

# Supervisory Board Rules

*Effective as of 8 November 2017*



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Royal BAM Group nv

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## Contents

<b>1</b>	<b>Definitions and construction</b>	<b>/ 3</b>
1.1	Definitions	/ 3
1.2	Construction	/ 3
<b>2</b>	<b>Composition of the Supervisory Board, division of duties and responsibilities</b>	<b>/ 3</b>
2.1	Composition of the Supervisory Board	/ 3
2.2	Responsibilities	/ 3
2.3	Chairman and Vice-Chairman	/ 3
<b>3</b>	<b>Committees of the Supervisory Board</b>	<b>/ 3</b>
3.1	General	/ 3
3.2	Permanent Committees	/ 3
<b>4</b>	<b>Company Secretary</b>	<b>/ 4</b>
4.1	Duties and responsibilities	/ 4
4.2	Appointment and dismissal	/ 4
<b>5</b>	<b>Meetings of the Supervisory Board and decision making</b>	<b>/ 4</b>
5.1	Convening meetings and agenda	/ 4
5.2	Meeting location	/ 5
5.3	Attendance	/ 5
5.4	Chairman of the meeting	/ 5
5.5	Adoption of resolutions - quorum requirements	/ 5
5.6	Adoption of resolutions - majority requirements	/ 5
5.7	Meeting minutes	/ 6
5.8	Adopting resolutions without holding a meeting	/ 6
5.9	Evidence of adopted resolutions	/ 6
<b>6</b>	<b>Conflicts of interest</b>	<b>/ 6</b>
6.1	Preventing conflicts of interest	/ 6
6.2	Definition	/ 6
6.3	Consequences	/ 6
6.4	Obligation to report	/ 7
6.5	Determination of conflicts of interest	/ 7
6.6	At arm's length. Supervisory Board approval	/ 7
<b>7</b>	<b>Relationship with the Executive Board, General Meeting and works council</b>	<b>/ 7</b>
7.1	Main contact	/ 7
7.2	Relationship with the Executive Board	/ 7
7.3	Relationship with the Company's shareholders	/ 8
7.4	Relationship with the works council	/ 9
7.5	Executive Board - resolutions requiring Supervisory Board approval	/ 9
7.6	Executive Board - annual evaluation	/ 9
7.7	Executive Directors and majority shareholders - conflicts of interest	/ 9
<b>8</b>	<b>Annual evaluation of Supervisory Directors</b>	<b>/ 10</b>
8.1	Evaluation of Supervisory Directors	/ 10
<b>9</b>	<b>Positions outside the Company</b>	<b>/ 10</b>
9.1	Positions outside the Company	/ 10
<b>10</b>	<b>Confidentiality</b>	<b>/ 10</b>
10.1	Confidentiality	/ 10
<b>11</b>	<b>Miscellaneous</b>	<b>/ 10</b>
11.1	Compliance with these Rules	/ 10
11.2	Decision not to comply with these Rules. Amendment of these Rules	/ 10
11.3	Partial invalidity	/ 10
11.4	Governing law and jurisdiction	/ 10
	Schedule 1 - Definitions	/ 11
	Schedule 2 - Profile of the Supervisory Board	/ 12
	Schedule 3 - Rotation schedule of the Supervisory Board	/ 14
	Schedule 4 - General responsibilities of the Supervisory Board	/ 15
	Schedule 5 - Responsibilities of the Chairman and the Vice-Chairman	/ 17
	Schedule 6 - Audit Committee Charter	/ 18
	Schedule 7 - Remuneration Committee Charter	/ 20
	Schedule 8 - Nomination Committee Charter	/ 22

## 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.

## 2 Composition of the Supervisory Board, division of duties and responsibilities

### 2.1 Composition of the Supervisory Board

- 2.1.1 The Supervisory Board prepares a profile of its size and composition, taking into account the nature of the Company’s business, the Supervisory Board’s activities and the desired expertise, experience and independence of the Supervisory Directors. The current profile is set out in Schedule 2.
- 2.1.2 The Supervisory Board shall evaluate the profile as referred to in clause 2.1.1 annually.
- 2.1.3 The Supervisory Board must prepare a rotation schedule to prevent, where possible, reappointments occurring at the same time. The current rotation schedule is set out in Schedule 3.

### 2.2 Responsibilities

- 2.2.1 The general responsibilities of the Supervisory Board are set out in Schedule 4.

### 2.3 Chairman and Vice-Chairman

- 2.3.1 The Supervisory Board appoints one of the Supervisory Directors as Chairman and one of its members as Vice-Chairman.
- 2.3.2 The Chairman cannot be a former Executive Director and must be independent in accordance with best practice provision 2.1.8 of the Code.
- 2.3.3 The responsibilities of the Chairman and the Vice-Chairman are set out in Schedule 5.

## 3 Committees of the Supervisory Board

### 3.1 General

- 3.1.1 The Supervisory Board may assign certain tasks to one or more permanent or ad hoc committees comprising one or more Supervisory Directors.
- 3.1.2 The task of Supervisory Board committees is to prepare the decision making of the Supervisory Board. Establishing committees does not diminish the responsibility of the Supervisory Board and the Supervisory Directors for obtaining information and forming an independent opinion. The entire Supervisory Board also remains responsible for its decisions, even if they were prepared by one of the Supervisory Board’s committees. The committees cannot adopt resolutions on behalf of the Supervisory Board.
- 3.1.3 The Supervisory Board appoints Supervisory Board committee members. For each committee, the Supervisory Board appoints a chairman from among committee members.
- 3.1.4 Supervisory Board committees report on a regular basis to the Supervisory Board about their actions, reviews, proposals and findings.
- 3.1.5 The Supervisory Board shall prepare rules governing the respective Supervisory Board committee’s practices and principles (responsibilities, composition, meetings etc.).

### 3.2 Permanent Committees

- 3.2.1 The Supervisory Board has the following permanent committees:
  - (a) the Audit Committee, with duties and internal proceedings as set out in Schedule 6;
  - (b) the Remuneration Committee, with duties and internal proceedings as set out in Schedule 7;
  - and
  - (c) the Nomination Committee, with duties and internal proceedings as set out in Schedule 8.

## 4 Company secretary

### 4.1 Duties and responsibilities

4.1.1 The Company Secretary assists the Supervisory 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 also assists the Chairman in the logistics of the Supervisory Board (i.e. information, agenda, evaluation, introduction, education and training programme).

### 4.2 Appointment and dismissal

4.2.1 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.

## 5 Meetings of the Supervisory Board and decision making

### 5.1 Convening meetings and agenda

- 5.1.1 Meetings are held in accordance with a meeting schedule to be annually set by the Supervisory Board. The Supervisory Board shall hold at least four (4) meetings per year. Additional meetings are convened at any Supervisory Director's request.
- 5.1.2 Meetings are convened in a timely manner and in writing by (i) the Chairman, (ii) the Vice-Chairmen and (iii) if the Chairman and Vice-Chairman positions are vacant (ontstentenis) or the Chairman and Vice-Chairman are unable to act (belet), by any Supervisory Director or (iv) on behalf of the Chairman by the Company Secretary. The notice sets out the meeting agenda and will be distributed among the Supervisory Director's and the Executive Directors.
- 5.1.3 The Supervisory Director convening a meeting (usually the Chairman) sets the agenda for that meeting in consultation with the Company Secretary and the chairman of the Executive Board. Supervisory Directors may submit agenda items to the Supervisory Director convening the meeting.
- 5.1.4 The ongoing items to be considered and discussed at the Supervisory Board meetings include:
- (a) the minutes of previous meetings, in so far not yet approved;
  - (b) health and safety performance of the Group;
  - (c) the general operational business of the Group in relation to the Company's operational plan;
  - (d) the Company's financial results, amongst which the forecast for the year based on the quarterly results;
  - (e) the press release to be issued regarding the quarterly results;
  - (f) major decisions requiring Supervisory Board approval or advice based on the rules of the Executive Board amongst which: (i) the operational and financial objectives of the Company, (ii) the strategy designed to achieve the objectives and (iii) the parameters to be applied in relation to the strategy, for example in respect of the financial ratios;
  - (g) the reports of the Supervisory Board committees;
  - (h) feedback from analyst meetings and roadshows and developments in the shareholding of the Company;
  - (i) the broad outline of the Company's corporate governance structure as included as a paragraph in the annual report;
  - (j) nominations for vacancies in the Executive Board. With any such nomination, the Supervisory Board will take into account the provisions set out in article 2:132a BW.
- 5.1.5 At least once a year, the Supervisory Board shall discuss:
- (a) the functioning of the Supervisory Board, the Supervisory Board committees, and of its individual members, and the conclusions to be drawn on the basis thereof;
  - (b) the desired profile, composition and competences of the Supervisory Board;
  - (c) the functioning of the Executive Board and its individual members and the conclusions to be drawn on the basis thereof;
  - (d) the corporate strategy, including capital structures for the long term as well as any significant changes thereto;
  - (e) the risks of the business, and the result of the assessment by the Executive Board of the structure and operation of the internal risk management and control systems, as well as any significant changes and any major improvements planned thereto;

- (f) the evaluation of the induction, education or training programme for Supervisory Board members;
- (g) the operational plan for the following year;
- (h) the annual report and annual accounts with the report and management letter of the external auditor;
- (i) the preparation and review of the General Meeting and the agenda items;
- (j) HR policies for the Group, including succession planning for the Executive Board and other senior managers and talent identification and development;
- (k) IT policies for the Group, including cyber security;
- (l) corporate social responsibility issues relevant to the Group;
- (m) compliance and integrity issues in the Group and reporting on alleged irregularities;
- (n) Activities with regard to creating a culture aimed at long-term value creation.

## **5.2 Meeting location**

- 5.2.1 The Chairman decides on the place of venue of the Meetings. Meetings are normally held at the Company's offices, but may also take place elsewhere after the Chairman consulted with the chairman of the Executive Board.
- 5.2.2 Meetings may also be held by telephone or videoconference, provided that all participants can hear each other simultaneously. Supervisory Directors attending the meeting by telephone or videoconference are considered present at the meeting.

## **5.3 Attendance**

- 5.3.1 A Supervisory Director entitled to vote may be represented at a meeting by another Supervisory Director entitled to vote holding a proxy in writing.
- 5.3.2 Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by one or more members of the Executive Board and by the Company Secretary. The Supervisory Board may require that certain officers and external advisers attend its meetings.
- 5.3.3 The external auditor of the Company shall attend each meeting at which the examination and approval of the annual accounts and the half-year results are discussed.
- 5.3.4 Notwithstanding clause 5.3.2, at least once a year a meeting of the Supervisory Board shall be held without the Executive Board being present, in order for the Supervisory Board to discuss and evaluate the performance of the Supervisory Board and the Executive Board as well as their individual members.

## **5.4 Chairman of the meeting**

- 5.4.1 The Chairman or, if the Chairman is not present at the meeting, the Vice-Chairman chairs the meeting. If both the Chairman and the Vice-Chairman are not present at a meeting and the Chairman has not appointed another Supervisory Director as chairman of that meeting, the Supervisory Directors present at the meeting will appoint one of them as chairman of that meeting.

## **5.5 Adoption of resolutions - quorum requirements**

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

## **5.6 Adoption of resolutions - majority requirements**

- 5.6.1 Each Supervisory Director has one vote.
- 5.6.2 Where possible, the Supervisory Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a majority of votes cast.
- 5.6.3 In the event of a tie vote, the Chairman, if entitled to vote, has a casting vote.
- 5.6.4 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.

## **5.7 Meeting minutes**

- 5.7.1 The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes shall in principle be adopted at a next Supervisory Board meeting. If all Supervisory Directors agree on the contents of the minutes, they may also be adopted earlier.
- 5.7.2 The minutes shall be signed for adoption by the chairman and the secretary of the meeting.

## **5.8 Adopting resolutions without holding a meeting**

- 5.8.1 The Supervisory Board may also adopt resolutions without holding a meeting, provided that:
- (a) the resolutions have been brought to the attention of all of the Supervisory Directors;
  - (b) none of the Supervisory Directors entitled to vote has objected to this form of decision-making;
  - (c) each Supervisory Director entitled to vote has participated in the voting (including voting by proxy); and
  - (d) the resolutions are adopted in writing.
- 5.8.2 Clauses 5.6.1 through 5.6.3 apply to adopting resolutions without holding a meeting.

## **5.9 Evidence of adopted resolutions**

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

# **6 Conflicts of interest**

## **6.1 Preventing conflicts of interest**

- 6.1.1 Any conflict of interest between the Company and Supervisory Directors should be prevented. The Supervisory Board is responsible for dealing with any conflicts of interest between Supervisory Directors and the Company.
- 6.1.2 Supervisory 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.

## **6.2 Definition**

- 6.2.1 For purposes of clauses 6.2 through 6.6, a "conflict of interest" means:
- (a) a direct or indirect personal conflict of interest within the meaning of article 2:140(5) BW; and
  - (b) any other situation which causes reasonable doubt about whether the Supervisory Director concerned is primarily guided in the decision-making process by the interests of the Company and its business.
- 6.2.2 A Supervisory Director has a potential conflict of interest if the Company intends to enter into a transaction with a legal entity:
- (a) in which that Supervisory Director has a material financial interest;
  - (b) whose management or supervisory board includes a member who has a family law relationship with that Supervisory Director;
  - (c) where that Supervisory 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; or
  - (e) the Chairman, or the Vice-Chairman as the case may be, has ruled at his sole discretion that such conflict of interests exists or is deemed to exist.

## **6.3 Consequences**

- 6.3.1 A Supervisory Director may not participate in the Supervisory Board's or a committee's deliberations and decision-making process on a subject where the Supervisory Director is found to have a conflict of interest pursuant to clause 6.5.1. The Supervisory Director does not qualify as a Supervisory Director entitled to vote in relation to that subject.



## **6.4 Obligation to report**

6.4.1 A Supervisory Director, other than the Chairman or Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman, or in the Chairman's absence, the Vice-Chairman. The Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Vice-Chairman or, in the Vice-Chairman's absence, to the other Supervisory Directors. The Vice-Chairman must, without delay, report any conflict of interest or potential conflict of interest to the Chairman or, in the Chairman's absence, to the other Supervisory Directors. The Supervisory 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.

## **6.5 Determination of conflicts of interest**

6.5.1 The Supervisory Board decides whether a Supervisory Director has a conflict of interest, without the Supervisory Director being present.

## **6.6 At arm's length. Supervisory Board approval**

6.6.1 Executive Board resolutions on a subject where the Supervisory Board has found one or more Supervisory Directors to have a conflict of interest and which is of material significance to the Company and/or to the related Supervisory Board member(s) require the approval of the Supervisory Board. The Supervisory Board may only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.

## **6.7 Personal loans**

6.7.1 The Company will not grant any personal loans, guarantees or the like to members of the Supervisory 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.

# **7 Relationship with the Executive Board, General Meeting and works council**

## **7.1 Main contact**

7.1.1 The Chairman is the main contact on behalf of the Supervisory Board for the Executive Board, the General Meeting and the works council.

7.1.2 The Vice-Chairman is the main contact on behalf of the Supervisory Board in matters regarding the Chairman's performance.

## **7.2 Relationship with the Executive Board**

7.2.1 The Supervisory Board, and its individual members, have their own responsibility for obtaining all information from the Executive Board and the external auditor that the Supervisory Board requires for the due performance of its duties. If the Supervisory Board deems necessary, it may obtain information from officers and external advisors of the Group, with notification thereof in advance to the chairman of the Executive Board. The Executive Board shall provide the necessary means for this purpose. Each Supervisory Director keeps the Chairman and the chairman of the Executive Board informed of any contacts that member may have with members of the Executive Board, officers of the Group and external advisors of the Group in the proper performance of his/her duties as Supervisory Director. This does not apply to contacts that Supervisory Directors have with Executive Board members, officers of the Company or external advisors related to their specific role in the Supervisory Board (e.g. contacts of the chairman of the Audit Committee with the chief financial officer of the Company, external auditor or the head of internal audit).

7.2.2 The Executive Board shall timely provide the Supervisory Board with all relevant information on all facts and developments concerning the Group which the Supervisory Board may need to function as required and to properly carry out its duties. Executive Directors are required to attend meetings of the Supervisory Board, if invited.

7.2.3 The Executive Board shall periodically provide the Supervisory Board with a report in writing prepared in a format as agreed from time to time and 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.

- 7.2.4 Without prejudice to the above, each year, the Executive Board shall provide to and discuss with the Supervisory Board (i) a progress report on the implementation of the strategy, (ii) the operational plan for the 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.
- 7.2.5 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.
- 7.2.6 In the event that the Company is subject of a rating process, called or uncalled for, the Executive Board shall provide the Supervisory Board with the reports resulting thereof.
- 7.2.7 The Executive Board shall adopt a set of rules (subject to Supervisory Board approval) which comprises matters concerning the Executive Board, amongst which the relationship with the Supervisory Board.
- 7.2.8 The Supervisory Board ensures that the Executive Board shall implement arrangements with regard to reporting suspected misconduct by employees or officers of the Group, which arrangements make it possible for employees to report alleged irregularities of a general, operational and financial nature in the Group to the compliance officer designated by the Executive Board, without jeopardising their legal position. Alleged irregularities concerning the functioning of members of the Executive Board shall be reported to the compliance officer who shall inform the Chairman without delay on such allegations.

### **7.3 Relationship with the Company's shareholders**

- 7.3.1 The Supervisory Directors shall attend the General Meetings, unless they are prevented from attending on serious grounds.
- 7.3.2 The Supervisory 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 Supervisory Board shall specify the reasons for invoking such important interests.
- 7.3.3 The Supervisory Board is accountable for the supervision on the corporate governance structure of the Company and compliance with this structure to the General Meeting. Each substantial change in the Company's corporate governance structure and in the compliance of the Company with the Code shall be submitted to the General Meeting for discussion under a separate agenda item.
- 7.3.4 The Supervisory Board shall ensure that:
  - (a) the General Meetings will be convened in due time;
  - (b) the shareholders are informed by means of notes to the agenda of 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;
  - (c) the agenda of the general meeting shall list which items are for discussion and which items are to be voted upon;
  - (d) material amendments to the Articles of Association and resolutions for the appointment of Executive Directors and Supervisory Directors shall be submitted separately at the General Meeting;
  - (e) the Company shall give shareholders and other persons entitled to vote at General Meetings the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party prior to the General Meeting;
  - (f) the Company shall formulate an outline policy on bilateral contacts with the shareholders and shall publish this policy on its website.
- 7.3.5 On request, the draft minutes of the General Meeting shall be made available to shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the report in the following three months. The minutes shall then be adopted in the manner provided for in the articles of association.
- 7.3.6 The Supervisory Board ensures that if a serious private bid is made for a group company as referred to in article 2:24b BW, business unit or a participating interest and the value of the group company as referred to in article 2:24b BW, business unit or a participating interest exceeds the threshold referred to in article 2:107a.1.c. 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.



- 7.3.7 The Supervisory Board ensures that, in case the Executive Board invokes the response time within the meaning of the Code, the Executive Board shall use the response time for further deliberation and constructive consultation, in any case with the shareholder(s) involved, and shall ensure that the Executive Board explores the alternatives.
- 7.3.8 The Supervisory Board ensures that, in case of a takeover bid is being prepared for the Company's shares, the Executive Board will involve the Supervisory Board closely and timely in the takeover process and that a request from a competing bidder to inspect the company's records will be discussed by the Executive Board with the Supervisory Board without delay.
- 7.3.9 The Supervisory Board ensures that the Executive Board shall require the approval of the General Meeting of resolutions regarding a significant change of the identity or character of the Group as mentioned in article 2:107a BW.
- 7.3.10 The chairman of the general meeting shall ensure the orderly and efficient conduct of the general meeting.

#### **7.4 Relationship with the works council**

- 7.4.1 A delegation out of the Supervisory Board shall annually attend one or two meetings (overlegvergaderingen) with the works council and the officer acting as 'bestuurder' in the sense of article 24, paragraph 1 of the works councils act (Wet op de ondernemingsraden). Once each year an informal meeting with the works council will take place which will be attended by the Supervisory Board and the Executive Board.
- 7.4.2 The Chairman is primarily responsible for maintaining and coordinating contacts with the works council. The Chairman acts as the primary contact for the works council. Of such contacts the chairman of the Executive Board will be informed by the Chairman. If a member of the Supervisory Board is invited to attend a meeting of the works council, he shall accept the invitation only after prior consultation with the Chairman.

#### **7.5 Executive Board - resolutions requiring Supervisory Board approval**

- 7.5.1 The Supervisory board may make certain Executive Board resolutions subject to Supervisory Board approval. These resolutions must be clearly specified and communicated in writing to the Executive Board.

#### **7.6 Executive Board - annual evaluation**

- 7.6.1 The Supervisory Board regularly, and at least annually, evaluates the performance of the Executive Board and the Executive Directors. The evaluation takes place without the Executive Directors being present.

#### **7.7 Executive Directors and majority shareholders - conflicts of interest**

- 7.7.1 The Supervisory Board is responsible for dealing with conflicts of interest between Executive Directors or majority shareholders and the Company.
- 7.7.2 The rules of the Executive Board set out the following rules on conflicts of interest for Executive Directors:
  - (a) an Executive Director must, without delay, report any conflict of interest or potential conflict of interest to the Chairman and 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;
  - (b) the Supervisory Board decides whether an Executive Director has a conflict of interest, without the Executive Director being present; and
  - (c) Executive Board resolutions on a subject where the Supervisory Board has found one or more Executive Directors to have a conflict of interest (i) may only be adopted if the transaction is to be entered into by the Company on terms that are customary in the market, and (ii) require the approval of the Supervisory Board.
- 7.7.3 All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company that are of material significance to the Company or to those persons require the approval of the Supervisory Board. The Supervisory Board will only grant its approval if the transaction is to be entered into by the Company on terms that are customary in the market.

## 8 Annual evaluation of Supervisory Directors

### 8.1 Evaluation of Supervisory Directors

- 8.1.1 The Chairman of the Supervisory Board is the main contact on behalf of the Supervisory Board regarding the performance of Supervisory Directors other than the Chairman. The Vice-Chairman is the main contact on behalf of the Supervisory Board regarding the Chairman's performance.
- 8.1.2 The Supervisory Board regularly, and at least annually, evaluates its own, its committees and the Supervisory Directors' performance.

## 9 Positions outside the company

### 9.1 Positions outside the Company

- 9.1.1 A Supervisory Director must inform the Supervisory Board before accepting positions outside the Company.

## 10 Confidentiality

### 10.1 Confidentiality

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

## 11 Miscellaneous

### 11.1 Compliance with these Rules

- 11.1.1 On 8 november 2017 the Supervisory Board declared by unanimous resolution that:
  - (a) it would 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
  - (b) on appointment of new Supervisory Directors, it would ensure that these members issue a declaration as referred to in 11.1.1(a).
- 11.1.2 On 8 november 2017 the Executive Board declared by unanimous resolution that:
  - (a) it would 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 would ensure that these members issue a declaration as referred to in 11.1.2(a).

### 11.2 Decision not to comply with these Rules. Amendment of these Rules

- 11.2.1 The Supervisory Board may occasionally resolve not to comply with these Rules.
- 11.2.2 The Supervisory Board may amend these Rules. Any amendments will be laid down in writing.

### 11.3 Partial invalidity

- 11.3.1 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.

### 11.4 Governing law and jurisdiction

- 11.4.1 These Rules are governed exclusively by Dutch law.
- 11.4.2 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

**Audit Committee** means the committee of the Supervisory Board referred to in clause 3.2.1(a);

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

**BW** means the Dutch Civil Code (Burgerlijk Wetboek);

**Chairman** means the Supervisory Director with the title Chairman, in accordance with clause 2.3.1;

**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 4.2;

**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;

**Nomination Committee** means the committee of the Supervisory Board referred to in clause 3.2.1(c);

**Remuneration Committee** means the committee of the Supervisory Board referred to in clause 3.2.1(b);

**Rules** means these rules of procedure of the Supervisory Board;

**Schedule** means a schedule to these Rules; and

**Supervisory Board** means the supervisory board of the Company;

**Supervisory Director** means a member of the Supervisory Board;

**Vice-Chairman** means the Supervisory Director with the title Vice-Chairman, in accordance with clause 2.3.1.

## Schedule 2 Profile of the Supervisory Board

### 1 General

- 1.1** This profile was prepared taking into account the nature and variety of the Company's business, its activities, its international spread and the desired expertise, experience and independence of the Supervisory Directors.
- 1.2** This profile sets out:
- (a) the size of the Supervisory Board;
  - (b) the desired expertise, experience and background represented in the Supervisory Board;
  - (c) the desired diversity among Supervisory Directors; and
  - (d) the desired independence of Supervisory Directors.
- 1.3** The Supervisory Board considers this profile when preparing nominations of persons to be appointed as Supervisory Directors
- 1.4** The Supervisory Board shall evaluate the profile annually.

### 2 Size and composition

#### 2.1 Size

- 2.1.1** The Supervisory Board consists of at least five members and of eight members at the most, however for reasons of continuity this maximum may be exceeded temporarily with the approval of the General Meeting. For the time being, the Supervisory Board has set the number of Supervisory Directors at six.

#### 2.2 Composition

- 2.2.1** The desired composition of the Supervisory Board is such that the combined expertise, experience, diversity and independence of the Supervisory Directors enables the Supervisory Board to best carry out the variety of its responsibilities and duties with regard to the Company and all stakeholders involved including its shareholders, consistent with applicable law and regulations.
- 2.2.2** In particular, the desired composition of the Supervisory Board must include the following areas of expertise, experience and backgrounds among its members:
- (a) extensive management experience at board level of a large international listed company;
  - (b) broad financial/economical expertise and experience, gained in listed companies, regarding financial management, creating shareholder value, financing and financial instruments, administration, accounting and financial reporting, internal risk management and control systems, auditing processes, taxation;
  - (c) entrepreneurial experience and insight in terms of identifying trends and market opportunities and developing initiatives and businesses to address these;
  - (d) experience with strategy development and the identification and management of strategic risks;
  - (e) knowledge of and experience in the markets in which the Company operates;
  - (f) management experience in the construction industry and experience with management and risk control of big projects;
  - (g) knowledge of and experience with information technology, digital innovation and the related organizational transformation;
  - (h) knowledge of and experience with human resources management, including management selection processes, succession planning, management development, remuneration systems;
  - (i) knowledge of and experience with Dutch corporate governance of listed companies.

- 2.2.3 Furthermore in composing the Supervisory Board, the following requirements must be observed:
- (a) all of the Supervisory Directors are capable of assessing the broad outlines of the overall policy of the Group;
  - (b) all of the Supervisory Directors are able to carry out the legal and statutory required responsibilities of the Supervisory Board;
  - (c) all of the Supervisory Directors are capable of advising and assisting the Executive Board in the execution of its duties, called or uncalled for;
  - (d) all of the Supervisory Directors shall match the profile and, by way of their respective participation in the Supervisory Board, the Supervisory Board as a whole must be composed in accordance with clause 2.2.1;
  - (e) as the Company adheres to the principles of Corporate Social Responsibility (people, planet, profit), all of the Supervisory Directors are expected to recognize the importance of these principles, based on an understanding of the position of companies in society and of people in organizations;
  - (f) in view of the international spread of the activities of the Group it is desirable that all of the Supervisory Directors have international experience;
  - (g) none of the Supervisory Directors may maintain more than five (5) memberships of supervisory boards in listed companies (or other big organizations), including the Company; in connection therewith, a chairmanship counts twice; and
  - (h) the Chairman may not be a former member of the Executive Board.

### **2.3 Diversity**

- 2.3.1 The desired composition of the Supervisory Board complies with the Company's Supervisory Board diversity policy. The Supervisory Board strives for a mixed composition including in respect of gender, age, nationality and background. Its aim is to have a composition consisting of at least thirty percent (30%) female members and at least thirty percent (30%) male members.
- 2.3.2 In case the actual situation differs from the diversity as aimed for in the Company's profile for the Supervisory Board, the Supervisory Board shall account for this in the annual report of the Company, including an indication how it expects to achieve this aim in the future.

### **2.4 Independence**

- 2.4.1 The desired composition of the Supervisory Board enables Supervisory Directors to operate independently, including the ability to operate critically with one another, the Executive Board, and any particular interests involved.
- 2.4.2 In particular, the desired composition of the Supervisory Board ensures that:
- (a) at most one Supervisory Director does not qualify as independent pursuant to Best Practice provision 2.1.8 sections (i) to (v) inclusive of the Code;
  - (b) less than half of the Supervisory Directors do not qualify as independent pursuant to Best Practice provision 2.1.8 of the Code; and
  - (c) for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the Company's share capital, there is at most one Supervisory Director who can be considered to be affiliated with or representing them as stipulated in Best Practice provision 2.1.8 sections (vi) and (vii) of the Code.

## Schedule 3 Rotation schedule of the Supervisory Board

### 1 General

- 1.1** This rotation schedule was prepared on the basis of clause 2.1.3 of the Rules, and will be updated annually.
- 1.2** The term of office of a Supervisory Director ends at the end of the annual general meeting in the year indicated below.

### 2 Rotation schedule

Name	Current term	Date of current appointment or reappointment	Final year of current term
H.L.J. Noy	Second	2016	2020
K.S. Wester	Second	2015	2019
G. Boon	First	2017	2021
C.M.C. Mahieu	Second	2015	2019
H. Valentin	First	2017	2021
P. Sheffield	First	2017	2021



## Schedule 4 General responsibilities of the Supervisory Board

### 1 General responsibilities of the Supervisory Board

- 1.1** The Supervisory Board supervises the policies, management and the general affairs of the Group. The Supervisory Board assists the Executive Board with advice on general policies related to the Company and its business.
- 1.2** The Supervisory Board supervises how the Executive Board determines its position on the long-term value creation strategy and how the Executive Board implements that strategy. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it.
- 1.3** In fulfilling its responsibilities, the Supervisory Board is guided by the interests of the Company and its business and the Company's stakeholders.
- 1.4** The responsibilities of the Supervisory Board include supervising and advising the Executive Board with respect to the following responsibilities of the Executive Board:
- (a) setting the Company's management agenda;
  - (b) enhancing the Group's performance;
  - (c) developing a general strategy and taking into account risks connected to the Group's business activities;
  - (d) determining and pursuing operational and financial objectives;
  - (e) structuring and managing internal business control systems;
  - (f) overseeing the Group's financial reporting processes;
  - (g) ensuring the Group's compliance with applicable laws and regulations;
  - (h) ensuring compliance with and maintaining the Group's corporate governance structure;
  - (i) ensuring publication by the Company of any information required by applicable laws and regulations;
  - (j) preparing the Company's annual report, the annual budget and significant capital expenditures;
  - (k) monitoring corporate social responsibility issues; and
  - (l) 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;
  - (m) Supervise the activities of the Executive Board with regard to creating a culture aimed at long-term value creation for the Company;
  - (n) Supervise the relations between the Executive Board and the shareholders;
  - (o) Ensure that the external auditor attends and is available for questioning by the general meeting and is entitled to address this meeting.
- 1.5** In addition, the responsibilities and tasks of the Supervisory Board include:
- (a) drawing up the Company's diversity policy for the composition of the Executive Board and the Supervisory Board;
  - (b) selecting and nominating individuals for appointment by the General Meeting as Executive Director;
  - (c) proposing the remuneration policy for Executive Directors for adoption by the General Meeting and determining the remuneration and the employment terms for the individual Executive Directors in conformity with the remuneration policy;
  - (d) selecting and nominating individuals for appointment by the General Meeting as Supervisory Directors;
  - (e) proposing the remuneration for Supervisory Directors for adoption by the General Meeting;
  - (f) reviewing the performance of the Supervisory Board, its committees, and individual Supervisory Directors and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis;

- (g) reviewing the performance of the Executive Board and individual Executive Directors and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis;
- (h) selecting and nominating for appointment by the General Meeting of the Company's external auditor;
- (i) approving of the instructions to the external auditor to provide their services and the costs relating thereto, such on recommendation of the Audit Committee and after consultation with the Executive Board;
- (j) overseeing the internal audit function and maintaining regular contact with the head of internal audit;
- (k) reviewing and approving any resolution of the Executive Board concerning matters that require approval of the Supervisory board pursuant to the law, the Articles of Association or clause 7.5.1 of the Rules;
- (l) being responsible for the decision making on dealing with conflicts of interest regarding Executive Directors, Supervisory Directors and majority shareholders in relation to the Company; and
- (m) handling, and deciding on, reported alleged irregularities that relate to the functioning of Executive Directors within the meaning of the Company's arrangements with regard to reporting suspected misconduct by employees or officers of the Company.

### 1 Responsibilities of the chairman and the vice-chairman

#### 1.1 Chairman

- 1.1.1 The Chairman is primarily responsible for ensuring that:
- (a) the Supervisory Board has proper contact with the Executive Board, the works council and the General Meeting;
  - (b) the Supervisory Board elects a Vice-Chairman;
  - (c) there is sufficient time for deliberation and decision making by the Supervisory Board;
  - (d) the Supervisory Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
  - (e) the Supervisory Board and its committees function properly;
  - (f) the performance of individual Executive Directors and Supervisory Directors is assessed at least annually;
  - (g) the Supervisory Directors and Executive Directors follow their induction programme;
  - (h) the Supervisory Directors and Executive Directors follow their education or training programme;
  - (i) the Executive Board performs activities in respect of culture;
  - (j) the Supervisory Board receives and decides on reported potential conflicts of interests within the meaning of clause 6 of the Rules;
  - (k) the Supervisory Board recognises signs from within the Group regarding potential misconduct and irregularities and ensures that any (suspicion of) material misconduct and irregularities are reported to the Supervisory Board without delay;
  - (l) the General Meeting proceeds in an orderly and efficient manner;
  - (m) effective communication with shareholders is assured; and
  - (n) the Supervisory Board is involved closely, and at an early stage, in any merger or takeover process.
- 1.1.2 The Chairman acts on behalf of the Supervisory Board as the main contact for the Executive Board, Supervisory Directors, the works council and shareholders.
- 1.1.3 The Chairman must consult regularly with the chairman of the Executive Board.

#### 1.2 Vice-Chairman

- 1.2.1 The Vice-Chairman deputises for the Chairman in the event that the position of Chairman is vacant (ontstentenis) or if the Chairman is unable to act (belet).
- 1.2.2 The Vice-Chairman acts as main contact for individual Supervisory Directors and Executive Directors regarding the performance of the Chairman.

### 1 Responsibilities and composition of the audit committee

#### 1.1 Responsibilities

- 1.1.1 The Audit Committee prepares 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 and assists and advises the Supervisory Board in this respect.
- 1.1.2 The Audit Committee focuses on monitoring the Executive Board in matters including:
- (a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;
  - (b) the Company's funding;
  - (c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
  - (d) the Company's tax policy.
- 1.1.3 In addition, the Audit Committee carries out the following duties:
- (a) advising the Supervisory Board on the appointment and dismissal of the head of internal audit;
  - (b) forming a position on how the internal audit function fulfils its responsibility;
  - (c) if the Company needs to re-appoint the existing external auditor, give a recommendation based on the annual evaluation. In case a new external auditor is to be appointed, the recommendation will consist of at least two options explaining the reasons of recommendation.
- 1.1.4 The Audit Committee also carries out the following duties:
- (a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
  - (b) assessing the financial information provided by the Company (the reporting process and the outcome thereof), choice of accounting policies, application of general accepted accounting rules, applied policies in relation to the financial reporting and the assessments of the Executive Board thereto, clarity of the notes, application of the effects of new legislation in this area, information on the treatment of estimated entries (schattingsposten) in the annual accounts, forecasts and the involvement of the external auditor thereto;
  - (c) monitoring the effectiveness of the internal risk management and control systems with regard to the Company's strategic, operational, compliance and financial reporting risks;
  - (d) monitoring and assessing major project risks, including major claims and disputes;
  - (e) discussing the reporting from the Executive Board on actual or suspected irregularities within the Group;
  - (f) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
  - (g) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company;
  - (h) determining the selection process for the external auditor or the audit firm, as applicable, of the Company and the nomination to extend the assignment to carry out the statutory audit; and
  - (i) monitoring the financial-administrative organisation.
- 1.1.5 Furthermore, the Audit Committee has the following responsibilities:
- (a) to be informed about (i) opinions of legislative and supervising institutions and (ii) changes in (international) accounting standards;
  - (b) maintaining frequent contact and supervising the relationship with the external auditor, including in particular (i) assessing the external auditor's independence, (ii) assessing and proposing with regard to the remuneration and instructions to the external auditor to provide non-audit services for the Group, (iii) determining the involvement of the external auditor in respect of the contents and publication of financial reporting by the company other than the annual accounts, and (iv) as first contact, taking note of irregularities in respect of the content of the financial reporting as may be reported by the external auditor within the scope of his engagement;
  - (c) preparing the approval by the Supervisory Board of (i) the annual accounts for adoption by the General Meeting (ii) the dividend policy and profit distribution and (ii) the annual operational plan and substantial capital investments (including acquisitions) of the Company;

- (d) assessing the propagation by the Executive Board and management of the proper management culture through communicating the importance of internal risk management.

## **1.2 Composition**

- 1.2.1 The Supervisory Board determines the size of the Audit Committee, provided that the Audit Committee consists of at least three members.
- 1.2.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.2.3 The Chairman or a former Executive Director cannot serve as chairman of the Audit Committee. The chairman of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.2.4 At least one member of the audit committee must have specific expertise in financial reporting and in the reviewing of financial reports.

## **2 Meetings and decision-making**

### **2.1 Applicability of rules governing meetings and decision making of the Supervisory Board**

- 2.1.1 In as far as applicable, clause 5 of the Rules applies equally to the meetings and decision making of the Audit Committee, provided that:
  - (a) the Audit Committee shall decide if and when the chairman of the Executive Board, the Executive Board member responsible for financial affairs and the external auditor and, if appointed, the internal auditor of the Company have to be present at its meetings; and
  - (b) the Audit Committee shall at least once a year hold a meeting with the external auditor without any of the Company's Executive Directors or officers being present.
- 2.1.2 In order to be able to properly execute its duties, the Audit Committee shall receive, inter alia, from the Executive Board the following documentation:
  - (a) the annual integrated report, including the annual accounts;
  - (b) the reports of the external auditor to the Supervisory Board;
  - (c) the management letter of the external auditor;
  - (d) the financial reports on periodic results;
  - (e) press releases with respect to the annual result and intermediate results;
  - (f) the audit plan of the current year;
  - (g) a progress report on the follow up of the recommendations of the external auditor;
  - (h) an overview of the major operational and financial risks;
  - (i) reporting on actual or suspected misconduct and irregularities.

## **3 Reporting**

- 3.1 The Audit Committee reports on its deliberations and findings to the Supervisory Board.
- 3.2 In particular, the Audit Committee reports on the results of the annual statutory audit and the audit of the consolidated accounts to the Supervisory Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also reports on the role of the Audit Committee in the audit.
- 3.3 The report of the Supervisory Board as included in the annual report includes information on how the duties of the Audit Committee were carried out in the financial year, and also on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.

### 1 Responsibilities and composition of the remuneration committee

#### 1.1 Responsibilities

- 1.1.1 The Remuneration Committee prepares the Supervisory Board's decision making regarding the proposed remuneration policy and the determination of the remuneration of individual Executive Directors within the framework of the adopted remuneration policy, including severance payments, and assists and advises the Supervisory Board in this respect.
- 1.1.2 The responsibilities of the Remuneration Committee shall include:
- (a) preparing a proposal for the Supervisory Board concerning the remuneration policy for members of the Executive Board and any substantial changes therein, to be adopted by the General Meeting. In preparing such proposal the Remuneration Committee takes into account how the remuneration policy contributes to long-term value creation, the scenario analyses on potential outcomes, the internal pay ratios within the Group, the development of the market price of the shares and an appropriate ratio between the variable and fixed remuneration components;
  - (b) preparing a proposal for the Supervisory Board concerning the individual remuneration of Executive Directors;
  - (c) advising the Supervisory Board on the contractual terms for the management services agreements with the Executive Directors;
  - (d) preparing a proposal for the Supervisory Board concerning the long-term incentive plan regarding the granting of shares and/or options to the Executive Directors and other senior management of the Group, including the terms and conditions governing this, to be adopted by the General Meeting and approving the grants under this plan on behalf of the Supervisory Board;
  - (e) preparing a proposal concerning the remuneration of the members of the Supervisory Board for adoption by the General Meeting; and
  - (f) preparing the annual remuneration report, which includes inter alia the remuneration policy for the Executive Board as adopted by the General Meeting and an explanation how this policy has been implemented in the past financial year, for discussion at the General Meeting.
- 1.1.3 The Remuneration Committee submits the proposal as referred to in clause 1.1.2(b) to the Supervisory Board. The proposal is drawn up according to the remuneration policy that has been adopted by the General Meeting and in any event covers:
- (a) the fixed remuneration, including a motivation when changes are proposed;
  - (b) the amount of the variable remuneration components (including granted shares and/or options) and the performance criteria used;
  - (c) pension rights, severance pay and other forms of compensation to be awarded;
  - (d) the scenario analyses that are carried out; and
  - (e) the pay ratios within the Group.
- 1.1.4 The remuneration report as referred to in clause 1.1.2(f) comprises at least the following information:
- (a) how the remuneration policy has been implemented in the past financial year;
  - (b) how the implementation of the remuneration policy contributes to long-term value creation;
  - (c) that scenario analyses have been taken into consideration;
  - (d) the pay ratios within the Group and, if applicable, any changes in these ratios in comparison with the previous financial year;
  - (e) in the event that an Executive Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and performance; and
  - (f) in the event that a current or former Executive Director receives a severance payment, the reason for this payment.
- 1.1.5 The Remuneration Committee will take note of individual Executive Directors' views with regard to the amount and structure of their own remuneration. The Executive Directors will be requested to pay attention to the aspects referred to under 1.1.2(a) of this Remuneration Committee Charter.



## **1.2 Composition**

- 1.2.1 The Supervisory Board determines the size of the Remuneration Committee, provided that the Remuneration Committee consists of at least two members.
- 1.2.2 Members of the Remuneration Committee are appointed by the Supervisory Board.
- 1.2.3 More than half of the members of the Remuneration Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

## **1.3 Chairman**

- 1.3.1 The Supervisory Board appoints one of its members as chairman of the Remuneration Committee.
- 1.3.2 The Chairman or a former Executive Director cannot serve as chairman of the Remuneration Committee.

## **2 Meetings and decision making**

- 2.1 Applicability of rules governing meetings and decision making of the Supervisory Board
  - 2.1.1 In as far as applicable, clause 5 of the Rules applies equally to the meetings and decision making of the Remuneration Committee.

## **3 Reporting**

- 3.1 The Remuneration Committee reports on its deliberations and findings to the Supervisory Board.
- 3.2 The report of the Supervisory Board as included in the annual report includes information on how the duties of the Remuneration Committee were carried out in the financial year, and also on the composition of the Remuneration Committee, the number of meetings of the Remuneration Committee and the main items discussed at those meetings.

## Schedule 8 **Nomination Committee Charter**

### **1 Responsibilities and composition of the nomination committee**

#### **1.1 Responsibilities**

- 1.1.1 The Nomination Committee prepares the Supervisory Board's decision making regarding the appointment and reappointment of Executive Directors and Supervisory Directors and focuses on:
- (a) drawing up selection criteria and appointment procedures for Executive Directors and Supervisory Directors;
  - (b) periodically assessing the size and composition of the Executive Board and the Supervisory Board, and making a proposal for a composition profile of the Supervisory Board;
  - (c) periodically assessing the functioning of individual Executive Directors and Supervisory Directors and reporting on this to the Supervisory Board;
  - (d) drawing up a plan for the succession of Executive Directors and Supervisory Directors;
  - (e) preparing proposals for appointment and reappointment of Executive Directors and Supervisory Directors;
  - (f) supervising the policy of the Executive Board regarding the selection criteria and appointment procedures for senior management;
  - (g) advising the Executive Board on succession planning for senior management roles, management development, talent identification and talent development;
  - (h) advising the Supervisory Board on the drawing up of the Company's diversity policy for the composition of the Executive Board and the Supervisory Board;
  - (i) advising the Supervisory Board on the acceptance by a member of the Executive Board of a supervisory directorship at another (listed) company or organization; and
  - (j) advising the Supervisory Board on (potential) conflicts of interests which may occur in acceptance by Supervisory Directors of positions elsewhere.

#### **1.2 Composition**

- 1.2.1 The Supervisory Board determines the size of the Nomination Committee, provided that the Nomination Committee consists of at least two members.
- 1.2.2 Members of the Nomination Committee are appointed by the Supervisory Board.
- 1.2.3 More than half of the members of the Nomination Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

#### **1.3 Chairman**

- 1.3.1 The Supervisory Board appoints one of its members as chairman of the Nomination Committee.

### **2 Meetings and decision making**

- 2.1 Applicability of rules governing meetings and decision making of the Supervisory Board
- 2.1.1 In as far as applicable, clause 5 of the Rules applies equally to the meetings and decision making of the Nomination Committee.

### **3 Reporting**

- 3.1 The Nomination Committee reports on its deliberations and findings to the Supervisory Board.
- 3.2 The report of the Supervisory Board as included in the annual report includes information on how the duties of the Nomination Committee were carried out in the financial year, and also on the composition of the Nomination Committee, the number of meetings of the Nomination Committee, and the main items discussed at those meetings.



Policy owner	Compagny secretary
Policy approver	Supervisory Board
Effective date	8 november 2017

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