

# Audit Committee Rules

12 May 2017

# RULES FOR THE AUDIT COMMITTEE

## Informal translation

### DEFINITIONS AND INTERPRETATION

<b>Articles of Association</b>	means the articles of association of the Company, as amended from time to time;
<b>Audit Committee</b>	means the audit committee of the Supervisory Board;
<b>Audit Committee Rules</b>	means these rules for the Audit Committee, as amended from time to time;
<b>Company</b>	means Koninklijke VolkerWessels N.V.;
<b>Dutch Corporate Governance Code</b>	means the Dutch corporate governance code dated 8 December 2016, as amended from time to time;
<b>Management Board</b>	means the management board ( <i>raad van bestuur</i> ) of the Company;
<b>Supervisory Board</b>	means the supervisory board ( <i>raad van commissarissen</i> ) of the Company;
<b>Supervisory Board Rules</b>	means the rules for the Supervisory Board, as amended from time to time.

## 1. Duties and responsibilities of the Audit Committee

- 1.1. 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.
- 1.2. Among other things, it focuses on:
  - a. monitoring the Management Board with regard to:
    - (i) relations with, and compliance with recommendations and following up of comments by, the internal auditor and external auditor;
    - (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;
  - b. informing the Management Board and the Supervisory Board of the outcome of the statutory audit, including an explanation of the manner in

- which the statutory audit has contributed to the integrity of financial reporting and the role of the Audit Committee in that process;
- c. monitoring the financial reporting process and making proposals to ensure the integrity of the process;
  - d. monitoring the effectiveness of the internal control system, the internal audit department (if any) and the risk management system in relation to the financial reporting of the Company;
  - e. monitoring the statutory audit of the annual accounts and the consolidated accounts, in particular the performance of the audit taking into account the assessment of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) in accordance with article 26, paragraph 6 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities;
  - f. reviewing and monitoring the independence of the external auditors or the audit firm, in particular the provision of additional services to the Company; and
  - g. determining the procedure for the selection of the external auditor or the audit firm and the nomination of the performed statutory audits.
- 1.3. The Audit Committee reviews and discusses the Company's annual and interim financial statements to be disclosed, including related press releases and the statement of the Supervisory Board to shareholders to be inserted in the Company's annual accounts. The Audit Committee reports its findings to the Supervisory Board before these documents are signed by the Supervisory Board or issued by the Company, unless decided otherwise by the Supervisory Board. In performing these reviews the Audit Committee devotes special attention to:
- a. any changes in accounting policies and practices;
  - b. adjustment resulting from the internal and external audit, as the case may be, and any difficulties encountered during the audits;
  - c. the going concern assumption;
  - d. compliance with applicable accounting standards and consideration of announcements by professional accounting industry associations;
  - e. compliance with statutory and legal requirements and regulations in particular in the financial domain;
  - f. significant financial exposures in the area of treasury (such as currency risks, interest rate risks, derivatives and any other hedging strategies);
  - g. significant judgmental areas, including the level and adequacy of provisions;

- h. complex or unusual transactions, including important M&A transactions, and "off balance sheet" arrangements;
- i. significant deviations between actual performance and planned performance;
- j. the overall quality of the earnings;
- k. alternative accounting policies and treatments discussed with the external auditor;
- l. significant changes in financial statement presentation;
- m. development of relevant financial ratios, changes in the Company's ratings;
- n. reports of rating agencies;
- o. significant operational risks;
- p. the Company's policy on tax planning;
- q. the applications of information and communication technology; and
- r. compliance with recommendations and following up comments by the internal and external auditors.

#### Internal audit

- 1.4. With regard to the internal audit, the Audit Committee:
- a. advises the Supervisory Board regarding the nomination for appointment or dismissal of the head of the internal audit department by the Management Board;
  - b. provides the Management Board annually with its opinion as to the way in which the internal audit department fulfils its responsibility;
  - c. provides the internal audit department with input when drawing up the Company's audit plan;
  - d. keeps records of how it is informed by the internal audit department; and
  - e. reviews the essence of the audit results of the internal audit department reported by it.

#### External audit

- 1.5. With regard to the external audit, the Audit Committee:
- a. reports annually to the Supervisory Board on the functioning of, and the development in, the relationship with the external auditor;
  - b. advises the Supervisory Board regarding the external auditor's nomination for (re)appointment or dismissal and prepares the selection of the external auditor;
  - c. gives due consideration to the Management Board's observations when reporting and advising on the issues listed under a. and b. above;
  - d. submits a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements. In formulating the terms of

- engagement, attention will be paid to the scope of the audit, the materiality to be used and remuneration for the audit;
- e. discusses annually with the external auditor (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;
  - f. determines whether and, if so, how the external auditor should be involved in the content and publication of financial reports other than the financial statements; and
  - g. meets with the external auditor as often as it considers necessary, but at least once per year, outside the presence of the Management Board.

#### Risk management accountability

- 1.6. The Audit Committee periodically discusses the design and operation of the internal risk management and control system with the Management Board.

## 2. Composition of the Audit Committee

- 2.1. The Audit Committee consists of members of the Supervisory Board with a minimum of three. The members of the Audit Committee, its chairman, vice-chairman and secretary shall be appointed by the Supervisory Board. At least one member of the Audit Committee has competence in financial reporting or auditing of the financial statements. The Audit Committee as a whole must have competence relevant to the sector in which the Company operates. The secretary does not need to be a member of the Supervisory Board.
- 2.2. The chairman of the Audit Committee is primarily responsible for the proper functioning of the Audit Committee. He or she shall act as the spokesperson of the Audit Committee and shall be the main contact for the Supervisory Board.
- 2.3. The Supervisory Board observes the following requirements in composing the Audit Committee:
  - a. as of the date that more than half of the members of the Supervisory Board are independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code, more than half of the members of the Audit Committee shall be independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code; and
  - b. neither the chairman of the Supervisory Board nor any of the Company's former members of the Management Board may be chairman of the Audit Committee.

- 2.4. If a member of the Audit Committee is or becomes aware of any circumstance which may reasonably impair or affect his or her independence or the perception of his or her independence, that member will inform the Audit Committee promptly. The Audit Committee will then consult with the Supervisory Board to determine whether there is sufficient cause for that member to resign from, or terminate his or her membership of the Audit Committee.
- 2.5. The vice-chairman deputises for the chairman when the occasion arises. The vice-chairman acts as contact of individual members of the Supervisory Board concerning the functioning of the chairman.

### 3. Meetings of the Audit Committee

- 3.1. The Audit Committee shall meet as often as required for a proper functioning of the Audit Committee. The Audit Committee shall meet at least four times a year. The meetings are as much as possible scheduled annually in advance and are held as far as possible shortly before the meetings of the Supervisory Board. The Audit Committee shall meet earlier if this is deemed necessary by the chairman of the Audit Committee or by two other members of the Audit Committee.
- 3.2. The Audit Committee must meet at least before the publication of the annual results. Other meetings may be called in writing by or on behalf of the chairman of the Audit Committee, in his or her absence or inability by the vice-chairman of the Audit Committee or the members of the Management Board if necessary. The external auditor may, under special circumstances, request a special meeting with the Audit Committee to be held.
- 3.3. The chief financial officer, the head of the internal audit department and the external auditor attend the Audit Committee meetings, unless the Audit Committee determines otherwise. The Audit Committee decides whether and, if so, when the chairman of the Management Board attends its meetings.
- 3.4. Meetings of the Audit Committee may be held, and members of the Audit Committee may participate in meetings, by telephone, videoconference or other electronic form of direct communication.
- 3.5. Meetings of the Audit Committee are chaired by the chairman and in his or her absence by the vice-chairman. If both the chairman and the vice-chairman are not present at a meeting, the most senior member present will act as chairman.
- 3.6. If a member of the Audit Committee is frequently absent during meetings of the Audit Committee, the chairman of the Audit Committee will discuss this

- with that member. If the chairman of the Audit Committee is frequently absent during meetings, the vice-chairman will discuss this with the chairman.
- 3.7. The minutes of the meeting are prepared by the secretary of the Audit Committee or any other person designated by the chairman or in his or her absence or inability by the vice-chairman of the Audit Committee. The minutes must be signed for adoption by the chairman and the secretary of the relevant meeting.
  - 3.8. The Audit Committee shall provide the Supervisory Board with a report of its deliberations and findings.
  - 3.9. This report includes, at least, the following information:
    - a. the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
    - b. the methods used to assess the effectiveness of the internal and external audit processes;
    - c. material considerations regarding financial reporting; and
    - d. the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

#### 4. Resolutions of the Audit Committee

- 4.1. The provisions of the Supervisory Board Rules regarding the adoption of resolutions by the Supervisory Board apply *mutatis mutandis* to the adoption of resolutions by the Audit Committee.
- 4.2. In deviation of article 4.1 of these Audit Committee Rules, if no resolution can be adopted by the Audit Committee as a consequence of a Conflict of Interest (as defined in the Supervisory Board Rules) of all members of the Audit Committee, the relevant resolution will be referred to the Supervisory Board.

#### 5. Status and contents of the Audit Committee Rules

- 5.1. These Audit Committee Rules have been adopted by the Supervisory Board pursuant to article 5.3 of the Supervisory Board Rules.
- 5.2. These Audit Committee Rules are complementary to the rules and regulations (from time to time) applicable to the members of the Supervisory Board under Dutch law, the Articles of Association and the Supervisory Board Rules. If and to the extent these Audit Committee Rules are inconsistent with Dutch law, the Articles of Association or the Supervisory Board Rules, these Audit Committee Rules shall not apply.

- 5.3. The Audit Committee may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from these Audit Committee Rules.

## 6. Governing law

These Audit Committee Rules are governed by and to be construed in accordance with the laws of the Netherlands.



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