Royal HaskoningDHV
Enhancing Society Together

Annual Report 2016

Connecting Lives

Contents

Introduction

It gives me pleasure to present our 2016 Annual Report recording our company's progress.

The theme of our report is Connecting Lives. Throughout our 135-year history we have made strong coalitions with our stakeholders and connected our work to the reality of the daily lives of people in the communities in which we work. A visible example is the app we developed that warns local people against floods.

A sustainable future for our company has been the guiding principle behind our vision for the past few years. The result has focused and strengthened our business and increased our profitability and success. We believe the complex challenges facing society require cooperation and partnership. It is also a feature of the work we do for our clients, bringing innovative and future-proof solutions and helping them to grasp the opportunities these challenges bring.

In Ireland, our Nereda® technology is enabling a massive increase in capacity at what is already one of the world's largest wastewater treatment plants. Nereda® requires no chemicals, less energy and no increase in the size of the site. It's a sustainable solution developed in collaboration with our partners. Now partnerships are driving its worldwide adoption, enhancing society together.

As we look forward, our intention is to accelerate growth, building on these strong foundations. We are embracing technology and digitalisation and creating a culture to foster innovation, collaboration and meaningful work.

Our success is a measure of our people all over the world who are connected by the same passion, to work together with our clients and partners in projects that matter: which enhance society together. We thank our clients, staff and our partners and look forward to an exciting year ahead.

Erik Oostwegel
CEO Royal HaskoningDHV

Scope and approach of the annual report

Royal HaskoningDHV's Annual Report 2016 refers to activities across our global business during the period 1 January to 31 December 2016. Information relates to Royal HaskoningDHV Group with highlights from each Business Line and key regions. It is based on financial and administrative documentation from the entire organisation.

The Financial Statements have been prepared in accordance with Title 9, Book2 of the Netherlands Civil Code while the sustainability reporting is based on the Global Reporting Initiative (GRI). Certain areas are not applicable.

APPROACH

We take an integrated approach to corporate reporting to provide insight into how we manage our businesses and our performance as an employer and business partner. Our report includes financial and non-financial information and an explanation of how environmental, social, economic and governance factors inform our business decisions. Our results are placed within the wider market context, describing social, political and economic factors which impact our financial performance.

Integrated reporting guidelines have been implemented over time. We follow G4 guidelines from the Global Reporting Initiative (GRI) and the latest recommendations from the International Integrated Reporting Council. In line with the GRI's basic reporting principles, we aim to provide a concise, transparent, accurate and balanced account of Royal HaskoningDHV's performance.

All information is reviewed formally and approved by the company's Executive and Supervisory Boards before publication.

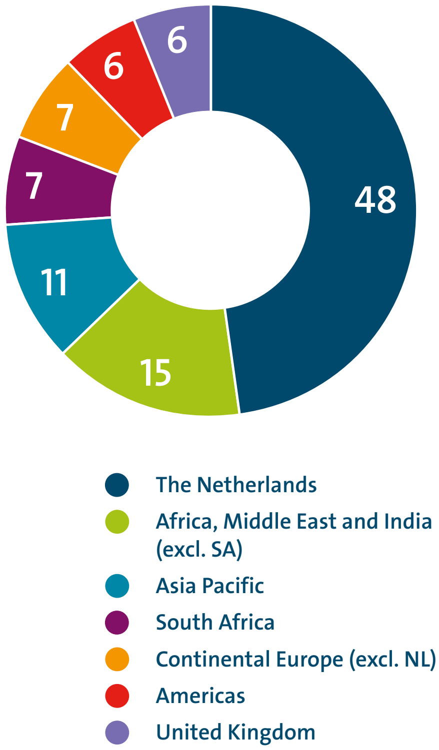
The Financial Statements have been audited by our external auditors, KPMG. For their audit report, please see page 72.

Key Figures

(€ MILLIONS, UNLESS STATED OTHERWISE)

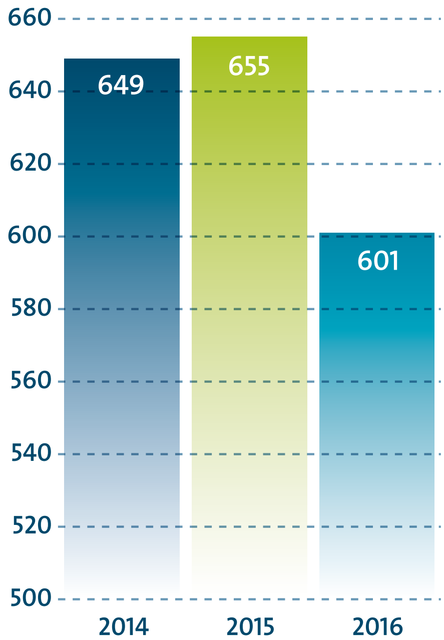
	2016	2015
Net turnover	**621.3**	**667.0**
Operating income	**601.1**	**654.5**
Added value	**475.7**	**492.4**
Results		
EBITA recurring	24.5	26.1
EBITA	22.0	30.5
Net result	12.1	11.8
Return on average shareholders' equity (%)	10.0	10.5
EBITA margin, recurring (%)	4.1	4.0
Earnings per share (€)	2.45	2.38
Balance Sheet		
Total assets	293.1	288.7
Shareholders' equity	122.3	118.9
Group equity	122.5	119.1
Group equity as percentage of total assets (%)	41.8	41.3
Financial Position		
Net working capital	35.5	16.1
Free cash flow	(2.2)	57.1

TURNOVER BY REGION %



Net turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Operating income	Net turnover adjusted for change in work in progress, including other operating income, excluding non-operational items
Added value	Operating income less cost of work subcontracted and other external charges
EBITA recurring	EBITA excluding non-operational items
Non-operational items	Restructuring costs and other one-off items
EBITA margin	EBITA / Operating income
Return on average shareholders' equity	Net result / Average shareholders' equity
Earnings per share	Net result / Number of ordinary shares issued
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
Free cash flow	Cash flow from operating and investing activities

OPERATING INCOME (€ MILLION)



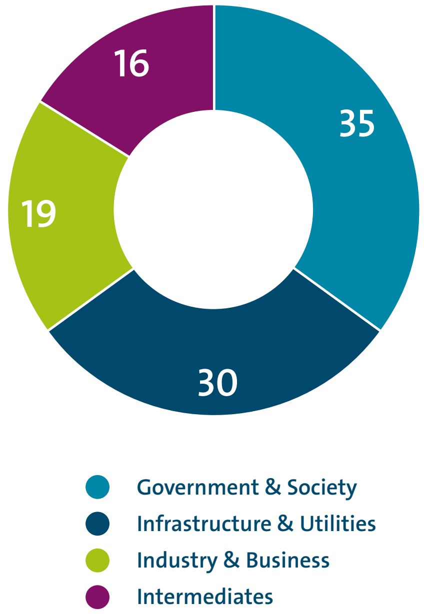
Operating income
601 € million

Shareholders' equity
122 € million

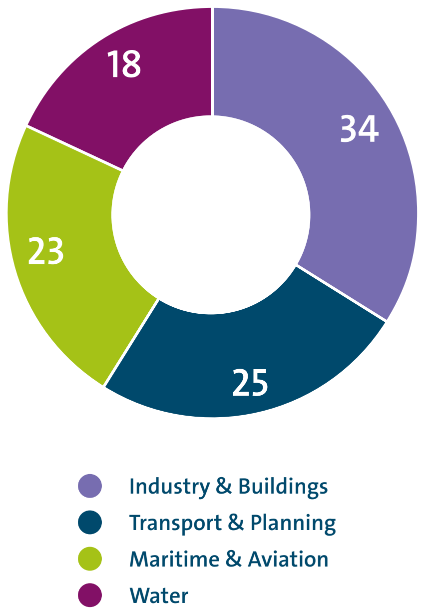
Average workforce
6,197

Key Figures

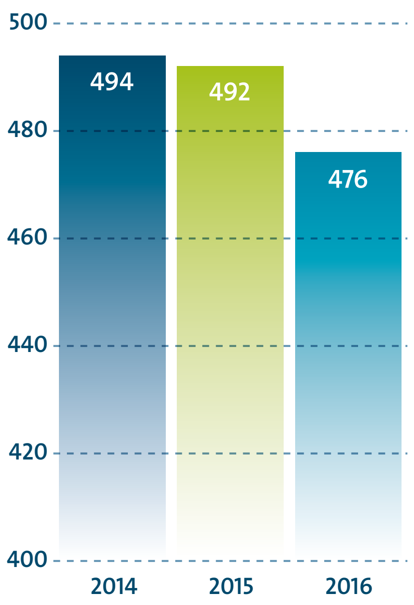
TURNOVER BY CLIENT GROUP %



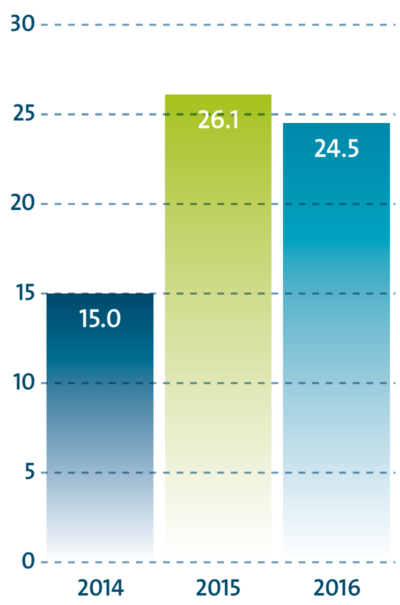
TURNOVER BY MARKET GROUP %



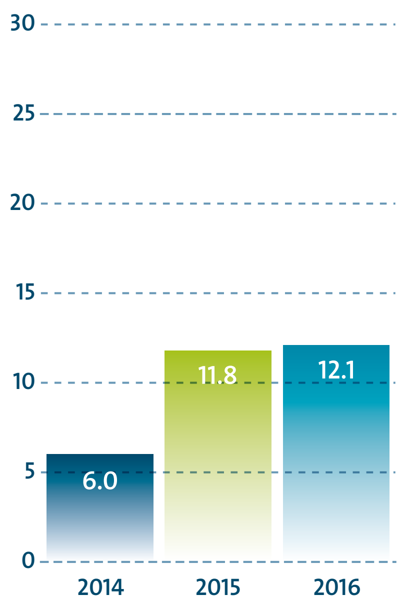
ADDED VALUE (€ MILLION)



EBITA RECURRING (€ MILLION)



NET RESULT (€ MILLION)



Key Figures

ACCIDENTS & INCIDENTS

Lost time injuries
(per 200,000 workable hours)

2016: **0.09**

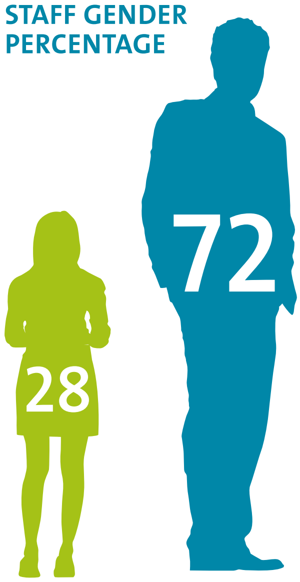
2015: **0.11**

Total recorded cases frequency
(per 200,000 workable hours)

2016: **2.2**

2015: **2.6**

STAFF GENDER PERCENTAGE



CARBON FOOTPRINT PER EMPLOYEE

2016	2015	2014	Trend (to 2013)	Domain
3.55	3.23	3.22	6.0	Tonnes CO_2-eq per employee (head count)
0.56	0.62	0.57	-18.0	Offices
1.77	1.66	1.54	2.9	Travel by car
1.22	0.95	1.12	21.4	Travel by air

CO_2 footprint
(tonnes CO_2 equivalent per employee)

2016: **3.55**
2015: **3.23**
2014: **3.22**

6.0%

CO_2 footprint in office buildings
(tonnes per employee)

2016: **0.56**
2015: **0.62**
2014: **0.57**

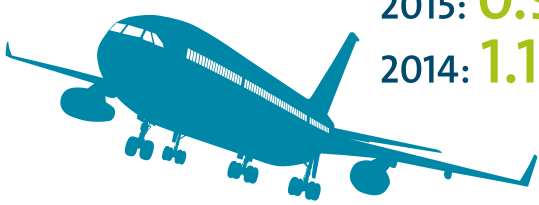
-18.0%

CO_2 footprint for business travel by car
(tonnes per employee)

2016: **1.77**
2015: **1.66**
2014: **1.54**

2.9%

CO_2 footprint for business travel by plane
(tonnes per employee)



2016: **1.22**
2015: **0.95**
2014: **1.12**

21.4%

Our Company


N O I D A


ICON4


CELEBRATING 135 YEARS


Royal HaskoningDHV


Royal HaskoningDHV

Our Company

OUR COMPANY

Royal HaskoningDHV has been connecting people for 135 years. Together, through our expertise and passion, we have helped contribute to a better society and improved people's lives with work underpinned by our sustainable values and goals.

We are an independent international engineering and project management consultancy leading the way in sustainable development and innovation. Our 6,000 colleagues, working from around 100 permanent offices in more than 30 countries on projects in some 150 countries, are committed to our promise to enhance society together.

We are driving positive change through innovation and technology, helping clients use resources more efficiently and creating solutions which connect with people to make their lives easier, happier and safer.

Connecting lives is our history and our future. We are connected through a passion to work on projects that matter and to engineer solutions for our clients that go beyond the original brief. We are connected through work that is enhancing society, contributing to a more sustainable future for our children and our children's children.

OUR VALUES

Our values form the basis of who we are and what we want to be. They act as our moral compass. The following five points, which create the acronym **BRITE**, explain these values:

Brightness

We keep an open mind to ideas that lead to the best solutions for our clients. We innovate and are eager to lead by inspiration.

Result driven

We are aiming at getting the best possible results for both our clients and our company with respect to sustainable financial performance.

Integrity

We care about our clients, our staff and society as a whole. We create integrated and pragmatic solutions for sustainable interaction with a high respect for people and their environment. We have zero tolerance for non-compliance with our integrity code.

Team spirit

Our way of working is pro-active, open and inclusive.

Excellence

We deliver on our promises and strive to continuously improve the added value of our services.

These **BRITE** values underpin our mission and vision. Our mission outlines who we are and what we do. We are a people-to-people company. In partnership with our clients, we create solutions for the sustainable interaction between people and their environment. Our vision is to be a strong, global, independent engineering consultancy – sustainable and leading in our industries. Together we create an inspiring environment that we can be proud of and that others will want to join. Our stakeholders can expect from us solutions that are in line with these values and reflect our promise, Enhancing Society Together.

OUR MARKETS AND GLOBALLY LEADING SERVICES

We deliver our engineering, environmental and project management consultancy services within the markets described below. Within these markets, we offer a range of services recognised as being at the forefront of their field. They spearhead our commitment to market leadership while forming part of the broader integrated package we offer.

Aviation

Royal HaskoningDHV is a leading aviation consultancy providing services to airports, airlines, governments, investors and contractors. Consultancy assignments range from strategy to operational PPP, efficiency and economics. We advise on air service development and airport cities, and provide master planning, design and supervision of projects. For all our projects clients come first.

Airports

As a global leader in airport development, we are actively involved in improving the passenger experience and reducing environmental impact, while responding to economic and logistical imperatives. Over the past 65 years and more, we have worked on some 550 airports in at least 100 countries. We're introducing technological innovations, from smart systems in the airport to virtual reality in the design process. Our work helps accommodate more passengers more comfortably, while raising returns for retailers and operators and reducing environmental impacts.

Buildings

Using innovations in new-build technology as well as existing structures, we are introducing sustainable, smart and future-proof solutions across all our building. Good design benefits all; it can aid recovery in hospitals, create healthy and productive working environments, and it can support communication and innovation in offices. Our integrated smart solutions and our expertise are helping clients deal more efficiently with challenges such as resource scarcity, productivity and the war for talent.

Hospitals

For patients, a hospital is a place one would rather not be. For staff on the other hand, it's a place to work, thrive and learn. How do we create a human environment which promotes fast recovery for patients and boosts staff performance? Our hospital experts put themselves in the shoes of all possible visitors and bring their perspectives into our design and consultancy. We have a proven track record in buildings and technology which have led to better health yields, less staff absence through illness and, consequently a stronger competitive position for the healthcare provider.

Energy

Ahead of the energy curve, we combine technical expertise with management consultancy to provide solutions to support our clients in the energy transition towards a low carbon economy. This is key to ensure developments happen quickly enough and to support the fundamental changes required. Transformational change is needed, not just incremental change. We advocate a fundamentally different approach whereby we include economic, social and technical perspectives to come to sustainable and actionable solutions towards energy transition. For example we are assisting Amsterdam in its ambitious programme to become a natural gas free city by 2050. We have been a leading consultancy in the renewable energy industry for nearly 30 years focusing on the growth and diversification of wind, wave, current and tidal installations, hydro power plants, energy from waste and biofuel facilities. We are also delivering electrical transmission and distribution projects.

Industry

Our work supports a transformation of industry so it continues to bring health, prosperity, food and goods to society while using and re-using resources with minimal environmental impact. We are helping our clients explore more efficient ways to produce and use energy and reduce waste. We have worked for almost all the main players in the international consumer goods sector, including food & beverage, industrial & consumer goods and pharmaceuticals.

Consumer goods

Companies investing in new production and warehousing facilities need to meet international standards for safety and security at a price that allows them to remain competitive in world markets. Our experts deliver world-class industrial facilities which bring new efficiencies to operations and provide an attractive, safe working environment for staff. Resource security and connectivity are part of the big picture that future-proof our clients' investment.

Infrastructure

Well-functioning infrastructure helps societies to thrive and individuals to prosper. Get the infrastructure right and the benefits extend far beyond the functional. Smart planning, novel technologies and stakeholder management together with our integrated engineering approaches are enabling multiple goals and wider societal benefit to be realised.

Tunnels and underground structures

Intensive use of roads by commuters and heavy traffic causes regular traffic congestion. In many cities, there is simply not the space to build more roads. In these busy cities and ports, tunnels and underground structures are making a difference. We are one of few leading international consultancies that specialise in soft soil tunnelling. Our integrated approach means clients can access the design, construction, operation and management of tunnels all under one roof. From landmark tunnels to cost-effective designs, our solutions connect communities and enhance accessibility.

Maritime

We are a world leader in marine and port facilities. Our expert knowledge of marine structures and conditions, combined with our multidisciplinary approach and smart ways of thinking, are pushing forward boundaries in this sector. We are involved in high-profile maritime projects from the Middle East to Australia, Asia to South America.

Ports, shipyards and terminals

Ship owners pick their port with care. Their ever-larger container ships offer more efficiency but require ports and terminals with sufficient space and quick turnaround in unloading and loading operations. Our maritime experts understand the economic realities of ports and terminals and the need to work with the physical environment to create lasting solutions. We deliver cost effective, sustainable developments while working with clients to optimise existing assets to contribute long-term to efficient, effective and profitable ports.

Urban and Rural Development

Changes in society are bringing challenging problems for both urban and rural areas which require more sophisticated planning. By combining disciplines throughout the planning process, we develop robust, resilient solutions. Our economic-driven approach, integrated expertise and comprehensive master planning are helping cities and rural areas unlock their potential balancing economic growth and sustainability.

Smart Water

Our clients operate in complex urban environments and seek smart water solutions for optimising their water management, ranging from harnessing water as a resource in the water and wastewater sector to building flood resilient cities. Our solutions and digital technology help clients do just that. We know that in a world that's changing fast smart water is the answer for smart cities.

Water and wastewater

Through our in-house digital experience and expertise we focus on smart tailored solutions for water and wastewater in cities. Our network of experts are developing, designing and implementing innovative technology and software which draws on big data to support operators in their decision making. The result is improved performance management and optimised processes.

Flood resilience

Floods pose a threat to human life, critical infrastructure and economic operations, especially in complex, high-density, urban environments. In the face of an increasingly unpredictable climate the challenge is to create water resilient cities. Our flood resilient solutions range from adaptation through to prevention. These include early warning systems using smart, interactive tools as well as flood protection schemes to protect people and assets. From assessment through to implementation, we draw on a network of specialists who translate their understanding of the challenges involved into real world solutions with an eye on commercial and economic growth.

Water edge development and land reclamation

How can people's quality of life be improved in crowded cities where land is either not available or very expensive? Our experts connect with the realities on the ground to create land reclamation projects and water edge developments to address a range of problems. We bring together eco engineering and building with nature to enhance the natural environment, improve recreational opportunities, incorporate flood defences and address economic, social and ecological concerns. These are the win-win-win solutions.

Our Company

OUR STAKEHOLDERS AND HOW WE ENGAGE

Collaborations within and outside our organisation through networks and partnerships are central to the way we operate. By working together, we are smarter, stronger, faster and create more lasting positive impact on society. Our main stakeholders are:

Clients

Our clients are private companies (from major multinationals to small and medium-sized enterprises), government bodies (national, regional and local), international semi-governmental organisations, international finance institutes and not-for-profit organisations.

Over and above day-to-day contact with clients, we conduct a client satisfaction survey at the end of each project which is a vitally important indicator of our performance on the ground. The average client satisfaction score during 2016 was 8.15 (8.10 in 2015, on a scale from 1-10). It was based on a response rate of 60% - below our ambitious target of 65%, and comparable to the previous year. The net promoter score was +29%, a positive improvement compared to 2015 (21%).

Client satisfaction was also tracked by our global client survey conducted by independent research firm Kantar TNS. Based on quantitative and qualitative measurement, clients rated our technical knowledge and expertise as excellent or very good. Comments included:

DONG Energy, Race Bank Offshore Wind Farm, United Kingdom: *"I have used many consultants in the past but have never been particularly impressed by their attention to detail or the quality of their reports. The deliverables I have received from Royal HaskoningDHV however have been consistently of an extremely high standard and I have been able to rely on them to support numerous licence applications."*

Tri-Star Resources Plc, Oman Antimony Processing Plant EIA, Oman: *"Royal HaskoningDHV – giving the environment a voice!"*

Zvi Hecker Architect Berlin, new building for Royal Military Police, Schiphol, the Netherlands: *"Royal HaskoningDHV has the capacity, knowledge and energy to realise the most daring designs."*

Overall, our client satisfaction is around the benchmark for our industry but as clients find it hard to distinguish us from our competitors, there are opportunities to further improve relationships. This will be a focus for 2017 through more proactive collaboration, and increased attention for innovation and partnerships.

Partners and associations

Royal HaskoningDHV is involved in many partnerships and professional associations. In 2016, we became a member of Resilient Cities Connect – a platform to accelerate action at a local level to help achieve sustainable and resilient cities. In the Netherlands we joined the Transition Coalition which called upon the Dutch Government to draw up climate legislation to implement the aims of the Paris climate agreement.

Royal HaskoningDHV is member of consulting engineers associations including NLengineers in the Netherlands, Association for Consultancy and Engineering (ACE) in the United Kingdom, and Consulting Engineers South Africa. All these national organisations are members of the International Federation of Consulting Engineers (FIDIC).

We frequently work in partnership with associated organisations, architects and consultants who bring additional expertise or capacity.

Shareholders

Koninklijke HaskoningDHV Groep B.V. has two shareholders: the Stichting (Foundation) HaskoningDHV that holds all A shares (representing at least 75.5% of the entire issued share capital) and the Stichting Administratiekantoor (Trust Office) that holds all B shares (representing 24.5% of the entire issued share capital at max) for which depositary receipts (certificates) have been issued which can be purchased by staff from operating companies in various countries all over the world. Through these certificates, employees can share in the results of Royal HaskoningDHV. The certificate holders choose the board of the Trust Office HaskoningDHV.

The Board of the Foundation consists of five members. One has been appointed by (not out of) the Supervisory Board, the Executive Board and the combined Works Councils. One member has been appointed by and out of the depositary receipts holders (candidate must meet certain qualifications). The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

Suppliers

We strive for lasting relationships with reliable partners and have high expectations from our suppliers. Suppliers may expect a clear, transparent and honest attitude from us and must comply with our Business Principles for our Partners and Suppliers.

Our Company

Governments, NGOs and Knowledge Institutions
Royal HaskoningDHV has been a partner of the UN Global Compact (UNGC) since 2008. We support the 10 UNGC principles on human rights, labour, environment and anti-corruption (also see Integrity on page 27) and report our activities annually with our Communication on Progress (COP).

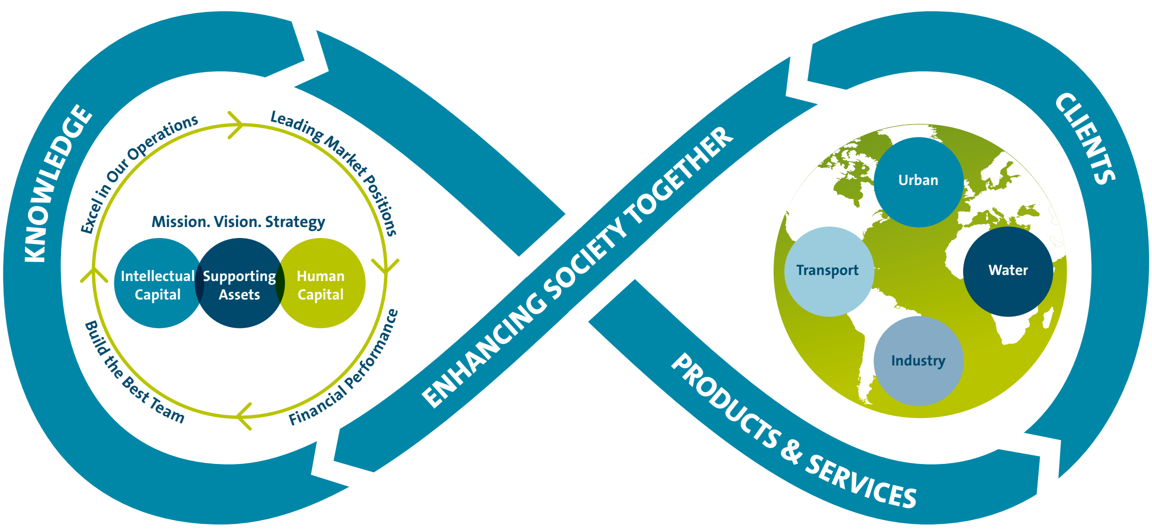
We engage with various bodies of the Dutch Government to support the international trade and sustainability agenda. Also in 2016 Royal HaskoningDHV participated in various trade missions, round tables and the like. For instance, when the Indonesian President, Joko Widodo, visited the Netherlands in April 2016, our CEO Erik Oostwegel was among Dutch business leaders invited to the business forum. This was a platform to discuss business opportunities and developments in water, maritime and healthcare. Later in the year, we joined the Trade Mission to Indonesia headed by Dutch Prime Minister Rutte to strengthen relationships in these areas. During the mission we signed two contracts with the Indonesian port operator Pelindo I for the development of Kuala Tanjung Port in North Sumatra. We joined Dutch Director General Foreign Economic Relations, Marten van den Berg, on a Trade Mission to Vietnam. During the mission we signed a Memorandum of Understanding with Vietnam's Civil Aviation Authority to cooperate on aviation and airport development. We were part of the Trade Mission to Australia headed by the Dutch Minister of Foreign Trade, Liliane Ploumen and the minister of Economic Affairs, Mr Henk Kamp who also chaired the round table meeting in Sydney with the Australian government. We also accompanied Dutch Minister Schippers' Trade Mission on Life Science and Health to the United Arab Emirates.

As knowledge development is key to our business, we continuously engage with knowledge institutes on tackling challenges such as urbanisation, resource optimisation, technology disruption and water issues. Our staff have contacts with over 80 universities worldwide and in 2016 we started an initiative for intensifying collaboration with four universities: Delft University of Technology (Netherlands), Imperial College London (United Kingdom), University of Cape Town (South Africa) and Institute of Technology Bandung (Indonesia). With the Delft University of Technology we signed a Memorandum of Understanding, further emphasising our co-operation. Royal HaskoningDHV attracts and develops the top minds in the industry. It is only by building a collaborative network that we can channel this expertise, our arsenal of products and local knowledge to strengthen our reach into the global market.

Communities
Our biggest positive impact on communities is through our projects but we also seek to 'give back' through individual and corporate initiatives. We help to promote engineering as a career option for young people through initiatives in schools, like our sponsorship of a bridge building competition run by the local branch of the South African Institution of Civil Engineering. We continued to support the introduction of the system of Chartered Engineers in the Netherlands. The first five chartered engineers in the Netherlands are all Royal HaskoningDHV staff, certified by the Dutch Royal Institute of Engineers (KIVI). In 2016, our BrITE fund (initiated and funded by our employees) made its first donation to the Grace Home orphanage in New Delhi to pay for windows and doors to keep the girls safe.

Employees
Our success is a measure of our people all over the world who are connected by the same passion, to work together with our clients and partners in projects that matter: that enhance society together. In 2016 many of our almost 6,000 employees working on projects in over 150 countries took part in our first global employee engagement survey managed by the independent research firm Kantar TNS. Results indicate that, for example, 83% enjoy their daily work and 71% are proud to work for Royal HaskoningDHV. Job satisfaction is higher than benchmark and a high level of trust was expressed in direct line management. Opportunities for improvement include strengthening internal collaborations, more involvement and efficiency in decision making processes and a stronger client focus. The survey results will be a topic for further discussion within teams and improvement actions will be developed at company and team level.

Value chain model
Our role in the value chain is to translate our key capital – knowledge and experience of a global team of experts – into valuable outcomes that serve clients, while including the context and the need for sustainable development in the process. The value chain is illustrated in a **video**, on our website.



Read our Annual Report online magazine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INNOVATION

ENHANCING SOCIETY TOGETHER

MEMBERSHIPS & PARTNERSHIPS

PROJECT WINS

AWARDS

PROJECTS COMPLETED

Our Leadership

Royal HaskoningDHV is organised globally across four business lines with market focus. Each Business Line Director has an integral responsibility and reports to the Executive Board, which is supervised by the Supervisory Board. The business is supported by Corporate Groups.

EXECUTIVE BOARD AND EXECUTIVE COUNCIL
From left to right: Craig Huntbatch, Anton van der Sanden, Cindy Meervis, Marije Hulshof, Nynke Dalstra (EB), Anke Mastenbroek, Erik Oostwegel (EB)

SUPERVISORY BOARD
From left to right: Jan Bout, Peter Blauwhoff, Angelique Paulussen-Hoogakker, Tjalling Tiemstra, Joop van Oosten

Report of the Supervisory Board

The Supervisory Board is pleased to present the 2016 Royal HaskoningDHV Annual Report, as prepared by the Executive Board. It contains the Financial Statements and describes the progress the company continues to make with the implementation of its Vision 2018 strategy and beyond, to the strategy for 2022. The company is committed to deliver responsible and sustainable solutions in respect of cities, water, transport and industry. We are pleased with the engagement of the staff, which is proud to deliver projects that matter to society.

The Financial Statements were prepared by the Executive Board, audited by the external auditor KPMG and signed following consultation of the Executive Board. Given the 2016 result, we support the proposal of the Executive Board to pay a dividend of €1.23 per share. We recommend that the 2016 Financial Statements be adopted by the shareholders meeting and we call on you to discharge the Executive Board from liability for its management and the Supervisory Board for its supervision during the financial year 2016.

The Supervisory Board advises and supervises the Executive Board of the company in setting and achieving the company's objectives, strategy and policies. The Supervisory Board is a separate body nominated by the shareholders and operates fully independently of the Executive Board. The Supervisory Board is guided by the interests of the company and shall take relevant interests of all the company's stakeholders into account. The Supervisory Board also has due regard for corporate social responsibility issues that are relevant to the enterprise.

The Supervisory Board has two committees, an Audit Committee and a Remuneration and Appointment Committee, who prepare the decision-making process in the full Supervisory Board.

SUPERVISORY BOARD MEETINGS

The full Supervisory Board convened five times in 2016 and two projects were visited (Schiphol Airport and the award winning underground seashore parking garage in Katwijk). We are pleased to report that average attendance of our members was again high at 96%.

Individual members also paid visits to branches of the company in the Netherlands, Indonesia and Singapore.

In addition to the formal Supervisory Board meetings, various meetings between the Supervisory Board and the Executive Board took place. At least every month there have been bilateral meetings between the chairs of Supervisory and Executive boards. Members of the Supervisory Board participated in meetings with both the shareholder foundations and the Dutch Works Council.

The Supervisory Board actively advised on developments in the Company with regard to increased attention to culture and leadership. Project results, utilisation rates, sales, and profitability were discussed in every meeting. Other main items on the agenda included safety, compliance and integrity, investments and divestments, remuneration policy and talent development as well as the development of the strategy beyond Vision 2018.

The Supervisory Board held a close watch on the transition process from eight to four Business Lines, which was implemented as per 1 January 2016. This organisational change has made the Company more lean and has resulted in an improved cooperation between the Business Lines, as well as making the Company more agile and able to adapt to change.

During 2016 the Company developed a strategy beyond Vision 2018. The Supervisory Board discussed and supported the development of the new strategy on several occasions during the year with management.

The Supervisory Board is pleased to see continuous attention to the further improvement and reinforcement of project management within the Company. This has amongst others led to Project Health Checks being executed in all Business Lines. Within the Corporate Groups a combination of leaner operations and improved support of the primary processes in the Company have led to improved project results and help better decision making.

With the rapidly changing external environment the Supervisory Board needs to continue to invest time and effort to assess and monitor the key business processes of the company. So called "deep dives' in specific subjects have been beneficial for this process.

AUDIT COMMITTEE MEETINGS

The Audit Committee is composed of two members: Tjalling Tiemstra (chairman) and Jan Bout. They met on four occasions with management, internal audit and external auditors. The committee also met with the external auditors without the presence of management. The members discussed some items more into detail with management. Topics on the agenda were the Financial Statements, the external auditor's report, cash management, return on capital employed and finalisation of the budget. In addition, the auditor's Audit Plan, refinancing, compliance with bank covenants, tax planning, pensions, the financial impact of divestments, risk management and developments in ICT and ICT security were discussed. The quarterly results and internal controls were on every meeting's agenda. The Audit Committee is pleased to notice the important role the Internal Audit function plays within the Company.

REMUNERATION AND APPOINTMENT COMMITTEE

Current members are Peter Blauwhoff (chairman), Joop van Oosten and Angelique Paulussen-Hoogakker. In 2016 the committee convened two times. There have also been several meetings of the members to discuss special items. The main topics on the agenda were the functioning of the Executive Board, the new management model and the self-evaluation of the Supervisory Board itself, the EB remuneration policy including a remuneration benchmark and the CFO vacancy in the Executive Board.

Report of the Supervisory Board

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is properly constituted according to the Articles of Association and its members possess the desired competencies in accordance with the profile of the Board. All members are 'independent' as provided in best practice provision III.2.2 of the Dutch Corporate Governance Code. One of the members is a financial expert as provided in best practice provision III.3.2 of the Code.

The current Board consists of five members. A reappointment and resignation scheme has been agreed for the coming years. Background information on the Board is available on our website. In line with the reappointment scheme, during the 2016 AGM Joop van Oosten was reappointed for his second and final term of four years.

During 2016, the Supervisory Board performed its self assessment. The self assessment was supported by an external firm and was based on interviews with the Supervisory Board as a whole and individual Supervisory Board members, and with senior staff from within the company as well.

DIVERSITY

The Supervisory Board consists of one female and four male members, all of whom have the Dutch nationality. The future composition of the Supervisory Board could better reflect the fact that the Company has a transnational character. The discussion on this subject will be finalised before the nomination of a new member of the Supervisory Board. While personal expertise, experience, background and skills of the members are most important, gender diversity has proven to be a valuable asset during discussions and decision making throughout the past year. The Supervisory Board therefore strives to achieve a balanced composition of both the Executive and the Supervisory Board in terms of gender.

As per 1 January 2016 the Executive Board consisted of three members: one female and two male; two are Dutch and one has the British nationality. With Henry Rowe stepping down as per 1 July 2016, Jaska de Bakker resigning as per 1 October 2016 and the appointment of Nynke Dalstra as per 1 October 2016, the composition and diversity proportion changes: as per 1 July 2016 the Executive Board consisted of two members: one female and one male, both having the Dutch nationality.

CORPORATE GOVERNANCE

The Royal HaskoningDHV Corporate Governance Report and further information concerning the remuneration policy, the Code of Conduct, the SpeakUp Line and regulations for the Executive Board, Supervisory Board, Audit Committee and Remuneration and Appointment Committee can be found on our website. The remuneration of the Supervisory Board and the Executive Board is reported in the Financial Statements, which is also available on our website.

WORKS COUNCIL

Various delegations of the Supervisory Board met several times with the Works Council to discuss the general course of events of the company and the developments within the company in an open and constructive dialogue. The quality and outcome of these meetings are highly appreciated by the Supervisory Board. The representation of employees by the Works Council and the dedication with which it operates is of great value for our company.

IN CLOSING

Corporate Finance Director Nynke Dalstra was appointed CFO a.i. as per 1 October which was followed by her appointment as CFO as per 1 December 2016. Henry Rowe, joined Royal Haskoning in 1980, member of the Executive Board of Royal Haskoning since 2008 and member of the Executive Board of Royal HaskoningDHV since 2012, decided to step down from the Executive Board as per 1 July 2016, this in view of his retirement by mid 2017. Jaska de Bakker, Chief Financial Officer and member of the Executive Board of Royal HaskoningDHV since 2012 and of DHV since 2010, has accepted a role outside our company, based overseas and left Royal HaskoningDHV as per 1 October.

The Supervisory Board wants to express its appreciation to Henry and Jaska for the way they contributed to the success of Royal HaskoningDHV.

During 2016 the management model of the company was brought in line with the organisation's wish for greater empowerment. All Business Line Directors now report to the CEO, Erik Oostwegel. The Executive Board together with the Business Line Directors and the Corporate Director HRM form the Executive Council. The Executive Council convenes with the other Corporate Directors at least four times per year in the Extended Executive Council to discuss on Business Line overarching topics. It means an increased involvement and responsibility for the Business Line Directors, Corporate Directors and as a consequence, for the Directors of Business Units too. The Supervisory Board believes that this structural change of the management model will empower our Leadership Team to collaboratively lead our company.

The Supervisory Board is positive about the future of Royal HaskoningDHV. We appreciate the 2016 achievements and thank all staff members for their commitment and loyalty. We are confident that with the acceleration of the Vision 2018 strategy, the optimised organisational structure and the roll out of the new strategy, the Company can achieve a sustainable financial performance and that it will be able to strengthen its market position in the chosen countries and leading services the Company excels in.

Amersfoort, the Netherlands
10 March 2017

SUPERVISORY BOARD

J.A.P. van Oosten (Chairman)

P.M.M. Blauwhoff

J. Bout

A.M. Paulussen-Hoogakker

J.S.T. Tiemstra

Report of the Executive Board

OUR STRATEGY

We continue to be guided by our strategy, Vision 2018, which consolidates our strengths to provide a sound platform for future growth. We are reducing complexity and simplifying our delivery model focusing on three areas to achieve sustainable financial performance:

- Doing the right things: we are achieving leading market positions in markets, geographies and clients
- Doing the things right: we are excelling in our operations
- Having the right team in place: we are building the best team of people with the right skills and flexibility to deliver our services across the world

Achieve leading market positions

We focus and grow our business in areas where we are recognised by our clients, which offer the best opportunity for growth and where we have a good financial result. The global themes of urbanisation, water, mobility, resource scarcity and technology link to our leading services enabling us to bring smart, future-proof solutions to our clients, helping them to grasp opportunities these challenges bring. During 2016, we have substantially grown our business with multinational clients, especially in consumer goods and industry through strong partnerships with clients like Heineken and Shell. Our market position with leading global clients has grown and revenues improved.

In Europe, there is a trend away from single services to solutions including digital transformation, smart solutions, mobility and sustainability. Transport is an example where integration in modalities continues to be important but the approach of smart mobility measures, including self-driving cars and adapted infrastructure, is accelerating.

Complex urban environments are seeking smart water solutions to optimise water management and for flood resilience. Flood protection is a growing priority for major cities – from New York to Jakarta and many more. We have a proven track record in responding to the complexities that arise where the global themes of water and urbanisation meet and continue to be involved in these multi-disciplinary projects all over the world. In water technology, water companies across Europe, the Americas and parts of Asia are seeking to achieve efficiencies from existing infrastructure. There is also a drive, particularly in areas facing periods of drought, to reduce losses in end-to-end supply. Our advanced digital monitoring technology is helping improve operational excellence by reducing energy consumption and water loss, and benefiting treatment quality.

Our industrial clients are tending to move away from concentrated global production in favour of manufacturing sites closer to consumers. We are well placed to support them through a local presence backed up by international expertise. In Asia and Africa, we are also seeing demand for integrated solutions where security of supply of water, energy and other resources are included in the brief and link to the global theme of resource scarcity. We play an increasing role in the energy transition, and there is growing demand for our strategic, feasibility and permitting capabilities for the broader renewables sector.

Excelling in operations

To reduce complexity across the organisation we streamlined our structure from January 2016. Our Business Lines were reduced from eight to four and the number of business units halved. It has reduced overhead and bureaucracy, allowed faster decision making and strengthened leadership, while creating an inspiring environment where people can develop themselves, thrive and excel.

A focus for 2016 has been on project excellence. We implemented an integrated approach to project management covering training, dissemination of knowledge and provision of adequate support. We formalised the selection of project managers and established a Project Excellence group and a Project Management Steering Committee. We launched the Project Management Academy in the Netherlands, United Kingdom and South Africa. It provides tailored development opportunities for project managers aligned to our tier structure, and works alongside our Project Management Skills Analysis. We have implemented a monthly health check of our most complex projects in order to raise project delivery to the highest standards for our clients. In 2017 the scope of these project health checks will be broadened to all large and medium size projects.

Build the best team

During 2016, we created a new leadership structure and made two new appointments to the Executive Council, Nynke Dalstra, CFO, and Cindy Meervis, Corporate Director Human Resources. Cindy Meervis joined the Executive Council to help define and shape the leadership, talent and culture of the organisation. Alongside structural change, we are encouraging a more inclusive and engaged approach across the whole company. We involved and will continue to involve all leadership levels as well as staff and clients in the development of our future strategy.

A culture in which we drive performance and potential

We see managing performance as a key enabler for the culture that we want to shape and in 2016 made the first steps towards a modern, more flexible system. Another key element in our drive for potential is helping teams understand future staff needs through our Strategic Workforce action Planning (SWaP). In SWaP workshops, people are encouraged to become more involved in engineering their own future. The initiative is embraced by all four Business Lines and we are at varying stages of implementation.

Leaders that inspire and connect

We are fostering a culture of innovation and growth in which leaders support people to give their best. As part of our Talent & Leadership development, we launched three global programs for 75 future leaders:

- Executive Development Program targeting all Directors of Business Units, Business Line Controllers and Corporate Group Equivalents. They work together to develop our strategy at leadership level and embed it further in the company.
- Leadership Development Program for high potential colleagues across Business Lines and countries with 10-15 years of experience.
- Accelerated Development Program to fast track the personal and professional leadership of our young potentials.

Achieving our objectives

Achieving our objectives

FINANCIAL PERFORMANCE

We are pleased to report an improvement in our results in 2016 over and above the previous year which had benefitted from the sale of our Amersfoort office buildings. The net result ended at €12.1 million (2015: €11.8 million) and includes the fact that we shared €8.0 million of our profit with staff in 2016 (2015: €4.0 million).

Our operational result (EBITA recurring) ended at €24.5 million (2015: €26.1 million). Profitability was slightly better than last year with a margin of 4.1% (2015: 4.0%). This was supported by strong margins in the Maritime & Aviation and Transport & Planning markets. Industry & Buildings produced good margins while Water was hampered by low project margins.

We were pleased to record significant growth in our Maritime and Aviation markets but saw limited decline in other markets. In the Netherlands, we recorded negative growth but the country remains by far the largest region for our business. The United Kingdom showed a clear recovery and grew its revenue again after a challenging year. The effect of this mixed growth picture was to reduce overall operating income by -5% (additional -4% due to exchange rate effects). Excluding subcontractors, our added value remained equal compared to last year (-3% due to exchange rate effects).

Utilisation increased in 2016 despite a poor start to the year. Painful yet necessary actions in the United Kingdom and other areas proved successful in turning it around. However we still have to improve to achieve a long-term sustainable level of utilisation. We will continue to focus on this and on increasing our commercial activities.

Total restructuring costs were well below last year at €2.5 million (2015: €6.5 million) as the focus of the business shifted towards winning business. Lagging results of units in Americas and Asia resulted in impairment of goodwill of €2.5 million. In 2016 we continued the rationalisation of our company. Small size operations in Asia and Middle East were sold to strategic local partners with healthy growth ambitions.

Unfortunately we have been unable to convert the good results into a positive free cash flow in 2016, ending the year at -€2.2 million (€26 million in 2015, excluding Amersfoort office sale). Working capital management is integrated in our daily operations resulting in more efficient use of funding during the year. However, we realised an increase in our days sales outstanding (DSO) at the end of 2016 due to some long outstanding debtors. The DSO of 86 days at the end of the year increased compared to the previous year (79 days). We have also been faced with withdrawals from provisions and relatively high income tax payments (an effect of the sale of our Amersfoort office buildings in 2015). However, our financial position remains healthy. Equity ratio slightly improved to 41.8% (2015: 41.3%), we operate well within our bank covenants and have a net cash position at the end of the year.

"During 2016 we have further improved our operational performance which continues the solid progress we have made over the past three years. Working capital management requires constant attention and improvement. Our company is in strong financial health and our focus is to grow the company again, investing in people, sales and new business." Nynke Dalstra, CFO.

REGIONAL DEVELOPMENTS

The four biggest countries for Royal HaskoningDHV are the Netherlands, the United Kingdom, South Africa and Indonesia. There follows an overview of key developments within these markets during 2016 and the implications and opportunities for our business.

The Netherlands

With public finances being improved and an economy that is forecast to grow by 1.7% in 2017, the Netherlands is in a better shape although it remains susceptible to global forces.

Overall, we have maintained a leading market position in the Netherlands through continued investment in our people, embracing innovation and new technologies, and being focused on our clients and their changing requirements in a dynamic world. One of the most profound transformations for the Netherlands is the transition of the Dutch energy system. Through our integrated consultancy and engineering, Royal HaskoningDHV is paving the way in sustainable growth and advising clients on the trajectory towards energy transition and the adoption of the circular economy.

Infrastructure

The government has committed to spend an estimated €245 billion on road and rail infrastructure, sewers, dams and underground structures by 2030. The Dutch 'Building Agenda' focuses on future-proof renewal, sustainability of homes and business premises, and the integration of ICT and data applications in construction. Reconstruction and replacement of existing infrastructure is also important.

With a long track record in asset management, we are investing and collaborating with partners to increase sustainability and enhance efficiencies, using new materials to cut cost and shorten time frames.

The bedrock of our approach lies in the focus on innovative project management and best value procurement where we can maximise value for the client and enhance the involvement of stakeholders to ensure projects' success and exceed our clients' expectations.

Smart solutions

Pressure on the existing national road network calls for expansion, especially in the commercial heart of the Netherlands, the Randstad. That is why we are working closely with the government in the 'Beter Benutten' programme to develop smart and sustainable transport solutions such as Flowtack.

We are also investing in smarter road solutions as we accelerate into the new digital world of mobility, working with our clients and partners to develop the new ecosystem together. We have taken the first steps in making self-driving cars a reality with the successful test of a convoy of more than 50 semi-autonomous vehicles in the 'National Platoon Test' and we will continue to be at the forefront of these developments.

In the rail sector, the focus is on connecting the commercial heart of the Netherlands (the Randstad) to the rest of the country. New infrastructure is needed such as additional tracks,

Achieving our objectives

bypasses and security systems and we see opportunities in developing innovative solutions that can bring greater efficiencies and sustainability to the rail and stations market.

In aviation, we see continuous growth in passenger numbers. Our airports in the Netherlands – Schiphol, Eindhoven and Rotterdam-The Hague - are showing high growth percentages and this will have an impact on existing infrastructure and buildings. We foresee major investments due to the need to add capacity to all three airports. We have close relationships with all parties involved and we will continue to deploy our expertise to support our clients in these developments.

Maritime and inland waterway transport is an important pillar of the Dutch economy. To chart the next growth frontier in maritime, the government will be investing in smarter ports and introducing digital technologies which allow for the monitoring and prediction of performance in logistics, hydro-meteo and asset management. At Royal HaskoningDHV, we have anticipated these developments and are broadening our range of services and teaming up with strategic partners to enable our clients to flourish in the new digital age of maritime.

We are developing new technologies to enable smart water solutions, such as Circular Water where we recover raw materials from closed wastewater cycles. Intensive research with our partners into the extraction, production and use of Nereda® alginate is resulting in the world's first industrial Nereda® alginate factory.

We are involved in the development of various smart buildings. Hospital projects such as St Jansdal are focused on patient improvement and quality of healthcare. Workplace projects, such as for Booking.com, focus on providing employees with sustainable, inspirational and healthy ways of working, resulting in higher levels of work satisfaction and productivity. Our Shaded Dome™ concept and plans for Paleis Soestdijk are stellar examples of smart building solutions that illustrate our commitment to innovation and demonstrate how we are giving back to society.

United Kingdom

2016 was a year of change in the United Kingdom. One impact of the decision to leave the European Union (Brexit) has been to strengthen government focus on exports. Our maritime business already operates internationally, and we are looking to increase the export potential of our water business.

Brexit increases the importance of the UK's trading infrastructure – in particular air and sea ports – and the country's need for energy security. These will offer opportunities for our business, as will increased investment in house building and £300bn (approximately €350bn) to be spent over the next five years on improving national infrastructure.

In the maritime marketplace, we are seeing growing demand for innovative solutions to make ports more effective and efficient and thus more profitable. We remain active in construction and development and are working with clients on how to use their assets more efficiently and future proof their business. A similar trend is under way in the water market where our smart water technology is becoming an important part of the solutions we offer clients. Contracts were signed in 2016 for five Nereda® wastewater treatment plants and more are in the pipeline. We expect further growth as water companies seek to create revenue streams by extracting useful products from waste.

We are seeing more connectivity in decision making and investment requiring expertise that cuts across sectors. Our ability to respond and manage complexity to provide development services in the broadest sense is where we distinguish ourselves from competitors.

Technology is on the agenda of every area in which we operate. As an example, the national infrastructure plan has allocated £390m (approximately €455m) to future transport. Already, we have expertise in areas such as super cycle highways and quiet ways and we are bringing in additional innovations.

2016 has been a transitional year. We have strong foundations and are ahead of the competition in terms of positioning, skills and knowledge. Our success in anticipating new demands makes us optimistic for the future, particularly in areas such as energy, transport and water.

South Africa

The economy in South Africa is fragile and market conditions tough. However, we are increasing our market share – albeit in a declining market – indicating our continuing ability to outperform competitors. We maintain strong client relationships and were pleased to achieve Level 2 Broad-Based Black Economic Empowerment status in 2016.

The South African economy faced several headwinds in 2016. The sluggish global economy dampened export demand. Business confidence was negatively impacted by poor economic growth, threat of a looming recession, increased political instability and a tightening of monetary policy. An economic survey from Consulting Engineers South Africa for the first half of 2016 indicated confidence deteriorated alongside modest increases in fee earnings. The outlook for gross fixed investment is expected to fall behind GDP growth in the next three years.

In spite of these conditions, our Transport and Planning Business Line increased its order book by 75% during 2016, achieved through building stronger relationships with clients and communities. Activities, events and conferences all provided strategic networking opportunities.

In our Water, Industry and Buildings and Mining divisions, we introduced a turnaround strategy focusing on niche markets. This has started to produce results. Our Water Business Line refocused on water technologies, particularly Nereda® and Nereda® controller software and we rolled out Crystalactor® in the mining industry. In partnership with WEC Projects, we are building the country's third Nereda® Wastewater treatment facility for the East Rand Water Care Company (ERWAT) at Hartebeesfontein. Our Industry & Buildings Business Line refocused on services to healthcare, energy and consumer goods industries. Notable wins included four hospital master planning projects in the Gauteng region. Our Mining Division is operating in an industry heavily impacted by the global economic downturn and has refocused towards three precious metal commodity markets – gold, platinum and diamonds.

Achieving our objectives

Indonesia

Royal HaskoningDHV Indonesia celebrated its 40th anniversary in 2016. Our work ranges from new ports to manufacturing plants and we undertake programmes in urban planning, land reclamation and water management. Our portfolio of projects and clients across the country provide a strong base for future growth. In 2016 staff numbers grew, added value increased.

2016 has been an excellent year. Amid global uncertainty, the country has maintained economic growth, helped by the President's prudent fiscal policy. In a bid to increase Indonesia's competitiveness, the administration has increased the infrastructure budget significantly during the first two years, aligned with its nine key programs which include infrastructure acceleration. This offers huge opportunities for Royal HaskoningDHV Indonesia. Already we are providing services for a large port extension at the Tanjung Priok port in North Jakarta and won a project for the Kuala Tanjung Industrial Gateway Port in North Sumatra.

PROJECT HIGHLIGHTS

During 2016, we continued to win and complete major projects which strengthened our leading position within key services and extended our global reputation for innovation. For highlights across our businesses, please read our **online publication**.

RANKINGS & AWARDS

Royal HaskoningDHV ranked 50 in the Global Sourcebook published by Engineering-News Record (ENR) in 2016, down from 46 in 2015. We re-entered Africa's top 10 international design firms. Market rankings from ENR for 2016 placed us at 22 for healthcare, 15 for retail and third in distribution/warehouse. In transportation we are ranked sixth in airports and 17 in marine and port facilities. For manufacturing we are ranked third in food processing and electronic assembly. We are placed 10th in the global rankings both for wind power and for water treatment and desalination.

In the Netherlands we are ranked fourth in the top 50 engineering companies compiled by Technisch Weekblad, which also placed us at 20 in the top 25 research and development companies. We are ranked 18th in the UK's New Civil Engineer listings.

Awards confirm our ability to lead in our industry and emphasise the success of our solutions to benefit society. Full details are on our **website**.

- EPS, our Nereda® partner in Ireland: Winner Green Technology Award for introducing Nereda® technology to the Irish wastewater market.
- Katwijk underground parking garage: Winner German Design Award 2017; the Best Dutch Building of the Year 2016 from the Royal Institute of Dutch Architects; the FIABCI Prix d'Excellence Award 2016; the World Architecture News Infrastructure Award 2016.
- Littlehaven promenade and sea wall won its 10th award: Health and Safety Medal in the Institute of Civil Engineers Publishing Awards 2016.
- Shaded Dome™: Winner Vernufteling Public Prize 2016 for the most innovative project.
- Ashley Drive Break Pressure Tank: Commended Technical Excellence SAICE/SAFCEC National Awards; Winner Excellence in Civil Engineering SAICE Regional Awards KwaZulu Natal; Winner Technical Excellence IMESA Awards in Water and Wastewater category.
- Hlambanyathi Development Project: Commended in the Community Based Projects category SAICE/SAFCEC National Awards; Winner Technical Excellence SAICE Regional Awards KwaZulu Natal.
- Ingula Pumped Storage Scheme: Winner in the Water Engineering Projects category SAICE/ SAFCEC National Awards; Winner CESA Aon Engineering Excellence Awards.
- National DST/Mintek NIC Cleanroom Facility: Winner CESA Aon Engineering Excellence Awards.
- Condale 33/6.6 kV Substation for Mogale: Commended CESA Aon Engineering Excellence Awards.
- Elgin Flood Alleviation Scheme: Winner Saltire Society Civil Engineering Award.
- UK Water team with partners: Winner Innovation Award, Defra Flood Risk Management and Modelling Competition.

OUR PEOPLE

During 2016, 501 people joined the company and 1,057 left. We started the year with 6,491 employees and at the end of 2016 had 5,902 staff across the world including our flexible workforce and non-consolidated minorities.

	Total Staff ultimo 2015	Starters in 2016	Leavers in 2016	Total Staff ultimo 2016
Employees	5,722	501	1,057	5,166
Non-consolidated minorities managed by Royal HaskoningDHV Group	160	29	57	132
Subtotal	5,882	530	1,114	5,298
Flexible workforce	609			604
Total	**6,491**			**5,902**

We are a transnational company and believe this should be reflected in the diversity of our people, particularly in leaders. Currently we are focused on gender diversity but intend to implement a broader interpretation in future. In 2016 gender diversity in leaders was realised with 50% male-female balance. In middle management only 17% was female. We held a Diversity Lunch in May connecting female and male leaders in an inspiring dialogue on how we can drive more diversity in our company. It starts with leaders role modelling and setting an example which invites others to follow.

In June, Jaska de Bakker was named Dutch CFO of the year. For the third successive year, Berte Simons, Business Unit Director Industry & Buildings Asia Pacific, was ranked among the top 100 young and successful Dutch managers compiled by Management Team magazine.

Achieving our objectives

Leading professionals
The visibility of our knowledge and expertise across areas such as air quality, geotechnics, and nature driven engineering is spearheaded by 53 leading professionals. They lead knowledge development and innovation, establish our expertise in the market and inspire a chain of internal experts. In 2016 our leading professionals joined an evaluation and design process to determine how we can focus knowledge development and raise the profile of these experts internally and externally.

Young professionals
In 2016 our young colleagues initiated activities to expand their knowledge, network and engagement. A group of young professionals within Industry & Buildings were given a 'guided carte blanche' to attract 12 talented young people from around the world who can help us live up to our international ambitions. The team started their own recruitment campaign and received 220 applications.

Our 10th International Cross Selling Day organised by YoungRHDHV attracted 210 colleagues from 14 countries who met to develop solutions for city challenges. In September 2016, 28 young professionals from 12 countries visited Jakarta on a study trip to share knowledge, network and take part in team building activities with young professionals from Indonesia.

HEALTH & SAFETY
We are a people-to-people company. Therefore we commit to the highest standards of health & safety. Our health & safety vision and policies are part of our Management System and implemented in processes and procedures. We continue to be proactive in providing a safe working culture for our staff.

The need to safeguard our employees working overseas on projects remains a priority. We follow our staff via Travel Tracker which provides us the ability to view, locate and contact employees anywhere and at any time through their mobile devices. Health and safety awareness meetings for linemanagement have been conducted in The Netherlands, United Kingdom and South Africa. With the global campaign 'Safety who cares?' we have increased the awareness within our staff all over the world.

A key risk is the personal safety of staff travelling to countries and areas that have high or extreme travel risk. Travel to extreme risk countries is not allowed. Travel to high-risk countries is only allowed after approval of a detailed Travel Security Plan by the Executive Board and Business Line Director.

Our objective for 2016 was zero fatalities and 10% decrease in accidents. Our online incident and accident report form ensures staff can easily report an accident or incident. During the year 134 reports were submitted and no fatal accidents occurred among our staff. Accidents involving staff members were 92, a reduction of 20% compared to 2015.

In total four accidents (that resulted in at least one day off) were reported in 2016 and 88 other reportable cases. The frequency of lost time injuries (per 200,000 workable hours) was 0.09 (down from 0.11 in 2015) and the total recordable case frequency was 2.16 (0.42 less than 2015).

We have a global management system to ensure all staff follow common working practices. It is based on globally accepted standards (for ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007) and also covers integrity, business continuity, information security and our business principles.

As first engineering and consultancy company in the Netherlands we were successful audited against the new ISO 9001:2015 and ISO 14001:2015.

Audits of these standards were organised by the Corporate Group QHSE and successful external audits conducted in 2016 by DNV GL in the following countries: the Netherlands, United Kingdom, South Africa, Australia, UAE, Philippines, Vietnam, Thailand, Poland , Czech Republic, Indonesia and India.

In total DNV-GL has been audited for 40 days all over the world. All certificates, ISO 9001:2015 (quality), ISO 14001:2015 (environment) and OHSAS 18001:2004 (health and safety) are renewed and valid until September 2019.

CONTINUED AND INCREASED FOCUS ON INFORMATION AND CYBER SECURITY
Our Information Security Policy is aligned with the principles defined by internationally accepted standards for information security. We revise our action plan annually to make sure we are able to meet the increasing demand to secure our data and our client's data. We are executing our action plan to implement and embed this security policy in our company.

We continued to take the issue of protecting our data (privacy) very seriously, considering we want to work in a world of open communication via the Internet, mobile working and the use of personal devices. Therefore, we are continuously improving and adapting our security measures to keep up with new data privacy regulations, and to increase cyber security. We also keep our IT environment and operations up-to-date and have an awareness program in place to ensure employees are aware of the importance of protecting data.

Clients increasingly include information security requirements and we continue to be able to meet clients' needs by selecting the optimal mix of solutions.

ICT COSTS
Subsequent to our merger in 2012, we have been able to realise considerable savings on ICT expenditure in the region of €4 million on a yearly basis. We are not only more efficient in our use of ICT but the number of ICT incidents has also reduced significantly. Our ICT assets are small (laptops, ABW, network hardware), since we do not own software and most activities are outsourced. Considering the benchmark, our ICT costs are not high. We anticipate ICT costs could increase in the future as a result of further digitalisation.

RISK & SAFETY MANAGEMENT

Corporate risks
Each year we have significant losses on projects in various jurisdictions which affect added value. These occur mostly through an inability to interpret client demands sufficiently or a failure to appreciate local practices. To prevent such project losses in future, the Executive Board implemented a strategy focused on countries and leading services where

Achieving our objectives

Royal HaskoningDHV has more thorough business experience and even better understands the business culture. Further effort is required on our delivery model and will be included in 2017 plans.

To initiate projects in countries with high business or other risks (like staff safety) the approval of the Business Line Director, Executive Board member or Risk Assessment Board is needed. In addition, best practices are shared with project managers to improve cultural awareness. The core principles of UN Global Compact in the areas of human rights, labour, environment and integrity are incorporated in our Global Business Principles, Global Code of Conduct and Integrity Management System.

There is a key risk that Royal HaskoningDHV has excess capacity and does not respond quickly enough to changes in the market. Information on utilisation rates and pipeline/ order portfolio are frequently reviewed and capacity balanced with market demands. As a consequence we decreased staff numbers during 2016 by about 10%. The Executive Board and Executive Council are supporting a process to increase success in winning large projects and secure the order portfolio. Other programmes review and control our expenses and make clear choices on portfolios and investments which will continue improving our position in the market.

Disruptive technologies and other trends may have a significant impact on our knowledge intensive business. Royal HaskoningDHV is monitoring these developments and is actively engaging with partners to focus on innovation and digitalisation.

Our Management System was rolled out in 2015 and processes are being reviewed to reduce red tape, empower staff and avoid unnecessary centralised approval processes. Nynke Dalstra, CFO said: "I want to achieve a better balance between management by systems and rules to one where we act from a common understanding on why and how we operate within our company. This requires a great deal of dialogue as well as adaptation and commitment from everyone."

An important risk is that insufficient funds are available to realise the ambitions of the company. We introduced measures to further improve the working capital position, creating awareness within our Business Lines. Key Performance Indicators help maintain a positive cash position for projects as better payment conditions are negotiated.

Operational risks

Projects

Project risk management procedures are integrated in our Management System to ensure consistency throughout the organisation. Controls include the authorisation matrix defining who is allowed to approve commitments and transactions. Project proposals with the highest inherent risk for the company are reviewed by the Risk Assessment Board (consisting of the Executive Board, Corporate Director Legal and Risk Managers).

Each prequalification and proposal undergoes a standardised risk assessment. Those with higher inherent risks are analysed by our Risk Managers advised by Controlling, Legal Counsel, Tax and Treasury. Depending on the outcome of this assessment the authority to approve such risks is defined in our 'risk and approval matrix'. The project manager documents the result in a Project Risk Log which is updated throughout the project.

A periodic project review is prepared by the project manager and discussed with line management and Finance. The project health check for larger projects was implemented in 2016 and will be followed for medium sized projects in 2017. In this way we ensure risks are identified, sufficiently mitigated and reflected correctly in our accounting systems. The execution result of large projects improved in 2016 and looks even more promising in 2017.

Liabilities

Our liabilities are defined within each contract. Many of these will fall within our standard conditions for what we consider acceptable risk but, if conditions do not comply, additional approvals are required. Legal counsel reviews and provides recommendations to limit liability when possible. In addition we are covered to a certain level by Professional Indemnity Insurances.

Liquidity

Two main controls help to ensure sufficient funding is available for our operations: control over our working capital (mainly work in progress positions and debtors) and securing our bank facilities. Before submitting a proposal we assess the client's ability to settle our invoices over the duration of the project and monitor our credit risk continuously during project execution. In addition, for each proposal a cash flow forecast is prepared and we aim to negotiate a positive cumulative cash position during the project. With our banks we have agreed facilities where loan covenants are applicable. Our Corporate Treasury monitors that these loan covenants are met. In liquidity we have more headroom than our target.

Currency

Currency fluctuations in commonly traded currencies like USD and GBP and in less traded currencies represent a risk on part of our turnover. Our treasury policy aims to cover the currency risk as much as possible during execution of projects. Our Corporate Treasury monitors and advises on foreign currency exposures and the use of hedge instruments.

Guarantees

A number of clients require us to issue corporate guarantees for the execution of a project. It is our policy to limit the issue of these guarantees. For this reason, we manage our balance sheets to ensure solvency of our companies is sufficient to operate independently in the market. Royal HaskoningDHV has stringent procedures to review and approve bank guarantees and bonds (like advance payment guarantees and performance bonds) before they are issued.

Pensions

In principle, Royal HaskoningDHV operates pension plans under defined contribution pension schemes. However, at Royal HaskoningDHV UK Limited there is a defined benefit scheme that was closed for new entries and to future accrual in 2005. At this time all remaining active members became deferred members. The Group does not and will not provide any guarantees to the UK defined benefit pension fund. The defined

Achieving our objectives

benefit scheme deficit under Dutch GAAP as at 31 December 2016 is €25.8 million (2015: €18.9 million) with an associated deferred tax asset of €4.4 million.

QUALITY MANAGEMENT

We have a global integrated management system to ensure all staff follow common working practices. It is based on globally accepted standards (for ISO 9001, ISO 14001 and OHSAS 18001) and also covers integrity, business continuity, information security and our business principles.

We were the first engineering and consultancy company in the Netherlands to be successfully audited against the new ISO 9001:2015 and ISO 14001:2015. Audits of these standards were organised by the Corporate Group QHSE and successful external audits conducted in 2016 over a total of 40 days by DNV GL in the following countries: the Netherlands, United Kingdom, South Africa, Australia, United Arab Emirates, Philippines, Vietnam, Thailand, Poland, Czech Republic, Indonesia and India.

All certificates, ISO 9001:2015 (quality), ISO 14001:2015 (environment) and OHSAS 18001:2004 (health and safety) were renewed and are valid until September 2019.

SUSTAINABLE MANAGEMENT

Our relevance in today's world is captured in our promise Enhancing Society Together. We have fully integrated corporate responsibility into our activities, led by senior management from strategy to delivery. We walk the talk by including these aspects in our projects as well as our own operations. Our biggest potential to contribute smart sustainable solutions to the challenges faced by society is through our projects and innovations. We also seek to lead by example through our own operations.

Our corporate responsibility approach

Corporate responsibility fits with our intrinsic values, professional drive and independent role. It is part of our strategy and strengthened by our company's employee ownership. In summary, corporate responsibility involves building our company with the following qualities and ambitions.

- Working with passion to Enhance Society Together
- Taking professional leadership in sustainability and innovation in our projects
- Engaging in a continuous dialogue with our stakeholders
- Maintaining integrity as our highest value
- Collaborating with our partners and sharing our best practices and insights
- Applying best practice in our daily operations and reducing our carbon footprint
- 'Giving back' to local communities with our school programme and Brite Fund

Our vision on sustainability

Key to our vision is the promise of Enhancing Society Together. Our ambition is to achieve fact-based and recognised leadership in sustainable development and innovation in our markets. This is where we have the largest impact, where we can apply our expertise to influence decision making, and make a difference for sustainable development in our value chain. We achieve this by applying our knowledge and experience in client assignments to address the client's needs today and in the future.

To walk-the-talk and embed Enhancing Society Together in our daily practice, we ask 4 Questions in every project to keep our focus on sustainable growth:

1. Does the output meet the requirements of most stakeholders involved?
2. Does the output serve added value for the client and society as a whole?
3. Is the result lasting, thus is it future proof?
4. Can we meet the client's demand while minimising the use of natural resources and energy?

By asking these four simple questions, we go beyond the original brief and encourage our clients to join us in identifying how we can do things better and more sustainably, for their benefit and for society.

Erik Oostwegel: "I see it as our role to keep innovating and bringing future-proof solutions to our clients, helping them to grasp the opportunities these challenges bring. By doing so, we contribute to society. We do that by going beyond the original brief by asking the 4 Questions. We are using them in hundreds of our projects."

Our vision incorporates the Sustainable Development Goals which many of our customers and stakeholders are incorporating into their business conduct. We are also guided by agreements reached at the Paris Climate Change Conference, and joined 39 companies to call on the Dutch government to draw up a Climate Act to meet the objectives of the agreement. Taking a wider perspective provides us with the inspiration to be ambitious and innovative in creating a positive impact in collaboration with our internal and external stakeholders.

Sustainable Development Goals

The United Nations launched the new Sustainable Development Goals (SDGs) in 2015. Companies are requested to act on the 17 SDGs, and clients more often explicitly ask us about our contribution. The overview shows how the SDGs relate to aspects of our work. Our on-going projects, the 17 SDGs, global challenges, and the 4 Questions which we ask in every project to keep our focus on sustainable growth to Enhance Society Together are all interrelated.

UN GLOBAL COMPACT

WE SUPPORT

Achieving our objectives

	Sustainable Development Goals	Royal HaskoningDHV
	GOAL 1 End **poverty** in all its forms everywhere	This goal is mostly addressed by our work in developing countries, for example our projects for communities and regions to support security, economic development (roads, sanitation, drinking water, land management etc.)
	GOAL 2 End hunger, achieve **food** security and improved nutrition and promote sustainable agriculture	Directly or indirectly, this is a factor in our projects on water and land management, river management and food production It is included in our vision on global challenges (water and urban)
	GOAL 3 Ensure **healthy lives** and promote well-being for all at all ages	Mostly this is a factor in our work on clean drinking water, sanitation, medical centres, hospitals, R&D facilities and schools It is included in our vision on global challenges It forms part of our internal policies (health and safety)
	GOAL 4 Ensure inclusive and equitable quality **education** and promote lifelong learning opportunities for all	This is a factor in our internal policies on diversity and personal development of staff and the focus of corporate responsibility through our external 'giving back' efforts providing education to those who need it (for example our Saturday Schools programme in South Africa)
	GOAL 5 Achieve gender equality and empower all **women** and girls	Included in our company's diversity policy, our 'giving back' activities (for example take a girl to work) and in our aim for inclusive stakeholder engagement in projects
	GOAL 6 Ensure availability and sustainable management of **water** and **sanitation** for all	This is the focus of many of our water and sanitation projects and included in our vision on global challenges (mostly urban and water)
	GOAL 7 Ensure access to affordable, reliable, sustainable and modern **energy** for all	Addressed in our energy projects Included in our vision on global challenges
	GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive **employment** and decent work for all	As a business, we include this in our Global Code of Business Principles It is included in our vision on global challenges
	GOAL 9 Build resilient infrastructure, promote inclusive and sustainable **industrialisation** and foster innovation	This is a factor in our infrastructure and industrial development projects Also included in our vision on global challenges (transport, industry)
	GOAL 10 Reduce **inequality** within and among countries	Our support to public and private clients to develop the local economy assists this goal
	GOAL 11 Make **cities** and human settlements inclusive, safe, resilient and sustainable	This is at the heart of a number of our urban projects It is included in our vision on global challenges (urban)
	GOAL 12 Ensure sustainable consumption and **production** patterns	This is a focus for of some of our industry projects (for example cleaner, circular, biobased, renewable) Also included in our vision on global challenges (mostly industry)
	GOAL 13 Take urgent action to combat **climate change** and its impacts	This is central to our climate mitigation and adaptation projects Included in our vision on global challenges, 4 Questions Included in our operations (CO_2-footprint reduction)
	GOAL 14 Conserve and sustainably use the **oceans**, seas and marine resources for sustainable development	It is included in marine related projects Included in our vision on global challenges (mostly water and industry)
	GOAL 15 Protect, restore and promote sustainable use of terrestrial **ecosystems**, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	The subject of ecosystem projects Included in our vision on global challenges (mostly water)
	GOAL 16 Promote **peaceful** and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	This is fundamental to our Global Code of Business Principles
	GOAL 17 Strengthen the means of implementation and revitalise the Global **Partnership** for Sustainable Development	We contribute through global challenges and our memberships (e.g. UN Global Compact)

Achieving our objectives

Materiality

During 2016 we reviewed the materiality assessment undertaken in 2014 with reference to existing materials, including 2016 client and employee surveys and media scan, and questions to key individuals in the organisation. In addition, we reflected on in-depth dialogues about specific issues with our clients and partners concerning projects and proposals with significant societal attention or impact. The results indicated that the original topics identified as most material to our business and stakeholders had not changed in priority and fell within the following areas:

- Economic/financial performance
- Integrity and ethical performance
- Quality and sustainability in our products and services
- Employability
- Health and safety

In addition to these material topics, we also address two topics that are relevant to us in support of our mission, vision and values: walk the talk in our operations, and community development.

However, in addition the following topics were newly identified as high priority:

- Public policy in recognition of the company's dependence on regulatory structures and on government investment decisions in areas including energy and infrastructure;
- Attracting and developing new talent and capacity building which are both important for our new strategy;
- Diversity and equal opportunity which are important to Royal HaskoningDHV as an inclusive, transitional organisation and are included in the Global Code of Business Principles;
- Procurement practices due to our accountability for anti-corruption in the supply chain re OECD and ICC guidelines. Connected to this topic Supplier environmental assessment, Supplier assessment for labour practices and Supplier human rights assessment have been raised from low to medium priority;
- Human rights grievance mechanisms and forced and compulsory labour due to our commitment to the Global Code of Business Principles and in line with our ETHIC certification. In addition we apply the requirements of the UK Modern Slavery Act 2016 across all our operations worldwide;
- Customer privacy – strict EU legislation is coming into force in 2018.

Within QHSE themes, significance of environmental compliance has been raised as it is fundamental to our values while also being a minimum requirement of doing business. Internal human rights assessment and Anti-competitive behaviour have been raised from low to medium priority. We will keep security practices under review during 2017 in the light of increased cyber security threats and our digital strategy.

Peer comparison

In parallel with our materiality assessment, we also reviewed the CR performance of 10 peers in engineering consultancy and B2B services (desk research). Making this explicit and measurable, and taking an outside-in approach to address future challenges is only seen from a few. Our work on implementing the 4 Questions and taking global challenges as the context for our work are proof points of this approach. In this respect, we regard Royal HaskoningDHV as one of the frontline explorers. We concluded that these peers are increasingly embracing CR reporting, with most detailed reporting done by US-based firms. Integrity is a key factor globally, and UN Global Compact is a commonly used standard. Most peers also report their carbon footprint. Some are clearly also making an effort to create more positive impact downstream, by providing sustainability services and being pro-active.

In the Netherlands, the Dutch Ministry of Economic Affairs evaluates the transparency of CR reports and integrated annual reports on the content and quality of corporate social responsibility in the Transparency Benchmark (TB). Participants acquire knowledge of the generally accepted criteria for corporate social responsibility reporting, obtain insight into possible improvements and are able to compare their own score with other companies inside and outside their own industry. Compared to our peers in 2016, the Royal HaskoningDHV 2015 report was again the highest ranking engineering company in the Transparency Benchmark (ranked #89). This was the third consecutive year that our annual report has been benchmarked.

Reporting, standards and trends

Our vision on reporting is to give a transparent and representative overview of our activities, in line with best practices in the market and our type of company – a professional services consultancy. Through reporting we aim to reach clients, employees and partners to engage with our ambitions and to give feedback for improvement. For 2016, the annual report of Royal HaskoningDHV includes the CR report. In addition, a digital version is available with key messages and highlights. We chose not to produce printed versions in 2016 for reasons of sustainability and to reduce our carbon footprint.

Important references for this report are the ambitions, priorities and principles that we endorse and apply. These are related to UN Global Compact, ETHIC Intelligence, WBCSD, and the OECD (Guideline for Multinational Enterprises). The Annual Report 2016 is inspired by the IR Framework of the International Integrated Reporting Council (IIRC). Our track record includes Global CR-reporting since 2006, based on the international GRI framework. Various forms of CR-reporting have been applied since. This Corporate Responsibility Statement adds further background and detail to comply with several international standards and guidelines, including the guidelines of the Global Reporting Initiative (GRI) – G4.

We continuously follow external trends to determine issues most relevant for our company and those where we can make a positive contribution to society at large. For example, we are working with a coalition of businesses to advise governments and on making real steps towards a circular economy. Challenges like these are too large to be approached by single organisations and with a single approach. We also provide consulting to companies committed to decrease CO_2 emissions, and distinguish ourselves by combining a clear consulting vision with implementation into daily practice. This gives us credibility and deep knowledge of the pitfalls to be avoided.

Achieving our objectives

Our decision to refrain from a full external assurance is that most of the non-financial impacts of our company are related to our projects and services. We value audits from institutes like SGS, DNV GL on quality, health and safety, environmental and social impact and ethical behaviour. We have not yet found a feasible and valuable quantifiable method to measure this impact, nor do we seek one at this stage. With our expertise in environmental and social impact assessment and monitoring, we are very much aware of the limitations and costs of a global monitoring system for such a wide variety of projects and impacts. We are convinced that best project results derive from staff motivation, knowledge sharing and development, sharing of best practices and lessons learnt, and a shared sense of urgency among colleagues and clients.

Reporting process

This statement and the annual report content is based on reported information from Corporate Groups, Business Lines, countries and specific functions, during and at the end of 2016. Information is collected through one annual company-wide questionnaire, and contributions have been reviewed and approved by the responsible officers (Corporate Directors, Business Directors and Executive Board). Progress is partly measured with key performance indicators, and partly described qualitatively. As the Netherlands, United Kingdom, South Africa and Indonesia are the top four countries in turnover, they are given more emphasis in the report.

External frameworks

Through this report, we provide transparency in as much detail as possible. We voluntarily participate in external communications, audits and verifications on several topics. Since 2008, we have endorsed and supported the UN Global Compact (UNGC). The core principles of UNGC in the areas of human rights, labour, environment and integrity are incorporated in our Global Business Principles, Global Code of Conduct and Integrity Management System. Our management systems are certified and subject to external audits globally. (For more information see **our website**).

Data completeness and comparability

The quantified information has been compiled with a team of managers worldwide, and reviewed by internal experts locally and centrally. A list of definitions (Glossary) is included at the end of the report.

CR governance

From January 1 2016, responsibility for CR was fully integrated into our activities, led by senior management from strategy to delivery. CEO Erik Oostwegel spearheads our CR commitment and discusses strategic relevance with the Supervisory Board. We walk the talk by including these aspects in our projects as well as our own operations. Business Line Directors and Corporate Group Directors all have responsibility to incorporate CR into their activities supported by sustainability managers in the business. Next to that we have created a network of internal ambassadors who help to create awareness among our employees.

“Our approach is increasingly framed around a business question: how do we accelerate growth within a climate in which all stakeholders become winners? In addressing this question, we also tackle the important social and environmental questions in the way we do business. We will get it right when we no longer have to talk about sustainability. It will simply be the way business is done,” Erik Oostwegel, CEO.

The CR policy, CR Charter, and key ambitions for the development of the company were defined by the Executive Board at the beginning of 2013 and are evaluated annually. The ambitions have been translated by the businesses and by the corporate groups to address their specific contribution. For local engagement, Regional Management Boards and Resident Directors take responsibility for a local sustainability agenda which is also based on the CR Charter.

Our Carbon Footprint

Our ambition is to continuously improve the sustainability of our offices (including the reduction of CO_2). One of the initiatives to reduce our CO_2 footprint is exchanging hybrid and fossil fuel leased cars from manufacturers such as Volvo, Toyota, Mercedes, Volkswagen, Peugeot and Lexus for 26 fully electric BMW i3 vehicles. The pilot will provide a practical test of what it is like to drive 100% electrically. In addition, it will assess the existing national network of charging stations – how they operate and whether the cars’ driving range is sufficient in practice. This will enable the company to formulate a strategy to convert its fleet of over 625 leased cars in the Netherlands to fully electric cars from 2020.

In September 2016 our 45-year-old head office in Amersfoort became the oldest office building in the Netherlands to be awarded an ‘Excellent’ sustainability certificate from BREEAM-NL for existing buildings. The ‘Excellent’ score recognises the fact that internally we apply sustainability across the performance of the building assets and operations and into the sustainable management of activities. The certification also demonstrates that sustainable renovation of a building dating from 1971 is possible.

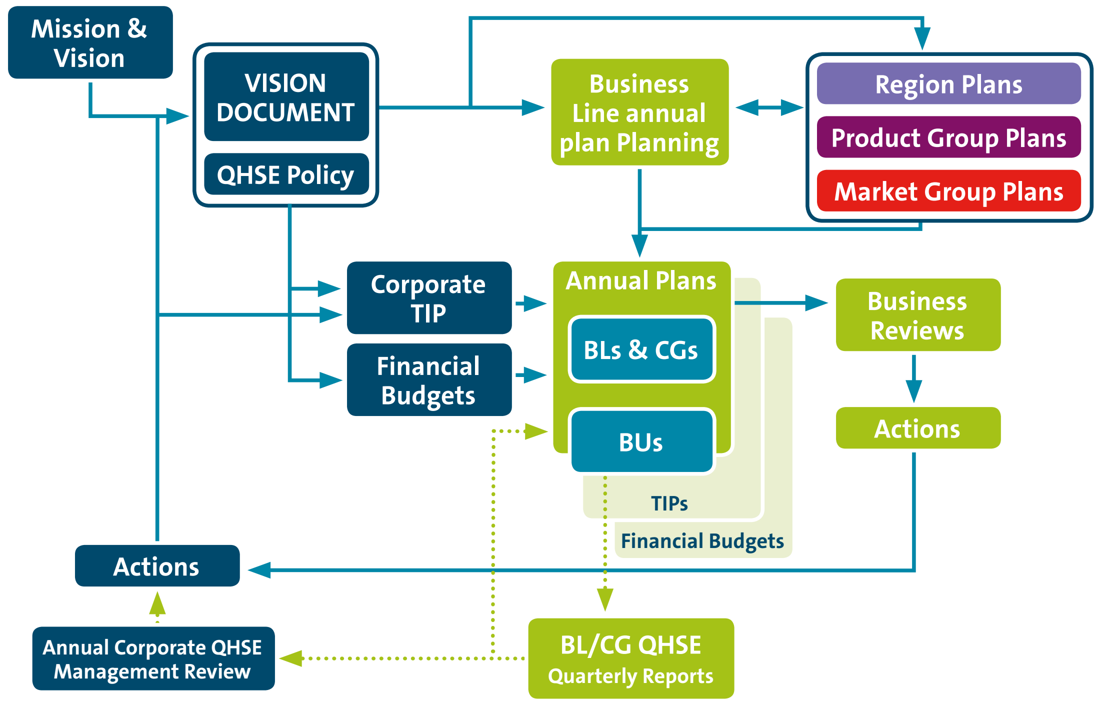
Royal HaskoningDHV is graded on Level 5 (highest level) of the CO_2 Performance Ladder, a Dutch certification scheme that rates the efforts made by a company or organisation to reduce their carbon footprint.

The total carbon footprint of our offices decreased by 9.7% in 2016, resulting from a move to renewable electricity and more effective use of space. The carbon footprint data show the impact of business travel by car has increased by almost 3% per employee compared to 2013 and by 20% for air travel. These increases are largely due to a reduction in staff members. The carbon footprint is calculated per employee so because the percentage reduction in staff numbers is greater than the percentage reduction in emissions, we record increased CO_2 emission per employee. In absolute numbers we achieved a reduction in our footprint of 11.3% compared to 2013.

Achieving our objectives

How we make decisions

Our decision-making processes exist to ensure company business is planned and monitored in line with our mission, vision, strategy and QHSE policy. We also use the Top Improvement Plan (TIP) to describe and monitor actions which, in terms of continuous improvement, are to be given the highest priority for the year. These are prepared under the responsibility of the Executive Board and the applicable director in the Executive Council. The TIPs reflect a cascaded approach to continuous improvement with all plans aligned to common goals defined in the Corporate TIP.



Integrity

As an industry leader, we go beyond simply obeying the law: we embrace the culture of integrity and uphold business integrity wherever we operate. We have zero tolerance for corruption and fraud.

Our integrity policy is embedded throughout the company and was independently audited in 2016. We were re-awarded the prestigious ETHIC Intelligence Anti-Corruption Certificate which we have held since 2010. We are a frontrunner among engineering consultancies in our participation in this demanding programme. The reviewers noted that our integrity and compliance policy is properly designed and consistently managed in line with international best practice. In addition, three areas were identified where we demonstrate above-average best practice. These were: ensuring continuous open dialogue on integrity in all staff and management meetings across the company; all meetings open with so-called Health, Safety and Integrity Moment; bringing partners and third parties within the scope of our policy (so-called Third Party Assessment); and operating a plan to prevent conflicting interests in public projects.

CEO Erik Oostwegel said: “The impact of corruption is felt across societies and it hinders social and economic development around the world. Our zero-tolerance to corruption is a fundamental part of our promise to enhance society together and to sustainable growth.”

A memorandum from the CEO and Group Compliance Officer expressing their commitment to integrity and compliance was sent to all managers at the beginning of 2016. Every manager is expected to act as a role model on integrity and all managers completed the new Integrity and Compliance e-learning module. Online training for our Code of Business Principles was introduced mid-2016 and by the end of the year the Executive Board, Executive Council, Corporate Directors and more than 35% of the worldwide staff had completed this mandatory training. This number has to gradually increase to approach 100% by the end of 2017. Every director is required to sign an annual statement that he or she understands and abides by the Business Principles. Online training on the code is a mandatory part of the induction programme for all new employees.

An increasing number of part-time and flexible workers in the company raises the possibility of conflicts of interest. The Supervisory and Executive Boards have actively promoted transparency on additional jobs and sideline activities. Our

Achieving our objectives

Integrity Management System is based on national and international standards and supports us in ensuring compliant behaviour in our daily business. We continually review the effectiveness of the system, and adjust it to worldwide developments, changed risks and new legal requirements. Our compliance organisation is linked to permanent offices enabling effective support and advice to these offices and to all projects executed outside a country. One focus is on business in high-risk countries. The responsibility for implementing and monitoring lies with management in close cooperation with the Risk, Legal and Compliance functions. Local Compliance Officers familiar with anti-corruption legislation in their respective country make sure our Business Principles and standards are observed. The Integrity Management System is reviewed regularly by the Integrity Council, consisting of Local Compliance Officers, Corporate Directors for Legal, Internal Audit & Risk and QHSE. Specialist functions are invited to participate in meetings.

In line with our Business Principles, Royal HaskoningDHV does not make donations to political parties, political activities, religious organisations, authorities, municipalities or local administrators. We keep a clear line between business and personal interests. Directors are required to disclose, at the time of appointment and on an annual basis, the interests they hold in other organisations. We use this information to help us maintain an updated list of related parties to avoid any perceived conflicts of interest.

A report on company-wide integrity and compliance activities in 2016 indicates a total of 59 reports of suspected misconduct were made. Of these reports, four led to an investigation; at the end of the year, there were no ongoing investigations. Seven reports were received via the externally serviced (and anonymous) SpeakUp Helpline. Corrective action was taken by reviewing and developing existing processes and instructions and by providing training to employees. As a result of the investigations, six employment contracts were terminated either by immediate dismissal or by mutual agreement, and one written warning was given. Two cases of misconduct were reported to the police. Five cases of suspected corruption or bribery related to operations were reported in 2016. The reports were made by Royal HaskoningDHV management and/or employees who were offered money by third parties for getting contracts granted and/or delivering additional services. None of these was entered into and contacts with these third parties were terminated. During the year Royal HaskoningDHV was not subject to any monetary fines for competition or anti-corruption law violations. No staff members were prosecuted or under investigation by any authority for corruption.

As part of supply chain management, we requested one report from a service supplier regarding possible cases of a privacy violation and the corrective measures taken. The report was considered sufficient and did not lead to the termination of a contract.

We deal with potential cases of corruption in a professional manner, in accordance with the defined compliance investigation process, in line with applicable laws and with respect to the rights and personal integrity of all parties involved.

Achieving our objectives

Ambitions for 2017

Integrity and compliance activities continue to intensify throughout all industries. During 2017, we will establish a Digital Infopoint Business Integrity offering advice in the daily work environment and putting employees in touch with the right partner if necessary. Using innovative dialogue formats, including an integrity toolbox, we continue to encourage employees to discuss the issue of integrity in their departments. The Code of Business Principles forms the foundation of a range of new training courses addressing integrity, compliance, data protection and antitrust law. These help ensure that ethical and compliant behaviour remain firmly and sustainably anchored within the organisation. Training related to the Supplier Code of Conduct will be developed and introduced to create awareness in the supply chain.

OUTLOOK: AN EMPHASIS ON GROWTH AND INNOVATION

Our achievements during 2016 give us optimism for the years ahead. Our business has inherent strengths - great people, clients and projects - which create a sound and stable base. In 2017 we start a new phase and are developing a new strategy, Strong22, as a natural follow up to the present Vision 2018 strategy. This emphasises focused growth, innovation and an inspiring culture of empowerment and accountability to unlock our full potential. We are seeking to deliver more innovative solutions within the areas in which we excel through closer partnership with clients.

Innovation in digital services and digital tools

Innovation and digitalisation are central to our strategy and operations. We are moving well beyond traditional methods in the way we work and deliver projects through innovation in digital tools. In addition we see opportunities to deliver digital services using different earning models based on technology, software and data analytics. Examples of digital tools include the use of augmented reality and BIM modelling to redesign the layout of the new international airport for Mexico City. Virtual reality brings the model to life enabling clients to 'walk through' and experience the new design before building starts. Elsewhere, techniques like 3-d scanning with drones are making a step change in how we deliver services and in the type of services we provide. The use of parametric design software increases the speed of design, particularly for repetitive tasks. This will be an increasingly important theme for the future.

An engaged, inclusive working environment

We are creating inspiring and professional working environments for our people by reducing unnecessary control and complexity. We are also developing a more inclusive culture. Our new strategy includes input from the broader leadership and we are gaining input from our colleagues and clients through surveys. In 2017 we will be experimenting with more ongoing dialogue between managers and employees to maximise performance and potential. More importance will be given to recognising achievement and attention to career and development.

Project management will continue to be a focus and we will implement the Project Health Check programme more widely and roll out an improved quote and proposal process. We will be organising global project management events to share expertise and highlight the importance of project management for the profitability and success of the organisation.

In markets, we clearly see the opportunities in Asia and the Dutch economy is improving again. While Brexit brings uncertainty to the United Kingdom, significant infrastructure spending commitments have been made.

The mantra for 2017 is happy staff, happy clients and healthy company. We expect new growth areas built on a profitable underlying operation.

1881 HERTOG REIJNOUT PUMPING STATION, NETHERLANDS

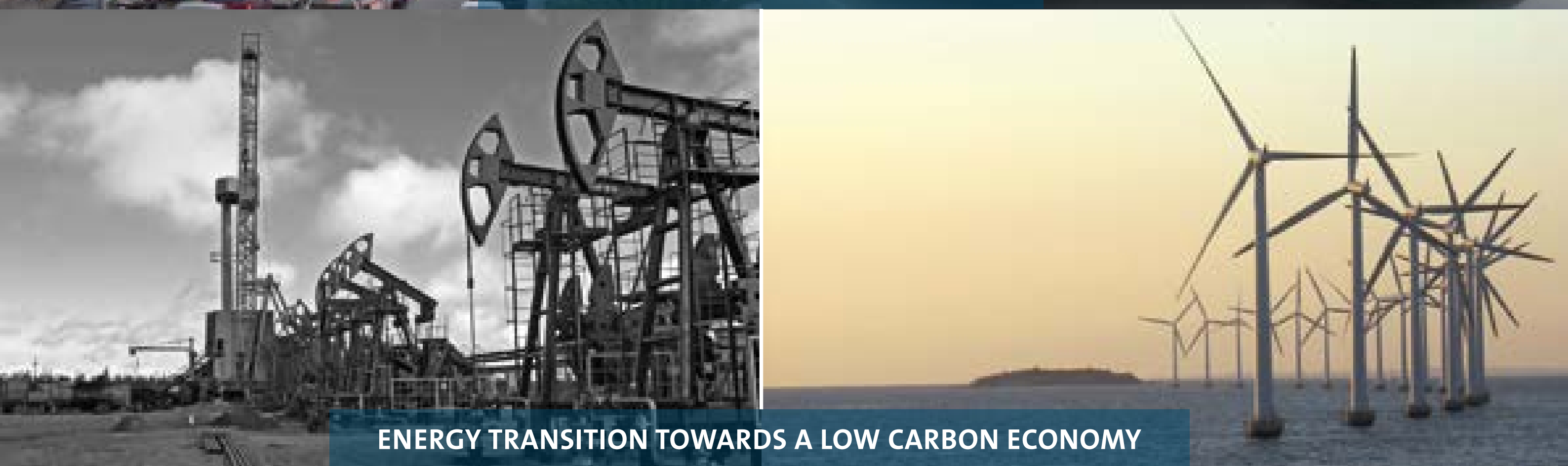
1887 ROYAL NATIONAL LIFEBOAT INSTITUTION, UNITED KINGDOM

1950 SCHIPHOL AIRPORT, NETHERLANDS

Consolidated Financial Statements

1970 RESTORATION BOROBUDUR, INDONESIA

SELF-DRIVING CARS, NETHERLANDS



ENERGY TRANSITION TOWARDS A LOW CARBON ECONOMY

OFFERING WASTEWATER TREATMENT SOLUTIONS, NEREDA®

Consolidated Balance Sheet at 31 December 2016

Before profit appropriation *€ thousands*

Assets	Note	2016	2015
Fixed assets			
Intangible fixed assets	3	27,398	33,938
Tangible fixed assets	4	10,973	11,855
Financial fixed assets	5	16,957	14,539
		55,328	**60,332**
Current assets			
Work in progress	6	-	-
Receivables	7	161,499	146,629
Cash and cash equivalents	8	76,275	81,763
		237,774	**228,392**
		293,102	**288,724**

Shareholders' equity & liabilities	Note	2016	2015
Group equity			
Shareholders' equity	9	122,263	118,890
Minority interest	10	191	257
		122,454	**119,147**
Provisions	11	40,307	33,928
Non-current liabilities	12	590	95
Current liabilities	13	129,751	135,554
		293,102	**288,724**

Consolidated Income Statement 2016

€ thousands

		2016	2015
Net turnover	16	**621,293**	**666,967**
Change in work in progress		(20,664)	(12,478)
Other operating income		444	10,974
Operating income		**601,073**	**665,463**
Costs of work subcontracted and other external charges		125,383	162,082
Salaries and wages	17	273,345	289,477
Social security & pension charges	17	60,623	63,513
Depreciation and amortisation on tangible and intangible fixed assets		9,723	12,106
Impairment of intangible fixed assets		2,467	3,620
Other operating costs	19	113,191	111,539
Operating expenses		**584,732**	**642,337**
Operating result		**16,341**	**23,126**
Interest income		708	855
Interest costs		(1,822)	(2,744)
Net interest expense		**(1,114)**	**(1,889)**
Result before tax		**15,227**	**21,237**
Income tax expense	20	(3,612)	(9,351)
Share of result of participating interests		446	110
Result after tax		**12,061**	**11,996**
Minority interest		68	(150)
Net result		**12,129**	**11,846**

Consolidated Statement of Comprehensive Income 2016

€ thousands

	Note	2016	2015
Consolidated net result after tax attributable to the legal entity		12,061	11,996
Minority interest		68	(150)
Result for the period of the legal entity		**12,129**	**11,846**
Translation differences on foreign participating interests	9	713	(1,278)
Remeasurement of defined benefit plan, net of income tax	9	(8,832)	1,322
Other movements	9	-	86
Total of items recognised directly in shareholders' equity of the company as part of the group entity		**(8,119)**	**130**
Total result of the legal entity		**4,010**	**11,976**

Consolidated Cash Flow Statement 2016

€ thousands

	Note	2016	2015
Operating result		**16,341**	**23,126**
Adjusted for:			
Amortisation and depreciation		12,190	15,726
Other value adjustments		(96)	(15,811)
Changes in provisions	5, 11	(3,195)	6,738
Changes in working capital		(12,861)	4,970
Cash flow from business operations:		**12,379**	**34,749**
Interest received		613	838
Dividends received	5	1,072	2,513
Interest paid		(1,822)	(2,729)
Income tax paid		(9,036)	(4,465)
Cash flow from operating activities		**3,206**	**30,906**
Investments in:			
Intangible fixed assets	3	(491)	(746)
Tangible fixed assets	4	(3,811)	(5,032)
Financial fixed assets	5	(792)	(1,507)
Acquisition of group companies		-	(811)
Disposals of assets:			
Intangible fixed assets	3	44	98
Tangible fixed assets	4	269	33,613
Financial fixed assets	5	587	577
Proceeds from sale of interests in group companies, net of cash disposed of		(1,228)	-
Cash flow from investing activities		**(5,422)**	**26,192**
Purchase / sale of own shares	9	(345)	490
Repayment of borrowings	12	(1,781)	(9,043)
Proceeds from borrowings	12	102	-
Dividends paid	10	(298)	(163)
Cash flow from financing activities		**(2,322)**	**(8,716)**
Net cash flow		**(4,538)**	**48,382**
Net cash of deconsolidated group companies		(239)	-
Exchange gains/losses		(711)	(375)
Changes in cash and cash equivalents		**(5,488)**	**48,007**
Cash and cash equivalents at 1 January		81,763	33,756
Movements during the year		(5,488)	48,007
Cash and cash equivalents at 31 December		**76,275**	**81,763**

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 OPERATIONS

Royal HaskoningDHV is an independent, international engineering and project management consultancy with more than 135 years of experience. Backed by the expertise and experience of 6,000 colleagues all over the world, our professionals combine global expertise with local knowledge to deliver a multidisciplinary range of consultancy services for the entire living environment from over 150 countries.
By showing leadership in sustainable development and innovation, together with our clients, we are working to become part of the solution to a more sustainable society now and into the future.

1.2 REGISTERED OFFICE & GROUP STRUCTURE

Koninklijke HaskoningDHV Groep B.V. having its legal address and corporate seat at Laan 1914 no. 35, 3818 EX Amersfoort, The Netherlands , is a private limited liability company under Dutch law and is listed under number 55525474 in the Trade Register. Koninklijke HaskoningDHV Groep B.V. has two shareholders: Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. For details regarding the shareholding structure we refer to page 78.

These financial statements cover the year 2016, which ended at the balance sheet date of 31 December 2016.

1.3 CONSOLIDATION

The consolidation includes the financial information of Koninklijke HaskoningDHV Groep B.V., its group companies and other entities in which it exercises control. Group companies are entities in which Koninklijke HaskoningDHV Groep B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Koninklijke HaskoningDHV Groep B.V. exercises control are consolidated in full. Minority interests in group equity and group results are disclosed separately.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures are valued according to the equity method on the basis of net asset value. Joint ventures with a negative net asset value are valued at nil. If the Group fully or partially guarantees the debt of the joint venture, or has a constructive obligation to enable the joint venture to pay its debts (for its share therein), a provision is recognised accordingly.

In the consolidated financial statements, intragroup shareholdings, debts, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

The main consolidated companies are listed below, stating the percentage of ownership. For a more extensive list of consolidated companies and participating interests we refer to page 75.

- HaskoningDHV Nederland B.V., Amersfoort, The Netherlands *(100%)*
- Haskoning UK Holdings Ltd, Peterborough, United Kingdom *(100%)*
- Haskoning International B.V., Nijmegen, The Netherlands *(100%)*
- Stewart Scott International Holdings Pty Ltd., Johannesburg, South Africa *(76.95%)*

Furthermore we have included DHV Education Foundation as a consolidated company, given the fact that we have control. In the company statements, DHV Education Foundation is not included.

1.4 RELATED PARTY TRANSACTIONS

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management of Koninklijke HaskoningDHV Groep B.V. (or the ultimate parent company) and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view.

1.5 ACQUISITIONS AND DISPOSALS OF GROUP COMPANIES

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is recognised as deferred income under accruals or will be recognised in the income statement directly. The capitalised goodwill is amortised on a straight line basis over the estimated useful life to the maximum of 20 years. An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. Such an adjustment will also result in an adjustment to (positive or negative) goodwill with retrospective effect.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

1.6 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes paid and received are included in cash flow from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for acquired group companies is recognised as cash used in investing activities if it is settled in cash. Any cash and cash equivalents in acquired group companies were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement. Payments of financial lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities. Cash flows from derivatives are recognised in the cash flow statement in the same categories as those of the hedge item.

1.7 ESTIMATES

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

Revenue recognition

The Group uses the percentage-of-completion method (POC) in accounting for its fixed-price contracts to deliver design services. Use of the POC method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Project valuation

Valuation of project related work in progress and receivables require management estimates with respect to its recoverability.

Goodwill

Measurement of goodwill of an acquired company involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits of the acquired company at the moment of acquisition. The fair value is based on discounted cash flows expected to be received. Goodwill and other intangibles are tested for impairment when an indicator exists that the carrying amounts may not be recoverable. In calculating the value in use management must estimate the expected enterprise value based on the expected cash flows of the cash generating unit.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date. Estimates by management and external advisors lead to an indication of the potential financial risk and whether the risk is covered by insurance policies. Please refer also to 2.16.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET AND INCOME STATEMENT

2.1 GENERAL INFORMATION

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in the Netherlands.

These financial statements have been prepared on the basis of the going concern assumption.

Unless stated otherwise, assets and liabilities are shown at nominal value.

Assets and liabilities are recognised in the balance sheet when it is probable that the expected future economic benefits will flow to the Company and the cost or value can be measured with sufficient reliability. Income is recognised in the income statement when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and or when all risks relating to assets and liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognised using the percentage of completion method.

2.2 CHANGE IN ACCOUNTING PRINCIPLES

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3 FOREIGN CURRENCIES

Functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of Koninklijke HaskoningDHV Groep B.V.

All amounts shown in the financial statements are in thousands of euros unless stated otherwise.

Transactions, receivables and debts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Notes to the Consolidated Financial Statements

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Translation differences on intragroup long term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in shareholders' equity as a component of the foreign currency translation reserve. If a foreign operation is fully or partially sold, the respective amount is transferred from this reserve to the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognised in shareholders' equity as a component of the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity as a component of the foreign currency translation reserve for the effective part of the hedge. The non-effective part is recognised as expenditure in the income statement.

2.4 INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible fixed asset is impaired, please refer to note 2.7.

Goodwill

Goodwill at acquisition of subsidiaries and non-consolidated participations as calculated in accordance with note 1.7 is capitalised and amortised on a straight-line basis over its estimated useful life of no more than 20 years. The Group's policy to amortise the goodwill in more than 5 year is based on the assumption that the acquisitions are expected to be a permanent and integral part of the Group. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition. Internally generated goodwill is not capitalised.

Software

Software licences acquired are capitalised at acquisition cost and amortised over their estimated useful lives (3 to 8 years). Expenditures that are attributable to the production of identifiable and unique software products controlled by the Group are capitalised. Costs associated with maintaining computer software and research and development costs of internally developed software expenditure are recognised in the income statement.

2.5 TANGIBLE FIXED ASSETS

Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated useful lives. Land is not depreciated.

Allowance is made for any impairment losses expected on the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to note 2.7.

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated lives and impairment losses.

Tangible fixed assets, for which the company and its group companies possess the economic ownership under a financial lease, are capitalised. The obligation arising from the financial lease contract is recognised as a liability. The interest included in the future lease installments is charged to the profit and loss account during the term of the finance lease contract.

The estimated average useful life by category is as follows:

Buildings	10 to 30 years
Computer hardware	3 to 5 years
Other fixed assets	3 to 5 years

The cost of major repairs to buildings is capitalised and depreciated over 5 to 10 years if such repairs extend the life of a building.

2.6 FINANCIAL FIXED ASSETS

Participating interests

Investments in group companies and other minority interests in which the company can exert significant influence are valued according to the net asset value method as derived from the latest available financial data from these investments and interests. Significant influence is in any case defined as a shareholder's interest of more than 20%. Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

Associates with an equity deficit are carried at nil. A provision is formed if and when Koninklijke HaskoningDHV Groep B.V. one of its group companies is fully or partially liable for the debts of the associate, or has the firm intention to allow the associate to pay its debts.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Associates in which no significant influence can be exercised are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the income statement.

Loans to participating interests

Amounts owed by associates disclosed under financial fixed assets are recognised initially at fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. These receivables are subsequently stated at amortised cost.

Deferred tax

A provision for deferred tax liabilities is recognised for taxable temporary differences.

For deductible temporary differences, unused loss carry forwards and unused tax credits, a deferred tax asset is recognised, but only in so far as it is probable that taxable profits will be available in the future for offset or compensation.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognised unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference.

Deferred tax assets and liabilities are stated at face value and are only offset when they relate to the same entity and taxation authority.

Other

Other receivables disclosed under financial assets include issued loans and other receivables as well as purchased loans that will be held to their maturity date. These receivables are initially taken up at fair value and subsequently stated at amortised cost.

2.7 IMPAIRMENT OF FIXED ASSETS

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified.

An asset or cash generating unit is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the income statement. In case of an impairment loss of a cash generating unit, the loss is first allocated to goodwill that has been allocated to the cash generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset (or cash generating unit) is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Contrary to what is stated before, at each balance sheet date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet;
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

Financial assets are impaired if there is objective evidence of impairment as a result of events that occurred after the initial recognition, with negative impact on the estimated future cash flows, which can be estimated reliable. Objective evidence that financial assets are impaired includes delinquency by a debtor, indications that a debtor or issuer will enter or approaching bankruptcy, adverse changes in the payment status of borrowers or issuers, or disappearance of an active market for a security. Impairment losses are recognised in the income statement. In assessing impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

When, in a subsequent period, the amount of an impairment loss on financial assets decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in the impairment loss is reversed through income statement (up to the amount of the original cost).

Notes to the Consolidated Financial Statements

2.8 WORK IN PROGRESS

Work in progress is carried at contract revenue generated, which is comprised of contract costs incurred and attributable profits, based on percentage of completion less progress billings and recognised losses. Contract costs are costs which directly relate to the specific project (for example, personnel costs for employees whose activities relate directly to the project, costs of materials used) and the costs which are attributable to contract activity in general and can be allocated to the project (including insurance, costs of design and technical assistance, construction overhead) as well as other costs chargeable to the customer under the terms of the project. The percentage of completion, used for calculation of work in progress is determined based on the services performed to date as a percentage of the total services to be performed.

When the outcome of a construction contract cannot be reliably estimated, revenues are recognised in the profit and loss account to the extent of the contract costs incurred which are likely to be recovered. Contract costs are recognised in the profit and loss account in the period in which they are incurred. Contract revenues are revenues agreed in the contract, including any proceeds on the basis of more or less work, claims and fees, if and to the extent that it is probable that the benefits will be realised and can be measured reliably. Contract revenues are measured at the fair value of the services that are or will be received in return.

Where appropriate, expected losses are recognised as exposure in the income statement. In addition, progress invoices and payments received in advance are also credited against work in progress.

2.9 FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset or liability or equity instrument. Financial instruments contain the following measurement categories:

- Receivables
- Derivatives
- Cash and cash equivalents
- Non-current- and current liabilities

Financial instruments also include derivative financial instruments embedded in contracts. In this respect, no derivatives have been separated from the host contract.

Financial instruments are initially recognised at fair value, including discount or premium and directly attributable transaction costs. Subsequent measurement depends on its classification of the financial instrument. However, if financial instruments are subsequently measured at fair value through the income statement, then directly attributable transaction costs are directly recognised in the income statement. After initial recognition, the financial instruments are valued in the way as described below.

2.10 RECEIVABLES

Trade receivables are recognised at fair value and subsequently measured at amortised costs, net of any provision for doubtful debts. When a receivable is uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the income statement.

2.11 DERIVATIVES

Derivatives are carried after their initial recognition at the lower of cost or market value, except if the cost model for hedge accounting is applied.

If the cost model for hedge accounting is applied, then no revaluation of the derivative instrument takes place, as long as the derivative hedges the specific risk of a future transaction that is expected to take place. As soon as the expected future transaction leads to recognition in the profit and loss account, then the profit or loss that is associated with the derivative is recognised in the profit and loss account. If the hedged position of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset or a non-financial liability, then the cost of the asset is adjusted by the hedge results that have not yet been recognised in the profit and loss account.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. This is done to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit and loss account are offset by the changes in the value of forward exchange contracts arising from the difference between their forward and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised via the profit and loss account over the term of the contract.

When a derivative expires or is sold, the accumulated profit or loss that has not yet been recognised in the profit and loss account prior to that time must then be included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

The company documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the company assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged position (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical features of the hedging instrument against the hedged position.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are disclosed as current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.13 EQUITY

The consideration paid for the repurchase of shares is deducted from other reserves, until such time that these shares are cancelled or sold. If shares are sold, any proceeds are added to

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the other reserves.

Costs directly related to the purchase, sale and/or issue of new shares are recognised directly in shareholders' equity in the component other reserves net of any relevant tax effects. Other direct movements in shareholders' equity are also recognised net of any relevant tax effects.

2.14 MINORITY INTEREST

The minority interests as part of the group equity are stated at nominal value at the amount of the net participation in the relevant group companies. Where the group company in question has an equity deficit, the negative value and any other losses are not allocated to the minority interest, unless the minority interest holders have a constructive obligation, and are able, to clear the losses. As soon as the group company manages to post an equity surplus, profits are allocated to the minority interest.

2.15 DIVIDENDS

Dividend distribution to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.16 PROVISIONS

General information

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

With the exception of the pension benefits and long-term employee benefits, provisions are stated at nominal value and charged against project result as much as possible. Unless otherwise stated, provisions are of a long-term nature.

Pension benefits

The Group operates a number pension schemes. The fact whether a scheme is classified as defined contribution or defined benefit is assessed based upon the pension agreement with the staff and the administration agreement with the pension fund or insurance agreement with the insurance company.

All schemes except one are defined contribution pension schemes, whereby based upon the agreements with the staff, the pension fund or the insurance company no additional commitments for the Group exist beyond the payment of the pension premium due in respect of the financial year.

In the United Kingdom the Group operates a defined benefit pension scheme, whereby the actuarial risk and the investment risk lay with HaskoningDHV UK Ltd.. This scheme has been closed for new entries and future accrual in 2005. The assets of the scheme are held separately from those of HaskoningDHV UK Ltd. in an independently administered fund.

As allowed in RJ 271.101 the Group uses IAS19R 'Employee Benefits' for the accounting treatment of this scheme:

- The difference between the present value of the accrued pension liabilities and the market value of the assets of the scheme (the net pension deficit) is recorded as a provision on the balance sheet. The liabilities are calculated as the present value of the estimated future cash flows using the accumulated benefit obligation method based upon actuarial assumptions which are annually set by The Board of Management of the United Kingdom operating entity. The liabilities are calculated by an independent actuary.

- A net interest expense is calculated as the difference between the expected increase of the accrued pension liabilities at the beginning of the reporting period and the expected return on the scheme's assets at the beginning of the period, and is charged to the income statement under 'interest costs'.

- The difference between the actual and expected increase of the liabilities and the actual and expected return on assets is directly credited or charged to equity.

- Any gains or losses arising from experience or assumption changes are directly credited or charged to equity.

Reorganisation

Provision for reorganisation is directly related to initiated or pending reorganisations. The provision is made as soon as a detailed plan has been drawn up for a reorganisation and this plan has been communicated to those affected. The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the company.

Long-term employee benefits

The provision is recognised for the present value of the future long-service awards, which is calculated on the basis of the commitments made, the likelihood of the staff concerned remaining with the company, and their age.

A number of group companies are by law obliged to pay compensation for severance and disability upon termination of employment. Liabilities arising from this are calculated based upon actuarial assumptions.

Other provisions

A provision for claims, disputes and lawsuits is established when it is expected that the company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Provisions for long-term sickness is measured at the fair value of excepted amounts payable, which is based on commitments made, known cases and likelihood of recovery.

For deferred income tax we refer to 2.6 on page 39.

2.17 NON-CURRENT LIABILITIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated

at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.
Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 LEASES

The company may enter into financial and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

Financial lease

If the Group acts as lessee in a financial lease, the leased property (and the related liability) is recognised in the balance sheet at the start of the lease period at its fair value or, if lower, at the present value of the minimum lease payments. Both amounts are determined at the start of the lease. The interest rate applied for the calculation of present value is the implicit interest rate. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent valuation of the leased property are described in 2.5. If there is no reasonable certainty that the company will become the owner of a leased property at the end of the lease period, the property is depreciated over the shorter of the lease period or the economic life of the property.

The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges are allocated during the lease term to each period in such a way that this results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recorded as an expense in the period in which the conditions for payment are being met.

Operational leases

If the Group acts as lessee in an operating lease, then the leased property is not capitalised. Lease payments regarding operating leases are charged to the income statement on a straight-line basis over the lease period.

2.19 REVENUE RECOGNITION

General

Profit represents income from services rendered less expenses and other costs attributable to the financial year. Gains or losses on transactions are recognised in the year in which they are posted.

Profit on orders is recognised in accordance with the percentage-of-completion (POC) method. It includes profit on orders executed entirely for the Group's own account and risk as well as a share of the profit on orders executed together with partners.

Revenue from time and material contracts, typically from delivering design services, is recognised at the contractual rates, as labour hours are delivered and direct expenses incurred.

Revenue from fixed-price and percentage fee based contracts for delivering design services is recognised under the POC method. Under the POC method, revenue is generally recognised based on assessments of the services performed to date as a percentage of the total services to be performed. As soon as the outcome of a contract can be estimated reliably, project revenue and project costs associated with the project are recognised as revenue and expenses respectively in proportion to the amount of work performed as at balance sheet date. Revenue from projects includes the contractually agreed revenue plus any revenue from variations in project work, claims and reimbursements, in so far as and to the extent that it is probable that these revenues will be realised and can be reliably determined.

Expected losses and known risks are provided for in the period in which they become known and are credited against work in progress.

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

Revenues on license based contracts are recognised at the time the significant risks and rights of the licences are transferred to the buyer.

2.20 NET TURNOVER

Turnover comprises the fair value of the consideration for the sale of goods and services to third parties, net of discounts and exclusive of value added tax attributable to activities performed during the reporting period.

2.21 MOVEMENT WORK IN PROGRESS

At the balance sheet date, the invoicing of projects does not equal project costs or project results. The difference between these two amounts at 1 January and 31 December is shown separately as a part of total operating income.

2.22 COSTS OF WORK SUBCONTRACTED AND OTHER EXTERNAL CHARGES

Costs of work subcontracted and other external charges are costs that are directly attributable to net turnover, i.e. subcontractors, travel costs and other costs.

2.23 OPERATING COSTS

Operating costs are allocated to the reporting period to which they relate.

2.24 AMORTISATION AND DEPRECIATION

Intangible fixed assets, including goodwill, are amortised and property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

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2.25 GOVERNMENT GRANTS

Operating grants are recognised as an income item in the income statement in the year in which the subsidised costs are incurred, income is lost or a subsidised operating deficit has occurred. Grants are recognised as soon as it is likely that they will be received and the Group will comply with all attached conditions.

2.26 EMPLOYEE BENEFITS

Benefits payable on a regular basis

Wages, salaries and social security contributions payable pursuant to employment conditions are incorporated in the income statement to the extent that these are payable to employees.

Pensions

For the Dutch and comparable foreign defined contribution pension schemes the pension charge to be recognised for the reporting period equals the pension premium due to the pension fund or insurance company in respect of the reporting period. Prepaid premiums are recognised as deferred assets if these lead to a refund or reduction of future payments. Premiums that are due but have not been paid yet are presented as liabilities.

Changes in provisions for additional liabilities are also charged to the result in the period in which they arise.

In The Netherlands, in line with new fiscal laws regarding pensions applicable from 2015, a new collective defined contribution pension scheme has been introduced. This scheme is based upon average pay during the employment period with conditional indexation based upon the applicable Pension Law and the financial position of the pension fund, and has therewith the same characteristics as the previous schemes that were in place until the end of 2014. The two former pension funds have merged with effect from 1 January 2015 and the new fund will administer the new scheme as well as the existing liabilities of the 2 former funds. The Group has entered into an administration agreement with the new fund whereby the premium is fixed for 5 years and its liabilities are limited to the payment of the actual premiums due without any liability for additional payments to or deficits arising in the fund.

The new pension fund has two compartments, which are legally separated. In one compartment the former members of the DHV fund, together with new entries since 2015, are administered. This compartment is fully self-managed and has a provisional coverage rate at the end of 2016 of 103. In the other compartment the former members of the Royal Haskoning fund are administered. This compartment is closed for new entries in 2015. The pension liabilities until the end of 2014 are fully insured with a life insurance company whereby the major risks are transferred to this company. Pension accruals with effect from 2015 are self-managed. This compartment has a provisional coverage rate at the end of 2016 of 114.

In addition, for a limited number of staff, a number of defined contribution pension schemes are directly insured with life insurance companies.

In the United Kingdom and South Africa the current pension arrangements are to be considered as individual defined contribution schemes which are administered by insurance companies.

In addition the Group operates a defined benefit pension scheme in the United Kingdom which has been closed for new entries and future accrual in 2005. Further reference is made to 2.16 and note 11.

For foreign pension schemes that are not comparable in design and functioning to the Dutch pension system a best estimate is made of the obligation at the balance sheet date using generally accepted actuarial valuation principles. Changes of the obligation are charged to the result in the period in which they arise.

2.27 FINANCE INCOME AND COSTS

Interest

Interest income and expenses are recognised in the income statement as it accrues using the effective interest method.

Dividends

Dividend income is recognised when the actual payment is received.

2.28 INCOME TAX EXPENSE

Income tax is calculated on the profit/(loss) before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

2.29 SHARE OF RESULT PARTICIPATING INTERESTS

The share of the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Notes to the Consolidated Financial Statements

3 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill	Computer Software	Total
At 1 January 2016			
Cost	74,345	13,251	87,596
Accumulated impairment and amortisation	(43,324)	(10,334)	(53,658)
Book value	**31,021**	**2,917**	**33,938**
Movements			
Investments	-	491	491
Divestments	-	(44)	(44)
Exchange rate differences	97	4	101
Impairment	(2,467)	-	(2,467)
Amortisation	(3,240)	(1,381)	(4,621)
Subtotal	**(5,610)**	**(930)**	**(6,540)**
At 31 December 2016			
Cost	74,213	12,943	87,156
Accumulated impairment and amortisation	(48,802)	(10,956)	(59,758)
Book value	**25,411**	**1,987**	**27,398**
Amortisation rate in %	5-7	12-33	

At each balance sheet date the Group tests whether there are any indicators of intangible assets being subject to impairment. If any such indicators exists, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast 2016, budget 2017 and further financial projections for 2018-2021. Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, pre-tax discount rates have been applied.

Above mentioned tests have led to a partly impairment of a CGU in the Americas of €1.1 million based on the disappointing historical performance or future expectations and an impairment of a CGU in Asia of €1.3 million due to declining market circumstances.

The book value of Goodwill is geographically divided as follows:

	2016	2015
The Netherlands	7,644	9,045
United Kingdom	2,889	3,699
Europe (other)	1,707	1,862
Africa	5,963	6,259
Asia	1,707	3,354
Americas	5,501	6,802
	25,411	**31,021**

4 TANGIBLE FIXED ASSETS

Movements in tangible fixed assets can be broken down as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
At 1 January 2016					
Cost	6,499	21,876	16,829	6,585	51,789
Accumulated impairment and amortisation	(3,805)	(18,190)	(12,399)	(5,540)	(39,934)
Book value	**2,694**	**3,686**	**4,430**	**1,045**	**11,855**
Movements					
Investments	779	686	2,976	339	4,780
Disposals	(70)	(140)	(40)	(19)	(269)
Reclassification	204	(66)	4	(142)	-
Exchange rate differences	(67)	(60)	-	(145)	(272)
De-consolidated	-	(2)	(9)	(8)	(19)
Depreciation	(810)	(1,126)	(2,836)	(330)	(5,102)
Subtotal	**36**	**(708)**	**95**	**(305)**	**(882)**
At 31 December 2016					
Cost	8,489	19,795	15,869	5,196	49,349
Accumulated impairment and amortisation	(5,759)	(16,817)	(11,344)	(4,456)	(38,376)
Book value	**2,730**	**2,978**	**4,525**	**740**	**10,973**
Depreciation rate in %	0-10	20-33	20-33	20-33	

The book value of assets under financial lease is as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
Financial lease	-	19	762	-	**781**

Notes to the Consolidated Financial Statements

5 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating Interests	Deferred income tax assets	Other financial fixed assets	Total
At 1 January 2016	**3,797**	**10,621**	**121**	**14,539**
Investments / additions	792	2,482	-	3,274
Reclassification	(594)	(283)	-	(877)
Disposals / utilisation	(271)	(363)	-	(634)
Remeasurement of defined benefit plan	-	1,441	-	1,441
Share of result in participating interests	446	-	-	446
Exchange differences	239	(200)	1	40
De-consolidated	-	(200)	-	(200)
Dividends	(1,072)	-	-	(1,072)
At 31 December 2016	**3,337**	**13,498**	**122**	**16,957**

Participating interests

We refer to page 75 for the company's participating interests.

Deferred income tax assets

Deferred income tax assets relate amongst others to unused tax losses. Recognised and unrecognised deductible temporary differences and tax losses can be broken down as follows:

	2016 Deferred income tax assets	2015 Deferred income tax assets
Deductible temporary differences related to United Kingdom pensions	4,382	3,399
Other deductible temporary differences	2,670	3,175
Total deductible temporary differences	**7,052**	**6,574**
Tax losses	6,446	4,047
	13,498	**10,621**

An amount of €1.5 million of the €13.5 million deferred tax asset is anticipated to be settled within 1 year.

The known tax losses not valued amount to €21.6 million (2015: €22.3 million).

The deferred tax asset for tax losses includes a deferred tax benefit of €3.5 million for the liquidation of the entities in Portugal and Russia.

Movement in deferred tax on the United Kingdom pensions is related to the actuarial loss on post-employment benefit obligations on the United Kingdom pension plan (defined benefit). In 2016 €1.4 million is recognised directly in equity (2015: €-1.0 million).

Other deductible temporary differences include timing differences from participating interests.

Notes to the Consolidated Financial Statements

6 WORK IN PROGRESS

Costs and estimated earnings on uncompleted contracts are as follows:

	2016	2015
Costs incurred and estimated earnings	1,737,643	1,579,724
Billings to date	(1,740,712)	(1,568,206)
	(3,069)	**11,518**

	2016	2015
Costs incurred and estimated earnings in excess of billings	75,387	89,892
Billings in excess of cost incurred and estimated earnings	(78,456)	(78,374)
	(3,069)	**11,518**
Less:		
Provision for expected losses	(10,567)	(8,694)
Payments in advance	(3,052)	(4,073)
	(16,688)	**(1,249)**

Change work in progress in the income statement is not equal to the movement in the balance sheet amongst others due to exchange rate differences, deconsolidations and reclassifications.

The negative amount of work in progress is included in the current liabilities, see note 13.

7 RECEIVABLES

	2016	2015
Trade receivables	131,756	116,490
Amounts owed from participating interests	8,692	6,948
Corporate income tax	669	202
Other taxes and social security charges	2,786	2,755
Employee advances	523	596
Prepaid expenses	9,897	11,949
Other receivables	7,176	7,689
	161,499	**146,629**

Amounts owed from participating interests, like joint ventures, are treated similar to trade receivables; no interest is charged.

All receivables fall due in less than one year.

	2016	2015
Trade receivables	148,705	132,701
Less: provision for bad debts	(16,949)	(16,211)
	131,756	**116,490**

Notes to the Consolidated Financial Statements

8 CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance includes an amount of €0.2 million (2015: €1.0 million) that is not immediately accessible. This relates to funds that are in an escrow account with the Dutch Tax Authorities in line with the Dutch Sequential Liability Act.

9 SHAREHOLDERS' EQUITY

Movements in shareholders' equity can be broken down as follows:

	2016						2015
	Issued share capital	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappropriated result	Total	Total
At 1 January	**5,000**	**(8,912)**	**3,143**	**107,813**	**11,846**	**118,890**	**106,564**
Movements							
Legal and statutory reserves	-	-	(854)	854	-	-	-
Exchange rate differences	-	713	-	-	-	713	(1,278)
Unappropriated result	-	-	-	-	12,129	12,129	11,846
Transfer result last year to other reserves	-	-	-	11,846	(11,846)	-	-
Own shares (repurchased) / sold	-	-	-	(345)	-	(345)	490
Dividend	-	-	-	(292)	-	(292)	(140)
Other movements in reserves	-	-	-	(8,832)	-	(8,832)	1,408
Subtotal	-	**713**	**(854)**	**3,231**	**283**	**3,373**	**12,326**
At 31 December	**5,000**	**(8,199)**	**2,289**	**111,044**	**12,129**	**122,263**	**118,890**

Group equity comprises of the equity of Koninklijke HaskoningDHV Groep B.V., which also includes the DHV Education Foundation. The equity of Koninklijke HaskoningDHV Groep B.V. as well as reconciliation with the consolidated equity is part of note 28 of the Company Financial Statements.

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in the foreign currency translation reserve.

The legal and statutory reserves consist of a statutory reserve for unappropriated income of participating interests of €2.0 million and a legal reserve of €0.3 million in Portugal and Belgium.

Notes to the Consolidated Financial Statements

10 MINORITY INTEREST

Movements in the minority interest can be broken down as follows:

	2016	2015
At 1 January	**257**	**329**
Newly consolidated	-	(152)
Profit for the year	(68)	150
Dividends	(6)	(7)
Exchange differences	8	(63)
At 31 December	**191**	**257**

11 PROVISIONS

Movements in provisions can be broken down as follows:

	Pensions	Re-organisation	Long-term employee benefits	Deferred tax liability	Other provisions	Total
At 1 January 2016	**18,884**	**10,337**	**3,859**	**-**	**848**	**33,928**
Additions	593	3,937	727	875	71	6,203
Withdrawals	(1,431)	(5,195)	(160)	(114)	(477)	(7,377)
Remeasurement of defined benefit plan	10,273	-	-	-	-	10,273
Reclassification	-	-	636	(283)	(39)	314
Release to profit & loss account	-	(474)	-	-	(24)	(498)
Exchange differences	(2,542)	(25)	18	9	4	(2,536)
At 31 December 2016	**25,777**	**8,580**	**5,080**	**487**	**383**	**40,307**

Of the provisions €33.9 million (2015: €28.5 million) qualifies as long-term (in effect for more than one year).

Pensions

Provisions are recognised at the balance sheet date for unfunded obligations resulting from contractual arrangements with pension funds and from obligations to employees in the United Kingdom. These obligations are based on actuarial calculations.

United Kingdom closed defined benefit plan

This plan is a funded defined benefit arrangement. The plan is a separate trustee administered fund holding the pension plan assets to meet the long-term pension liabilities.

New entries and accruals for new benefits in the plan ceased on 30 June 2005 at which time all remaining active members became deferred members. No guarantee from the Group has been provided to the local entity in the United Kingdom for the closed defined benefit plan.

Notes to the Consolidated Financial Statements

Movement in net defined benefit liability

	2016			2015
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	Total
At 1 January	**75,831**	**56,947**	**18,884**	**20,796**
Included in income statement				
Interest	2,398	1,804	594	765
Included in equity				
Actuarial loss (gain) arising from				
- Scheme experience	773	-	773	(344)
- Demographic assumptions	-	-	-	-
- Financial assumptions	15,759	-	15,759	(2,433)
Return on plan assets (excluding interest income)	-	6,259	(6,259)	449
Exchange differences	(10,210)	(7,667)	(2,543)	1,232
	6,322	**(1,408)**	**7,730**	**(1,096)**
Other				
Contributions paid by employer	-	1,431	(1,431)	(1,581)
Benefits paid	(5,065)	(5,065)	-	-
	(5,065)	**(3,634)**	**(1,431)**	**(1,581)**
At 31 December	**79,486**	**53,709**	**25,777**	**18,884**

The interest is taken up in the income statement in the line interest costs.

Plan assets

Plan assets comprise of the following:

	2016		2015	
	Amount	%	Amount	%
Corporate bonds	2,691		1,982	
Index-linked bonds	2,536		2,554	
Pooled Liability Driven Investment Funds	13,077		16,310	
Total matching assets	**18,304**	**34.1**	**20,846**	**36.6**
United Kingdom equities	8,741		7,468	
Overseas equities	8,349		7,575	
Diversified growth funds	11,343		15,026	
Property	4,826		4,362	
Cash	2,146		1,670	
Total growth assets	**35,405**	**65.9**	**36,101**	**63.4**
Total invested assets	**53,709**	**100.0**	**56,947**	**100.0**

None of the fair values of the assets shown above include any of the United Kingdom Company's own financial instruments or any property occupied by, or other asset used by, the company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance.

The strategic asset allocation target is 38% matching assets and 62% growth assets.

Notes to the Consolidated Financial Statements

Defined benefit obligations

Actuarial assumptions
The following were the principal actuarial assumptions at the reporting date (in % per annum):

	2016	2015
Discount rate	2.7	3.8
Inflation (Retail Price Index)	3.3	3.0
Inflation (Customer Price Index)	2.3	2.0
Allowance for commutation of pension for cash at retirement	60% of Post A Day	80% of Post A Day

The discount rate is based on the iBoxx AA-rated United Kingdom 15-year corporate bond index.

The mortality assumptions adopted at 31 December 2016 are 100% of the standard tables S2PxA, year of birth, no ageing for males and females, projected using CMI_2015 converging to 1.0% per annum. These imply the following life expectancies at age 65 years:

	2016	2015
Longevity at age 65 for current pensioners		
Males	21.9	22.0
Females	23.9	24.3
Longevity at age 65 for current members aged 45		
Males	23.2	23.4
Females	25.4	25.8

Sensitivity analysis
Reasonably possible changes at reporting date to one of the relevant actuarial assumptions, holding other consumptions constant, would have affected the defined benefit obligation by the percentages shown below:

		2016	2015
Discount rate	Decrease of 0.1% per annum	2% increase	2% increase
Rate of inflation	Increase of 0.1% per annum	2% increase (of inflation-linked)	2% increase (of inflation-linked)
Rate of mortality	Increase of life expectancy of 1 year	2% increase	2% increase

The average duration of the defined benefit obligation at the period ending at 31 December 2016 is 19 years (2015: 16 years).

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect will, however, now be partially offset as a result of the investment in LDI assets.

Additionally, caps on inflationary increases are in place to protect the plan against extreme valuation.

Following the completion of the triennial valuation of the scheme as at 31 October 2015, the level of regular deficit funding increased to £1.3 million per annum from the start of 2017 and increased thereafter by 3% per annum, plus additional annual contributions of £0.02 million per year to a maximum of £0.1 million per annum thereafter, until the next review as at 31 October 2018 which is expected be completed by the end of 2019.

Reorganisation
The movements in 2016 are related to the restructuring of the organisation to be more effective, efficient and thus more successful in the market.

Long-term employee benefits
This item mainly relates to future long-service awards. In addition provisions have been made for mandatory severance and disability schemes in a number of overseas countries of operation.

Other provisions
Other provisions relate to the old age pension act (AOW) for employees that have been abroad for a longer period of time. The expected utilisation period of these provisions is between one and five years.

12 NON-CURRENT LIABILITIES

	2016			2015
	At 31 December 2016	Repayment obligation in 2017	Remaining term > 1 year	Remaining term > 1 year
Loans	342	314	28	19
Financial lease liabilities	784	222	562	76
	1,126	**536**	**590**	**95**

Per 31 December 2016 the facility with two banks in the Netherlands consists of:

- revolving credit facility: €17 million
- overdraft facility: €10 million
- multipurpose facility: €20 million
- guarantee facility: €50 million

As security there is a pledge on the receivables of the borrowers.

The facility has an Euribor denominated interest rate (1-month Euribor for the draft facility and 3/6 – month Euribor for the revolving credit facility). An amount of €7 million is capped to a rate of 0.25% with an option contract with an underlying value of €7 million. The option contract matures in December 2017. The fair value of the option contract per balance date is nil.

The credit margin on the loans is based on the leverage ratio (net debt/EBITDA); a lower leverage ratio results in a lower credit margin. The debt covenant for this facility states that the leverage ratio must not exceed 2.0 at 31 December 2016 and the interest coverage ratio shall not be lower than 4.0. At 31 December 2016, the leverage ratio (net debt/EBITDA) is -1.9 and the interest coverage ratio is 27.9.

Koninklijke HaskoningDHV Groep B.V. has closed a guarantee facility of €5 million with a bank in the Netherlands.

Parallel to the loan/guarantee facilities the group has loan facilities with banks in South Africa (€3.1 million Prime Rate denominated overdraft facility; €1.4 million guarantee facility; €1.0 million asset finance) and the United Kingdom (€2.9 million Bank of England Base Rate denominated overdraft facility; €2.9 million guarantee facility). There are no securities given for the facility in South Africa. In the United Kingdom banking facilities are secured with a debenture; a written agreement between lender and borrower, filed at Companies House. The debenture holder has the rights to any and all assets should the company become insolvent. In other countries the group has guarantee facilities of €2.9 million.

In total the company has €116 million banking facilities. Within these facilities €34 million can be used for loans, €62 million can be used for guarantees and €20 million can be used for both loans and guarantees. At 31 December 2016 the Group had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €48.1 million.

Notes to the Consolidated Financial Statements

13 CURRENT LIABILITIES

	2016	2015
Amounts owed to credit institutions	3,788	5,034
Short term part of non-current liabilities	536	47
Trade payables	40,144	46,964
Corporate income tax	2,724	7,597
Other taxes & social security charges	23,878	26,371
Holiday allowance	7,071	7,358
Amounts owed to participating interests	85	1,406
Pension premiums	793	3,245
Leave entitlements	10,366	10,704
Accrued expenses	10,331	14,051
Work in progress	16,688	1,249
Other short term liabilities	13,347	11,528
Total	**129,751**	**135,554**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Other taxes & social security charges include payroll taxes of €6.7 million (2015: €8.9 million) and VAT of €14.4 million (2015: €17.5 million).

Included in accrued expenses are accruals for accommodation, ICT costs and project related costs of €4.1 million (2014: €5.5 million), staff related accruals of €2.2 million (2015: €3.7 million) and other of €3.5 million (2015: €4.8 million).

14 FINANCIAL INSTRUMENTS

General

During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company.

The company applies derivatives, including forward exchange contracts and purchased interest rate options to control its risks.

The company does not trade in financial derivatives.

Credit risk

Credit risk arises principally from the company receivables presented under trade and other receivables and cash. The maximum amount of credit risk that the company incurs is €255 million, consisting of trade receivables (€149 million excluding the provision for bad debts), other receivables (€30 million) and cash (€76 million). The credit risk is concentrated at a large number of counterparties, the highest receivable amounts to €5.2 million. A long standing relationship exists with this counterparty.

The company exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically, on the other hand, the credit risk is approximately 48% concentrated in the Netherlands.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before, preferably, the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available and purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

A large part of the Group's customers have been transacting with the Group for over four years. Impairment losses have been recognised against these customers. At balance date the provision for bad debts amounted to €16.9 million.

Notes to the Consolidated Financial Statements

Interest rate risk

In order to mitigate the interest risk the company faces on the usage of the central loan facility, the company has purchased an interest rate cap option. The option protects the company from an increasing interest rate. The purchased options have a strike rate of 0.25%. If market interest (3 month EURIBOR) rises above 0.25% the option will start to pay out. Below the strike level, the company pays the prevailing market rate on the loans.

At balance date the market value of the interest rate cap option is nil.

At year end the outstanding instrument is as follows:

	Outstanding amount	Maximum interest payable cap	Start date	End date
1	7,000	0.25%	27/12/2016	27/12/2017

Currency risk

The Group is exposed to currency risk on sales denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro, but also Pound Sterling (GBP). The currencies in which these transactions primarily are denominated are USD and SAR. The group aims to mitigate as much as possible of its foreign currency exposure in respect of contracted sales.

The currency risk of net investments in foreign subsidiaries is not hedged. The current view on this translation exposure is that our investments are long term and as such are not hedged through short term instruments as Foreign Exchange derivatives.

The net currency position (EUR) of hedged contracts as at 31 December is specified below:

	2016		2015	
	Estimated fair value	Contract value/ fictitious principal amounts	Estimated fair value	Contract value/ fictitious principal amounts
EUR/USD	(577)	13,783	(95)	5,115
EUR/SAR	(34)	9,181	(525)	16,707
EUR/COP	(22)	940	55	1,173
EUR/MXN	(63)	3,869	904	14,640
EUR/TWD	(93)	1,917	(7)	2,565
GBP/USD	(93)	4,430	(57)	4,989
GBP/OMR	(28)	1,112	(6)	263
ILS/USD	22	9,430	-	-
Other	(91)	2,719	(207)	11,376
	(979)	**47,381**	**62**	**56,828**

The contracts expire in the next three years.

Liquidity risk

Management ensures that the cash position is sufficient to meet the company's financial obligations towards creditors and to stay within the limits of its loan covenants. For further details regarding our bank facility we refer to note 12.

Notes to the Consolidated Financial Statements

15 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

Operational leases

	2016				2015
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Total
Equipment / utilities	-	-	-	-	150
Buildings rental / lease	13,587	34,063	26,075	73,725	82,222
Car lease	4,335	6,928	-	11,263	12,308
ICT lease	6,416	6,882	-	13,298	14,670
	24,338	**47,873**	**26,075**	**98,286**	**109,350**

In 2016, the commitments ensuing from this recognised in the profit and loss account amounted to €28.4 million (2015: €30.4 million).

Contingent liabilities

The Company in the Netherlands is liable for any obligations arising under the Dutch Sequential Liability Act. The Company executes certain projects in partnership with other parties.

Based on contractual agreements, the Company bears joint and several liabilities for the contractual obligations of the partnership resulting from these projects.

Tax group liabilities

The Company forms a tax entity for VAT and income tax in the Netherlands with a number of group companies (see page 69). Under the standard conditions, the Company and its fellow members of the tax group are jointly and severally liable for any taxes owed by the group.

By virtue of its operations in various countries, the Company incurs operational and/or tax claims. Where their effect is more likely than not and can be reasonably estimated, such claims are provided for as soon as they arise. The existing provisions are considered sufficient to cover the potential consequences of pending claims.

Contingencies

The Company is involved in certain legal proceedings relating to its projects. Provisions have been created for these in so far as these are necessary based on the management's best estimate.

Share Plan

For details about the company's share plan we refer to page 78.

Notes to the Consolidated Financial Statements

16 NET TURNOVER

The net turnover by geographical area can be broken down as follows:

	2016	2015
The Netherlands	294,998	310,153
Africa, Middle East and India (excl. SA)	93,577	90,798
Asia Pacific	67,751	74,873
South Africa	44,928	63,006
Continental Europe (excl. NL)	42,909	42,331
Americas	39,979	38,068
United Kingdom	37,151	47,738
	621,293	**666,967**

The net turnover by business line can be broken down as follows:

	2016	2015
Industry & Buildings	211,970	243,792
Transport & Planning	152,673	155,004
Maritime & Aviation	142,962	139,627
Water	113,688	128,544
	621,293	**666,967**

See key figures on page 4 for % segmentation of turnover by client group, market group and region.

17 SHORT-TERM EMPLOYEE BENEFITS

	2016	2015
Salaries and wages	273,345	289,477
Social security charges	29,588	29,987
Pension costs	31,035	33,526
	333,968	**352,990**

Notes to the Consolidated Financial Statements

18 REMUNERATION REPORT UNDER RESPONSIBILITY OF THE SUPERVISORY BOARD

Remuneration Executive Board

Current and former managing directors	Base salary	Social premiums / other allowances	Variable	Pensions	2016 Total	2015 Total
E. Oostwegel (Chairman)	429	80	129	16	654	572
N.G. Dalstra (CFO, member since 01-10-2016)	83	15	25	4	127	-
J.M. de Bakker (until 01-10-2016)	281	48	85	13	427	473
H.J.D. Rowe (until 01-07-2016)	155	32	47	30	264	583
Former members					-	517
					1,472	**2,145**

The objectives of the remuneration policy for members of the Executive Board are to align individual and company performance, strengthen long-term commitment to the Company, and attract and retain the best executive management talent. The policy aims to safeguard the Company's performance and growth, as well as to position the company as an attractive employer.

The remuneration levels for the Executive Board members are based on surveys and analyses by internationally recognised firms specialising in executive compensation. The Supervisory Board compares market remuneration of Dutch and some European peer companies to benchmark the remuneration of the Executive Board positions.

In 2016 the job and remuneration levels of the CEO and CFO were benchmarked for the first time since 2012. As a result of the benchmark, the CEO's Hay grade increased with one scale level. The CFO's Hay grade remained at the level it was before. The benchmark both took the general market and the direct peer group into account.

The general policy for the Executive Board remuneration is to set the base salary at median level of the direct peer group (Dutch and some relevant EU companies), which is approximately Q1 level of the Dutch general market. The remuneration policy implies that the total cash compensation (= base salary + Short Term Incentive) should be at the median level of the direct peer group as well. The – on target – Short Term Incentive for the Executive Board is below the Short Term Incentive of the direct peer group (28% versus 40-45%). Both the general market and the direct peer group have Long Term Incentive plans, at a value of approximately 45% of base salary in place, which Royal HaskoningDHV has not.

The severance payment is capped at one year's salary.

As from July 1 2016, the base salary for Erik Oostwegel was set at €475,000, in line with the benchmark. The base salary for Nynke Dalstra was set at €330,000, also at direct peer group level.

The maximum Short Term Incentive amounts to 40% of the base salary. The Supervisory Board annually decides on the actual percentage for that year, based on previously agreed key performance indicators. These KPIs include both financial targets (max. 27.5 out of 40%), and since 2016 others such as sustainability, Clients' satisfaction, Employee Engagement and the increase in Project Management capabilities in the company (max. 12.5% out of 40%). The 2016 financial results lead to a variable pay of 21.8%. The performance on non-financial targets leads to a variable pay of 8.4%, thus totalling to a Short Term Incentive of 30.2%.

The Short Term Incentive is, in principle, payable in depositary receipts.

Royal HaskoningDHV offers the members of the Executive Board a package of secondary employment benefits in accordance with the general labour conditions for Netherlands staff. The benefit package of the Executive Board includes disability insurance, a company car and a Director's Liability insurance. The Company does not issue loans or guarantees to the members of the Executive Board.

Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board remained unchanged.

Current and former Supervisory board members	2016	2015
J.A.P. van Oosten (Chairman)	45	45
P.M.M. Blauwhoff (member since 18-06-2015)	35	19
J. Bout	35	35
A.M. Paulussen-Hoogakker (member since 18-06-2015)	35	19
J.S.T. Tiemstra	35	35
Former members	-	27
	185	**180**

19 OTHER OPERATING COSTS

	2016	2015
Temporary staff	15,750	15,730
Office expenses	25,270	25,085
Travel and accommodation	21,503	22,716
Occupancy costs	21,739	21,597
Work by third parties	6,540	7,459
Additional personnel expenses	8,145	8,583
Other operating expenses	11,793	3,764
Restructuring costs and other one-off items	2,451	6,605
	113,191	**111,539**

Restructuring costs include provisions for staff redundancy.

Included in other operating costs is a loss on exchange rate differences of €0.1 million (2015: gain €1.8 million).

Auditor's fees

The following auditor's fees were expensed in the income statement in the reported period (included in Work by third parties) to the statutory auditor of the Group:

	2016			2015
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	Total KPMG
Audit of the financial statements	152	125	277	277
Other audit related services	40	-	40	27
Tax-related advisory services	-	-	-	36
Other non-audit services	5	-	5	4
	197	**125**	**322**	**344**

20 INCOME TAX EXPENSE

The major components of the tax expense are as follows:

	2016	2015
Tax liability for current financial year	6,430	8,233
Movement in temporary differences	(264)	680
Adjustment in valuation of deductible losses	381	296
Adjustment for prior periods	288	(131)
Other adjustments	(3,223)	273
Tax expense	**3,612**	**9,351**

The applicable weighted average tax rate is 24.8% (2015: 27.2%), whereby the weighted average has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the income statement for 2016 amounts to €3.6 million, or 23.0% of the result before tax and share in result of participating interests (2015: 43.8%).

The numerical reconciliation between the applicable and the effective tax rate is as follows:

	2016		2015	
Profit before tax	15,673		21,347	
Statutory tax rate NL	3,918	25%	5,337	25%
Changes related to:				
Utilisation of previously reserved loss carryforwards	(583)	(3.7%)	(527)	(2.5%)
New loss carryforwards not expected to be realised	964	6.2%	466	2.2%
Addition (releases) of temporary differences not expected to be realised	-	0.0%	823	3.9%
Non tax deductible goodwill amortisation	1,505	9.6%	1,803	8.4%
Non taxable income	(886)	(5.7%)	(668)	(3.1%)
Non tax deductible expenses	397	2.5%	840	3.9%
Withholding and foreign taxes	1,232	7.9%	1,136	5.3%
Tax rate differences	(24)	(0.2%)	466	2.2%
Prior year tax results	288	1.8%	(131)	(0.6%)
Tax expenses due to other liabilities	(1,290)	(8.2%)	(194)	(0.9%)
Tax incentives and other	(1,909)	(12.2%)	-	-
Effective tax rate	**3,612**	**23.0%**	**9,351**	**43.8%**

Other adjustments relate to amongst others unrecoverable taxes, withholding taxes and changes in the tax provision.

Notes to the Consolidated Financial Statements

21 NUMBER OF EMPLOYEES

During the year 2016 on average 5,444 (2015: 6,089) employees were employed by the Group.

The head count* per end of year by geographical area can be broken down as follows:

	2016	2015
The Netherlands	2,739	2,880
South Africa	626	736
Asia Pacific	587	625
United Kingdom	492	551
Africa, Middle East and India (excl. SA)	397	519
Continental Europe (excl. NL)	258	329
Americas	67	82
	5,166	**5,722**

The head count* per end of year is split by the following business lines:

	2016	2015
Industry & Buildings	1,513	1,640
Transport & Planning	1,169	1,297
Water	1,038	1,216
Maritime & Aviation	758	827
Corporate Groups	688	742
	5,166	**5,722**

*Numbers are excluding flexible workforce and minority interests.

22 CHANGES IN CONSOLIDATED INVESTMENTS

The following investments and divestments were made in 2016:

	Country	Holding at 01/01/2016	Acquired / divested	Holding at 31/12/2016
Merged:				
Bierhaus Constructeurs B.V.	The Netherlands			
Iraco B.V.	The Netherlands			
HaskoningDHV India PvT Ltd.	India			
Disposal:				
DHV (Beijing) Environmental Engineering Co. Ltd.	China	100.0%	(100.0%)	0.0%
Deconsolidation:				
Consortio Dique*	Colombia			

*Reassessing the factual circumstances and the actual state of affairs made us conclude that Consortio Dique isn't a group entity, the Group doesn't have control and therefore doesn't need to consolidate Consortio Dique anymore.

23 RELATED PARTY TRANSACTIONS

The Group's related parties comprise joint ventures, the Executive Board, the Supervisory Board, Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. An extensive list of subsidiaries and joint ventures is disclosed on page 75 to 77. All transactions with related parties are at arm's length basis.

Company Financial Statements

Company Balance Sheet at 31 December 2016

Before profit appropriation *€ thousands*

Assets	Note	2016	2015
Fixed assets			
Intangible fixed assets	25	10,488	11,643
Financial fixed assets	26	117,599	156,034
		128,087	**167,677**
Current assets			
Receivables	27	27,336	13,098
Cash and cash equivalents		161	446
		27,497	**13,544**
		155,584	**181,221**

Shareholders' equity & liabilities	Note	2016	2015
Shareholders' equity			
Issued share capital		5,000	5,000
Share premium		-	-
Foreign currency translation reserve		(8,204)	(9,171)
Legal and statutory reserves		2,289	3,143
Other reserves		112,391	109,476
Unappropriated result		12,485	11,531
Subtotal	28	**123,961**	**119,979**
Provisions	29	44	367
Non-current liabilities	30	-	-
Current liabilities	31	31,579	60,875
		155,584	**181,221**

Company Income Statement 2016

€ thousands

	Note	2016	2015
Share of result of participating interests after tax		15,363	17,998
Company result after tax		(2,878)	(6,467)
Net result		**12,485**	**11,531**

Notes to the Company Financial Statements

24 GENERAL INFORMATION

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in the Netherlands.

Since the income statement for 2016 of Koninklijke HaskoningDHV Groep B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 2.6 to the consolidated financial statements.

For accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement on pages 36 to 43.

25 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill
At 1 January 2016	
Cost	28,319
Accumulated impairment and amortisation	(16,676)
Book value	**11,643**
Movements	
Amortisation	(1,155)
Subtotal	**(1,155)**
At 31 December 2016	
Cost	28,319
Accumulated impairment and amortisation	(17,831)
Book value	**10,488**
Amortisation rate in %	5

Notes to the Company Financial Statements

26 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating interests	Loans to participating interests	Deferred income Tax assets	Other financial fixed assets	Total
At 1 January 2016	**135,085**	**18,228**	**2,608**	**113**	**156,034**
Investments / additions	18,339	2,412	950	-	21,701
Repayments / utilisation	-	(353)	-	-	(353)
Reclassification	-	(14,783)	-	-	(14,783)
Share of result in participating interests	15,363	-	-	-	15,363
Exchange differences	241	725	-	-	966
Dividend	(52,004)	-	-	-	(52,004)
Disposals	(493)	-	-	-	(493)
Other movements	(8,836)	4	-	-	(8,832)
At 31 December 2016	**107,695**	**6,233**	**3,558**	**113**	**117,599**

Participating interests

Four of the participating interests have a negative equity value with a total value of €1.5 million (2015: €2.1 million).

Investments mainly relates to capital contribution in HaskoningDHV UK Holdings Ltd. (€14.9 million) and Haskoning International B.V. (€3.0 million).

Dividend has been paid by HaskoningDHV Nederland B.V. (€52.0 million).

In the other movements the remeasurement of the United Kingdom pension fund is included (€8.8 million).

The participating interests are 100% related to group companies. For an extensive list of participating interests we refer to page 75.

Loans to participating interests

Receivables from participating interests includes loans to RoyalHaskoningDHV (Pty) Ltd. of €3.6 million (2015: €3.2 million) and InterVISTAS Holding Inc. of €2.5 million (2015: €0 million). The loans are provided for funding and cash management purposes. The majority of the loans has a permanent nature.

Nothing has been agreed in respect of securities.

An amount of €14.8 million has been reclassified to Amounts owed from group companies / subsidiaries within the Receivables (note 27), because these loans do not have a permanent nature.

The interest income on loans to associates amounted to €0.6 million (2015: €0.8 million).

27 RECEIVABLES

	2016	2015
Amounts owed from group companies / subsidiaries	26,129	12,365
Receivables Stichting STAHD	-	56
Other receivables, prepayments and accrued income	1,207	677
	27,336	**13,098**

Notes to the Company Financial Statements

28 SHAREHOLDERS' EQUITY

The authorised and issued share capital amounts to € 5,000,000, divided into ordinary shares of € 1.00 each, split by A and B class shares (with equal voting rights). For further information regarding the shareholder structure we refer to page 78.

Depositary receipts (DRs) of the B class shares are sold to employees during an annual trade round. In the event that more DRs are offered than requested by employees in any future year, there is an intention to buy back DRs by Stichting Administratiekantoor HaskoningDHV to a maximum of 2.5% of the total number of A and B shares in Koninklijke HaskoningDHV Groep B.V. This is subject to approval of the Supervisory Board.

	2016		2015	
	A shares	B shares	A shares	B shares
Stichting HaskoningDHV	4,717,359	-	4,717,359	-
Stichting Adminstratiekantoor HaskoningDHV	-	225,495	-	238,261
Koninklijke HaskoningDHV Groep B.V.	-	57,146	-	44,380
	4,717,359	**282,641**	**4,717,359**	**282,641**

During the trade round in May 2016, 41,731 DRs were bought and 54,497 DRs were sold. The balance of DRs bought and sold (12,766) was purchased by the company (total value of €0.3 million – price €27.06). In principle short term incentives and profit sharing are payable in DRs.

Subject to adoption of the financial statements 2016 by the Annual General Meeting, the price will rise by 7.2% to €29.01. Including the proposed dividend of €1.23 (see Proposed profit appropriation, page 68) the total return for the DR holders is 11.8%.

The movement in DRs is as follows:

	2016	2015
Balance at 1 January	238,261	218,607
Bought	41,731	39,319
Sold	(54,497)	(19,665)
	225,495	**238,261**

Notes to the Company Financial Statements

Statement of changes in shareholders' equity

Movements in shareholders' equity can be broken down as follows:

	2016						2015
	Issued share capital	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappropriated result	Total	Total
At 1 January	**5,000**	**(9,171)**	**3,143**	**109,476**	**11,531**	**119,979**	**108,333**
Movements							
Legal and statutory reserves	-	-	(854)	854	-	-	-
Exchange rate differences	-	967	-	-	-	967	(1,542)
Unappropriated result	-	-	-	-	12,485	12,485	11,531
Transfer result last year to other reserves	-	-	-	11,531	(11,531)	-	-
Own shares sold / (repurchased)	-	-	-	(345)	-	(345)	490
Dividend	-	-	-	(292)	-	(292)	(140)
Other movements in reserves	-	-	-	(8,833)	-	(8,833)	1,307
Subtotal	**-**	**967**	**(854)**	**2,915**	**954**	**3,982**	**11,646**
At 31 December	**5,000**	**(8,204)**	**2,289**	**112,391**	**12,485**	**123,961**	**119,979**

The reconciliation of the statutory and consolidated equity of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2016	2015
Equity Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	123,961	119,979
Equity DHV Education Foundation	(1,698)	(1,089)
Equity Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**122,263**	**118,890**

The reconciliation of the statutory and consolidated result of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2016	2015
Result Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	12,485	11,531
Result DHV Education Foundation	(356)	315
Result Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**12,129**	**11,846**

Foreign currency translation reserve

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in this statutory reserve.

Legal and Statutory reserves

The legal and statutory reserves consist of a statutory reserve for unappropriated income of participating interests of €2.0 million and a legal reserve of €0.3 million in Portugal and Belgium.

Notes to the Company Financial Statements

Other reserves

Included in other movements is the Defined Benefit Pension Plan United Kingdom. The movement relates to the net balance of actuarial gains and losses, after deduction of deferred tax, in respect of the closed pension scheme in the United Kingdom, which has been directly charged to the reserves. Further reference is made to note 11.

Proposed profit appropriation

Given the profit over 2016, the Executive Board proposes that a dividend of € 1.23 per B-share will be distributed to holders of B shares, representing a value of € 277.000. Due to the depositary receipts Rules and Regulations this dividend will be distributed to the depositary receipt holders on a one-to-one basis.

The Executive Board proposes that no dividend will be distributed to the A shares and B shares held by Koninklijke HaskoningDHV Groep. The remaining profit of € 11.852.000 will be added to the other reserves.

29 PROVISIONS

The provisions are mainly related to long-term employee benefits.

30 NON-CURRENT LIABILITIES

For terms and conditions of the loan and guarantee facility, refer to note 12 of the consolidated notes on page 52.

31 CURRENT LIABILITIES

	2016	2015
Amounts owed to credit institutions	14,646	51,796
Amounts owed to group companies / subsidiaries	14,834	2,971
Corporate income tax	1,441	5,090
Other taxes & social security contributions	21	68
Other debts, accruals and deferred income	637	950
	31,579	**60,875**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

32 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

At 31 December 2016 the company had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €7.9 million.

Koninklijke HaskoningDHV Groep B.V. has issued a corporate guarantee to Castor (Amersfoort) B.V., in which it guarantees the fulfilment of the rental obligations related to the head office in Amersfoort. The guarantee amounts to a rental period of maximum five years and the term of the guarantee is equal to that of the lease.

Notes to the Company Financial Statements

33 TAX GROUP LIABILITIES

The company forms a corporate income tax group with:

- HaskoningDHV Nederland B.V.
- HaskoningDHV Asset Management B.V.
- Haskoning International B.V.
- Haskoning International Services B.V.
- Haskoning B.V.
- De Weger Architecten en Ingenieursbureau B.V.
- DHV China B.V.
- DHV Global Engineering Center B.V.
- DHV NPC B.V.

Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the group.

34 JOINT AND SEVERAL LIABILITIES AND GUARANTEES

The company has issued no declarations of joint and several liabilities for debts arising from legal acts of Dutch consolidated participating interests.

Amersfoort, the Netherlands

March 10, 2017

Executive Board
E. Oostwegel (CEO)
N.G. Dalstra (CFO)

Supervisory Board
J.A.P. van Oosten (Chairman)
P.M.M. Blauwhoff
J. Bout
A.M. Paulussen-Hoogakker
J.S.T. Tiemstra

Read our 2016 Annual Report online magazine

Other information

Other information

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of Koninklijke HaskoningDHV Groep B.V.

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2016 of Koninklijke HaskoningDHV Groep B.V., based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Koninklijke HaskoningDHV Groep B.V. as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2016;
2. the consolidated and company profit and loss account for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Koninklijke HaskoningDHV Groep B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- report of the Executive board;
- report of the Supervisory board;
- other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Netherlands Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management board's report, in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a further description of our responsibilities in respect of an audit of financial statements, we refer to the website of the professional body for accountants in the Netherlands (NBA): **https://www.nba.nl/Documents/Tools%20Vaktechniek/Standaardpassages/Standaardpassage_nieuwe_controletekst_niet_oob_variant_%20Engels.docx**

Rotterdam, March 10, 2017
KPMG Accountants N.V.

J. van Delden RA

Other information

PROFIT APPROPRIATION

Summary of the articles of association provisions governing profit appropriation .

Summary of the articles of association provisions governing profit appropriation Articles 23 and 24 of the articles of association contain (in summary) the following relevant provisions of profit appropriation and dividend:

- The A shares and the B shares shall have equal rights to the profit. Insofar as the general meeting does not reserve the profit otherwise, and insofar as no replenishment, takes place out of the profit in any one financial year, this profit shall be added to the retained A surplus and the retained B surplus, and this in the same ratio as that in which the nominal amounts of all the issued A shares and B shares, respectively, stand to the issued capital.

- Shares and depositary receipts issued therefore held by the company or a subsidiary thereof, from which no rights to distributions can be derived, shall not be included in the determination of the ratio referred to in the preceding sentence.

- Any addition and replenishment shall take place after the adoption of the annual accounts from which it appears that there is profit available for such addition or replenishment. The company may make distributions to the holders of B shares and any other persons entitled to the distributable retained B surplus only insofar as the shareholders' equity exceeds the amount which must be maintained under the law. No distributions may be made out of the retained A surplus or out of any reserves other than the retained B surplus.

Subject to provisions of article 23.3, distributions out of a retained B surplus as referred to in paragraph 1, may be made at all times pursuant to a resolution of the general meeting. The general meeting cannot resolve to discontinue a retained surplus.

A resolution of the general meeting to proceed to a distribution out of the retained B surplus shall be subject to the approval of the Executive Board. The Executive Board may withhold its approval only if it knows or reasonably ought to have foreseen that the company, after such distribution, will be unable to continue to pay its due debts.

- No losses may be offset against a retained surplus, unless it concerns losses which cannot be defrayed out of a reserve – not being a retained surplus – or offset in any other way and the general meeting resolves, with the approval of all the holders of the shares corresponding with the retained surplus in question, to charge losses against the balance of the retained surplus in question. If and insofar as such is possible, losses shall be charged against the retained surpluses pro rata to the number of issued A shares and B shares at the time of the adoption of the aforementioned resolution.

- If a loss has been charged against one or both retained surpluses, as referred to in the preceding sentence, the profits made in the subsequent years shall be applied first of all in replenishing the amount that was charged against the retained surplus or surpluses.

- The general meeting may resolve that dividends will be paid in whole or in part in a form other than cash, but then only in the form of B shares of the company itself.

- The general meeting can, on a proposal thereto from the Executive Board, decide, an interim addition shall be made to the retained surpluses, either chargeable against the profit or chargeable against a reserve other than a retained surplus.

GROUP COMPANIES

The following is a list of the main consolidated participating interests of Koninklijke HaskoningDHV Groep B.V., Amersfoort, The Netherlands (unless stated otherwise, all interests are 100%):

HaskoningDHV Nederland B.V.,	Amersfoort, The Netherlands
Haskoning B.V.,	Nijmegen, The Netherlands
HaskoningDHV Asset Management B.V.,	Amersfoort, The Netherlands
DHV NPC B.V.,	Amersfoort, The Netherlands
DHV Global Engineering Center B.V.,	Amersfoort, The Netherlands
InterVISTAS Consulting B.V.,	The Hague, The Netherlands
Stewart Scott International Holdings Pty Ltd.,	Johannesburg, South Africa *(76.95%)*
Royal HaskoningDHV (Pty) Ltd.,	Johannesburg, South Africa
Steward Scott Investments (Pty) Ltd.,	Johannesburg, South Africa
SSI Botswana (Pty) Ltd.,	Gaborone, Botswana
Steward Scott International (Pvt) Ltd.,	Harare, Zimbabwe
Steward Scott NCL Ltd.,	Cayman Islands
Mancon (Pty) Ltd.,	Johannesburg, South Africa
HaskoningDHV UK Holdings Ltd.,	Peterborough, United Kingdom
HaskoningDHV UK Ltd.,	Peterborough, United Kingdom
Integrated Project Management Ltd.,	Peterborough, United Kingdom
Haskoning International B.V.,	Nijmegen, The Netherlands
Haskoning International Services B.V.,	Nijmegen, The Netherlands
Haskoning Consultants, Architects and Engineers O.O.O.,	Moscow, Russia
PT Haskoning Indonesia,	Jakarta, Indonesia
Haskoning Caribbean Ltd.,	Port of Spain, Rep. of Trinidad and Tobago
Haskoning Libya JSC,	Tripoli, Libya *(80%)*
HaskoningDHV (Malaysia) Sdn Bhd.,	Kuala Lumpur, Malaysia
Royal Haskoning Consulting (Shanghai) Co. Ltd.,	Shanghai, China
Haskoning Sénégal S.A.R.L.,	Dakar, Senegal
Haskoning Singapore Pte. Ltd.,	Vista, Singapore
Haskoning Australia Pty Ltd.,	Sydney, Australia
Haskoning Brasil Participaões Ltda.,	Rio de Janeiro, Brasil *(99%)*
Haskoning Consultaria E. Projectos Ltda.,	Rio de Janeiro, Brasil *(99%)*
Haskoning Engineering Consultants Ltd.,	Abuja, Nigeria *(86.36%)*
Haskoning Cambodia Ltd.,	Phnom-Penh, Cambodia
HaskoningDHV Vietnam Ltd.,	Ho Chi Minh City, Vietnam
Royal Haskoning Qatar WLL,	Doha, Qatar
ELC Grup Müşavirlik ve Mühendislik Anonim Şirketi,	Istanbul, Turkey
Haskoning Philippines Inc.,	Manila, Philippines
NACO Mexican Airport Consultants S. De R.L. De C.V.,	Mexico City, Mexico
HaskoningDHV Myanmar Co. Ltd.,	Yangon, Myanmar
RHDHV Ireland Ltd.,	Dublin, Ireland

Other information

GROUP COMPANIES (CONTINUED)

PT Mitra Lingkungan Dutaconsult,	Jakarta, Indonesia *(77.4%)*
HaskoningDHV Belgium N.V.,	Mechelen, Belgium
HaskoningDHV Consulting Private Ltd.,	New Delhi, India
HaskoningDHV CR, spol s.r.o.,	Prague, Czech Republic
DHV Polska Sp. z.o.o.,	Warsaw, Poland
DHV Hydroprojekt Sp. z.o.o.,	Warsaw, Poland
Prokom Sp. Z.o.o.,	Czeladz, Poland
DHV SGPS, S.A.,	Algés, Portugal
DHV, S.A.,	Algés, Portugal
DHV China B.V.,	Amersfoort, The Netherlands
DHV Engineering Consultancy (Shanghai) Co. Ltd.,	Shanghai,China
HaskoningDHV Moçambique, Lda.,	Maputo, Mozambique
Turgis Technology Pty Ltd.,	Johannesburg, South Africa
Turgis Consulting (Pty) Ltd.,	Johannesburg, South Africa
InterVISTAS Holding Inc.,	Vancouver, Canada
InterVISTAS Consulting Inc.,	Vancouver, Canada
InterVISTAS Consulting UK Ltd.,	London, United Kingdom
InterVISTAS Holding USA Inc.,	Wilmington, Delaware, United States of America
InterVISTAS Consulting LLC,	Washington D.C., United States of America
InterVISTAS Servicos de Consultoria do Brasil,	Sao Paulo, Brasil

NON-GROUP COMPANIES

Joint Ventures

VOF Tunnel Engineering Consultants	Nijmegen, The Netherlands
VOF Brede AAA	Utrecht, The Netherlands
VOF Railinfra Solutions	Utrecht, The Netherlands
VOF Royal Haskoning – Arup MC Renovatie Bruggen	Amsterdam, The Netherlands
VOF Mecanoo Haskoning New Premises Eurojust	Rotterdam, The Netherlands
VOF Segmeer	Capelle a/d IJssel, The Netherlands
VOF Adviesbureau Noord/Zuidlijn	Amsterdam, The Netherlands
VOF Ontwikkeling Laurentius Ziekenhuis	Maastricht, The Netherlands
VOF EGM - Deerns - Corsmit	Rotterdam, The Netherlands
VOF Deerns Haskoning CSNS	Rijswijk, The Netherlands
VOF Ontwikkeling Atrium Santé HaskoningDHV/Huygen I.A.	Nijmegen, The Netherlands
Maatschap Benthem Crouwel NACO	The Hague, The Netherlands
Indigo I/S, Aalborg Consortium	Aarhus, Denmark
Braamhoek JV	Johannesburg, South Africa
TASANA Ingenieria Aeroportuaria JV	Mexico City, Mexico
Consortio Dique	Bogota, Colombia

Other non-group companies

Chuchawal – Royal Haskoning Ltd.	Bangkok, Thailand *(48.925%)*
Design 103 International Ltd.	Bangkok, Thailand *(48.97%)*
SADECO	Jeddah, Saudi Arabia *(49%)*
Team van Oord Ltd.	Newbury, United Kingdom *(15%)*

Other information

SHAREHOLDING STRUCTURE

Koninklijke HaskoningDHV Groep B.V. has two shareholders: the Stichting (foundation) HaskoningDHV and the Stichting Administratiekantoor HaskoningDHV ("the Trust Office"), which was incorporated by demerger from the Stichting HaskoningDHV. Stichting HaskoningDHV holds all A shares (being min. 75.5% of the entire issued share capital) and the Trust Office that holds the B shares (max. 24.5% of the entire issued share capital) equal to the issued certificates.
The B shares allow for the issue of certificates (the depository receipts) to eligible HaskoningDHV staff. The Board of the foundation exists of five members. One member has been appointed by (not out of) the Supervisory Board, the Executive Board and the combined Works Councils respectively. One member has been appointed by and out of the depositary receipts holders (candidate must meet certain qualifications). The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

Trust Office

The scope of the Trust Office will be to manage the B shares and to issue and administer the depositary receipts for shares issued to HaskoningDHV staff. Its Board currently consists of three members. The next Board of the Trust Office will be appointed out of and by the depositary receipt holders.

Stichting HaskoningDHV (Foundation HaskoningDHV)

Objective: to manage the A shares.

This foundation currently holds 4,717,359 A shares.

Composition of the Board:
P.G. Boumeester (Chairman)
M.A.M. Boersma
J.P. Kool
H. Zwarts
R.O.T. Zijlstra

Stichting Administratiekantoor HaskoningDHV

Objective: to manage the B shares in Koninklijke HaskoningDHV Groep B.V., and to issue and administer the depositary receipts for shares to eligible HaskoningDHV staff members.

This foundation currently holds 225,495 B shares.
Koninklijke HaskoningDHV Groep B.V. has bought back and currently holds 57,146 B shares.

Composition of the Board:
E.Th. Holleman (Chairman)
J.D. van Eeden
J.A.M. Leeuwis - Tolboom

Glossary and definitions

Glossary and definitions

TERM / ABBREVIATION	DEFINITION
Added value	Operating income less cost of work subcontracted and other external charges
B-BBEE	Broad-Based Black Economic Empowerment; A scheme for businesses in South Africa that aims to improve the economic position of previously disadvantaged groups in society
BRITE	Brightness, Result driven, Integrity, Team spirit and Excellence (our values)
Business Principles for Partners and Suppliers	Code of conduct which contains minimum standards for integrity and responsibility to which we request partners and suppliers comply, while the partner is at liberty to introduce further codes of conduct with higher requirements or ethical practices for itself and its employees
CFO	Chief Financial Officer
Circular Economy	A concept in which resources are regarded as economic assets that are used effectively and responsibly by closing the loop in value chains
CO_2 eq.	Carbon dioxide equivalent; This is a 'measure' (unit) to express the global warming potential of greenhouse gases, based on their impact compared to the impact of carbon dioxide
CO_2 footprint or Carbon footprint	Key indicator of the impact on climate change of an activity or entity, based on the greenhouse gas emissions caused by the assessed activity or entity, expressed in CO_2 equivalents
CO_2 Performance Ladder	A Dutch certification scheme with five levels of performance, that rates the efforts (policy, measures, initiatives, etc.) made by a company or organisation to reduce their carbon footprint
CR	Corporate Responsibility; the responsibility of a company towards society, the environment and the economy
CSR	Corporate Social Responsibility; the responsibility of a company towards society, the environment and the economy
Earnings per share	Net result / Number of ordinary shares issued
EBITA recurring	EBITA excluding non-operational items
EBITA margin	EBITA / Operating income
Employability	Employability refers to a person's capability for gaining and maintaining employment
ETHIC Intelligence Certificate	Anti-corruption compliance certificate, awarded by ETHIC Intelligence
Executive Board	Highest executive body for the daily management of the company
Executive Council	Management platform with Executive Board and Business Line Directors
Free cash flow	Cash flow from operating and investing activities
GCO	Group Compliance Officer
GRI	The Global Reporting Initiative, an organisation that publishes international guidelines for CSR reporting
HR	Human Resources
ICT	Information and Communication Technology
IMS	Integrity Management System
Integrated Report (IR)	Annual report format that integrates general, financial, environmental, and social performance
Integrity Council	International group of individual staff members - advising the Group Compliance Officer
Integrity Moment	Item on all meeting agendas, in which teams share their experiences and observations on integrity, and managers and Local Compliance Officers highlight specific integrity messages
IIRC	International Integrated Reporting Council, developed the Integrated Reporting Guideline (IR)
ISOS	International SOS; An emergency service provider for business travellers worldwide
Kms	Kilometres
LCO	Local Compliance Officer
Material topic	Topic that is relevant to understand the development, the results and the position of the company
Materiality Assessment	Analysis that defines the material topics of an organisation, based on significance of various CR topics for stakeholders and for the company
Net Turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance

TERM / ABBREVIATION	DEFINITION
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
NL	The Netherlands
Operating income	Net turnover adjusted for change in work in progress, excluding other operating income
QHSE	Quality, Health, Safety and Environment
RAB	Risk Assessment Board; the platform that protects the company, deciding on acceptable risk exposure and mitigation
Resident Director	Country manager; responsible for the local affairs of an RHDHV entity within a country
Return on average shareholders' equity	Net result / Average shareholders' equity

Company brands

ELC Consulting & Engineering
ELC Group Consulting and Engineering (ELC) is a leading environmental and geotechnical engineering consultancy. ELC works in partnership with multinational clients that develop large infrastructure projects in the oil and gas, ports, energy, finance, building, healthcare and construction sectors.

ELC GROUP Consulting & Engineering Inc a company of Royal HaskoningDHV Enhancing Society Together

First Marine International
First Marine International (FMI) is a leading specialist consultancy to the marine industry. Established in 1991, FMI delivers expert assistance and information to shipbuilders, ship repairers and other marine related organisations worldwide. Its clients include private and public companies as well as governments, multinational authorities and funding agencies.

First Marine International a company of Royal HaskoningDHV Enhancing Society Together

InterVISTAS
InterVISTAS Consulting Group is a leading management consultancy with extensive expertise in aviation, transport and tourism.

InterVISTAS a company of Royal HaskoningDHV

NACO
Netherlands Airport Consultants B V (NACO) is one of the world's leading independent airport consultancy and engineering firms and a global provider of integrated airport planning, airport design and airport engineering services.

NACO a company of Royal HaskoningDHV

NPC
NPC is the partner when it comes to (re)development, upgrade and during reconstruction, retail operation and management issues on and around public spaces and stations.

NPC a company of Royal HaskoningDHV Enhancing Society Together

Ocean Shipping Consultants
Ocean Shipping Consultants (OSC) is a leading economic consultancy specialising in shipping economics and port development, with an unequalled database for trade, port and shipping data.

OCEAN SHIPPING CONSULTANTS a company of Royal HaskoningDHV Enhancing Society Together

Chuchawal Royal Haskoning
Chuchawal Royal Haskoning, formerly known as Chuchawal–de Weger, is a Thai/Dutch joint venture that was established and incorporated in Thailand in 1974 to provide professional services as designers, engineers, consultants and project managers.

CRH CHUCHAWAL ROYAL HASKONING

Hydroprojekt
Hydroprojekt is one of the leading engineering companies in Poland, with over 60 years' experience delivering independent projects in the area of water management, flood control, environmental protection, hydraulic engineering, wastewater, hydropower and wind power, highways, roads and bridges, transport and mining.

Hydroprojekt a company of Royal HaskoningDHV

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Royal HaskoningDHV is an independent, international engineering and project management consultancy with 135 years of experience. Our head office is in the Netherlands, other principal offices are in the United Kingdom, South Africa, and India. We also have established offices in Indonesia, Thailand and the Americas; and we have a long standing presence in Africa and the Middle East.

Backed by the expertise and experience of more than 6,000 colleagues across the world, our professionals combine global expertise with local knowledge to deliver a multidisciplinary range of professional engineering and project management consultancy services in aviation, buildings, energy, industry, infrastructure, maritime, mining, transport, urban and rural development and water in over 150 countries.

By showing leadership in sustainable development and innovation, together with our clients, we are working to become part of the solution to a more sustainable society now and into the future.

Today, the company ranks in the top 50 of engineering companies worldwide and in the top 15 of Europe.

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