

## **Rules of Procedure**

### **Supervisory Board Akzo Nobel N.V.**

*Adopted by the Supervisory Board on February 3, 2005,  
Revisions approved by the Supervisory Board on December 7, 2007, March 5, 2009,  
December 10, 2009, February 16, 2011, April 27, 2011 and most recently amended on  
September 15, 2011.*

#### **Chapter III Charter for the Audit Committee**

##### **1. Purpose**

- III.1.1. The Audit Committee is a permanent Committee of the Supervisory Board as referred to in article **Error! Reference source not found..** The primary function of the Audit Committee is to assist the Supervisory Board in fulfilling its oversight responsibilities in respect of:
- the quality and integrity of the Company's financial statements;
  - the Company's risk management and internal control systems;
  - the Company's compliance with legal and regulatory requirements;
  - the qualifications, performance and independence of the external auditor;
  - the performance of the internal audit function.
- III.1.2. The Audit Committee shall not have delegated authority except if specific responsibilities or duties set forth in this Charter call for this.

##### **2. Composition**

- III.2.1. The Audit Committee shall have at least three members at all times, including the Supervisory Board's financial expert as described under article **Error! Reference source not found..** The members collectively shall have adequate accounting and financial management expertise to understand the Company's business, financial statements and risk profile.
- III.2.2. Each member of the Audit Committee shall be appointed by the Supervisory Board from the latter's qualifying members and shall serve until whichever is the earlier to occur of the date on which he shall be replaced by the Supervisory Board, resigns from the Audit Committee, or resigns from the Supervisory Board.
- III.2.3. The Supervisory Board shall appoint one of the Audit Committee members as chairperson, who shall not be the Chairman or any of the Company's former members of the Board of Management or Executive Committee. The chairperson shall be primarily responsible for the proper functioning of the Audit Committee. The chairperson shall act as spokesperson of the Audit Committee and shall be the main contact for the Supervisory Board.
- III.2.4. With the exception of no more than one member, all members of the Audit Committee shall be independent within the meaning of article **Error! Reference source not found..**

##### **3. Authorities and Responsibilities**

- III.3.1. The Audit Committee shall supervise the operation of the internal risk management

and control systems, including application of information and communication technology, as well as the monitoring and enforcement by management of the relevant legislation and regulations and the functioning of the Company's business principles as laid down in the Company's Code of Conduct, as well as of other codes or rules of conduct of the Company.

- III.3.2. The Audit Committee shall review the disclosure of financial information by the Company, including choice of accounting policies, application and assessment of the effects of new legislation in this area, information on the treatment of estimated items in the annual accounts and forecasts.  
The Audit Committee shall give its consent to the disclosure of the Quarterly Results on behalf of the Supervisory Board and shall review the earnings press releases of the Company.
- III.3.3. The Audit Committee shall:
- (a) in line with the "Company's policy on auditor independence" maintain frequent contact with the external auditor, assess the external auditor's independence, the quality of the audit service and the appropriateness of the annual audit plan;
  - (b) determine the involvement of the external auditor in respect of the contents and publication of financial reporting by the Company in addition to the auditor's statutory role regarding the annual accounts;
  - (c) take notice of any irregularity in respect of the content of the financial reporting as may be reported by the external auditor;
  - (d) oversee the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (e) pre-approve, the audit, audit-related and non-audit services provided by the external auditor;
  - (f) approve the compensation of the external auditor;
  - (g) supervise the compliance with recommendations and observations of internal and external auditors;
  - (h) supervise the activities of the Executive Committee with respect to the role and functioning of the internal audit department and discuss the internal audit plan and periodic audit report;
  - (i) supervise the Company's tax planning policy;
  - (j) supervise asset and liability management and the financing of the Company;
  - (k) review and discuss evaluation reports on (large) acquisitions;
  - (l) review on a regular basis the overall risk profile and major risks of the Company including environmental and legal risks.
- III.3.4. The Audit Committee shall undertake such additional duties as from time to time may be requested by the Supervisory Board or required by law or regulations.
- III.3.5. The Audit Committee shall have the power to conduct or authorize investigations into any matter within the Audit Committee's scope of responsibilities. In fulfilling its role, the Audit Committee shall have all powers granted to the Supervisory Board in the Articles of Association, including full power to retain legal counsel or other experts at the Company's expense.
- III.3.6. The Audit Committee shall determine a policy for auditor selection and evaluation and recommend the external auditors to be proposed for shareholder approval in accordance with the Articles of Association. Every four years, the Audit Committee shall evaluate and, where appropriate, recommend replacement of the external auditors.

#### **4. Meetings**

- III.4.1. The Audit Committee shall meet as frequently as circumstances dictate but no less than four times annually. Meetings can be held in any way as the Audit Committee sees fit, including through video and telephone conferencing facilities.
- III.4.2. The chairperson of the Audit Committee shall prepare and/or approve an agenda in advance of each meeting.
- III.4.3. A majority of the members of the Audit Committee shall constitute a quorum.
- III.4.4. The Audit Committee shall maintain, through its Secretary, minutes or other records of meetings and activities of the Audit Committee. The minutes of the meetings of the Audit Committee will be sent to all Supervisory Board members.
- III.4.5. The Audit Committee shall, through its chairperson (or a member designated by him), report its findings to each subsequent plenary Supervisory Board meeting.
- III.4.6. The Audit Committee shall meet in a separate session with the external auditor at least annually.
- III.4.7. The Audit Committee shall meet in a separate session with the Internal Auditor at least annually. If the Internal Auditor believes an issue should be raised in a separate session, he will be heard by the Audit Committee.

#### **5. Final provisions**

- III.5.1. The Audit Committee shall review and assess the adequacy of this charter not less than one time per year. The Audit Committee shall report and make recommendations to the Supervisory Board with respect to the foregoing, as appropriate.
- III.5.2. Unless described otherwise herein, articles 29, 30 and 31 of the Articles of Association shall apply, *mutatis mutandis*, to meetings of and the decision making process within the Audit Committee.