

## **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 IV Charter for the Remuneration Committee**

##### **1. Appointment, Composition and Qualifications**

- IV.1.1. The Remuneration Committee consists of at least three members.
- IV.1.2. Each member of the Remuneration 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 Remuneration Committee, or resigns from the Supervisory Board.
- IV.1.3. The Chairman of the Remuneration Committee is appointed by the Supervisory Board.
- IV.1.4. The members collectively have adequate knowledge of and management expertise in compensation of the top levels of management of large international companies.

##### **2. Duties and responsibilities**

###### **Remuneration policy**

- IV.2.1. The Remuneration Committee prepares the remuneration policy, to be approved by the Supervisory Board and General Meeting of Shareholders.
- IV.2.2. The objective of the Company's remuneration policy is to provide remuneration in a form that will motivate and retain the members of the Board of Management as top executives of a major international company.
- IV.2.3. In the determination and differentiation of the remuneration level of the Chairman and the other members, due allowance is made for the individual specific responsibilities.
- IV.2.4. To ensure that remuneration is linked to performance, members of the Board of Management are granted a variable remuneration component related to specific targets.
- IV.2.5. The Remuneration Committee sets standards and defines criteria for performance with emphasis on achievement, accountability and ethical behavior of the members of the Board of Management. These standards and criteria are prepared by the Remuneration Committee and approved by the Supervisory Board.
- IV.2.6. The remuneration policy will be reviewed periodically by the Remuneration Committee and, whenever necessary, proposals for adjustment will be prepared.

###### **Remuneration**

- IV.2.7. The Remuneration Committee yearly prepares the proposed remuneration per individual member of the Board of Management for approval by the Supervisory

Board. This proposal contains the remuneration structure, the fixed remuneration, performance related payment (including performance criteria), pension rights and, if applicable, shares- and option rights and special grants and allowances.

The results, the share price performance and the non financial indicators relevant to the long term objectives of the Company are all taken into account when determining the remuneration proposal. Furthermore, the outcome of the scenario analysis carried out as well as the pay differentials within the Company will be taken into account.

The Remuneration Committee will also consider the remuneration of the members of the Executive Committee who are not also a member of the Board of Management and will make sure that the remuneration of these executives is aligned with the remuneration policy of the Board of Management. The Supervisory Board will approve the remuneration of these members of the Executive Committee on the proposal of the CEO.

IV.2.8. Periodically the Remuneration Committee reviews the remuneration package of the members of the Supervisory Board; if necessary proposals for adjustments will be prepared.

#### **Options and share plans**

IV.2.9. The Remuneration Committee prepares stock option and/or share plans including criteria with respect to granting or vesting of (conditional) stock options and/or shares as part of the compensation to the members of the Board of Management and/or other executives. The plans for the Board of Management have to be approved by the Supervisory Board and the General Meeting of Shareholders.

IV.2.10. Yearly the Remuneration Committee reviews the realization of the criteria, set when the shares or options were granted.

#### **Publication of compensations**

IV.2.11. In view of the publication of compensations of members of the Supervisory Board and the Board of Management and the Executive Committee, the Remuneration Committee annually prepares a remuneration report.

#### **Performance**

IV.2.12. The Remuneration Committee conducts the periodic review of the performance of the members of the Supervisory Board and Board of Management and the Executive Committee.

#### **Other**

IV.2.13. The Remuneration Committee addresses any other issues delegated to it by the Supervisory Board.

IV.2.14. Periodically the Remuneration Committee informs the Supervisory Board with regard to its duties as mentioned in these terms of reference.

### **3. Meetings and modus operandi**

IV.3.1. The Remuneration Committee meets at least two times per year.

IV.3.2. Meetings shall also be held whenever the Chairman or one of the other members of the Remuneration Committee considers this appropriate.

IV.3.3. The chairman of the Board of Management and the Secretary attend the meetings of the Remuneration Committee.

- IV.3.4. The Secretary will act as Committee Secretary, and be responsible, in consultation with the Chairman, for the preparation of the meetings of the Remuneration Committee and the minutes.
- IV.3.5. The Remuneration Committee may ask the advice of internal and external experts on matters within the competence of the Remuneration Committee. If the Remuneration Committee makes use of the services of a remuneration consultant, it shall verify that the consultant concerned does not provide advice to a member of the Board of Management or Executive Committee.