

Executive Board Rules

Effective as of 8 November 2017



bam



Royal BAM Group nv

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1 Definitions and construction

1.1 Definitions

- 1.1.1 In these Rules capitalised terms have the meaning as set out in Schedule 1.
- 1.1.2 Any reference in these Rules to “in writing” means in writing or by other reproducible electronic communication.

1.2 Construction

- 1.2.1 Schedules are part of these Rules.
- 1.2.2 Annexes are not part of these Rules.

2 Responsibilities

2.1 Responsibilities and representation

- 2.1.1 The Executive Board shall be collectively responsible for the Company’s management, the general affairs of the Company’s business and the general affairs of the Group. Subject to the Supervisory Board’s approval, the Executive Directors may divide their duties. Schedule 2 sets out the Executive Board’s general responsibilities.
- 2.1.2 Each Executive Director shall be accountable to the Executive Board for the fulfilment of his duties and must therefore report to the Executive Board on a regular basis and in such manner as to give the Executive Board a proper insight in the performance of his duties.
- 2.1.3 The Executive Board as well as each Executive Director is authorised to represent the Company. As regard to the authority in respect of bank and/or postal accounts, each member of the Executive Board shall be designated and furthermore such staff members as designated by the Executive Board. As regard to the authority in respect of bank and/or postal accounts two signatures shall be required for committing the Company.

2.2 Chairman

- 2.2.1 The Supervisory Board appoints one of the Executive Directors as the Chairman.
- 2.2.2 In the event that the position of the Chairman is vacant (ontstentenis) or the Chairman is unable to act (belet), another Executive Director will deputise for the Chairman.

3 Company Secretary

3.1 Duties and responsibilities

- 3.1.1 The Company Secretary assists the Executive Board. The Company Secretary ensures that the proper procedures as required by law, the Articles of Association or these Rules are complied with. The Company Secretary assists the Chairman in organising Executive Board meetings.
- 3.1.2 In the event the Company Secretary suspects a conflict of interest or potential conflict of interest as referred to in clause 5 in respect of an Executive Director, the Company Secretary is authorised to report such suspicion to the chairman of the Supervisory Board.

3.2 Appointment and dismissal

- 3.2.1 Subject to the Supervisory Board’s prior approval, the Executive Board appoints and dismisses the Company Secretary. The Supervisory Board may recommend the appointment or dismissal of the Company Secretary to the Executive Board.

4 Meetings of the Executive Board and decision making

4.1 Convening meetings and agenda

- 4.1.1 Meetings are held in accordance with a meeting schedule to be annually set by the Executive Board. Additional meetings are convened at any Executive Director's request.
- 4.1.2 Meetings are convened in a timely manner and in writing by the Chairman or, if the Chairman position is vacant (ontstentenis) or if the Chairman is unable to act (belet), any Executive Director. The notice sets out the meeting agenda and will be distributed among the Executive Directors.
- 4.1.3 The Executive Director convening a meeting sets the agenda for that meeting. Executive Directors may submit agenda items to the Executive Director convening the meeting.

4.2 Meeting location

- 4.2.1 Meetings are normally held at the Company's offices, but may also take place elsewhere.
- 4.2.2 Meetings may also be held by telephone or videoconference, provided that all participants can hear each other simultaneously. Executive Directors attending the meeting by telephone or videoconference are considered present at the meeting.

4.3 Attendance

- 4.3.1 An Executive Director entitled to vote may be represented at a meeting by another Executive Director entitled to vote holding a proxy in writing.
- 4.3.2 The Executive Board may require that certain officers and external advisers attend its meetings.

4.4 Chairman of the meeting

- 4.4.1 The Chairman, or, if the Chairman is not present at the meeting, the Executive Directors present at the meeting will appoint one of them as chairman.

4.5 Adoption of resolutions - quorum requirements

- 4.5.1 The Executive Board may only adopt resolutions at a meeting if a majority of the Executive Directors entitled to vote is present or represented at the meeting.
- 4.5.2 The chairman of the meeting ensures that adopted resolutions are communicated to Executive Directors not present at the meeting without delay.

4.6 Adoption of resolutions - majority requirements

- 4.6.1 Each Executive Director has one vote.
- 4.6.2 Where possible, the Executive Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a majority of votes cast. An abstention will not be considered as a vote.
- 4.6.3 In the event of a tie vote, the Chairman, if entitled to vote, has a casting vote, provided that at least two other Executive Directors entitled to vote are in office.
- 4.6.4 If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

4.7 Meeting minutes

- 4.7.1 The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted by a resolution adopted at a next Executive Board meeting.

4.8 Adopting resolutions without holding a meeting

- 4.8.1 The Executive Board may also adopt resolutions without holding a meeting, provided that:
 - (a) the resolutions have been brought to the attention of all of the Executive Directors;
 - (b) none of the Executive Directors entitled to vote has objected to this form of decision making;

- (c) each Executive Director entitled to vote has participated in the voting; and
 - (d) the resolutions are adopted in writing.
- 4.8.2 Clauses 4.6.1 through 4.6.3 apply to adopting resolutions without holding a meeting.

4.9 Evidence of adopted resolutions

- 4.9.1 Resolutions can be evidenced by a statement signed by the Chairman and the Company Secretary.
- 4.9.2 Resolutions adopted at a specific meeting can also be evidenced by a statement signed by the chairman and the secretary of that meeting.

4.10 Resolutions requiring Supervisory Board approval

- 4.10.1 Annex 1 lists Executive Board resolutions that require Supervisory Board approval. The Supervisory Board may from time to time amend this list, provided that the amendments are clearly specified and communicated in writing to the Executive Board.

5 Conflicts of interest

5.1 Preventing conflicts of interest

- 5.1.1 Any conflict of interest between the Company and the Executive Directors should be prevented.
- 5.1.2 Executive Directors must be alert to conflicts of interest and may not:
- (a) compete with the Company;
 - (b) demand or accept 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;
 - (c) provide unjustified advantages to third parties at the Company's expense;
 - (d) take advantage of business opportunities that the Company is entitled to, 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.

5.2 Definition

- 5.2.1 For the purpose of clauses 5.2 through 5.6, a "conflict of interest" means:
- (a) a direct or indirect personal conflict of interest within the meaning of article 2:129(5) BW; and
 - (b) any other situation which causes reasonable doubt about whether the Executive Director concerned is primarily guided in the decision-making process by the interests of the Company and its business.
- 5.2.2 An Executive Director has a potential conflict of interest if the Company intends to enter into a transaction with a legal entity:
- (a) in which that Executive Director has a material financial interest;
 - (b) whose management or supervisory board includes a member who has a family law relationship with that Executive Director;
 - (c) where that Executive Director has a management or supervisory position;
 - (d) under applicable law, including the rules of any exchange on which the Company's Shares (or depositary receipts thereof) may be listed, such conflict of interests exists or is deemed to exist.

5.3 Consequences

- 5.3.1 An Executive Director may not participate in the Executive Board's deliberations and decision-making process on a subject where the Executive Director is found to have a conflict of interest pursuant to clause 5.5.1. The Executive Director does not qualify as an Executive Director entitled to vote in relation to that subject.

5.4 Obligation to report

- 5.4.1 An Executive Director must without delay report any conflict of interest or potential conflict of interest to the chairman of the Supervisory Board and to the other Executive Directors. The Executive Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

5.5 Determination of conflicts of interest

- 5.5.1 The Supervisory Board decides whether an Executive Director has a conflict of interest, without the Executive Director being present.

5.6 At arm's length. Supervisory Board approval

- 5.6.1 Executive Board resolutions on a subject where the Supervisory Board has found one or more Executive Directors to have a conflict of interest:
- (a) may only be adopted if the Company enters into the transaction on terms that are customary in the market; and
 - (b) require the Supervisory Board's approval.

5.7 Personal loans

- 5.7.1 The Company will not grant any personal loans, guarantees or the like to members of the Executive Board unless in the normal course of business and on terms applicable to the personnel as a whole. No remission of loans will be granted.

6 Relationship with the Supervisory Board; general meeting and works council

6.1 Relationship with the Supervisory Board

- 6.1.1 The Executive Board shall timely and in a sound manner provide the Supervisory Board with all relevant information on all facts and developments concerning the Group which the Supervisory Board may need for functioning as required and for properly carrying out its duties. Executive Directors, if invited, are required to attend meetings of the Supervisory Board.
- 6.1.2 In the event that the Supervisory Board deems it necessary to acquire information from employees and external advisors of the Group, the Executive Board sees to it that the necessary information and resources will be made available.
- 6.1.3 The Executive Board shall periodically provide the Supervisory Board with a report in writing prepared in a format as agreed between both boards, setting out detailed information on the general business of the Group in that period, with special emphasize on financials and the developments in the relevant markets.
- 6.1.4 The Executive Board and the Supervisory Board's audit committee shall report on their dealings with the external auditor to the Supervisory Board on an annual basis, including on his independence in particular and on the desirability of rotating the responsible partners of an external audit firm that provides audit services.
- 6.1.5 At least once every four years, the Executive Board shall together with the Supervisory Board and the Supervisory Board's audit committee conduct a thorough assessment of the functioning of the external auditor within the various entities.
- 6.1.6 Notwithstanding the provisions of the previous clauses the Executive Board shall provide the Supervisory Board annually with (i) a progress report on the implementation of the strategy, (ii) the operational plan for following year, (iii) an overview of the general and financial risks and (iv) an assessment of the structure and operation of the internal risk management and control systems, as well as any significant changes and major improvements planned thereto; the Executive Board shall annually discuss these items with the Supervisory Board and the items (iii) and (iv) with the Supervisory Board's audit committee.

- 6.1.7 From time to time the Executive Board shall provide the Supervisory Board with copies of reports of analysts with respect to the Company and its relevant markets.
- 6.1.8 In the event that the Company is subject to a 'rating process', be such called or uncalled for, the relevant reports will be submitted to the Supervisory Board by the Executive Board.
- 6.1.9 The Executive Board and each Executive Director will comply with, and be bound by the obligations arising from, the Supervisory Board rules.

6.2 Relationship with the Company's shareholders

- 6.2.1 The General Meetings shall be attended by the Executive Directors together with the Supervisory Directors, unless they are prevented from attending on serious grounds or the General Meeting has expressed the wish to meet without the presence of the Executive Board or an Executive Director.
- 6.2.2 The Executive Board shall provide the General Meeting with any information it may require, unless important interests (zwaarwegende belangen) of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The Executive Board shall specify the reasons for invoking such important interests.
- 6.2.3 The Executive Board is accountable for the corporate governance structure of the Company and complying with this structure to the General Meeting. The Executive Board shall ensure that a broad outline of the corporate governance structure of the Company shall be explained in a separate chapter of the annual report or on the Company's website, partly by reference to the principles mentioned in the Code. The Executive Board shall expressly indicate to what extent the Company adheres to the best practice provisions in the Code and, if it does not do so, provide a sound motivation for such a deviation. The Executive Board shall submit each substantial change in the corporate governance structure of the Company and in complying by the Company with the Code to the General Meeting for discussion under a separate agenda item.
- 6.2.4 The Executive Board shall inform the General Meeting of all facts and circumstances relevant to the approval, delegation or authorisation to be granted as required by law or the Articles of Association.
- 6.2.5 If a serious private bid is made for a group company, business unit or a participating interest and the value of the group company, business unit or a participating interest exceeds the threshold referred to in the applicable article of the BW, and such bid is made public, the Executive Board of the Company shall, at its earliest convenience, make public its position on the bid and the reasons for this position.
- 6.2.6 The Executive Board shall provide an overview of all existing or potential anti-take-over measures in the annual report, and shall also indicate in what circumstances it is expected that these measures may be used.

6.3 Relationship with the works council

- 6.3.1 The Executive Board nominates an officer as 'bestuurder' in the sense of the law on works councils (Wet op de Ondernemingsraden). The nominated officer shall attend the meetings with the works council (overlegvergaderingen). The nominated officer shall attend also the meetings with the works council of the holding organisation of the Company as 'bestuurder', unless the Executive Board nominates another officer.
- 6.3.2 Once a year an informal meeting will take place between the Supervisory Board, the Executive Board and the works council. Among other things, the conduct and culture in the Company and its business shall be discussed at such meeting.

7 Evaluation of Executive Directors

7.1 Evaluation of Executive Directors

- 7.1.1 The chairman of the Supervisory Board is the main contact on behalf of the Supervisory Board regarding the performance of the Executive Directors.

- 7.1.2 The Executive Board regularly, and at least annually, evaluates its own and the Executive Directors' performance.

8 Positions outside the company

8.1 Positions outside the Company

- 8.1.1 An Executive Director must inform the Supervisory Board before accepting positions outside the Company.
- 8.1.2 Executive Directors may not accept a position as a supervisory board member or non-executive director of another organisation without the Supervisory Board's prior approval.

9 Confidentiality

9.1 Confidentiality

- 9.1.1 Each Executive Director must treat all information and documentation obtained in connection with his or her position as Executive Director with the necessary discretion, integrity and confidentiality. This provision remains applicable to an Executive Director after his resignation as Executive Director.

10 Miscellaneous

10.1 Compliance with these Rules

- 10.1.1 On 8 November 2017 the Executive Board declared by unanimous resolution that:
- (a) it will apply, and considers itself bound by, the obligations arising from these Rules to the extent that the Rules apply to the Executive Board and its individual members; and
 - (b) on appointment of new Executive Directors, it will ensure that these members issue a declaration as referred to in 10.1.1(a).
- 10.1.2 On 8 November 2017 the Supervisory Board declared by unanimous resolution that:
- (a) it approves the resolution of the Executive Board as referred to in 10.1.1;
 - (b) it will apply, and considers itself bound by, the obligations arising from these Rules to the extent that the Rules apply to the Supervisory Board and its individual members; and
 - (c) on appointment of new Supervisory Directors, it will ensure that these members issue a declaration as referred to in 10.1.2(b).

10.2 Decision not to comply with these Rules. Amendment of these Rules

- 10.2.1 Subject to the Supervisory Board's approval, the Executive Board may occasionally resolve not to comply with these Rules.
- 10.2.2 Subject to the Supervisory Board's approval, the Executive Board may amend these Rules.

10.3 Partial invalidity

- 10.3.1 If any provision of these Rules is held to be or becomes invalid (in each case, either in its entirety or in part) that provision will, to the extent of its invalidity, be deemed not to form part of these Rules, but the validity of the remainder of these Rules will not be affected.

10.4 Governing law and jurisdiction

- 10.4.1 These Rules are governed exclusively by Dutch law.
- 10.4.2 Any disputes arising out of or in connection with these Rules, including disputes concerning their applicability, will be resolved by the courts in Utrecht, the Netherlands.

Schedule 1

Definitions

Annex means an annex to these Rules;

Articles of Association means the articles of association of the Company;

BW means the Dutch Civil Code (Burgerlijk Wetboek);

Chairman means the Executive Director with the title Chairman, in accordance with clause 2.2.1;

Code means the Dutch Corporate Governance Code as adopted by the Corporate Governance Code Monitoring Committee on 8 December 2016;

Company means Koninklijke BAM Groep N.V.;

Company Secretary means the company secretary appointed in accordance with clause 3.2;

Executive Board means the executive board of the Company;

Executive Director means a member of the Executive Board;

General Meeting means the corporate body that consists of shareholders and all other persons with meeting rights / the meeting in which the shareholders and all other persons with meeting rights assemble;

Group means the Company and all entities included in the group (groep, within the meaning of article 2:24b BW) headed by it;

Rules means these rules of procedure of the Executive Board

Schedule means a schedule to these Rules;

Supervisory Board means the supervisory board of the Company; and

Supervisory Director means a member of the Supervisory Board.

Schedule 2

General responsibilities of the Executive Board

1 General responsibilities of the Executive Board

- 1.1** The Executive Board manages the Company.
- 1.2** The Executive Board is responsible for the continuity of the Company and its business. The Executive Board must establish a position on the relevance of long-term value creation for the Company and its business and take into account the relevant stakeholder interests. To that end the Executive Board determines the business model(s) the Company uses and develops the strategy the Company follows for long-term value creation, taking into account the interests of the relevant stakeholders and any other aspects relevant to the Group. Attention will be paid to the strategy implementation and feasibility.
- 1.3** The responsibilities of the Executive Board include:
- (a) the general state of affairs in and the results of the Group;
 - (b) making up and controlling the risks connected to the business activities;
 - (c) maintaining and preparing the financial reporting process and facilitating the external auditing process;
 - (d) the internal audit function and the way it fulfils its responsibilities;
 - (e) setting the Company's management agenda;
 - (f) enhancing the Group's performance;
 - (g) developing a general strategy and taking into account risks connected to the Group's business activities;
 - (h) determining and pursuing operational and financial objectives;
 - (i) structuring and managing internal business control systems;
 - (j) ensuring the Group's compliance with applicable laws and regulations;
 - (k) ensuring compliance with and maintaining the Group's corporate governance structure;
 - (l) ensuring publication by the Company of any information required by applicable laws and regulations;
 - (m) preparing the Company's annual report, the annual operating plan and approving significant capital expenditures;
 - (n) drawing up the annual operation plan and, every three years, a strategic agenda, which includes important capital investments of the Company;
 - (o) giving advice in connection with the nomination of the external auditor of the Company and consultation with the Supervisory Board with respect to the instructions to the external auditor for providing his services and the related remuneration;
 - (p) monitoring corporate social responsibility issues;
 - (q) timely and closely involving the Supervisory Board in the takeover process in case a takeover bid for the Company's shares is being prepared, announced or made;
 - (r) without delay discussing with the Supervisory Board the request of a competing bidder to inspect the Company's records, in case of a takeover bid for the Company's shares is being prepared, announced or made; and
 - (s) ensuring that internal procedures are established and maintained which safeguard that all relevant information is known to the Executive Board and the Supervisory Board in a timely fashion;
 - (t) ensuring that employees have the opportunity to report actual and suspected misconduct without jeopardizing their legal position;
 - (u) being alert to indications of actual or suspected misconduct;
 - (v) inform the chairman of the Supervisory Board without delay of any sign of actual or suspected misconduct.

Executive Board resolutions requiring Supervisory Board approval

2 Construction

- 2.1** In this Annex, capitalised terms have the meaning as set out in Schedule 1 of these Rules.
- 2.2** This Annex does not list Executive Board resolutions that are subject to Supervisory Board approval pursuant to law, the Articles of Association or clauses 2.1.1, 3.2.1, 5.6.1, 10.2.1 and 10.2.2 of the Rules.

3 Executive Board resolutions requiring Supervisory Board approval

- 3.1** Without prejudice to article 2:164 BW, the Company's articles of association, the rules of the Supervisory Board and these Rules, the following resolutions of the Executive Board shall require the approval of the Supervisory Board:
- (a) to appoint and dismiss the head of internal audit;
 - (b) to approve the audit plan drawn up by the internal audit function;
 - (c) to enter into a transaction with a legal entity or natural person holding at least ten percent of the Company's shares that is of material significance to the Company and/or such legal entity or such natural person;
 - (d) on subjects where an Executive Director has a conflict of interest as referred to in these rules; and
 - (e) all other resolutions of which the Supervisory Board after consultation with the Executive Board decides that these shall be subject to the approval of the Supervisory Board.

In the event that the Executive Board represents the Company in any body of another company belonging to the Group, all resolutions of the Executive Board to vote on behalf of the Company in such body in favour of resolutions (i) as described in this paragraph, (ii) which requires Supervisory Board approval on the basis of the Articles of Association or (iii) which requires Supervisory Board approval pursuant to law, and relating to that other company shall also be subject to the approval of the Supervisory Board. However, no approval shall be required for subsidiaries of the Company having a value of less than one-fourth of the issued share capital and the reserves of the Company, as shown in its most recently adopted balance sheet with explanatory notes.

- 3.2** Furthermore the Executive Board shall submit to the Supervisory Board for approval:
- (a) the operational and financial objectives of the Group;
 - (b) the strategy designed to achieve the objectives of the Group;
 - (c) the parameters to be applied in relation to the strategy (for example in respect to the financial ratio's);
 - (d) corporate social responsibility issues that are relevant to the Group;
 - (e) the annual operational plan and, at least every four years, a revised strategic plan.
- 3.3** Furthermore the Executive Board shall submit to the Supervisory Board for approval:
- (a) the invocation or not of a response time as set out in 4.1.6 and 4.1.7 of the Code;
 - (b) any steps taken by the Company in case of a takeover bid for the Company's shares is being prepared, announced, or made;
 - (c) the honouring or not of a request of a competing bidder to inspect the Company's records, in case of a takeover bid for the Company's shares being prepared, announced or made.
- 3.4** The granting of personal loans, guarantees or the like to members of the Executive Board and the Supervisory Board require the approval of the Supervisory Board.

Policy owner	Company Secretary
Policy approver	Executive Board
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Royal BAM Group nv
Runnenburg 9
3981 AZ Bunnik
P.O. Box 20
3980 CA Bunnik
The Netherlands
Telephone +31 (0)30 659 89 88
info@bam.com
www.bam.com

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Trade Register number 30058019.