

**RULES GOVERNING THE PRINCIPLES AND PRACTICES OF THE SUPERVISORY BOARD**

- of -

**AMG ADVANCED METALLURGICAL GROUP N.V.**

**ABX**

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OF THE SUPERVISORY BOARD OF  
AMG ADVANCED METALLURGICAL GROUP N.V.**

**CHAPTER I - INTRODUCTION**

**1. STATUS**

- 1.1 These rules (the "**Rules**") have been adopted pursuant to article 22.4 of the articles of association (the "**Articles**") of AMG Advanced Metallurgical Group N.V. (the "**Company**") and are complementary to the rules and regulations applicable to the Supervisory Board of the Company (the "**Supervisory Board**") under Dutch law and the Articles. The Rules implement and reflect the principles embodied in the Dutch corporate governance code (the "**Code**") as adopted by the Tabaksblad Committee on 9 December 2003.
- 1.2 The Rules were adopted by the Supervisory Board on 6 June 2007.
- 1.3 The annexes attached to the Rules form part of the Rules.
- 1.4 The Rules (as amended from time to time) are published on the Company's website [www.amg-nv.com](http://www.amg-nv.com).

**CHAPTER II – COMPOSITION, INDEPENDENCE, (RE) APPOINTMENT, REMUNERATION, INDUCTION PROGRAM, COMMITTEES**

**2. COMPOSITION, PROFILE, EXPERTISE AND INDEPENDENCE**

- 2.1 The Supervisory Board consists of at least three supervisory directors (the "**Supervisory Directors**" and each a "**Supervisory Director**"), who will be appointed by the general meeting of shareholders of the Company (the "**General Meeting**") in accordance with article 19 of the Articles. The Supervisory Board shall prepare a profile of its number of members and composition, taking into account the nature of the business and activities of the Company, and the desired expertise, experience and independence of the Supervisory Directors. The Supervisory Board shall evaluate the profile annually. The present profile of the Supervisory Board is attached as Annex A. The profile shall be published on the Company's website.
- 2.2 The composition of the Supervisory Board shall be such that the combined experience and expertise of the Supervisory Directors meet the profile attached as Annex A and enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and all others involved in the Company (including its shareholders).
- 2.3 The Supervisory Board shall appoint one of the Supervisory Directors as its chairman (the "**Chairman**") who shall ensure the proper functioning of the Supervisory Board as a whole.
- 2.4 In composing the Supervisory Board, the following requirements must be observed:
  - (a) each of the Supervisory Directors must be capable of assessing the broad outlines of the overall policy of the Company and its business;
  - (b) at least one of the Supervisory Directors must have relevant expertise in financial administration and accounting for listed companies or other large companies;

- (c) none of the Supervisory Directors shall maintain more than five memberships of supervisory boards in Dutch listed companies (including the Company); for this purpose, a chairmanship counts twice;
- (d) the Chairman may not be a former member of the management board of the Company (the "**Management Board**").

2.5 A Supervisory Director shall be deemed to be independent if the following criteria of dependence do not apply to him. These criteria are that the Supervisory Director concerned or his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- (a) has been an employee of the Company or member of the Management Board (including associated companies as referred to in article 5:48 of the Dutch Act on the Financial Supervision ("**Associated Companies**")) in the five years prior to the appointment;
- (b) receives any financial compensation from the Company, or an Associated Company, other than the compensation received for the work performed as a Supervisory Director and in so far as this it not in keeping with the normal course of business;
- (c) has had an important business relationship with the Company, or an Associated Company, in the year prior to his appointment. This includes the case where the Supervisory Director, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser (consultant, external auditor, civil law notary and lawyer) to the Company and the case where the Supervisory Director is a management board member or an employee of any bank with which the Company has a continuing and significant relationship;
- (d) is a member of the management board of a company in which a member of the Management Board is a supervisory board member;
- (e) holds at least ten percent of the shares in the Company (including the shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);
- (f) is a member of the management board or supervisory board - or is a representative in some other way - of a legal entity which holds at least ten percent of the shares in the Company, unless such entity is a member of the same group as the Company; and
- (g) has temporarily managed the Company during the previous twelve months, because one or more members of the Management Board (the "**Managing Directors**") and each of them a "**Managing Director**") were prevented from acting or fail.

2.6 The Supervisory Board may appoint one or more members as "delegated" Supervisory Directors. A resolution to that effect shall require the approval of all Supervisory Directors. Delegated Supervisory Directors are Supervisory Directors with a special task. The delegated authority may not exceed the duties of the Supervisory Director himself and does therefore not include managing the Company; it entails more intensive supervision and advice and more frequent consultation with the Management Board. The delegation shall be of a temporary nature only. The delegation may not detract from the function and power of the Supervisory Board. Delegated Supervisory Directors remain members of the Supervisory Board.

3. **(RE)APPOINTMENT, TERM AND RESIGNATION**

- 3.1 The Supervisory Directors shall be appointed by the General Meeting as stipulated in the Articles.
- 3.2 A Supervisory Director shall be appointed for a maximum period of four years. A member may be re-appointed, provided that no member shall hold office for more than three connective 4-years terms, unless the General Meeting decides otherwise.
- 3.3 The Supervisory Board shall prepare a rotation schedule to prevent, to the greatest extent possible, re-appointments occurring simultaneously (the "**Rotation Schedule**"). The present rotation schedule of the Supervisory Board is attached as **Annex B**. The rotation schedule shall be made generally available and shall be posted on the Company's website. Subject to article 3.4, the Supervisory Directors shall resign in accordance with the rotation schedule.
- 3.4 A Supervisory Director shall retire early in the event of his inadequate performance, structural incompatibility of interest, and other instances where his retirement is deemed necessary at the discretion of the Supervisory Board.
- 3.5 A Supervisory Director who takes on the management of the Company temporarily, where the Managing Directors were prevented from acting or fail, shall (temporarily) withdraw from the Supervisory Board.

4. **REMUNERATION**

- 4.1 The remuneration of the Supervisory Directors shall be determined by the General Meeting.
- 4.2 The Supervisory Board may from time to time submit proposals to the General Meeting in respect of the remuneration to be paid to the Supervisory Directors. The remuneration of a Supervisory Director shall not be made dependent on the Company's results, provided that a Supervisory Director may receive shares an/or options or similar rights to acquire shares as part of his remuneration.
- 4.3 In determining the remuneration of a Supervisory Director, the following requirements must be observed:
- (a) no Supervisory Director may hold shares and/or options or similar rights to acquire shares other than for long-term investments, whereby for the purpose of these Rules long term shall mean three years;
  - (b) no Supervisory Director may hold other securities than those mentioned sub (a) other than in accordance with the regulations as described below, unless he holds such securities for investment in listed investment funds, or, in case of investment in other funds, only if he has entrusted an independent third party with the management of his securities portfolio pursuant to a written (agency) agreement;
  - (c) no Supervisory Director may accept personal loans, guarantees or other facilities from the Company or from Associated Companies, other than in the normal course of business and with the approval of the Supervisory Board.
- 4.4 The Supervisory Board shall adopt a set of regulations containing rules governing the ownership interest of, and transactions in, securities other than issued by the Company by the Supervisory Directors. These regulations shall be placed on the Company's website. A Supervisory Director shall periodically, at least every quarter, notify the compliance officer of the Company, or if no such officer has been appointed, the Chairman of any changes in his ownership interest in securities in Dutch listed companies. Supervisory

Directors who invest solely in listed investment funds, or, in case of investment in other funds, only if they have entrusted an independent third party with the management of their securities portfolio pursuant to a written (agency) agreement are exempted from this latter provision. Each Supervisory Director procures that this is also observed on trading in securities by a Relation of the Managing Directors.

## 5. INDUCTION PROGRAM

5.1 Once appointed, each Supervisory Director shall follow an induction program, prepared and sponsored by the Company, which, in any event, covers:

- (a) general financial and legal affairs;
- (b) financial reporting by the Company;
- (c) specific aspects that are unique to the Company and its business activities;
- (d) the responsibilities of a Supervisory Director.

5.2 The Supervisory Board shall evaluate the induction program annually to identify any other specific aspects in respect of which further training and education is required.

## 6. SUPERVISORY BOARD COMMITTEES

6.1 In case the Supervisory Board comprises more than four members, it shall at least have three standing committees, i.e.: (i) the audit committee; (ii) the remuneration committee; and (iii) the selection and appointment committee (each such committee: a "**Committee**"). The members of these Committees shall be appointed by the Supervisory Board from its own members. All Supervisory Directors remain responsible for decisions of the Supervisory Board even if the decisions were prepared by one of the Committees.

6.2 The Supervisory Board shall prepare rules governing each Committee's practices and principles (responsibilities, composition, meetings, etc.). The present rules of each Committee are attached as **Annexes C, D and E**. The rules governing each Committee's practices and principles and the composition of its respective members shall be placed on the Company's website.

6.3 If one or more Committees should not be instituted, the practice and principles in respect of the relevant Committee as set forth in the relevant Annex shall apply to the Supervisory Board.

## CHAPTER III – FUNCTIONS, TASKS, RESPONSIBILITIES

### 7. TASKS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

7.1 The Supervisory Board shall be responsible for supervising the policy of the Management Board and the general course of business in the Company and the business associated with it. The Supervisory Board will assist the Management Board by providing advice. In fulfilling their duties the Supervisory Directors shall act in the interest of the Company and the business enterprise it operates; the Supervisory Board shall take into account the relevant interest of all those involved in the Company (including the Company's shareholders). The Supervisory Board is responsible for the quality of its own performance.

7.2 The responsibilities of the Supervisory Board shall, also subject to the terms set out in the Articles, include:

- (a) supervising, monitoring, and advising the Management Board on: (i) the Company's performance, (ii) the Company's strategy and risks inherent to its

business activities, (iii) the structure and management of the internal risk management and control systems, (iv) the financial reporting process and (v) compliance with legislation and regulations;

- (b) disclosing, complying with and enforcing the Company's corporate governance structure;
- (c) approving the annual accounts and approving the Company's annual budgets and major capital expenditures;
- (d) selecting and recommending the appointment of the Company's external auditor;
- (e) selecting and nominating for the appointment of Managing Directors, proposing the remuneration policy for the Managing Directors for adoption by the General Meeting and establishing the remuneration and the employment terms for the individual Managing Directors in conformity with such remuneration policy;
- (f) selecting and nominating for the appointment of the Supervisory Directors and proposing the remuneration of the Supervisory Directors;
- (g) evaluating and assessing the functioning of the Management Board, the Supervisory Board, and their individual members (including the evaluation of the Supervisory Board's profile and the induction, education and training program);
- (h) handling, and deciding on reported potential conflicts of interest between the Company on the one side and Managing Directors, the external auditor and the major shareholder(s) on the other side; and
- (i) handling and deciding on reported alleged irregularities that relate to the functioning of the Management Board.

7.3 The Supervisory Board and each Supervisory Director have their own responsibility for obtaining the information from the Management Board and the external auditor that the Supervisory Board needs in order to be able to carry out the duties of the Supervisory Board properly as a supervisory organ. If the Supervisory Board considers such to be necessary, it may obtain information from officers and external advisers of the Company. The Company shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisers attend its meetings.

## 8. **FUNCTIONS OF THE CHAIRMAN, DEPUTY CHAIRMAN AND COMPANY SECRETARY**

8.1 In addition to the Chairman the Supervisory Board shall appoint a deputy chairman (the "**Deputy Chairman**").

8.2 The Chairman shall procure:

- (a) the co-ordination of the Supervisory Board's decision-taking process;
- (b) the adequate and timely submission of information to the Supervisory Directors as necessary for the proper performance of their duties;
- (c) that there is ample time for consultation, consideration and decision-taking by the Supervisory Board;
- (d) the steering, and procuring the adequate performance of the Committees;
- (e) the annual evaluation and assessment of the functioning of the Managing Directors and the Supervisory Directors;

- (f) the appointment of a deputy chairman of the Supervisory Board;
  - (g) execution of the whistleblower policy.
- 8.3 The Supervisory Board shall be assisted by the Company Secretary. The Company Secretary shall be primarily responsible for:
- (a) compliance of the Supervisory Board's functioning with Dutch law, the Articles and the rules and regulations issued pursuant thereto (including the Code and the Rules);
  - (b) assisting the Chairman in the logistics of the Supervisory Board (information, convocation, agenda, evaluation, etc.); and
  - (c) the induction, education and training program.

#### **CHAPTER IV – REPORTING**

##### **9. REPORT OF THE SUPERVISORY BOARD**

The annual financial report of the Company shall include a report of the Supervisory Board in which the Supervisory Board describes its activities in the financial year and which includes the specific statements and information required by the provisions of the Code.

#### **CHAPTER V – SUPERVISORY BOARD MEETINGS, DECISION-MAKING**

##### **10. SUPERVISORY BOARD MEETING**

- 10.1 The Supervisory Board shall meet as often as one of the Supervisory Directors so requires. At least once annually, the Supervisory Board must meet independently of the Management Board to discuss issues relating to (i) its own functioning, composition and size and (ii) the powers, composition, and functioning of the Management Board.
- 10.2 Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by the Managing Directors.
- 10.3 The external auditor of the Company shall attend each Supervisory Board meeting at which the examination and approval of the annual accounts are discussed. The external auditor shall receive the financial information underlying the adoption of the quarterly or half yearly accounts and other interim financial reports and shall be given the opportunity to respond to all information.

##### **11. DECISION-MAKING**

- 11.1 Resolutions of the Supervisory Board are adopted by an absolute majority. In the event of a tied vote, no resolution shall be adopted, unless there are more than two members of the Supervisory Board present in the meeting, in which case the Chairman has a casting vote. Supervisory Directors who have a conflict of interest as referred to in article 12 shall not be taken into account when calculating this quorum.
- 11.2 The Supervisory Board may also adopt resolutions without holding a meeting, provided such resolutions are adopted in writing and all Supervisory Directors have expressed themselves in favour of the proposal concerned. (In these Rules in writing shall mean; to put down in writing and electronically and by other means of communication generally accepted, unless the law or the Articles explicitly provide otherwise)
- 11.3 The ongoing items to be considered and discussed at Supervisory Board meetings include reviewing the Company's budget and financial results, approving major decisions

requiring Supervisory Board action, discussing and approving corporate strategy (and changes thereto) with the Management Board (e.g. long-term strategy, capital expenditures in excess of the Company's budget, long-term capital structures, new lines of business, major acquisitions and divestments) and receiving reports from the Supervisory Board's committees.

- 11.4 At least once a year, the Supervisory Board shall discuss:
- (a) the functioning of the Supervisory Board and its individual members, and the conclusions to be drawn on the basis thereof;
  - (b) the desired profile, composition and competence of the Supervisory Board;
  - (c) the functioning of the Management Board and its individual members and the conclusions to be drawn on the basis thereof;
  - (d) the evaluation of the induction program as referred to in article 5;
  - (e) the corporate strategy, the risks of the business and the result of the evaluation by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto.

## CHAPTER VI – CONFLICT OF INTEREST

### 12. CONFLICT OF INTEREST OF SUPERVISORY DIRECTORS AND MANAGING DIRECTORS

- 12.1 The Chairman shall procure that transactions in respect of which any Supervisory Director has a conflict of interest, will be referred to in the Company's annual report with reference to the conflict of interest and a confirmation that articles 12.1, 12.2, 12.3 and 13.1 were complied with.
- 12.2 A Supervisory Director shall in any event have a conflict of interest with the Company if:
- (a) a Supervisory Director personally has a material financial interest in a company with which the Company intends to enter into a transaction;
  - (b) a Supervisory Director's spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree (a "**Relation**") is a member of the managing or supervisory board of a company with which the Company intends to enter into a transaction;
  - (c) a Supervisory Director is a member of the managing or supervisory board of or holds similar office with a company with which the Company intends to enter into a transaction;
  - (d) under applicable law, including the rules of any stock exchange on which the Company's shares (or depository receipts thereof) are listed, such conflict of interest exists or is deemed to exist; and the Supervisory Board has determined that a conflict of interest exists or is deemed to exist; and
  - (e) each Supervisory Director (other than the Chairman) shall immediately report any (potential) conflict that is of material significance concerning a Supervisory Director to the Chairman. The Supervisory Director with such (potential) conflict of interest must provide the Chairman with all information relevant to the conflict of interest.
- 12.3 In all circumstances other than the ones listed in article 12.2 under (d) and (e), the Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest to which article 13.1 applies.

12.4 In case the Chairman has a (potential) conflict of interest he shall immediately report such potential conflict to the Deputy Chairman of the Supervisory Board. The Chairman must provide the Deputy Chairman of the Supervisory Board with all information relevant to the conflict of interest. In all circumstances other than the ones listed in article 12.2 under (d) and (e), the Supervisory Board will determine whether a reported (potential) conflict of interest of the Chairman qualifies as a conflict of interest to which article 13.1 applies.

12.5 Each Managing Director shall immediately report any (potential) conflict of interest that is of material significance concerning a Managing Director to the Company to the Chairman and to the other Managing Directors. The Managing Director with such (potential) conflict of interest must provide the Chairman with all information relevant to the conflict. The Supervisory Board shall decide whether there is a conflict of interest.

13. **DECISION MAKING AND CONFLICT OF INTEREST**

A Supervisory Director shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of interest with the Company. Such transaction must be concluded on market practice terms and be approved by the Supervisory Board.

14. **CONFLICTS OF INTEREST OF EXTERNAL AUDITOR**

The Supervisory Board shall ensure that the external auditor of the Company shall immediately report any (potential) conflict of interest that is of material significance to the Company and to the Chairman. The Supervisory Board shall decide whether there is a conflict of interest. In the event the Supervisory Board concludes that there is a conflict of interest, the Supervisory Board shall determine which actions need to be taken. When actions are taken, these actions shall be published in the annual report.

**CHAPTER VII – RELATIONSHIP WITH OTHER CORPORATE BODIES OF THE COMPANY**

15. **RELATIONSHIP WITH THE MANAGEMENT BOARD**

15.1 The Management Board shall timely provide the Supervisory Board with information (if possible, in writing) on all facts and developments concerning the Company which the Supervisory Board may need to function as required and to properly carry out its duties.

15.2 Each year, without prejudice to the above, the Management Board shall provide the Supervisory Board with a budget for the following year, an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, the management and control systems of the Company and the compliance with all relevant laws and regulations. In addition, the Management Board shall issue an annual written confirmation that it has provided the Supervisory Board with all relevant information required for the due performance of its duties. These documents will be provided in time so as to enable the Supervisory Board to give its approval by December of the then current year.

16. **RELATIONSHIP WITH THE SHAREHOLDERS OF THE COMPANY**

16.1 In accordance with the Articles, the General Meeting may be convened at the request of the Supervisory Board. The person(s) convening the meeting shall ensure that the shareholders are informed by means of a shareholders circular of all facts and circumstances relevant to the item(s) on the agenda. The shareholders circular will be placed on the website of the Company.

16.2 The Managing Directors and the Supervisory Directors shall participate in General Meetings, unless they are prevented from attending on serious grounds.

- 16.3 The Supervisory Board shall provide the General Meeting with any information it may require concerning an item on the agenda, 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 interest.
- 16.4 The Management Board and the Supervisory Board are responsible for the corporate governance structure of the Company and are accountable to the General Meeting in relation to such structure. Each year the broad outline of the Company's corporate governance structure shall be set forth in a separate chapter of the annual report. In this chapter the Company should explain as to why they did not comply with certain, if any, best practice provisions of the Code. Each significant change in the Company's corporate governance structure and the compliance of the Code shall be addressed in a separate item on the agenda for consideration by the General Meeting.

## **CHAPTER VIII – MISCELLANEOUS**

### **17. CONFIDENTIALITY**

The Supervisory Directors shall treat all information and documentation acquired within the framework of their position as member of the Supervisory Board with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Each Supervisory Director shall procure that Classified information ("**Information**") shall not be disclosed outside the Supervisory Board or Management board, made public or otherwise made available to third parties, also after his resignation from the Supervisory Board, unless (i) the Information has been made public by the Company (ii) the Information is already in the public domain or (iii) the Company is obliged to disclose the Information pursuant to law.

### **18. GOVERNING LAW AND JURISDICTION**

These Rules are complementary to the rules and regulations (from time to time) applicable to the Supervisory Board under Dutch law or the Articles of Association. Where these Rules of Procedure are inconsistent with Dutch law or the Articles of Association, the law or, as the case may be, the Articles of Association shall prevail.

**ANNEX A**  
**PROFILE**  
**OF THE SUPERVISORY BOARD'S SCOPE AND COMPOSITION**

This profile was prepared on 6 June 2007 on the basis of article 2.1 of the rules of the Supervisory Board (the "**Rules**"). Capitalized terms in these rules have the meaning as defined in the Rules.

The composition of the Supervisory Board shall be such that the Supervisory Directors are able to act critically and independently of one another and of the Management Board and any sectional interest. Each Supervisory Director must be capable of assessing the broad outline of the overall strategy of the Company and its business. As a whole the composition shall be such that it enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and other stakeholders (e.g. shareholders).

The Supervisory Board shall be constituted in a balanced manner as to reflect the nature of the Company's business, its international spread and the desirability to have available expertise in such fields as finance, economic, societal, and legal aspects of international business, government, and public administration.

To meet the above-mentioned requirements for the Company, the Supervisory Board as a whole must be able to competently perform the following tasks:

- (a) nomination of Managing Directors for appointment by the General Meeting and assessment of the Management Board's functioning;
- (b) assessment of the Company's corporate strategy and general policy;
- (c) assessment of the development of the Company's financial position;
- (d) assessment of the Company's risk management and other systems;
- (e) assessment of the Company's organisational structure;
- (f) assessment of the Company's social policy.

The above tasks are not listed in order of importance, but carry equal weight.

At least one member shall meet the requirements of a financial expert pursuant to the Code. This financial expert must have in-depth experience and knowledge of financial statements, international accounting principles, and internal controls for financial reporting.

The Supervisory Board considers all its members to be independent pursuant to the Code.

**ANNEX B**

**ROTATION SCHEDULE**

This Rotation Schedule was prepared on 6 June 2007 on the basis of article 3.3 of the rules of the Supervisory Board (the "**Rules**"). Capitalized terms in these rules have the meaning as defined in the Rules.

| Name                      | Date of initial appointment | Date of (possible) reappointment | End of Term |
|---------------------------|-----------------------------|----------------------------------|-------------|
| Dr. Andrei Bougrov        | 6 June 2007                 | 2008                             | 2008        |
| General Wesley Clark      | 6 June 2007                 | 2009                             | 2009        |
| Mr. Pedro-Pablo Kuczynski | 6 June 2007                 | 2011                             | 2011        |
| Mr. Jack L. Messman       | 6 June 2007                 | 2009                             | 2009        |
| Mr. Norbert Quinkert      | 6 June 2007                 | 2010                             | 2010        |
| Mr. Guy de Selliers       | 6 June 2007                 | 2010                             | 2010        |

## ANNEX C

### RULES

#### GOVERNING THE SUPERVISORY BOARD'S AUDIT COMMITTEE

These rules were prepared on 6 June 2007 on the basis of article 6 of the rules of the Supervisory Board (the "Rules"). Capitalized terms in these rules have the meaning as defined in the Rules.

#### 1. RESPONSIBILITIES

- 1.1 Without prejudice to article 7 of the Rules, the audit committee shall advise the Supervisory Board in relation to its responsibilities set out in article 1.2 of this Annex and shall prepare resolutions of the Supervisory Board in relation thereto.
- 1.2 The responsibilities of the audit committee shall include:
- (a) supervising and monitoring and advising the Management Board on the effect of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct;
  - (b) supervising the submission of financial information by the Company (choice of accounting policies, application and assessment of the effects of new legislation in this area, information on the treatment of estimated entries (*schattingsposten*) in the annual accounts, forecasts, etc.);
  - (c) supervising the compliance of recommendations and observations of internal and external auditors;
  - (d) supervising the functioning of the internal audit department; in particular co-determining the plan of action (*werkplan*) for the internal audit department and taking note of the findings and considerations of the internal audit department;
  - (e) supervising the policy of the Company on tax planning;
  - (f) supervising the financing of the Company;
  - (g) supervising the application of information and communication technology (ICT);
  - (h) maintaining frequent contact and supervising the relationship with the external auditor, including in particular (i) assessing the external auditor's independence, remuneration and any non-auditing work for the Company, (ii) 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 (iii) taking note of irregularities in respect of the content of the financial reporting as may be reported by the external auditor;
  - (i) recommending the appointment of an external auditor by the General Meeting;
  - (j) adoption/approval of the annual accounts and approving the annual budget and major capital expenditures of the Company.
- 1.3 The audit committee shall report annually to the Supervisory Board of its deliberations and findings.
- 1.4 At least once a year the audit committee, shall, together with the Management Board, report to the Supervisory Board on the developments concerning the relationship with the

external auditor, in particular his independence. The report shall address, inter alia, the desirability of rotation of partners within a firm of external auditors that is responsible for the Company's audit, and the desirability of any non-auditing work for the Company by the external auditor. The selection and recommendation of the external auditor will also take into account the outcome of this report.

- 1.5 At least every four years, the Management Board, shall, together with the audit committee, thoroughly assess the functioning of the external auditor in the various entities and capacities in which the external auditors operates. The main conclusions of the assessment shall be notified to the General Meeting for the purpose of considering (the recommendation for the appointment of) the external auditor of the Company.
- 1.6 The external auditor shall receive the financial information underlying the adoption of the quarterly or half yearly accounts and other interim financial reports and shall be given the opportunity to respond to all information.

## 2. COMPOSITION, EXPERTISE AND INDEPENDENCE OF THE AUDIT COMMITTEE

- 2.1 The audit committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Rules, the following requirements must be observed in composing the audit committee:
  - (a) at least one of its members must have relevant expertise in financial administration and accounting for listed companies or large companies;
  - (b) each of its members must be independent within the meaning of article 2.4 under (d) of the Rules and the Code, with the exception of no more than one member;
  - (c) neither the Chairman nor any of the (former) Managing Directors, may be the chairman of the audit committee.

## 3. CHAIRMAN

Subject to article 2 of these rules, the audit committee shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the audit committee. The chairman shall act as the spokesman of the audit committee and shall be the main contact for the Supervisory Board.

## 4. AUDIT COMMITTEE MEETINGS (AGENDA, ATTENDANCE, MINUTES)

- 4.1 The audit committee will hold at least two meetings per year and whenever one or more of its members have requested a meeting. Audit committee meetings are usually held at the offices of the Company, but may also take place elsewhere.
- 4.2 The external auditor of the Company shall upon his request to the chairman of the audit committee be present at audit committee meetings.
- 4.3 The audit committee will at least once a year hold a meeting with the external auditor of the Company without any of the Managing Directors or internal auditors being present. Subject to the preceding sentence, the audit committee shall decide if and when the Managing Directors, the external auditor of the Company and/or the internal auditor of the Company will be present at its meetings.
- 4.4 Audit committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched 7 working days before the meeting and sent to each member of the audit committee.

4.5 Minutes of the meeting shall be prepared by a member of the audit committee. They shall generally be adopted in the next meeting. If all members of the audit committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed for adoption by the chairman and shall be dispatched to all Supervisory Directors as soon as practically possible.

5. **RULES OF THE RULES OF THE SUPERVISORY BOARD APPLICABLE**

Articles 2, 5, 7, 12, and 15 of the Rules shall apply mutatis mutandis to these rules.

## **ANNEX D**

### **RULES**

#### **GOVERNING THE SUPERVISORY BOARD'S REMUNERATION COMMITTEE**

These rules were prepared on 6 June 2007 on the basis of article 6 of the rules of the Supervisory Board (the "**Rules**"). Capitalized terms in these rules have the meaning as defined in the Rules.

#### **1. RESPONSIBILITIES**

1.1 Notwithstanding article 7 of the Rules, the remuneration committee advises the Supervisory Board in relation to its responsibilities as set out in article 1.2 of this Annex and shall prepare resolutions of the Supervisory Board in relation thereto.

1.2 The responsibilities of the remuneration committee shall include:

- (a) preparing a proposal for the Supervisory Board concerning the remuneration policies for the Management Board to be adopted by the General Meeting;
- (b) preparing, as from completion of the listing of the Company on Euronext Amsterdam, a proposal concerning the individual remuneration of the Managing Directors to be adopted by the Supervisory Board, which proposal will consist of: (i) a base salary, (ii) a variable annual cash performance, (iii) a long-term incentive component - stock options and (iv) benefits. In constructing and reviewing remuneration packages, the emphasis is on linking pay to performance criteria and the application thereof;
- (c) preparing the Supervisory Board's remuneration report on the remuneration policies for the Management Board to be adopted by the General Meeting. The remuneration report comprises a report on the way in which the remuneration policy was implemented in the most recent financial year and comprises an outline of the remuneration policy that will be implemented in the next forthcoming financial year and the years following such year; the outline at least contains the information as referred to in II.2.10 of the Code. The remuneration policy will be placed on the Company's website.

1.3 The remuneration committee shall prepare and publish on an annual basis a report of its deliberations and findings.

#### **2. COMPOSITION, EXPERTISE AND INDEPENDENCE OF THE REMUNERATION COMMITTEE**

2.1 The remuneration committee shall consist of two members.

2.2 Without prejudice to article 2.4 of the Rules, the following requirements must be observed in composing the remuneration committee:

- (a) each of its members must be independent within the meaning of article 2.4 under (d) of the Rules and the Code, with the exception of no more than one member.
- (b) neither the Chairman, nor any of the company's (former) Managing Directors, nor any member of the management board of any other listed company, may (simultaneously) be the chairman of the remuneration committee;
- (c) none of its members, with the exception of no more than one member, may (simultaneously) a member of the managing board of any other listed Dutch company.

3. **CHAIRMAN**

Subject to article 2 of this Annex, the remuneration committee shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the remuneration committee. The chairman shall act as the spokesman of the remuneration committee and shall be the main contact for the Supervisory Board.

4. **REMUNERATION COMMITTEE MEETINGS (AGENDA, ATTENDANCE, MINUTES)**

4.1 The remuneration committee will hold at least three meetings per year and whenever one or more of its members request a meeting. Remuneration committee meetings are usually held at the offices of the Company, but may also take place elsewhere.

4.2 Members of the Management Board shall not be invited to participate in the meetings of the remuneration committee, unless the remuneration committee determines otherwise.

4.3 Remuneration committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched seven working days before the meeting and sent to each member of the remuneration committee.

4.4 Minutes of the meeting shall be prepared by a member of the remuneration committee. They shall generally be adopted in the next meeting. If all members of the remuneration committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed for adoption by the chairman and shall be dispatched to all Supervisory Directors as soon as practically possible.

5. **RULES OF THE RULES OF THE SUPERVISORY BOARD APPLICABLE**

Articles 2, 5, 7, 12, and 15 of the Rules shall apply mutatis mutandis to these rules.

## **ANNEX E**

### **RULES**

#### **GOVERNING THE SUPERVISORY BOARD'S SELECTION AND APPOINTMENT COMMITTEE**

These rules were prepared on 6 June 2007 on the basis of article 6 of the rules of the Supervisory Board (the "**Rules**"). Capitalized terms in these rules have the meaning as defined in the Rules.

#### **1. RESPONSIBILITIES**

- 1.1 Notwithstanding article 7 of the Supervisory Board's rules, the selection and appointment committee shall advise the Supervisory Board in relation to its responsibilities as set out in 1.2 and shall prepare resolutions of the Supervisory board in relation thereto.
- 1.2 The responsibilities of the selection and appointment committee shall include:
  - (a) preparing the selection criteria and appointment procedures for members of the Supervisory Directors and the Managing Directors;
  - (b) periodically evaluating the scope and composition of the Supervisory Directors and the Managing Directors, and proposing the profile of the Supervisory Board in relation thereto;
  - (c) periodically evaluating the functioning of individual Supervisory Directors and Managing Directors and reporting the results thereof to the Supervisory Board;
  - (d) proposing the (re-)appointments of the Supervisory Directors and the Managing Directors;
  - (e) supervising the policy of the Management Board in relation to the selection and appointment criteria for senior management.
- 1.3 The selection and appointment committee shall prepare and publish on an annual basis an overview of its deliberations and findings.

#### **2. COMPOSITION, EXPERTISE AND INDEPENDENCE OF THE SELECTION AND APPOINTMENT COMMITTEE**

- 2.1 The selection and appointment committee shall consist of at least two members.
- 2.2 Without prejudice to article 2.4 of the Rules, the following requirements must be observed in composing the selection and appointment committee:
  - (a) each of its members must be independent within the meaning of article 2.4 under (d) of the Rules and the Code, with the exception of no more than one member;
  - (b) none of its members, with the exception of no more than one member, may (simultaneously) be member of the managing board of any other listed Dutch company.

#### **3. CHAIRMAN**

Subject to article 2 of these rules, the selection and appointment committee shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the selection and appointment committee. The chairman shall act as the spokesman of the selection and appointment committee and shall be the main contact for the Supervisory Board.

4. **SELECTION AND APPOINTMENT COMMITTEE MEETINGS (AGENDA, ATTENDANCE, MINUTES)**
  - 4.1 The selection and appointment committee will hold at least one meeting per year and whenever one or more of its members have requested a meeting. Selection and appointment committee meetings are usually held at the offices of the Company, but may also take place elsewhere.
  - 4.2 Members of the Management Board shall not be invited to participate in the meetings of the selection and appointment committee, unless the selection and appointment committee determines otherwise.
  - 4.3 Selection and appointment committee meetings shall be convened by the member(s) requesting the meeting. Where this is practically possible, notices convening a meeting and the agenda of items to be considered and discussed therein shall be dispatched seven working days before the meeting and sent to each member of the selection and appointment committee.
  - 4.4 Minutes of the meeting shall be prepared by a member of the selection and appointment committee. These minutes shall generally be adopted in the next meeting. If all members of the selection and appointment committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed for adoption by the chairman and shall be dispatched to all Supervisory Directors as soon as practically possible.
5. **RULES OF THE RULES OF THE SUPERVISORY BOARD APPLICABLE**

Articles 2, 5, 7, 12, and 15 of the Rules shall apply mutatis mutandis to these rules.