Minutes

Royal VolkerWessels N.V.

Annual General Meeting of Shareholders of 3 May 2018

Published on: 13 July 2018

Adopted on: 14 November 2018

Date:	3 May 2018
Venue:	VolkerWessels head office in Amersfoort, the Netherlands
Minute taker:	Barbara Snabilié of Het Notuleercentrum

The attendance register shows that 82.55% of the issued voting capital was represented at the meeting, both in person and by proxy, representing a combined total of 66,042,623 shares, with each share entitled to cast one vote.

1. Opening and announcements

The chairman opened the meeting at 2.00 pm and welcomed all those present to what was the first general meeting of shareholders since the IPO on 12 May 2017. The notice for the meeting was published on 19 March 2018. The minutes will be published on the corporate website within the statutory term of three months.

The chairman made reference to the death of Mr. Wessels, who as a passionate entrepreneur put his heart and soul into VolkerWessels. He called on those present to hold a minute's silence in tribute to Mr. Wessels.

2. Annual report, corporate governance and financial statements

2a. Report of the Management Board for the 2017 financial year

Mr. De Ruiter expanded on the 2017 annual results of the six segments of the VolkerWessels group. He described 2017 as a year of growth and predominantly positive developments. All segments made a positive contribution to the result. The net result (from continuing operations) rose 38% to € 142 million. Around € 9 million of the € 39 million increase was attributable to a change in the capital structure and the remaining € 30 million to an improved operational development at the businesses.

The operating result (EBITDA) rose 4.3% to € 265 million with an EBITDA margin of 4.6% being achieved. Return on capital employed (ROCE) rose to 21.8%, well above the targeted threshold of 18%. The solvency ratio remained stable at 31.5%, making VolkerWessels the best capitalised listed construction company in the Netherlands. The net cash position rose by € 108 million to a total of € 297 million. The order book remained stable at a historically high level and revenue reached € 5.7 billion. VolkerWessels focuses explicitly on net result and EBITDA margin. Revenue is important but not an end in itself: for VolkerWessels the emphasis is on profitable growth.

The group benefited from an upturn in the markets and the order book showed good year-on-year growth. After adjustment for currency effects the order book was unchanged compared to 2016. Total revenue for 2017 equalled € 5.7 billion, an increase of 4%. Over € 4 billion, or 73%, of revenue is generated in the Netherlands with the remaining 27% generated by the other home markets (United Kingdom, North America and Germany). Total revenue in these three areas exceeded € 1.5 billion.

The Netherlands is responsible for 63% of EBITDA with the ‘foreign’ markets accounting for 37%. Margins are higher outside the Netherlands than in the Netherlands, mainly due to the nature of the North American activities. EBITDA in 2017 totalled € 265 million compared to € 254 million in 2016.

Mr. De Ruiter outlined the developments in the six VolkerWessels segments. Construction & Real Estate Development benefited strongly from market developments in the Netherlands, with revenue increasing 5% to over € 2 billion and EBITDA rising to € 93 million. The margin rose from 4.1% to 4.6%, in line with the ambition to lift the margin of this segment to above the average for the group. The order book continued to grow, surpassing the level of € 2.8 billion. The construction companies, real estate development activities and the activities concerned with supply and building materials all made a positive contribution to the results. Major milestones in 2017 included doubling the production capacity of the ‘MorgenWonen’ concept and the opening of the expertise centre for digital construction in Utrecht. Both developments are important steps towards making construction more sustainable.

The Infrastructure segment saw EBITDA decline from € 73 million to € 52 million in 2017 due to problems related to the construction of the new sea lock at IJmuiden. As a result the margin fell to 3.5% compared to 5.3% in 2016. A provision of € 67.5 million was taken in 2017 in relation to this project. Speaking on behalf of the Management Board Mr. De Ruiter apologised for the setback and said that the Board had launched an in-depth inquiry into the incident. Despite the OpenIJ setback the Infra division performed well and was able to absorb the huge setback without becoming loss-making. The companies involved in road construction, rail infrastructure and traffic technology in particular performed well in 2017.

The good news is that the market for local infrastructure projects continued to recover, given that the emphasis at VolkerWessels is on smaller, repeat projects with a low level of complexity. The market for large multidisciplinary projects remains highly competitive, with price still a major distinguishing factor. VolkerWessels remains selectively active in this segment.

The Energy & Telecom segment performed in line with expectations in 2017, with the contribution from Energy continuing to rise and that from Telecom falling slightly compared to 2016. The order book for Energy & Telecom declined as a result of the inclusion of a long-term framework contract with KPN of which VolkerWessels is carrying out a part each year. On an underlying basis the order book increased (especially at Energy) by around € 50 million. The division is important because the group is well placed here to support the further electrification and energy transition in the Netherlands. Mr. De Ruiter noted that the acquisition of the commercial arm of Joulz Energy Solutions announced today was a perfect fit in this respect. The acquisition strengthens the group by adding around 160 specifically skilled and qualified employees.

Developments for VolkerWessels in the United Kingdom were positive despite the uncertainties surrounding Brexit. While this remains an uncertain factor it has as yet had no serious impact on the company. EBITDA rose from £ 27 million to £ 29 million and the order book rose by 7% to almost £ 1.1 billion. VolkerWessels UK is mainly active in infrastructure and also in logistic services construction. The infrastructure activities are limited to Greater London and the Midlands, the economic powerhouses of the United Kingdom. The company was unable to make up for the 7% decline in the value of sterling; VolkerWessels does not hedge its results, resulting in a slight fall in the results expressed in euros.

North America showed a strong development in 2017, with revenue increasing 11% to € 351 million and EBITDA rising by an even stronger 20% to € 55 million. Around half of the improvement in the result was attributable to a book profit on real estate transactions – the disposal of land positions in Seattle – as part of the policy to free up strategic working capital. The activities in Canada in particular were capital-intensive, resulting in an EBITDA margin that was higher than the average for the group.

VolkerWessels acquired the activities in Germany at the end of 2016. KondorWessels Holding achieved an excellent performance in 2017 with revenue, the result and the margin all rising and the order book remaining at a historically high level. In Germany the focus is on homes and apartments in the four urban regions of Berlin, Frankfurt, Cologne/Düsseldorf and Munich. This strong focus on both product and area led to an exceptionally good result in this segment.

In conclusion Mr. De Ruiter highlighted sustainability and corporate social responsibility, topics of great importance and to which the company can and must make a major contribution. It can do so for example by optimising its construction logistics; by reducing transports of people and materials to building sites and making them more efficient; and by placing more focus on using sustainable materials and separating waste. VolkerWessels published a sustainability report on its efforts in the areas of sustainability, safety and corporate social responsibility.

Mr. Van Rooijen expanded on the financial performance in 2017, the strategy and the outlook. As is the case for many other companies in the sector VolkerWessels' revenue is subject to seasonal influences (such as weather conditions and the building sector holiday) which also has an impact on the operating results. This makes it difficult to judge companies in this sector on a quarterly basis. Furthermore the timing of individual sales transactions in the project development activities and the settlement of large additional work items can have a significant impact on the quarterly results. The first quarter in particular, when EBITDA can be close to zero, is not a good proxy for the full-year result.

Since the depth of the crisis in 2012 VolkerWessels has achieved an improvement in its result year after year. In 2017 VolkerWessels continued to build on its solid financial track record. After adjustment for the third-party result of € 13 million and the share incentive charge of € 5 million EBITDA totalled € 265 million, an increase of € 11 million compared to 2016. The EBITDA margin was 4.6% in 2017, in line with the medium-term objectives.

In 2017 VolkerWessels realised free cash flow of € 231 million and Mr. Van Rooijen believes that over few years' time the company should on average be able to generate free cash flow equal to the net result. VolkerWessels realised considerably more cash flow in 2017, partly thanks to the reduction in strategic working capital and the use of deferred tax assets. Capital investment totalled € 81 million in 2017, € 64 million after divestments.

VolkerWessels has sharply reduced its debt position over recent years through a combination of a healthy free cash flow and a restrictive dividend policy. A dividend was distributed for the first time for 2016. VolkerWessels has a strong balance sheet and a healthy solvency ratio.

In 2017 VolkerWessels improved its net cash position by € 108 million on balance due to the positive result, dividend for 2016 and interim dividend for 2017 (together € 106 million) and an improvement in working capital. Efforts are focused on reducing the strategic working capital – mainly the capital invested in the real estate activities. One of the medium-term objectives is to reduce the strategic working capital by € 100 million; a reduction of € 43 million was already realised in 2017. The aim is to keep the remaining working capital stable as a percentage of revenue.

With a solvency ratio of 32% VolkerWessels has a solid financial position and a further increase in the solvency ratio is not an explicit objective. A good solvency ratio is important in the private sector in terms of securing work. The higher result combined with a lower capital requirement resulted in an increase in the return on capital employed from 18% to 22% in 2017.

With regard to the strategy and the outlook Mr. Van Rooijen noted that a number of medium-term objectives were defined at the time of the IPO. The company is on track to achieve all of these objectives in the medium term. The company expects results for 2018 to be higher than in 2017.

2b. Report of the Supervisory Board for the 2017 financial year

For the discussion of this section the chairman referred to the detailed report as included in the annual report.

2c. Corporate Governance

The chairman noted that in the run-up to the IPO on 12 May 2017 the Company had where necessary aligned all the corporate documents (including the Articles of Association and the regulations of the Management Board, the Supervisory Board and its committees) with the legislation applicable to listed companies and with the revised version of the Dutch Corporate Governance Code (the 'Code'). All these documents are published on the VolkerWessels corporate website.

In 2017 VolkerWessels deviated from the Code in two respects. Firstly with regard to the independence of the members of the Supervisory Board: the relevant best practice provision in the Code prescribes that more than half of Supervisory Board members should be independent in the sense of the Code. However, in 2017 three of the five members of the Supervisory Board were not independent: Messrs. Wessels, Holterman and Kuipers. This was partly due to the relationship agreement between Reggeborgh and VolkerWessels. Following the appointment of Mr. Verhoeven (item 6 on the agenda) the principle of independence will once again be met given that three of the five members of the Supervisory Board will then be independent.

The second deviation from the Code concerned the terms of office of the members of the Management Board. On his appointment Mr. De Ruiter accepted a four-year term of office ending on the day after the Annual General Meeting in 2021. The other current members of the Management Board already had prior agreements for an indefinite period with the Company, with this provision being extended in the current agreement. In light of the IPO it was not considered opportune to alter this. Future members of the Management Board will be appointed for a maximum term of four years.

There were no other deviations from the Corporate Governance Code nor any substantial changes to the Company's governance structure. For a full overview of the Company's corporate governance practices Mr. Hommen referred to the corporate governance section in the annual report.

2d. Application of the remuneration policy in the 2017 financial year

Mr. Kuipers, chairman of the Remuneration Committee, gave an account of the application of the remuneration policy during the 2017 financial year. The remuneration policy for the Management Board consists of four elements: annual base pay of € 550,000 per annum, an allowance for pension and other benefits, a short-term incentive and a long-term incentive. In addition there is a severance payment provision equalling up to one time annual base pay; this was not applied in 2017. The remuneration for the Management Board is governed by the remuneration policy as determined on 12 May 2017.

The management participation plan (the long-term incentive) is a profit-sharing scheme in which a group of over 150 managers participate, including the members of the Management Board. The remuneration depends on the results of VolkerWessels as a whole and is paid in instalments over a period of three years. The amount for the entire Management Board for the 2017 financial year was set at € 2.8 million, to be distributed over the three years from 2018 to 2020 inclusive, equivalent to € 562,000 per capita. The ratio between the average remuneration of the members of the Management Board and the average base pay of all the other employees was 23.36 in 2017. In 2017 none of the members of the Management Board purchased shares in VolkerWessels, apart from the shares allocated on a one-off basis by Reggeborgh as a share incentive on the occasion of the IPO. This scheme falls outside the Company's remuneration policy.

The remuneration of the Supervisory Board is set at € 70,000 per annum per member and € 90,000 per annum for the chairman. This is set out in separate agreements with the Supervisory Board members. None of the members of the Supervisory Board has received shares in VolkerWessels.

The chairman invited those present to ask questions.

Mr. Broenink started off by asking why VolkerWessels had sought a stock market listing. The chairman replied that this had been a matter for the shareholders, who had decided on this step for various reasons including succession and diversification. He believes that VolkerWessels shares are an interesting investment for shareholders.

Mr. Stevense (Stichting Rechtsbescherming Beleggers – Dutch foundation for the legal protection of investors) had several questions. He asked for clarification on the bankruptcy of the principal contractor of the lock doors in IJmuiden and the warning from the Dutch department of public works that the contract sum was low. He pointed to contradictions between the objective to keep the rising production costs of construction projects under control and benefiting from price increases, while margins are under pressure due to the rising cost of construction projects. He also had questions about the UK container port contract and the wind farm in the UK in light of the disappointing results. Mr. De Ruiter replied that there was a financial problem with the subcontractor of the lock doors in IJmuiden, the principal contractor will complete the remaining work. This will result in a slight delay in the delivery of the doors to the Netherlands, but this is not time-critical for the overall completion of the project. Production costs in the chain have been rising for some time and VolkerWessels is vertically integrated, which gives it much more flexibility to absorb developments in the market. This results in partial compensation at VolkerWessels' own supply companies where employees are covered by the CLA and there is more control over costs. The fees of self-employed people in the chain are rising much faster and they are also more cyclical. Availability is another issue, as a rise in demand can push up costs as well as causing delays. Selling prices are also on the increase and the market is looking for a new balance. The increase in the chain is a subject of negotiation with clients, VolkerWessels is not immune but less exposed to the developments. Mr. De Ruiter expanded on the construction of the landfall for the wind farm in England. The contract does not concern the construction of the actual wind farm itself; VolkerWessels is no longer active in this segment since it sold its offshore activities to Boskalis in 2016. Mr. Robertson clarified that there are two port projects in the United Kingdom: one in Felixstowe and one in Dover, with the latter involving an expansion of the old port. Mr. De Ruiter said that the result in euros was lower than expected because of the fall in the value of the British pound; in sterling the result rose from £ 27 million to £ 29 million. The group does not issue many press releases about contracts given the sheer number of these: 25,000 projects per annum. The contracts in the United Kingdom are included in the local order book. Mr. De Ruiter further outlined that VolkerWessels through its subsidiary Visser & Smit Hanab is involved in the landfall of cables for a wind farm in the UK.

Mr. Den Ouden (Dutch Investors' Association VEB) complimented the Management Board on the result achieved. He asked why VolkerWessels participated in large complex projects of over € 150 million. These are high-risk and can result in major losses, where is the lucrative aspect? Large projects account for 5% of revenue, how many large projects are there in the portfolio? His second question concerned the OpenIJ project: were BIM models used on this and unable to prevent the major losses incurred? What is the purpose of the BIM models? His third question related to the statement that the economy was buoyant and the company was doing well while at the same time the market for large projects was competitive. Media reports talk of a shortage of skilled staff. Mr. De Ruiter replied that VolkerWessels currently still has five ongoing large projects worth over € 150 million, with one project having recently been concluded. He explained why it is important to remain active in large projects (great innovation and development power, attraction as an employer, favourable financing profile and contribution to the operating result). OpenIJ is a huge outlier, a project like this is very rare. The press release stated that VolkerWessels would continue to be active in the larger projects, with the contract form and degree of complexity being important factors in this, requiring selective and prudent action. While BIM was used on the OpenIJ project it was unable to prevent the design mistakes identified. In hindsight the project was contracted at too low a price. Mr. De Ruiter said it was difficult to explain the price pressure in relation to large projects at a time of shortage in the market. The group's preference was to compete on quality, with the emphasis remaining on smaller and medium-sized projects.

Mr. Veldman asked a question about the results of the partnership with real estate company Bever Holding and the timing of actual construction and realisation of real estate at sites in Noordwijk aan Zee. He asked whether Bever would not be an interesting takeover candidate for VolkerWessels. The chairman said he viewed this suggestion as a recommendation which could not be discussed publicly in the meeting. Mr. Boers confirmed that there was a cooperation agreement with Bever and that the development of real estate in Noordwijk aan Zee required a cautious approach. There were no financial obligations and the company would continue to consider the situation.

Mr. Den Ouden (Dutch Investors' Association VEB) asked about the impact of the collapse of Carillion in the United Kingdom on VolkerWessels' competitive position. Was it worth considering acquiring parts of the group from the liquidator? Furthermore he asked about the ambitions after the medium-term objectives have been achieved. What would the Supervisory Board do to prevent the Management Board from becoming complacent? The speaker expressed appreciation for the detailed risk section in the annual report. What is done to ensure that the reality on paper corresponds to the actual reality? Why is the currency risk posed by Brexit not being hedged? Mr. De Ruiter replied that Carillion had been a major blow to a number of banks that took the losses, and the banks had become more critical towards the sector as a result. Mr. Robertson emphasised that the Carillion construction group had taken on contracts at unfeasible prices. It would not make sense to take over such contracts and the necessary assets were lacking. The chairman noted that achieving the medium-term objectives was a good thing but that the Supervisory Board set new objectives each year which were also linked to the remuneration of the Management Board, thus motivating them to achieve above-target results. In this context Mr. De Ruiter referred to the roadshow in 2017 and the aim to work on around 25,000 projects each year. He said the medium-term objectives were ambitious and indicated that the Management Board was of the opinion that not all of the objectives have been achieved yet. The speaker explained that while it is analysed where risks are likely to occur, in reality the situation is often more intractable than on paper. It is about managing risks and the choices made in connection with these. VolkerWessels is a decentralised group with more than 120 operating companies and this decentralised nature is a factor which mitigates risks. VolkerWessels is not immune to situations like OpenIJ, and institutional optimism is a point for attention. Mr. Van Rooijen pointed out that it is difficult to take the right decision given that Brexit may not happen, company policy is not to hedge – the company does not hedge in Canada or the United States either. The time for hedging was before the Brexit vote, that is risky and that is why the policy is not to hedge.

Mr. Stevense (Dutch foundation for the legal protection of investors) asked whether building a recreation park in Exloo using own companies would not turn out to be too expensive or was it a tactic to keep people in a job when business is slack? Furthermore the speaker asked about the risk of accidents with regard to the circular construction of flats and viaducts in terms of weather effects (weathering). He also asked whether it would not be better for VolkerWessels to operate fewer brands, for example in order to reduce advertising costs. Finally he asked about the acquisition of just the commercial activities of Joulz Energy Solutions, financial details in relation to this were lacking. Mr. Boers described how the recreation park in Exloo was a good example of the VolkerWessels model: it is a development aimed at making money and production is allocated to companies within the group wherever possible. This keeps profits in the group, the developer and the builder form a communicating vessel. Mr. Van der Kamp explained that circular construction was increasingly widespread and the scale on which construction occurred was very manageable, he did not know of any examples of major damage. Preparation work is taking place with the Dutch department of public works for the circular construction of a viaduct as a pilot project to find out how to increase the percentage of reusable materials. Society is demanding increasing circularity and requirements are being imposed in terms of lifespan. Mr. De Ruiter said that it was not necessarily the case that fewer brands mean lower costs, he assumed the opposite in the case of brands having to be converted to VolkerWessels. The company believes that the individual brands enjoy a strong market position, and employees identify more strongly with these. The operating companies are proving to be enterprising in the decentralised model. The speaker noted that the regulated activities of Joulz Energy Solutions were not for sale, he did not expect a clash between the various activities within the company. The annual revenue of the Joulz activities acquired amounted to around € 60 million, the acquisition is expected to be completed in the third quarter of 2018. The purchase price had not been disclosed for commercial reasons.

Mr. Broenink asked for clarification about Imtech-like risks applying to VolkerWessels and how these could be prevented. Mr. De Ruiter replied that Imtech had been the victim of fraud and that in his opinion VolkerWessels had good fraud protection in place. He referred to the culture of communication and resolution in the event of problems arising. The policy was in principle for the net profit to be in the till at the end of the year. A precise record was kept of the operating companies' income and expenditure. VolkerWessels was in control, the integrity of the employees was in place and there was visibility on the financial stability of the partners in a cooperation deal.

2e. Presentation and Q&A of the external auditor

Mr. Van Bochove explained the audit approach in relation to the 2017 financial statements of VolkerWessels. An unqualified auditor's report was issued, the annual report was consistent with the financial statements, no material misstatements had been identified and the statutory provisions had been met. The audit looked at the largest risks in the valuation of the projects, the valuation of land positions and related parties. The amount of the materiality applied was € 20 million, in some parts and in other countries materiality is lower, partly due to legal requirements. The audit mix was determined based on the control frameworks of the unit to be audited. Deloitte Netherlands was responsible for the audit activities in all the countries and the audit coverage rate was high at 93%. Communication and consultation with the Management Board and Supervisory Board took place at various times and a management letter and auditor's report were issued. For the major risks/key audit matters and activities the speaker referred to the auditor's report in the annual report.

The chairman invited those present to ask questions.

Mr. Den Ouden (Dutch Investors' Association VEB) asked about the reason for the € 1 million increase in auditing costs in 2017. The valuation of land positions was taken as a key audit matter but VolkerWessels also owns positions in joint ventures, how were these treated? How was the auditor able to assess whether the transactions with related parties had taken place on an arm's length basis?

The construction sector was not known for its transparent price lists for supplies and services. How many discrepancies were found in the audit of VolkerWessels and what was subsequently done about these? Mr. Van Bochove replied that the increase in the auditing costs did not equal € 1 million but had been rounded off. The increase was agreed with the company in the normal way and was not the result of extra activities. The land positions in joint ventures were looked at with the same focus as the internal positions, where necessary being looked at together with auditors of foreign businesses. Related parties were assessed against contracts and specialists were brought in for arbitrary matters. The chairman noted that the Supervisory Board had an additional check in place in the form of a separate approval procedure for related parties above a certain amount. Mr. Van Bochove said that in the event of discrepancies a materiality of € 20 million applied, with everything in excess of a listing scope of € 5 million being reported to the Supervisory Board. However, no such cases were reported in 2017.

Mr. Stevense (Dutch foundation for the legal protection of investors) asked about the new IFRS rules that came into force in 2018. Were there any findings with regard to the VolkerWessels ICT system and did the management letter say anything about this? How were matters brought to light which were based at the small companies in the group which are not audited? Mr. Van Rooijen noted that IFRS 15 was being introduced in 2018 and that the impact of the implementation on the figures for the first quarter of 2018 was minor. Mr. Van Bochove noted that IFRS 15 was included in the notes to the financial statements and that the notes had been reviewed. The chairman remarked that he did not know of any auditors who did not comment on ICT systems, that was something that happened at every company. The Management Board was aware of the matter and was working on it. Mr. Van Rooijen noted that small companies that fall outside of the scope of the auditor were visited by the group audit department of VolkerWessels. Mr. Stevense argued that the auditor should be subject to spot checks. Mr. Van Bochove responded by saying that selection and scoping took place based on risk analysis, these constituted 93% of the audit. Matters relating to the residual group were included in the audit when there were grounds to do so.

2f. Adoption of the audited financial statements for 2017

The chairman stated that the audited financial statements for 2017 must be adopted by the General Meeting of Shareholders in accordance with the Articles of Association. He invited those present to ask questions about the financial statements.

Mr. Den Ouden (Dutch Investors' Association VEB) asked when the change of control clause would take effect and what the implications of this would be. It was already known that major shareholder Reggeborgh wanted to float more shares on the stock exchange. Mr. Van Rooijen confirmed that the change of control provision had been included in the revolving credit facility; the IPO of VolkerWessels and a possible further sale of shares by Reggeborgh had already been taken into account at the time the facility was arranged. The change of control provision would apply if a third party were to make a bid for VolkerWessels. The provision did not apply to any further divestment of shares by Reggeborgh.

The chairman proposed the resolution to adopt the 2017 financial statements. The notary confirmed that 66,042,623 shares were represented at the meeting, equivalent to 82.55% of the issued capital. All resolutions are adopted by an ordinary majority, for which a total of 33,021,312 votes was required at this meeting. The chairman explained how the voting system and voting devices worked before proceeding with a vote on a test question. The voting worked properly and the meeting proceeded with the actual vote.

The 2017 financial statements were adopted with 66 million votes in favour (100%).

3. Dividend

3a. Explanation of the dividend policy

The chairman explained the dividend policy. The dividend policy of VolkerWessels is aimed at distributing 50% to 70% of annual reported net income attributable to the shareholders of the Company. The intention is to pay the dividend in two semi-annual instalments. The first payment for each year is expected to be made in the fourth quarter of that year and the remainder in the second quarter of the following year, subject to the shareholders adopting the financial statements and the dividend proposal.

The chairman invited those present to ask questions.

Mr. Stevense said that continuity is very important to the Dutch foundation for the legal protection of investors, which he represents. He proposed adding the possibility of distributing the dividend in shares. Mr. De Ruiter agreed with this in the event that the group were to make acquisitions of a size such that they should be considered in the context of the medium-term objectives. One of the objectives is to be able to make a dividend payout of between 50% and 70%. The chairman noted that the Articles of Association provide for the possibility of distributing the dividend in cash or in shares. He believes that this should be determined based on what is going on. The Articles of Association take precedence over the dividend policy.

Mr. Broenink said that he was in favour of a fixed annual dividend, understanding that the construction sector had to deal with annual peaks and troughs. He asked what the variation in the dividend would have been over the past few years and what the expectations for the future are. Mr. De Ruiter replied that no dividend had been distributed in recent years, the group commenced dividend payments in 2016. He declined to speculate on this, referring to the bar chart on the development of VolkerWessels from 2011 which showed an upward trend from 2012.

3b. Dividend proposal for 2017

The chairman proposed the resolution to apply the dividend policy with regard to 2017. On page 5 of the annual report the Management Board with the approval of the Supervisory Board proposed a profit distribution. With due observance of the Articles of Association the Supervisory Board, in consultation with the Management Board, determines what share of the profits will be added to the reserves. The share of the profits remaining after the addition to the reserves is at the disposal of the AGM. In the context of the dividend policy as discussed under agenda item 3a, the following proposal was made for the determination and distribution of dividend on the shares.

It was proposed to the meeting that a final dividend of € 0.77 per share be distributed for the 2017 financial year, to be made payable on 16 May 2018. Together with the interim dividend of € 0.28 distributed in November 2017 this would put the total dividend per share for 2017 at € 1.05, in line with the dividend policy.

There being no questions or comments on this subject the item was put to the vote and the resolution was adopted unanimously.

4. Discharge

4a. Discharge of the Management Board for the performance of their duties in 2017

There being no questions or comments on this subject the item was put to the vote.

The resolution to grant the Management Board discharge from liability for the management conducted in 2017 was adopted by 99.48% of the votes.

4b. Discharge of the Supervisory Board for the performance of their duties in 2017

There being no questions or comments on this subject the item was put to the vote.

The resolution to grant the Supervisory Board discharge from liability for the supervision exercised in 2017 was adopted by 99.48% of the votes.

5. Composition of the Management Board

5a. Proposal to appoint Mr. A.R. Robertson as a member of the Management Board

The chairman tabled the proposal to appoint Mr. Robertson. In accordance with article 12.3 of the Articles of Association of VolkerWessels the Supervisory Board notified the Annual General Meeting of the proposed appointment of Alan Robertson as a member of the Management Board. Mr. Robertson is currently responsible for the UK activities of VolkerWessels, a responsibility which he will continue to hold. This reinforcement of the Management Board reflects the significant importance of the UK segment and will enable VolkerWessels to benefit more broadly from Mr. Robertson's (international) experience. It will also enable Alfred Vos to focus more on his role as COO.

Following the appointment of Mr. Robertson the composition of the Management Board would be as follows:
- Jan de Ruiter, Chairman;
- Jan van Rooijen, CFO;
- Alfred Vos, COO and responsible for North America, Germany and Energy & Telecom Infrastructure;
- Dick Boers, responsible for The Netherlands - Construction and Real Estate Development;
- Henri van der Kamp, responsible for The Netherlands - Infrastructure; and
- Alan Robertson, responsible for the United Kingdom.

In accordance with best practice principle 3.4.2 of the Dutch Corporate Governance Code the most important elements of the agreement to be concluded between the Company and Alan Robertson were published on the website of VolkerWessels at the same time as the notice convening this meeting.

Mr. Robertson introduced himself. He previously worked for Deloitte and for various UK companies, and has been working for VolkerWessels since 2008. He is currently responsible for the activities of VolkerWessels in the United Kingdom.

The chairman invited those present to ask questions.

Mr. Den Ouden (Dutch Investors' Association VEB) asked whether the Management would not be too big with six members, a smaller board allows more efficient decision-making. The VEB was missing a remuneration section for the new member of the Management Board, whereas the Dutch Corporate Governance Code does require there to be one. The chairman replied that the announcement had been published on the VolkerWessels website. The Management Board aimed to represent the capacities and qualities necessary to lead the organisation. He highlighted Mr. Robertson's extensive international experience and the room he can provide for Mr. Vos. Mr. De Ruiter pointed to the widespread combination of a small Management Board and a group board. VolkerWessels does not have a group board, the boards of the operating companies are the next level of management after the Management Board.

Mr. Broenink asked whether the appointment of the first foreigner on the Management Board was a sign that VolkerWessels wanted to start thinking and working more internationally. The chairman replied that VolkerWessels was already quite international with activities in various countries, meaning that international activities are already fairly well represented in the range. As such the qualities present within the organisation were represented on the Management Board.

The chairman announced that the Supervisory Board would proceed with the proposed appointment outside of the AGM.

6. Composition of the Supervisory Board

6a. Appointment of Mr. F.A. Verhoeven as a member of the Supervisory Board

The chairman tabled the resolution to appoint Mr. Verhoeven. In accordance with article 21.1 of the Articles of Association the Supervisory Board nominated Frank Verhoeven to be appointed as a member of the Supervisory Board. The nomination was made in light of the vacancy created by the death of Mr. Wessels. Pursuant to the relationship agreement between the Company and Reggeborgh

Holding as the majority shareholder Reggeborgh is entitled to nominate a new member of the Supervisory Board. Reggeborgh had said it did not wish to avail itself of this right in this instance.

Mr. Verhoeven is 66 years of age and has Dutch nationality. Verhoeven has a wealth of operational experience in project organisations and knowledge of the construction industry. From 1976 until May 2016 he worked for Boskalis, the last four years as a member of the Board of Management. Mr. Verhoeven currently holds supervisory positions with Dekker Groep (sand and gravel company) and with Deltares, Marin and Ampelmann (all three active in the maritime sector). The limit on the maximum number of supervisory board positions held as set out in the Dutch Management and Supervision Act has been complied with. Following the appointment of Mr. Verhoeven the Supervisory Board will consist of three independent members and two non-independent members. Consequently the requirement under best practice provision 2.1.7. of the Dutch Corporate Governance Code, which prescribes that more than half of Supervisory Board members should be independent, will also be met. The remuneration package of Mr. Verhoeven will be the same as for the other Supervisory Board members, namely an annual fee of € 70,000. Mr. Verhoeven holds no shares in VolkerWessels.

The profile of the Supervisory Board was taken into account in making this nomination and it is the opinion of the Supervisory Board that the profile has once again been exceeded in this instance, with Mr. Verhoeven forming a welcome addition to the skills and experience already present among the other Supervisory Board members. The diversity policy also featured prominently in making this nomination; however it proved difficult to find a suitable female candidate based on the required profile. In spite of this it remains an express ambition to ensure that the composition of both the Supervisory Board and the Management Board is a faithful representation of the Company's overall workforce by 2022.

The nomination was discussed with the committee of the Central Works Council, which reported that the nomination was supported by the Central Works Council.

In accordance with the nomination by the Supervisory Board the chairman proposed that Mr. Verhoeven be appointed as a member of the Supervisory Board of Royal VolkerWessels N.V. for a term of four years from 3 May 2018.

Mr. Verhoeven briefly introduced himself.

There being no questions or comments on this subject the item was put to the vote and the proposal to appoint Mr. Verhoeven as a member of the Supervisory Board of Royal VolkerWessels N.V. was approved unanimously. The chairman congratulated Mr. Verhoeven on his appointment and wished him a warm welcome.

7. Extension of the authorisation of the Management Board to acquire fully paid-up ordinary shares in the capital of the Company

The chairman reported that pursuant to a resolution of the Annual General Meeting of Shareholders of 24 April 2017 the Management Board is authorised to acquire fully paid-up ordinary shares in the Company's capital, on or off the stock market, up to the statutory maximum of 10% of the issued capital, for a price that is no higher than 10% above the share price at the time of the transaction, with any decision by the Management Board being subject to approval by the Supervisory Board and the Company not being permitted to hold shares in excess of 50% of the Company's total issued share capital.

The chairman tabled the resolution to extend this authorisation for a period of 18 months as from the date of this meeting, which would extend the Management Board's authorisation until 3 November 2019.

There being no questions or comments the item was put to the vote and the resolution was adopted by 99.48% of the votes.

8. Extension of the authorisation of the Management Board

8a. Extension of the authorisation of the Management Board to issue shares

The chairman reported that pursuant to a resolution of the Annual General Meeting of Shareholders of 24 April 2017 the Management Board was designated as the body authorised to issue ordinary shares and to grant rights to subscribe to ordinary shares in the capital of the Company for a period of 18 months, with any decision by the Management Board being subject to approval by the Supervisory Board. This authorisation is limited to a maximum of 10% of the issued capital following the date of this meeting.

The chairman tabled the resolution to extend this authorisation for a period of 18 months as from the date of this meeting, which would extend the Management Board's authorisation until 3 November 2019.

There being no questions or comments the item was put to the vote and the resolution was adopted by 99.72% of the votes.

8b. Extension of the authorisation of the Management Board to restrict or exclude pre-emptive rights in connection with the issuance of ordinary shares

The chairman stated that the agenda item concerned the restriction or exclusion of pre-emptive rights. He tabled the resolution to also extend this authorisation for a period of 18 months, which would also extend the Management Board's authorisation in this matter until 3 November 2019.

There being no questions or comments the item was put to the vote and the resolution was adopted by 99.70 % of the votes.

9. Any other business

The chairman invited those present to ask any questions.

Mr. Stevense noted that the Dutch foundation for the legal protection of investors, which he represents, is an advocate of continuity. In light of this he called for a change to the retirement rota of the Supervisory Board. The chairman agreed to discuss the retirement rota with the selection committee.

10. Closing

The chairman closed the meeting at 4.05 pm and thanked those present for coming and contributing to the first Annual General Meeting of Shareholders of VolkerWessels.

This is a translation of the Dutch version of the minutes of the Annual General Meeting of Shareholders of VolkerWessels held on 3 May 2018, in case of inconsistencies, the Dutch version prevails.

The response time of three months after the publication date of these minutes passed without any comment being made, after which the minutes were adopted by the chairman and the secretary on 14 November 2018.