



RULES GOVERNING

DMO/6004902/512303

THE MANAGEMENT BOARD'S PRINCIPLES AND BEST PRACTICES

DRAFT

These rules ('**rules**') were adopted by the Management Board (the '**Management Board**') of Roto Quebecor Smeets N.V. (the '**company**') on [*] 2007 and approved by the Supervisory Board (the '**Supervisory Board**') on [*] 2007.

Status and contents of the rules

Article 1.

- 1.1. These rules are complementary to the rules and regulations from time to time applicable to the Management Board under Dutch law or the company's articles of association.
- 1.2. Where these rules are inconsistent with Dutch law or the company's articles of association, the law or, as the case may be, the articles of association shall prevail.
Where these rules conform to the articles of association but are inconsistent with Dutch law, the latter shall prevail. If one or more provisions of these rules are or become invalid, this shall not affect the validity of the remaining provisions. The Management Board shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of these rules, is to the greatest extent possible similar to that of the invalid provisions.
- 1.3. These rules have been based on the Dutch corporate governance code, as amended from time to time, (the '**Code**') as adopted by the Tabaksblat Committee on 9 December 2003 (and legislation amending Book 2 of the Dutch Civil Code in connection with the adjustment of the structure regime of 9 July 2004 as enacted on 1 October 2004).
- 1.4. In its resolution adopted on [*] 2007, all the members of the Management Board unanimously declared that:
 - a. The Management Board and its members will comply with, and be bound by the obligations arising from, these rules to the extent that they apply to it and



its members;

b. on appointment of new members the Management Board will cause such members to issue a declaration as referred to in a. above.

1.5. These rules are published on the company's website and can be downloaded by selecting www.rsdb.com - Organization - Management Board.

Responsibilities of the Management Board

Article 2.

2.1. The Management Board members shall be collectively responsible for the company's management, the general affairs of the company's business and the general affairs of the group companies affiliated with the company.

2.2. The managing directors shall divide their tasks by mutual consultation and subject to the Supervisory Board's prior approval. In case of a managing director's absence, his duties and powers shall be carried out by another managing director to be designated by the Management Board. In case of long-term absence, the Supervisory Board shall be notified of that designation.

2.3. Each managing director shall be accountable to the Management Board for the fulfillment of his duties and must therefore report to the Management Board on a regular basis and in such a manner as to give the Management Board a proper insight in the performance of his duties, the foregoing also in view of the Management Board's collective responsibility.

2.4. Each managing director shall have the right to receive from other managing directors and from employees any information about matters which he/she may deem useful or appropriate in connection with his/her collective responsibility for the company's management. He/she must consult with the other managing directors if the implementation of his/her duties affects the implementation of the duties of the other managing directors or if the significance of the matter requires consultation with the other managing directors.

2.5. Notwithstanding the right of each managing director to represent the company, two signatures or the prior written consent of another managing director shall be required for committing or ending rights of the company if this exceeds a certain



amount as specified by the Supervisory Board from time to time. The chairman of the Management Board is authorized to act independently.

As regards authority in respect of bank and/or giro, managing directors shall be designated, including in any event the chairman of the Management Board and the managing director responsible for financial matters, and furthermore such staff members as designated by the Management Board.

- 2.6. Where the management of group companies is concerned, the Management Board shall ensure that instructions to managing directors shall be based on a resolution of the general meeting of shareholders of those group companies.
- 2.7. In discharging its duties, the Management Board shall be guided by the interests of the company and its business; it shall take into account the relevant interests of all those involved in the company (including the company's shareholders). The Management Board is responsible for the quality of its own performance.
- 2.8. The responsibilities of the Management Board shall include:
 - a. the achievement of the company's objectives;
 - b. determining the strategy and policy designed to achieve the objectives;
 - c. the general state of affairs in and the results of the company;
 - d. taking stock of and managing the risks connected to the business activities;
 - e. ensuring that effective internal risk management and control systems are in place and reporting on this in the annual report;
 - f. maintaining and preparing the financial reporting process;
 - g. compliance with legislation and regulations;
 - h. compliance with and maintaining the corporate governance structure of the company;
 - i. publishing the corporate structure of the company and any other information required under the code, through the annual report, the company's website and otherwise;
 - j. preparing the annual accounts and drawing up the annual budget and important capital investments of the company;
 - k. giving advice in connection with the nomination of the external accountant of the company.



- 2.9. The company shall in any event employ as instruments of the internal risk management and control systems:
- a. risk analyses of the operational and financial objectives of the company;
 - b. a code of conduct which should in any event be published on the company's website;
 - c. guides for the layout of the financial reports and the procedures to be followed in drawing up the reports;
 - d. a system of monitoring and reporting.
- 2.10. Every three years, the Management Board shall draw up a strategy and policy plan for the company and the group companies over the next three years. In addition, the Management Board shall annually draw up a policy plan for a period of two years, including among other things the budget for the following year. Both policy plans shall be adopted after the Supervisory Board's approval.
- 2.11. The Management Board shall under the Supervisory Board's supervision be responsible for setting up and maintaining internal procedures ensuring that the Management Board is aware of all important financial information, in order to safeguard timely, complete and accurate external financial reporting. To that effect, the Management Board shall ensure that the financial information from group companies is reported directly to it and that the integrity of the information is not affected.
- 2.12. The Management Board shall attach to the annual accounts an annual report on how it has functioned and on the work undertaken by it. The annual report shall in any event contain the information required by law and pursuant to the Code. In addition, the Management Board shall report on the sensitivity of the company's results to external factors and variables. The Management Board shall report the internal risk management and control systems in the annual report and shall substantiate this in a clear manner.

Composition, expertise and independence of the Management Board

Article 3.

- 3.1. The Management Board consists of one or more members as fixed in accordance with the articles of association of the company.



- 3.2. The Management Board shall have a chairman who shall ensure the proper functioning of the Management Board as a whole. In addition, the Management Board shall have one member specifically in charge of the company's financial affairs.
- 3.3. The Management Board shall function independently from any instructions by third parties outside the company.
- 3.4. A managing director shall:
 - a. not enter into competition with the company;
 - b. not demand or accept (substantial) gifts from the company for himself/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
 - c. not provide unjustified advantages to third parties to the detriment of the company;
 - d. not take advantage of business opportunities to which the company is entitled for himself/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

Chairman and secretary of the Management Board

Article 4.

- 4.1. The Supervisory Board shall appoint the chairman of the Management Board and, if he is unable to discharge his duties or absent, designate his deputy. The chairman shall have the title Chief Executive Officer (CEO).
- 4.2. In addition to the coordination of the Management Board's policy, the chairman shall be responsible for:
 - ensuring that the Management Board functions in an effective manner;
 - ensuring that budgets and policy plans are drawn up in a timely manner;
 - supporting the other managing directors and mediating in any differences of opinion between them;
 - ensuring that there is ample time for consultation, consideration and the other aspects of preparing decision-taking in and minuting of the Management Board meetings and the supervision of the implementation of resolutions;
 - drawing up the draft annual accounts with the corresponding annual report,



and the dispatch of these documents to the Supervisory Board;

- chairing Management Board meetings;
- ensuring the timely and adequate provisions of information to the managing directors as necessary for the proper performance of their duties;
- preparing decision-taking in and minuting of meetings of the Management Board with the Management Board of group companies and meetings with the heads of the designated divisions;
- supervising the proper functioning of the external accountant of the company and the submission of his report to the Supervisory Board;
- maintaining intensive and frequent contacts with the Supervisory Board and in particular with its chairman and vice chairman, and informing the other managing directors in a timely and careful manner about the results of those contacts;
- receiving and deciding on reports by employees of the company of irregularities in the company of a general, operational and financial nature, in accordance with the company's rules on whistleblowers;
- ensuring the timely and adequate provision of information to the Supervisory Board and to the individual members of that board as necessary for the proper performance of their duties;
- ensuring the annual evaluation and assessment of the functioning of the managing directors and the Management Board.

4.3. The Management Board shall appoint one of its members as secretary of the Management Board. The secretary of the Management Board shall ensure that the correct procedures are followed and that the statutory rules and regulations and the company's articles of association are complied with. The secretary of the Management Board shall furthermore support the chairman of Supervisory Board in the organization of the Supervisory Board. The appointment and dismissal of the secretary of the Management Board shall be subject to the approval of the Supervisory Board.



(Re)appointment, term and resignation

Article 5.

- 5.1. Managing directors shall be appointed in the manner as provided in the company's articles of association.
- 5.2. In best practice regulation II.1.1 of the renewed Corporate Governance Code the recommendation is made to appoint managing directors for a maximum period of four years, with the possibility of reappointment for a term of no more than four years at a time. The company will respect the contract of the current CEO, which was signed in 2001 for an indefinite period of time. New board members will in principle be appointed for a maximum period of four years, with the possibility of reappointment for a term of no more than four years at a time.
- 5.3. Management positions in group companies of the company are deemed positions derived from the position of managing director of the company and shall therefore be subject to these rules.
- 5.4. Managing directors shall not pursue the candidacy for a position as supervisory director or a similar position in companies not belonging to the group without the Supervisory Board's prior approval. Such position must contribute to the company's interests.
- 5.5. A managing director may hold no more than two supervisory directorships in listed companies. A managing director may not be chairman of a Supervisory Board of another listed company. A managing director shall not accept a supervisory directorship of another listed company without the Supervisory Boards' prior approval. Important additional directorships and positions shall be reported to the Supervisory Board.
- 5.6. Managing directors shall retire early in the event of inadequate performance, structural differences of opinion, incompatibility of interests and other instances where retirement is deemed necessary at the discretion of the Supervisory Board.

Remuneration

Article 6.

The remuneration of the managing directors shall be determined within the scope of the re-



muneration policy adopted by the general meeting of shareholders. The amount of the remuneration of each individual managing director shall be determined by the corporate body designated for that purpose by the articles of association.

Management Board meetings (agenda, teleconferencing, attendance, minutes) and resolutions

Article 7.

- 7.1. The Management Board shall hold at least one meeting per week and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the offices of the company, but may also take place elsewhere. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.
- 7.2. The chairman, and in his absence his deputy, shall chair the meeting. If both are absent, the meeting shall appoint one of the managing directors as chairman of the meeting.
- 7.3. The meetings shall be convened in due time by the chairman. Any other managing director may request that the chairman convene a meeting.
- 7.4. The chairman shall determine the agenda of each meeting. Other managing directors may submit to the chairman of the board items to be discussed in the meeting. An item to be discussed which has not been submitted on time or is not supported by sufficient documentation shall not be placed on the agenda.
- 7.5. At the request of a managing director and with the agreement of the majority of other managing directors, urgent matters may be discussed immediately or in an additional meeting.
- 7.6. The managing directors must attend the meetings of the Management Board. Where they are unable to attend and the minutes require explanation, the chairman of the meeting shall inform them about the resolutions passed and the discussions held in the meeting in question.
- 7.7. The Management Board may pass resolutions only if at least the majority of the managing directors holding office are present or represented, whereby a managing director having a conflict of interest as meant in article 8 shall for the purposes of



this article 7.7. be deemed not to be holding office. If there is still no majority in the next meeting, the chairman of the meeting shall consult with the absent managing directors by telephone or telefax if he believes that a resolution is required.

- 7.8. Resolutions may be passed outside a meeting if all managing directors have given their written vote in favor of the proposal.
- 7.9. Resolutions shall be passed by unanimous vote. If this is not possible, the resolution shall be taken by a majority of votes. If there is a tie of votes, the chairman of the Management Board shall have the casting vote, provided that there are more than two Management Board members present or represented.
- 7.10. If there is insufficient consensus at the meeting about certain subjects, the chairman of the Management Board may refer the relevant item on the agenda for further consideration.
- 7.11. The minutes of a Management Board meeting shall be adopted in the next meeting. Adopted minutes shall be evidence of the proceedings.
- 7.12. Without prejudice to the provisions of the law or the company's articles of association, the resolutions of the Management Board listed in Annex A shall require the Supervisory Board's approval.
- 7.13. The Management Board shall require the approval of the Supervisory Board and the general meeting of shareholders for resolutions regarding a significant change of the identity or character of the company or the business, including in any event:
 - a. transfer of the business or virtually all of the business to a third party;
 - b. entry into or termination of long term cooperation by the company or a subsidiary with another legal entity or partnership or as a general partner with full liability in a limited or general partnership if such cooperation or the termination thereof is of far reaching significance for the company;
 - c. acquisition or disposal by the company or a subsidiary of a participation in the capital of another company the value of which equals at least a third of the amount of the assets according to the consolidated balance sheet with explanatory notes attached to the company's annual accounts as most recently adopted.



Conflict of interests

Article 8.

- 8.1. A managing director shall not participate in the discussions and/or decision-taking process on a subject or transaction in relation to which he/she has a conflict of interest with the company within the meaning of article 8.2. Such transaction, must be concluded on terms at least customary in the sector concerned and be approved by the Supervisory Board. Notwithstanding the foregoing, a managing director with a conflict of interest shall upon request thereto by the Management Board be entitled to express his/her views on or provide information with regard to such transaction.
- 8.2. A managing director shall in any event have a conflict of interests ('conflict of interests') if:
- a. he/she has a material personal financial interest in a company with which the company intends to enter into a transaction;
 - a. he/she has a family law relationship (*familierechtelijke verhouding*) with, or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree of a company with which the Company intends to enter into a transaction;
 - b. he/she 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;
 - c. 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;
 - d. the chairman of the Supervisory Board has ruled at his/her sole discretion that such conflict of interests exists or is deemed to exist.
- 8.3. Each managing director shall immediately report any potential conflict of interests concerning a managing director to the chairman of the Supervisory Board and to the other managing directors. A managing director with such (potential) conflict of interests must provide the chairman of the Supervisory Board and the other manag-



ing directors with all information relevant to the conflict, including information relating to the persons with whom he/she has a family law relationship (*familierechtelijke verhouding*) / his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree). In all circumstances other than the ones listed in article 8.2 under d. and e., the chairman of the Supervisory Board will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests to which article 8.1 applies.

- 8.4. The chairman of the Supervisory Board shall procure that these transactions will be published in the Management Board's annual report, with a declaration that the provisions in the code have been complied with.

Complaints, whistle-blowers

Article 9.

- 9.1. The Management Board shall ensure that employees have the opportunity, without jeopardising their legal position, to report alleged irregularities of a general, operational and financial nature within the company (including but not limited to the financial reporting, internal risk management control systems and audit) and complaints about a managing director to the chairman of the Management Board or to an officer designated for such purpose by him.
- 9.2. Alleged irregularities that relate to the functioning of the members of the Management Board shall be reported to the chairman of the Supervisory Board.
- 9.3. The arrangements for whistleblowers will be placed on the company's website as referred to in article 1.5.
- 9.4. The Management Board shall ensure that complaints received by the company in relation to the matters referred to in 9.1 are received, recorded and dealt with.

Information, relationship with the Supervisory Board

Article 10.

- 10.1. The Management Boards 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.

- 10.2. The Management Board shall periodically provide the Supervisory Board with a report prepared in a format as agreed from time to time and setting out detailed information on inter alia finance, marketing, investments and staff. This periodic report shall be accompanied by a letter from the Management Board containing an explanation of, and comments on, the above as well as information concerning its policies.
- 10.3. 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, and the management and control systems of the company. In addition, the Management Board shall issue an annual declaration 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.

Relationship with the shareholders

Article 11.

- 11.1. The managing directors shall attend with the supervisory directors the general meetings of shareholders, unless they are prevented from attending on serious grounds or the general meeting has expressed the wish to meet without the presence of the Management Board or a managing director.
- 11.2. The Management 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 Management Board shall specify the reasons for invoking such important interests.

Relationship with the works council

Article 12.

Proposals of the Management Board requiring prior approval by the Supervisory Board and in respect of which the central works council has an advisory right must first be approved by the Supervisory Board. If granted, this approval shall be deemed to have been given subject



to a positive or neutral advice by the central works council.

Confidentiality

Article 13.

Managing directors shall treat all information and documentation acquired within the framework of their position as managing director with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Supervisory or Management Board, made public or otherwise made available to third parties, even after resignation from the Management Board, unless

- (i) it has been made public by the company; or
- (ii) it has been established that the information is already in the public domain (otherwise than as a result of improper disclosure and the (ex) managing director was or could have reasonably been aware that such disclosure was unlawful); or
- (iii) the information is to be made available in the course of any legal proceedings; or
- (iv) the information is to be made available to a governmental or regulatory authority pursuant to its request or under applicable law.

Non-compliance, amendment

Article 14.

- 14.1. Subject to the prior approval of the Supervisory Board, the Management Board may on occasion decide not to comply with these rules. Such incidental resolution not to comply shall be referred to in the Management Board's annual report.
- 14.2. These rules may be amended by resolution of the Management Board to that effect and subject to the Supervisory Board's prior approval. Such resolution shall be referred to in the Management Board's annual report.

Governing law and jurisdiction

Article 15.

- 15.1. These rules shall be governed by and construed in accordance with the law of the Netherlands.
- 15.2. The court of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle



any dispute arising from or in connection with these rules (including any dispute regarding the existence, validity or termination of these rules).

- 15.3. In the event of any difference of interpretation, the Dutch original of this English translation shall apply throughout these rules.

Annex A

Resolutions of the Management Board subject to the approval by the Supervisory Board

- b. the acquisition or transferring of shares in the capital of the company or depositary receipts for such shares held by the company and the sale, transfer of, or granting of any rights to treasury shares or depositary receipts thereof;
- c. resolutions amending the Management Board regulations;
- d. a resolution to alter the dividend policy of the company or to make an extraordinary or interim distribution to the shareholders, except for distributions after adoption and approval of the annual accounts;
- e. entering into transactions for certain amounts as per the Annex B;
- f. entering into sale, lease, exchange or other disposition of any material assets other than in the ordinary course of business;
- g. entering into transactions with parties who are not dealing at arm's length and related parties transactions;
- h. entering into any transaction pursuant to which the company will merge or amalgamate with or into another legal entity;
- i. entering into an agreement for the payment of the company's debts with creditors of the company;
- j. purchasing agreements for a term over four years;
- k. significant changes to the accounting policies of the company;
- l. directly or indirectly entering into long term cooperation agreement;
- m. participating directly or indirectly in projects, in combination with other entities by way of joint-ventures;
- n. major changes to and deviation from the business plan of the company;
- o. making investments in deviation from the amounts set out in the policy plans or budgets;
- p. a resolution to approve a resolution of any corporate body of a company in which the company has a controlling interest, provided last-mentioned resolution is subject to approval pursuant to the provisions a to n inclusive of this Annex A, if the resolution would concern the company itself.

Annex B

Schedule of Authority

Effective date:

- If there are a series of inter-related actions or events within a given transaction, the scope of the overall transaction determines the signing official required for authorization.
- Only the highest level of authority hereby required must approve a transaction.

k= thousands, mm= millions in Euros

Type of transaction Article 6.	Board	CEO	EVP-CFO	
Real Estate Leases	>10mm	1mm - 10mm	0 - 1mm	
Sale Agreements with Customers		>10mm	< 10mm	➤
Client Incentives other than Signing Bonuses		>500k	0 - 500	➤
Signing Bonuses	>3mm	500k - 3mm	0 - 500k	➤
Capital Expenditures	>5mm	1mm - 5mm	0 - 1mm	➤
Commitments to Third Parties (other than Sales Agreements and Purchasing Agreements) 16.2.	>5mm	1mm - 5mm	0 - 1mm	➤
Restructuring	>5mm	1mm - 5mm	0 - 1mm	➤

Activities				
Environmental Remediation Costs	>3mm	1mm - 3mm	0 - 1mm	➤
Capitalization, Recapitalization, Recapitalization	>3mm	1mm - 3mm	0 - 1mm	➤
Taxation Matters	>5mm	1mm - 5mm	0 - 1mm	➤
Material contracts or expenditures	>5mm	1mm - 5mm	0 - 1mm	➤
Acquisitions and divestitures	>5mm	1mm - 5mm	0 - 1mm	➤

Board: Supervisory Board

CEO: Chief Executive Officer

EVP - CFO: Executive Vice-President and Chief Financial Officer