Comply	See clause 1.1.5 RCC
3.2.3	Severance payments		
	The remuneration in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). Severance pay will not be awarded if the agreement is terminated early at the initiative of the Management Board member, or in the event of seriously culpable or negligent behavior on the part of the Management Board member.	Comply	In the management service agreements of the individual members of the executive board, arrangements have been included which maximise the remuneration in case of dismissal is capped at one year's salary. See for more information: https://www.bam.com/en/about-bam/management/executive-board

3.3	REMUNERATION – SUPERVISORY BOARD		
	<i>Principle:</i> The Supervisory Board should submit a clear and understandable proposal for its own appropriate remuneration to the general meeting. The remuneration of Supervisory Board members should promote an adequate performance of their role and should not be dependent on the results of the company.	Comply	See clause 1.5.e, schedule 4 SBR
3.3.1	Time spent and responsibility		
	The remuneration of the Supervisory Board members should reflect the time spent and the responsibilities of their role.	Comply	The remuneration of the members of the Supervisory Board has been set by the AGM on 19 April 2017.
3.3.2	Remuneration of Supervisory Board members		
	Supervisory Board members may not be awarded remuneration in the form of shares and/or rights to shares.	Comply	The members of the Supervisory Board do not receive shares or rights to shares as part of their remuneration. For more information on their remuneration see: https://www.bam.com/en/about-bam/management/supervisory-board
3.3.3	Share ownership		
	Shares held by a Supervisory Board member in the company on whose Supervisory Board they serve should be long-term investments.	Comply	If applicable.
3.4	ACCOUNTABILITY FOR IMPLEMENTATION OF REMUNERATION POLICY		
3.4.1	Remuneration report		
	The remuneration committee should prepare the remuneration report. This report should in any event describe, in a transparent manner, in addition to the matters required by law: <ul style="list-style-type: none"> i. how the remuneration policy has been implemented in the past financial year; ii. how the implementation of the remuneration policy contributes to long-term value creation; iii. that scenario analyses have been taken into consideration; iv. the pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year; v. in the event that a Management Board member receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable 	Comply	See clauses 1.1.2.f and 1.1.4, schedule 4 SBR. More information on these matters can be found in the remuneration report of the AR

	remuneration depends, and the relationship between the remuneration and performance; and vi. in the event that a current or former Management Board member receives a severance payment, the reason for this payment.		
3.4.2	Agreement of Management Board member		
	The main elements of the agreement of a Management Board member with the company should be published on the company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the Management Board member will be proposed.	Comply	The main elements of the management service agreements of the individual members of the Executive Board are available at: https://www.bam.com/en/about-bam/management/executive-board
4	THE GENERAL MEETING		
4.1	THE GENERAL MEETING		
4.1.1	Supervisory Board supervision		
	The Supervisory Board's supervision of the Management Board should include the supervision of relations with shareholders.	Comply	See clause 1.4.n, schedule 4 SBR and clause 1.1.1.m, schedule 5 SBR. The Supervisory Board periodically receives updates from the Investor Relations Manager.
4.1.2	Proper conduct of business at meetings		
	The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a meaningful discussion at the meeting.	Comply	See clause 1.1.1.l, schedule 5 SBR.
4.1.3	Agenda		
	The agenda of the general meeting should list which items are up for discussion and which items are to be voted on. The following items should be dealt with as separate agenda items: i. material changes to the articles of association; ii. proposals relating to the appointment of Management Board and Supervisory Board members; iii. the policy of the company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend); iv. any proposal to pay out dividend;	Comply	Ad (i): See article 32 AoA and clause 7.3.4.d SBR Ad (ii): See clause 7.3.4.d SBR Ad (iii): See article 24.2.e AoA Ad (iv): See article 24.2.f AoA Ad (v): See article 24.2.b AoA Ad (vi): See article 24.2.c AoA Ad (vii): See clause 7.3.3. SBR Ad (viii): See clause 1.5.h, schedule 5 SBR.

	<ul style="list-style-type: none"> v. resolutions to approve the management conducted by the Management Board (discharge of Management Board members from liability); vi. resolutions to approve the supervision exercised by the Supervisory Board (discharge of Supervisory Board members from liability); vii. each substantial change in the corporate governance structure of the company and in the compliance with this Code; and viii. the appointment of the external auditor. 		
4.1.4	Proposal for approval or authorisation		
	A proposal for approval or authorisation by the general meeting should be explained in writing. In its explanation the Management Board should deal with all facts and circumstances relevant to the approval or authorisation to be granted. The notes to the agenda should be posted on the company's website.	Comply	Standard practice within the Company. For every shareholder meeting an agenda and explanatory notes are prepared, all of which can be found on the Company's website: https://www.bam.com/en/about-bam/corporate-governance/annual-general-meeting/egm-24-august-2017
4.1.5	Shareholder's explanation when exercising the right to put items on the agenda		
	If a shareholder has arranged for an item to be put on the agenda, he should explain this at the meeting and, if necessary, answer questions about it.	N.A.	This best practice provision is addressed to the Company's shareholders.
4.1.6	Placing of items on the agenda by shareholders		
	A shareholder should only exercise the right to put items on the agenda after they have consulted with the Management Board on this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example as a result of the dismissal of one or several Management Board or Supervisory Board members, the Management Board should be given the opportunity to stipulate a reasonable period in which to respond (the response time). The opportunity to stipulate the response time should also apply to an intention as referred to above for judicial leave to call a general meeting pursuant to Section 2:110 of the Dutch Civil Code. The relevant shareholder should respect the response time stipulated by the Management Board, within the meaning of best practice provision 4.1.7.	N.A.	This best practice provision is addressed to the Company's shareholders.

4.1.7	Stipulation of the response time		
	If the Management Board stipulates a response time, this should be a reasonable period that does not exceed 180 days from the moment the Management Board is informed by one or more shareholders of their intention to put an item on the agenda to the day of the general meeting at which the item is to be dealt with. The Management Board should use the response time for further deliberation and constructive consultation, in any event with the relevant shareholder(s), and should explore the alternatives. At the end of the response time, the Management Board should report on this consultation and the exploration to the general meeting. This should be monitored by the Supervisory Board. The response time may be stipulated only once for any given general meeting and should not apply to an item in respect of which the response time had been previously stipulated, or to meetings where a shareholder holds at least three-quarters of the issued capital as a consequence of a successful public bid.	Comply	See clause 7.3.7 SBR.
4.1.8	Attendance of members nominated for the Management Board or Supervisory Board		
	Management Board and Supervisory Board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination.	Comply	See clause 6.2.1 EBR and 7.3.1. SBR for the general obligation to attend the general meeting.
4.1.9	External auditor's attendance		
	The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor should for this purpose attend and be entitled to address this meeting.	Comply	The Company complies with this best practice provision. See clause 1.4.o, schedule 4 SBR. It has also been addressed in the engagement letter as agreed upon between the Company and the external auditor.
4.1.10	General meeting's report		
	The report of the general meeting should be made available, on request, to the shareholders no later than three months after the end of the meeting, after which shareholders should have the opportunity to react to the report in the following three months. The report should then be adopted in the manner provided for in the articles of association.	Comply	See clause 7.3.5. SBR and article 27.3 AoA. The procedure for adopting the report of the general meeting is described in article 27.2 AoA.

4.2	PROVISION OF INFORMATION		
	<i>Principle:</i> The Management Board and the Supervisory Board should ensure that the general meeting is adequately provided with information.	Comply	See clause 7.3.2. SBR and 6.2.2 EBR.
4.2.1	Substantiation of invocation of overriding interest		
	If the Management Board and the Supervisory Board decide not to provide the general meeting with all information desired with the invocation of an overriding interest on the part of the company, they must give reasons for this.	Comply	See clause 7.3.2. SBR and 6.2.2 EBR.
4.2.2	Policy on bilateral contacts with shareholders		
	The company should formulate an outline policy on bilateral contacts with the shareholders and should post this policy on its website.	Comply	See clause 7.3.4.f SBR and https://www.bam.com/en/investor-relations/contacts-with-shareholders .
4.2.3	Meetings and presentations		
	Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences should be announced in advance on the company's website and by means of press releases. Analysts' meetings and presentations to investors should not take place shortly before the publication of the regular financial information. All shareholders should be able to follow these meetings and presentations in real time, by means of webcasting, telephone or otherwise. After the meetings, the presentations should be posted on the company's website.	Comply	See https://www.bam.com/en/investor-relations/contacts-with-shareholders and https://www.bam.com/en/investor-relations/publications-and-webcasts .
4.2.4	Posting information in a separate section of the website		
	The company should post and update information which is relevant to the shareholders and which it is required to publish or submit pursuant to the provisions of company law and securities law applicable to it in a separate section of the company's website.	Comply	See the different sections of https://www.bam.com/nl/home .
4.2.5	Management Board contacts with press and analysts		
	The contacts between the Management Board on the one hand and the press and financial analysts on the other should be handled and structured carefully and with due observance of the applicable laws and regulations. The company should not do anything that might compromise the independence of analysts in relation to the company and vice versa.	Comply	The policy that described (a.o.) the contacts with the press and financial analysts is available at www.bam.com : https://www.bam.com/en/investor-relations/contacts-with-shareholders .

4.2.6	Outline of anti-takeover measures		
	The Management Board should outline all existing or potential anti-takeover measures in the management report and should also indicate in what circumstances and by whom these measures may likely be used.	Comply	A description of the take-over measures is available in the annual report (see the chapter 'Other Information').
4.3	CASTING VOTES		
	Principle: Participation of as many shareholders as possible in the general meeting's decision-making is in the interest of the company's checks and balances. The company should, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.	Comply	BAM stimulates shareholders to register for and participate in the general meeting. At this meeting the shareholders are given the opportunity to either vote in person or provide a proxy to a person at their discretion or an independent third party. They can also communicate with other shareholders.
4.3.1	Voting as deemed fit		
	A shareholder should vote as he sees fit. A shareholder who makes use of the voting advice of a third party is expected to form his own judgment on the voting policy or the voting advice provided by this adviser.	N.A.	This best practice provision is aimed at the Company's shareholders.
4.3.2	Providing voting proxies or voting instructions		
	The company should give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party prior to the general meeting.	Comply	In the convocation documents for a general meeting a form is included that offers the opportunity to provide a proxy to an independent third party.
4.3.3	Cancelling the binding nature of a nomination or dismissal		
	The general meeting of shareholders of a company not having statutory two-tier status (<i>structuurregime</i>) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the management board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.	N.A.	The AoA of BAM stipulate: 15.6. The General Meeting may overrule the binding nature the nomination by the Supervisory Board by a resolution adopted by absolute majority of the votes cast, if such majority represents more than one-thirds of the issued capital. 15.7. If the shareholders withhold their support from the binding nomination of the Supervisory Board by an absolute majority of the votes, but such majority does not represent at least one-thirds of the issued share capital, a new General Meeting may be convened at which the nomination may be rejected by absolute majority of the votes, regardless of the proportion of the capital representing such majority.

4.3.4	Voting right on financing preference shares		
	The voting right attaching to financing preference shares should be based on the fair value of the capital contribution.	N.A.	No financing preference shares have been issued at this time.
4.3.5	Publication of institutional investors' voting policy		
	Institutional investors (pension funds, insurers, investment institutions and asset managers) should post annually, in any event on their website, their policy on the exercise of the voting rights for shares they hold in listed companies.	N.A.	This best practice provision is aimed at the Company's shareholders.
4.3.6	Report on the implementation of institutional investors' voting policy		
	Institutional investors should report annually, on their website and/or in their management report, on how they implemented their policy on the exercise of the voting rights in the relevant financial year. In addition, they should report on their website at least once per quarter on whether and, if so, how they have voted as shareholders at general meetings. This report will be posted on the website of the institutional investor.	N.A.	This best practice provision is aimed at the Company's shareholders.
4.4	ISSUING DEPOSITARY RECEIPTS FOR SHARES		
	<i>Principle:</i> Depositary receipts for shares can be a means of preventing a majority (including a chance majority) of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting. Depositary receipts for shares should not be issued as an anti-takeover protective measure. The board of the trust office should issue voting proxies under all circumstances and without limitations to all depositary receipt holders who request this. The holders of depositary receipts so authorised can exercise the voting right at their discretion. The board of the trust office should have the confidence of the holders of depositary receipts. Depositary receipt holders should have the possibility of recommending candidates for the board of the trust office. The company should not disclose to the trust office information which has not been made public.	N.A.	The Company has not issued depository receipts for shares.
4.4.1	Trust office board		
	The board of the trust office should have the confidence of the holders of depositary receipts and operate independently of the company that has issued the depositary receipts. The trust conditions should specify in what cases and	N.A.	The Company has not issued depository rights for shares and therefore also no trust office.

	subject to what conditions holders of depositary receipts may request the trust office to call a meeting of holders of depositary receipts.		
4.4.2	Appointment of board members		
	The board members of the trust office should be appointed by the board of the trust office, after the job opening has been announced on the website of the trust office. The meeting of holders of depositary receipts may make recommendations to the board of the trust office for the appointment of persons to the position of board member. No Management Board members or former Management Board members, Supervisory Board members or former Supervisory Board members, employees or permanent advisers of the company should be a member of the board of the trust office.	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.
4.4.3	Board appointment period		
	A person may be appointed to the board of the trust office for a maximum of two four-year terms, followed by a maximum of two two-year terms. In the event of a reappointment after an eight-year period, reasons should be given in the report of the board of the trust office.	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.
4.4.4	Attendance of the general meeting		
	The board of the trust office should attend the general meeting and should, if desired, make a statement about how it proposes to vote at the meeting.	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.
4.4.5	Exercise of voting rights		
	In exercising its voting rights, the trust office should be guided primarily by the interests of the depositary receipt holders, taking the interests of the company and the enterprise affiliated with it into account.	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.
4.4.6	Periodic reports		
	The trust office should report periodically, but at least once per year, on its activities. The report should be posted on the company's website.	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.
4.4.7	Contents of the reports		
	The report referred to in best practice provision 4.4.6 should, in any event, set out: <ul style="list-style-type: none"> i. the number of shares for which depositary receipts have been issued and an explanation of changes to this number; ii. the work carried out in the financial year; 	N.A.	The Company has not issued depositary rights for shares and therefore also no trust office.

	<ul style="list-style-type: none"> iii. the voting behavior in the general meetings held in the financial year; iv. the percentage of votes represented by the trust office during the meetings referred to under iii.; v. the remuneration of the members of the board of the trust office; vi. the number of meetings held by the management and the main items dealt with in them; vii. the costs of the activities of the trust office; viii. any external advice obtained by the trust office; ix. the (other) positions held by the board members of the trust office; and x. the contact details of the trust office. 		
4.4.8	Voting proxies		
	The board of the trust office should issue voting proxies under all circumstances and without limitations to all depository receipt holders who request this. Each depository receipt holder may also issue binding voting instructions to the trust office in respect of the shares which the trust office holds on his behalf.	N.A.	The Company has not issued depository rights for shares and therefore also no trust office.
5	ONE-TIER GOVERNANCE STRUCTURE		
5.1	ONE-TIER GOVERNANCE STRUCTURE		
	<i>Principle:</i> The composition and functioning of a Management Board comprised of both executive and non-executive directors must be such that the supervision by non-executive directors is properly carried out, and independent supervision can be assured.	N.A.	The Company operates under a two-tier governance structure.
5.1.1	Composition of the Management Board		
	The majority of the Management Board is made up of non-executive directors. The requirements for independence stipulated in best practice provisions 2.1.7 and 2.1.8 apply to the non-executive directors.	N.A.	The Company operates under a two-tier governance structure.
5.1.2	Chairman of the Management Board		
	The chairman of the Management Board chairs the meetings of the Management Board. The chairman of the Management Board should ensure that the Management Board as a collective, as well as the Management Board's committees, have a balanced composition and function properly.	N.A.	The Company operates under a two-tier governance structure.

5.1.3	Independence of the chairman of the Management Board		
	The chairman of the Management Board should not be an executive director or former executive director of the company, and should be independent within the meaning of best practice provision 2.1.8.	N.A.	The Company operates under a two-tier governance structure.
5.1.4	Composition of committees		
	The committees referred to in best practice 2.3.2 should be comprised exclusively of non-executive directors. Neither the Audit Committee nor the Remuneration Committee can be chaired by the chairman of the Management Board or by a former executive director of the company.	N.A.	The Company operates under a two-tier governance structure.
5.1.5	Accountability for supervision by non-executive directors		
	The non-executive directors render account of the supervision exercised in the past financial year. They should, as a minimum, report on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2.	N.A.	The Company operates under a two-tier governance structure.