Royal HaskoningDHV
Enhancing Society Together

Annual Report 2017

Innovation x Co-creation = Impact

Contents

Introduction

In the years ahead, just about everything is likely to change. Already technology is creating opportunities that enable Royal HaskoningDHV to increase positive impact on society. From the way we do our work to the services we provide, innovation and co-creation are at the core of how we think, design and deliver. Our strategy Strong22, is built on exactly those two foundations. I am pleased to share in this Annual Report 2017 how, during a single year, we have developed, embraced and actioned our new strategic direction.

Our engineers, consultants and project managers have vast technical knowledge of the physical environment. The world will always need this human brilliance, human ingenuity and human skills. It is through the natural combination of our comprehensive expertise and integral approach with technology that new ideas emerge. The Internet of Things provides us with a wealth of data that enables us to create insight, overview and predictions that enhance our living environment. Take for example Flowtack, the smart transport data system predicting traffic flows to reduce congestion and emissions, or the new online smart solution we're developing that offers insight on how to improve the sustainability of buildings. Innovation and technology are taking us forward. But together they are not the end goal. This is and will always be to create an enhanced society together.

We have always taken pride in knowing the answer and finding the solution. We also see a new dimension is needed. As the world becomes even more crowded and connected, and the requirements of the users of our solutions change even faster, we need even more open and curious mind-sets and more collaboration with people and partnerships with different perspectives. This will benefit out-of-the-box solutions and ways of working to design relevant value adding services. Collectively, we will have the ability to define the real problems and challenges that companies, governments and entire communities are facing.

I am pleased that our 2017 results are an improvement on previous years. They are better than budget, whilst investing, sharing profit and satisfying both clients and employees.

Welcome then to our Annual Report 2017 with the theme Innovation x Co-creation = Impact. It describes a successful year for our business in which we have been exploring and creating new possibilities and partnering with others to make incredible solutions a reality.

I feel proud of the progress made by the team this year. There is still much to be done in coming years, and I look forward with optimism to continuing our work on a sustainable future together with our clients, colleagues and our partners.

Erik Oostwegel
CEO Royal HaskoningDHV

Scope of the Annual Report

Royal HaskoningDHV's Annual Report 2017 refers to activities across our global business between 1 January and 31 December 2017. It is based on financial and administrative documentation from the entire organisation. The Financial Statements have been prepared in accordance with Title 9, Book 2 of Netherlands Civil Code, audited by KPMG.

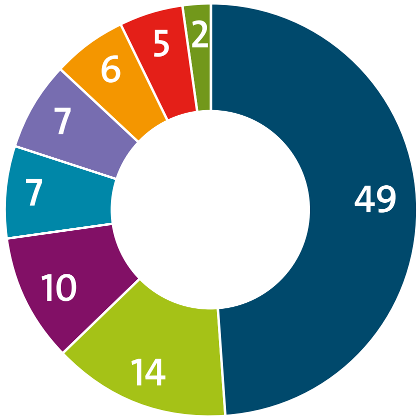
The sustainability reporting as reflected in the chapters key figures and our company, is based on G4 guidelines from the Global Reporting Initiative (GRI) and the latest recommendations from the International Integrated Reporting Council.

Key Figures

(€ MILLIONS, UNLESS STATED OTHERWISE)

	2017	2016
Net turnover	**584.9**	**621.3**
Operating income	**608.6**	**601.1**
Added value	**479.0**	**475.7**
Results		
EBITA recurring	29.6	24.5
EBITA	24.9	22.0
Net result	12.8	12.1
Return on average shareholders' equity (%)	10.0	10.0
EBITA margin, recurring (%)	4.9	4.1
Earnings per share (€)	2.57	2.45
Balance Sheet		
Total assets	294.9	293.1
Shareholders' equity	134.2	122.3
Group equity	134.4	122.5
Group equity as percentage of total assets (%)	45.6	41.8
Financial Position		
Net working capital	18.0	35.5
Free cash flow	33.8	(2.2)

TURNOVER BY REGION %



- Netherlands
- Africa, Middle East and India (excl. SA)
- South Africa
- Asia Pacific (excl. ID)
- United Kingdom
- Continental Europe (excl. NL)
- Americas
- Indonesia

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 expenses

EBITA recurring — EBITA excluding non-operational items

Non-operational items — Restructuring costs and other one-off items

EBITA margin — EBITA / Operating income

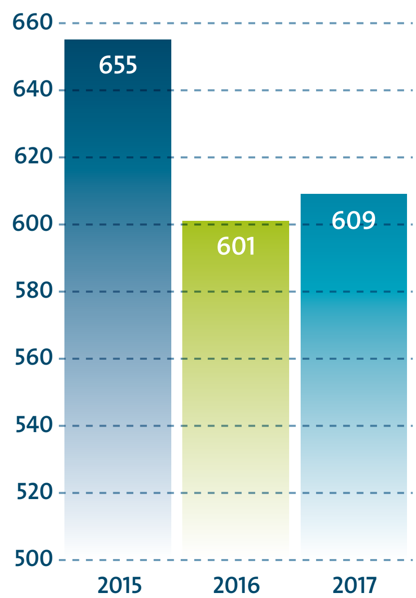
Return on average shareholders' equity — Net result / Average shareholders' equity

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)



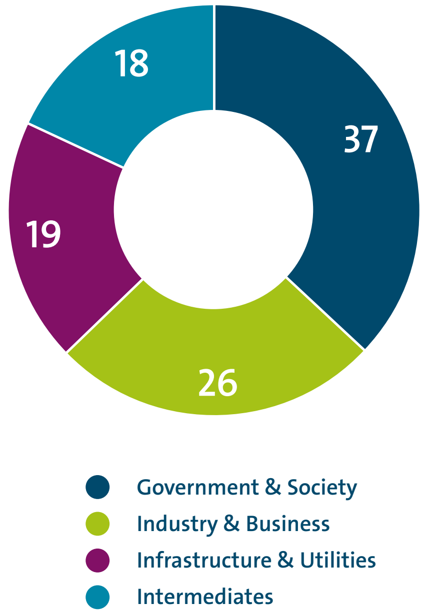
Operating income
609 € million

Shareholders' equity
134 € million

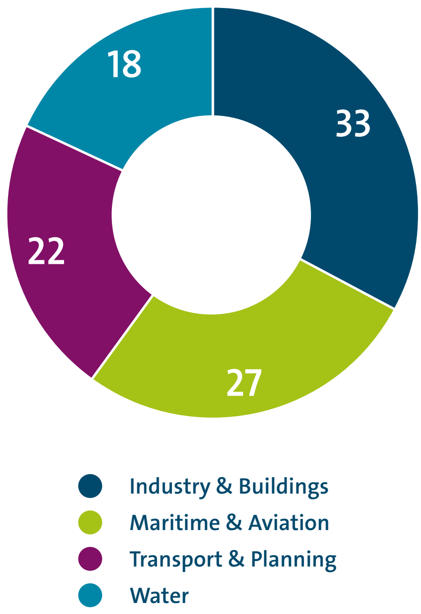
Average workforce
5,830

Key Figures

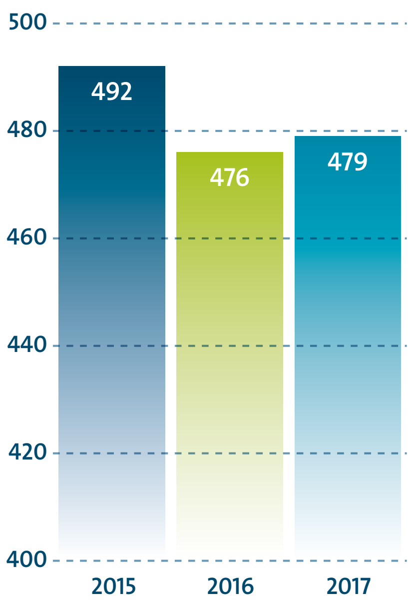
TURNOVER BY CLIENT GROUP %



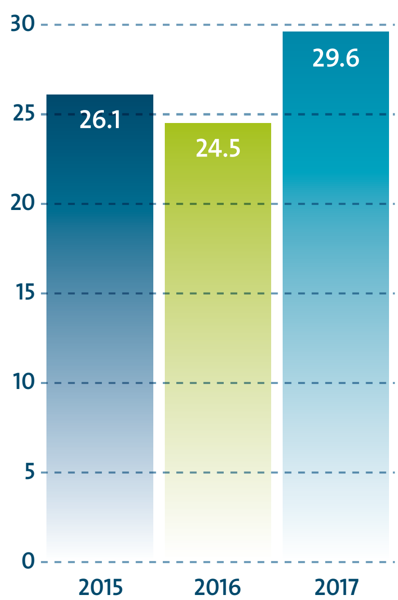
TURNOVER BY MARKET GROUP %



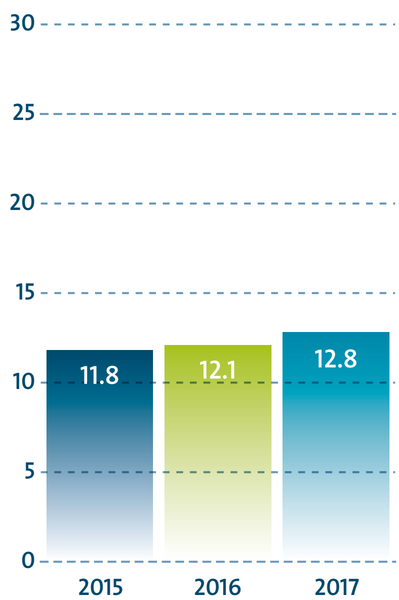
ADDED VALUE (€ MILLION)



EBITA RECURRING (€ MILLION)



NET RESULT (€ MILLION)



Key Figures

ACCIDENTS & INCIDENTS

Lost time injuries
(per 200,000 workable hours)

2017: 0.23

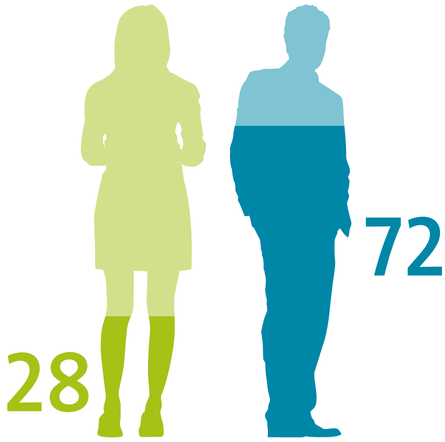
2016: 0.09

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

2017: 2.84

2016: 2.2

STAFF GENDER PERCENTAGE



CARBON FOOTPRINT PER EMPLOYEE

2017	2016	2015	Trend (to 2013)	Domain
3.13	3.30	3.23	-6.0%	Tonnes CO_2-eq per employee (head count)
0.39	0.56	0.62	-41.1%	Offices
1.68	1.77	1.66	-2.1%	Travel by car
1.06	0.97	0.95	11.2%	Travel by air

CO_2 footprint
(tonnes CO_2 equivalent per employee)

2017: 3.13

2016: 3.30

2015: 3.23

-6.0%

CO_2 footprint in office buildings
(tonnes CO_2 equivalent per employee)

2017: 0.39

2016: 0.56

2015: 0.62

-41.1%

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

2017: 1.68

2016: 1.77

2015: 1.66

-2.1%

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

2017: 1.06

2016: 0.97

2015: 0.95

11.2%

Our Company

Our Company

OUR COMPANY

Royal HaskoningDHV has been connecting people for more than 135 years. Together, through our expertise and passion, we strive to contribute to a better society and improve people's lives.

We are an independent international engineering and project management consultancy.

Our ambition is to run a financially healthy business by putting our collective intelligence into practice with clients and partners to have a positive impact on people, our living environment and the economy. We are commercial savvy engineers, project managers and consultants who design smart cities, airports, ports, buildings and more; making them more environmental friendly and healthier. We reinvent industries through co-creation, for example clean energy and fresh water. We use smart data and we digitise information flows and models connecting the digital world with the physical world we live in. We drive inclusive sustainable development with our clients in areas that we master and can actively influence. Our purpose is to Enhance Society Together.

How we work

6,000 colleagues, working from around 100 permanent offices in more than 30 countries on projects in some 150 countries, are committed to our purpose to enhance society together. We are eager to co-create and benefit from the latest technology in order to grow our collective societal intelligence. We put this intelligence into practice to have a positive impact on people, the economy and the environment. As innovators, being smart with resources and digital technology, we challenge the status quo, ask questions, listen and unlock the power of individuals and partnerships.

OUR MARKETS AND GLOBALLY LEADING SERVICES

We deliver our engineering, environmental, project management and consultancy services in the markets described below. Within these markets, we offer a range of services (described in italics) recognised as being at the forefront of their field. Our aim is to maintain or obtain market leadership.

Aviation

Together with our brands NACO and InterVISTAS we are one of the world's leading aviation consultancies, providing services to airports, airlines, governments, investors and contractors. We are experts in airport consultancy, finance, master-planning, functional planning and design, building design, civil engineering and special airport systems, including airport IT infrastructure, passenger terminal IT systems, security systems and baggage handling systems.

Airports

As a global leader in airport development, we have shaped over 600 airports in more than 100 countries, with projects spanning major landmark designs to smaller regional and domestic airports. We pride ourselves on our innovative approach to airport design using digital engineering tooling, 3D Modelling and BIM technology to gather and analyse vast quantities of information which can be accessed and shared in real time to help our clients accurately understand, predict and direct passenger flows, improve their asset management and ultimately deliver a better passenger experience.

Buildings

We place users at the centre of our building design and provide workplaces that support their workday, their health, their desired productivity and comfort. A smart and healthy building has the potential to address people-related values and to obtain KPIs with 10 times higher business impact as compared to traditional asset-related solutions. For example, smart infrastructures help to achieve top line targets like people engagement, innovation power, eco-system collaboration, agility and creativity as well as talent retention and engagement. Together with clients, we create compelling smart solutions that answer to client challenges and contribute to climate, human and business resilience.

Energy

As frontrunner in Energy Transition, we combine technical expertise with management consultancy to provide solutions to support our clients with their strategy and programme for the transition towards a low carbon economy. We enable and empower our clients to select the best opportunities and the way forward for their organisation to implement the change, and optimise and upgrade the use of their current assets through innovative technology. For example we are developing a new product which will enable clients to access a single source of up-to-date data to improve the sustainability of buildings and reduce energy use. We have been a leading consultancy in the energy industry for nearly 30 years focusing on the growth and diversification into wind, wave, current and tidal installations, solar, hydro power plants, energy from waste and biofuel facilities ensuring security of supply.

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. Innovation is key to this. We use digital solutions to be predictive in maintenance and to create adaptive environments for more sustainable, compliant and efficient operations. We have worked with almost all the main players in the international consumer goods sector, including food & beverage, industrial & consumer goods and pharmaceuticals.

Our Company

Consumer goods
The stronger voice of the consumer has become a driving force for food and beverage manufacturers to produce in a smarter way. Placing consumers at the centre of their operations helps to respond effectively to changing demands. We help manufacturers developing high performance multi-purpose sites whilst driving further integration of automation, connectivity and lean tools. Together with our clients we develop ways to adopt new technologies and advise how to get the most value from them.

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. Innovation is at the core of our business. From the highly lauded iReport, which helps to reduce project complexity, to our new digital asset solution being developed which will provide digital up-to-date insights on real estate portfolios, our drive to create future-proof solutions is helping to herald the next generation of healthy and sustainable cities.

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 innovative approach and collaborative ways of working, are pushing forward boundaries in this sector. We are involved in high-profile maritime projects from Europe to Australia, Asia to South America. We're introducing new technology such as cloud-based platforms which use economic and geographical data and algorithms to enable port operators to maximise current and future market share. By validating high-level strategic decisions about their port's future they can adapt in a changing environment.

Ports, shipyards and terminals
Ship owners pick their ports 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 assist our clients in all phases of their maritime and transport projects: from trade and traffic forecasts, feasibility studies and the first consent/permits, design and execution through to maintenance and business support. We are increasingly using new technology and data analytics to help clients optimise existing assets, and we are establishing Smart Ports that meet the challenges of adopting sustainability initiatives while delivering more efficient operations.

Urban and Rural Development

Changes in society are bringing challenging problems for both urban and rural areas which require more sophisticated planning and design. By combining disciplines throughout the planning process, together with clients and stakeholders we develop robust, resilient solutions that create attractive living environments. 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 in Cities

Through our digital experience and expertise, we help clients with tailored technological solutions for water and waste water in cities. Our technology is the fruit of a network of experts within our company as well as with partners outside our company who develop, design and implement smart, innovative solutions. Our solutions and software implementations are designed with a deep knowledge of water and the impact of this in urban areas. We work closely with operators in their decision making, performance management improvement and process optimisation.

Flood resilience in urban areas
Floods pose a threat to human life, critical infrastructure and economic operations, especially in complex, high-density, urban environments. Our flood resilient solutions cover the whole spectrum from adaptation to prevention: from early warning systems using smart, interactive tools and analyses, to flood protection schemes to protect valuable assets. From assessment through to solution, we draw on a network of deep 'smarts' specialised in an understanding of the physics, social environment and stakeholders involved, translating this into the real world with an eye on commercial and economic growth.

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.

Our clients' overall satisfaction and Net Promoter Score (NPS) are two vitally important indicators of our performance as a company and are measured through client satisfaction surveys. Clients are invited to provide feedback via these surveys on or near the completion of a project. Our NPS in 2017 was +34%, a positive improvement over 2016 (+29%). The average overall client satisfaction score during 2017 was 8.22 (8.15 in 2016) on a scale from 1-10 and based on a response rate of 51%.

Comments from clients who scored us 10 on overall project satisfaction include:

SC Johnson Europlant, noise investigation project (Netherlands): *"Service delivered in full and on time!"*

Vattenfall Wind Power Limited, Norfolk Boreas project (United Kingdom): *"The core team is exceptionally committed to delivering on the agreed outcomes – very diligent. The Royal HaskoningDHV project team demonstrates a high level of dedication to Vattenfall's Norfolk Boreas project keeping it on schedule and on budget."*

Mossel Bay Municipality, housing project (South Africa):
"The project manager managed to achieve excellent team work amongst all stakeholders, which was critical for the successful completion of the project."

Swire Cold Storage Vietnam Ltd, cold storage facility:
"Royal HaskoningDHV provides top rate design and construction management skills. The refrigerated warehouse we built together is practical and capable of meeting customer needs but also a 'nice' place for our workers. I feel pride in the project they delivered."

Shell UK, Bacton gas terminal project (United Kingdom):
"Superb multi stakeholder and expectation management. Far beyond expectations."

Gemeente Apeldoorn, multi user and participation agreement for the high school building Gentiaan College Apeldoorn (Netherlands):
"Reliable, committed and accessible; say what you do and do what you say!"

Partners and associations

Collaboration through partnerships and associations is an essential part of our collective ability to accelerate radical innovation to meet the challenges facing society. In our partnerships we bring together the best people to help resolve future challenges; co-creation is essential to enhance society.

Through our partnership with The Green Village, we are among the founders of the Co-Creation Centre on TU Delft campus which will inspire and co-create building and green energy related innovations into real products or services. We have also partnered the tech start up incubator YES!Delft which helps entrepreneurs build leading technology companies. We have joined the Mobility Centre for Africa, a platform for the research, testing and deployment of future smart mobility solutions across the continent, including electric, connected and autonomous vehicle technology.

We continue to be involved in many professional associations, some of which are mentioned here. The International Navigation Association (PIANC) is a professional organisation offering access to worldwide trends and challenges in port and waterway development and management. We sit on international committees across the globe and participate in working groups producing industry guidance and standards. The worldwide authority buildingSMART International is driving the transformation of the built asset economy through creation and adoption of open, international BIM standards. Led by the construction industry, companies across the globe are involved in producing standards through co-development. We are active members currently participating in Harbours and Airports standards. In Netherlands, we are among the initiators of a unique collaborative learning programme, De Verbinders, involving clients, contractors, suppliers, engineers and consultants seeking to transform innovation in the construction and engineering sector.

Our Company

We frequently work in partnership with associated organisations, architects and consultants who bring additional expertise or capacity. For example, we have a strategic alliance with Witteveen+Bos through our permanent joint venture, Tunnel Engineering Consultants (specialising in immersed tunnels and underground structures) and IMPAKT projects to improve the safety and security of critical infrastructure like sluices, locks and movable bridges. We have a long association with Deltares, the independent institute for applied research in the field of water and, in 2017 worked with the institute on a large urban development project in the United Kingdom to ensure the area is safe from flooding.

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 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. 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.

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 (see also Integrity on page 17) 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, participating in trade missions, round tables and the like. 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 have been 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). 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. Our Saturday School programme in South Africa is an example which is centred on supporting underprivileged students. It aims to improve the marks of scholars in mathematics, science and engineering graphics and design. These classes have benefitted more than 1,400 learners to date and have helped students gain university places in technical subjects. We foresee the future necessity of digital learning and working and recognise the importance of giving everyone a chance to participate in the economy which ultimately translates to building better communities.

Employees

We are eager to innovate and co-create. Our networked organisation connects the best and brightest people in the world. The behaviours that we like to see and display are ownership, team work, curiosity, recognition and trust. We treat each other with respect and we recognise each other for who we are and what we do. We value autonomy, ownership and empowerment. We are responsible for our own results. Every person in our company has the possibility to make a difference. We specifically support curiosity: curiosity leads to innovation; innovation leads to impact. But, we are never alone, there are always people around us to provide support. Even the biggest challenges we'll overcome together. (See also Our People on page 20).

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. Each Business Line Director also chairs one of the four Regional Management Boards. The business is supported by Corporate Groups, which include HR, Finance, Legal, Workplace Solutions and Marketing & Communications.

Executive Board and Executive Council

Standing from left: Niels Schallenberg *Director Strategy & Operational Excellence*,
Cindy Meervis *Director HR*,
Craig Huntbatch *Director Maritime & Aviation*,
Anke Mastenbroek *Director Water*.
Sitting from left: Nynke Dalstra *CFO*,
Anton van der Sanden *Director Transport & Planning*,
Marije Hulshof *Director Industry & Buildings*, and
Erik Oostwegel *CEO*.

From left to right: Peter Blauwhoff,
Angelique Paulussen-Hoogakker,
Joop van Oosten *Chairman of the Supervisory Board*,
Jan Bout,
Tjalling Tiemstra

Supervisory Board

Report of the Supervisory Board

The Supervisory Board is pleased to present the 2017 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 Strong22 strategy. The company is committed to deliver responsible and sustainable solutions for clients in respect of cities, water, transport and industry. All staff in the company are proud of delivering 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 2017 result, we support the proposal of the Executive Board to pay a dividend of €1.29 per share. We recommend that the 2017 Financial Statements are adopted by the shareholders meeting and the Executive Board is discharged from the liability for its management and the Supervisory Board for its supervision during the financial year 2017.

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 operate 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 and culture issues that are relevant to the enterprise.

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

SUPERVISORY BOARD MEETINGS

The full Supervisory Board convened six times in 2017 in several office locations in Netherlands and the United Kingdom and two projects were visited (the new Sea Sluice in IJmuiden and chemical industrial complex Chemelot in Geleen). We are pleased to report that average attendance of our members was again high at 93%. Mr. Van Oosten and Mr. Blauwhoff each had to apologise once for a meeting.

Individual members also paid visits to offices and projects of the company in Netherlands and Israel.

In addition to the formal Supervisory Board meetings, various (informal) meetings between the Supervisory Board and the Executive Board took place. Almost 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 foundation and the Dutch Works Council. The Supervisory Board furthermore participated in two meetings where specialised knowledge of certain staff was shared with the Supervisory Board.

The Supervisory Board advised on developments in the Company with regard to increased attention to culture and leadership. Project results, utilisation rates, sales, working capital and profitability were discussed in every meeting. Other main items on the agenda included compliance and integrity, investments and divestments, remuneration policy, strategy & digitisation and talent development.

During 2017 the Company further implemented the long-term strategy Strong22. The Supervisory Board monitored the implementation of Strong22 on various occasions during the year with the Executive Board.

The Supervisory Board is pleased to see a continuous attention to the further improvement and reinforcement of project management within the Company. This has amongst others led to a further roll-out of Project Health Checks being executed in all Business Lines and for all projects. This resulted in a steep improvement of project results. Within the Corporate Groups a further rationalisation has taken place reducing overhead costs to a sustainable level.

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 audit. The committee also met with the external auditors without the presence of management.

Topics on the agenda were the Financial Statements, internal audit charter, the external auditor's management letter and audit report, cash management, return on capital employed, working capital, review of the external auditor and the annual plan. In addition, the internal and external auditor's Audit Plan, the internal audit report, the company's control framework, the appointment of the external auditor, refinancing, compliance with bank covenants, tax policies, pensions, risk management and developments in ICT and ICT security were discussed. The quarterly results and extended business analysis 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. During 2017 many contacts between the members took place, discussing various special items. In 2017 the committee convened in scheduled meetings two times. Topics on the agenda were the functioning of the Executive Board and the self-evaluation of the Supervisory Board itself, the remuneration policy including a remuneration benchmark for the Supervisory Board. The Supervisory Board was informed about the remuneration of the Business Line Directors and Corporate Directors.

The goals 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, whilst creating alignment with stakeholders. The policy aims to safeguard the Company's performance and growth, as well as to position the company as an attractive employer.

We further refer to the Remuneration Report in the Financial Statements.

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. 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 2017 the composition of the Supervisory Board remained unchanged.

DIVERSITY

The Supervisory Board consists of one female and four male members, all of whom have the Dutch nationality.

As per 1 January 2017 the Executive Board consisted of two members: one female and one male; both having the Dutch nationality.

The Supervisory Board strives to achieve a balanced composition of both the Executive and the Supervisory Board in terms of gender in the future.

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 were updated in line with the new Corporate Governance Code and can be found on our website. The remuneration of the Supervisory Board and the Executive Board is reported in the Financial Statements, which forms part of this Annual Report.

WORKS COUNCIL

Various delegations of the Supervisory Board met several times with the Dutch 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.

IN CLOSING

During 2017 the Corporate Director Operational Excellence and Strategy joined the Executive Council, consisting of the Executive Board, the Business Line Directors and the Corporate Director HRM. The Executive Council convenes with the Corporate Directors at least four times per year in the Extended Executive Council to discuss company-wide topics. Individual Corporate Directors are also regularly invited to these Executive Council meetings depending on the subjects on the agenda. The Supervisory Board believes that in 2017 the composition of the (Extended) Executive Council has proven to be a good management model to lead our company.

The Supervisory Board is positive about the future of Royal HaskoningDHV. We thank our clients for their continued trust in the company and all staff members for their commitment and loyalty in the past year and are confident that with Strong22, the Company can continue its journey to a sustainable financial performance.

Amersfoort, Netherlands
March 8, 2018

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

In 2017 we implemented a new strategy, Strong22. It responds to changing client demands and market conditions and, in particular, the rapid growth of technology that impacts our clients, our society, our colleagues and therefore our way of working and the services we provide.

Strong22 provides a framework for our further growth and investments, by focusing our business on:

- The areas in which our clients recognise us as leaders, our global leading services, export services and our four dominant countries (Netherlands, South Africa, United Kingdom and Indonesia).
- New innovative services, particularly digital (Flowtack, our real time traffic monitoring solution directing traffic lights in a whole catchment area in real time to reduce traffic jams is a good example of such services. Flowtack won the 2017 Vernufteling award and will be implemented in Deventer in Netherlands in March 2018).

We continue to be recognised by clients for the impact we create through outstanding projects and are proud that client satisfaction continues to rise with a Net Promoter Score from 21% in 2015 to 29% in 2016 and 34% in 2017.

New innovative services

In 2017 we reignited innovation processes and funding throughout the company. We have always delivered innovative solutions – Nereda® and Aquasuite® are two of many examples. During 2017 we strengthened our capacity to support the next generation of transformational innovations with tools such as the iReport. The iReport is an easily accessible online digital platform where information is visual and dynamic, enabling it to be rapidly shared and understood at the touch of a button. We have developed this innovative next generation digital tool which minimises complexity and benefits a wide range of project reports, from corridor and feasibility studies to masterplans and forecasting capacity studies.

We are also developing an innovative platform for optimising the attractiveness of ports. Our clients are faced with increasingly tight deadlines to deliver port, market and cargo forecasting studies. With this in mind we have started developing a platform to allow port authorities, terminal operators and investors to review their current and future market share in just one click, enabling them to link trade partners thus optimising their competitiveness.

To grow our systematic approach to innovation, we introduced the Summer Academy to help colleagues get acquainted with the innovation journey and the relevant tools in 2017. Almost 350 colleagues joined the workshop and the vast majority acquired new tools, skills and insights to better serve our clients with new or improved solutions. More to come in 2018.

Our new innovative services are being developed in co-creation with clients and will focus on solutions and earning models that extend beyond traditional models for the engineering industry. Our innovation process is based on identifying and responding to the needs of our clients and their users, helping us to design solutions that are relevant, scalable and profitable.

Digital engineering

A key pillar of the Strong22 strategy is to further strengthen our digital engineering capabilities. This has meant not only adopting the BIM approach globally, but also embedding automated/parametric engineering in our projects whilst using new technologies to visualise the design for clients and other stakeholders. A good example is the automated bridge design used in our Transport business.

Waaldijk Gorinchem – Waardenburg (Netherlands) is another example showcasing our use of digital tools, where we visualise design allowing us to create working designs faster and saving clients crucial time. We are using the latest digital tools, such as digital EIS, BIM and 3D design. The digital Environmental Impact Statement enhances the efficiency and effectiveness of the decision making process. It replaces text documents with interactive visuals, making the report more transparent and concise. We use BIM to build a project in a virtual environment before any work starts on site. The digital prototype helps all collaborators understand the design better, foresee potential risks and problems, and mitigate earlier on.

These technologies enable us to optimise design through many iterations, provide more options to clients, and reduce material costs and construction time. Exchanging information and collaborating with the entire value chain are crucial elements that help us to increase our value to clients.

Excelling in operations

In 2017 we continued the focus on operational excellence with a strong emphasis on improving project management, and therefore our project results, and reducing our overhead costs.

We redesigned one of our main processes, the Proposal Process, which we will implement in 2018. We rolled out our Health Check for all projects, ensuring that we maintain a forward-looking approach and that helps in an early identification of potential issues. Our Project Manager Academy was launched to further strengthen capabilities. Overall, our project losses fell by 15%, which we aim to reduce further over coming years.

We have executed various cost reduction initiatives in our corporate groups, while simultaneously improving processes and technology in groups such as Finance, HR and Workplace Solutions.

Quality Management

Our global Integrated Management System ensures all staff follow common working practices. The system is based on and certified against globally accepted international standards (ISO 9001, ISO 14001 and OHSAS 18001) and also covers integrity, business continuity, information security and our business principles.

To confirm ongoing compliance to these standards, internal and external QHSE audits were organised and executed in 2017. Corporate QHSE conducted internal audits in all our Business Lines and offices, while DNV GL conducted external audits in the following countries: Netherlands, United Kingdom, South Africa, Indonesia, Belgium, Nigeria, Mozambique, Oman and Singapore.

Report of the Executive Board

As a result of the QHSE audits, our ISO 9001:2015 (quality), ISO 14001:2015 (environment) and OHSAS 18001:2004 (health and safety) certificates are continued and remain valid until September 2019.

Integrity highlights

Royal HaskoningDHV continually strives to meet and surpass standards for international best practices in anti-corruption compliance. Our integrity policy is embedded throughout the company and we have held the ETHIC Intelligence Anti-Corruption Certificate since 2010 as the only company in the engineering consultancy industry. In 2017 our Integrity Management System was monitored by ETHIC Intelligence. It is a robust system which ensures compliant behaviour in our daily business.

There were no major integrity incidents during 2017 but reports of 80 issues and concerns were made. This number is higher than in 2016 (59), which demonstrates that our people are more willing to express their concerns and report matters. It shows increased transparency and openness across our business in all regions. Characteristics of these reports included: passive bribery in the Asia Pacific region; conflict of interest in the Europe region; employee fraud in our Africa region. There were no reported issues in the Americas region. All issues were investigated and all concerns were addressed to mitigate risks. Royal HaskoningDHV is committed to a zero tolerance towards bribery and corruption. After internal investigations it was decided to terminate employment contracts with four employees for accepting disproportionate (financial) gifts and financial inaccuracies.

A strong focus on learning and awareness was maintained during the year. More than 3,500 employees participated in Integrity and Compliance e-learning and around 200 new employees took part in Royal Start Integrity and Compliance interactive meetings. More than 60 project managers were trained.

Our activities reflect trends for integrity to be closely integrated with sustainable business, increased enforcement and accountability for a clean supply chain.

In 2018, we will develop new guidance and training for partners and suppliers. This will include Third Party Integrity Due Diligence across our supply chain in all countries worldwide and will focus on privacy and data protection in our services.

SUSTAINABLE MANAGEMENT

In 2050 we will have welcomed two billion extra humans to our planet. The growth in population creates challenges in every area of human activity, from food to accommodation, transport to resources.

Our ambition is to run a financially healthy business by putting our intelligence into practice with clients and partners in creating a positive impact on people, our living environment and the economy. We do this for example by designing smarter cities, airports, ports and buildings; making them more environmentally friendly and healthier. We are reinventing industries producing clean energy and fresh water by using smart data and digitising information flows and models. We drive inclusive sustainable development with our clients in areas that we master and can actively influence. Our purpose is to Enhance Society Together.

Enhancing Society Together is integral to the way in which we unlock our full potential. During 2017, we started the process to refine and focus our CSR strategy within our overall strategy Strong22 in order to better leverage our key services, technology and innovations as a force for good, and build on the intrinsic motivation of employees. This process is expected to be concluded in 2018.

Focusing where we can add most value

Key to our revised strategy is the desire to focus our impact in areas that we master and actively influence and, through that impact, contribute to particular UN Sustainable Development Goals (SDGs). This is because the SDGs address the world's most pressing issues and explicitly call on businesses to contribute with other stakeholders, which is exactly what we mean by Enhancing Society Together.

Projects

Our biggest contribution to inclusive sustainable development comes from integrating new ideas, innovations, technology and sustainability into our projects. Our focus is where we can actually make a difference, connecting products and services central to Strong22 to particular SDGs where we have scalable solutions which create impact.

Together with our clients and partners we aim particularly to contribute to the following SDGs:

The detail of our ambition will be refined during 2018 and aims to include a measurement framework. We will closely follow the updates on the global CSR/SDG measurement framework which is currently being created by GRI and UN SDG. For regular updates on relevant progress, including for example CSR Progress Report 2017, you can check our **website**.

Operations

Our operations form the second area of our impact and these activities too are mainly linked to relevant SDGs:

As part of our contribution to SDG13 (Climate Action), we are reducing our Carbon footprint by focusing on sustainable offices and our procurement, ICT and travel policies. In 2017, we announced the transition to 100% electric vehicles within our fleet in Netherlands, and reinforced the commitment to accelerate transition to electric vehicles by joining The Climate Group EV100 initiative.

Report of the Executive Board

Neil Fiorentinos, Director BMW Group Netherlands, said: "Royal HaskoningDHV is an inspiring example showing vision and leadership for all organisations in Netherlands to not only make a firm decision but, importantly, to take action today."

In June our new Amsterdam office opened, demonstrating sustainability in action. The renovation kept as closely as possible to circular economy principles and the office will be energy neutral. It has a healthy working atmosphere and stimulates partnership through an open and flexible environment. It is proving an inspiring model for clients, attracting comments like:

"At first you are a little surprised about the chosen location, but as soon as you enter you feel the energy! It's great to see how Royal HaskoningDHV actually gives its motto Enhancing Society Together a place in sustainability, circularity, breeding grounds and connections with society. An inspiring place!" said Eva Hermans, Programme Manager Corporate Real Estate, De Nederlandsche Bank.

Dave Venmans, COO Business Support Functions KPMG NL and Staff Director Facilities, KPMG, said: "What we have seen gives us incredible food for thought. Thank you for having opened our eyes."

Leesman benchmarked our Amsterdam office workplace and internal clients' appreciation before and after the renovation (a link to its benchmark methodology is **here**).

10 Principles of the UN Global Compact and our Global Code of Business Principles

We operate in a variety of cultural, social and business environments and fundamentally believe that society can only be served when all stakeholders act ethically and adhere to the 10 principles of the UN Global Compact. These principles are embedded in our daily business through our Code of Business Principles (see our Integrity section, page 17). This is the way we can create inclusive sustainable development and contribute to SDG8 (Good Jobs and Economic Growth). We were proud in 2017 to announce that we had attained Level 1 Broad-Based Black Economic Empowerment (B-BBEE) accreditation, one of the first engineering consultancies to achieve this.

Our Community Engagement

The foundation for people's development starts with quality education recognising, feeding and nurturing talent. People are at the heart of our business. As a company, we can only grow and drive innovative sustainable development if people grow. That is why we strive to add value to local communities through contributing to quality education (SDG4) in the area of engineering, technology and innovation.

Our Partnerships

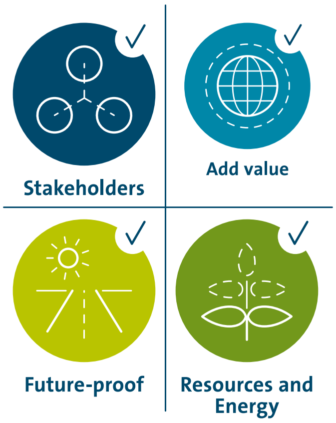
Our partnership (SDG17) strategy focuses on influencing policy frameworks and cross-industry transformation, such as the Transition Coalition and the Energy Transition agenda in Netherlands. In 2017, we signed the Green Deal GWW 2.0 which aims to make sustainability an integral part of rail, ground, water and road construction projects. Royal HaskoningDHV has been participating in the Green Deal Sustainable GWW since 2013. Frank Legters, Director Transport & Environment at Royal HaskoningDHV, said: "We believe the new Green Deal is important because structural attention to sustainability is still lacking in many GWW projects. The world is changing and changes bring challenges and opportunities that ask us to think differently. Future-proofing can be the starting point in GWW projects much more often. The new Green Deal gives a powerful boost to that."

We entered into two initiatives which build on the long-term relationship between Royal HaskoningDHV and Delft University of Technology (TU Delft), endorsed in 2016 with a Memorandum of Understanding to work even more closely together. One was with The Green Village to stimulate innovations for a sustainable future. It involved co-founding the Co-Creation Center at the TU Delft campus to realise innovations relating to buildings and green energy. We also partnered YES!Delft to encourage tech start ups. Evert Jaap Lugt, Director of YES!Delft said: "The cooperation with Royal HaskoningDHV gives us access to a large international network full of potential new customers and projects where we can implement the technologies and innovations of our start-ups. Together we work on scaling up innovations and creating innovative business models for the future."

Making our contribution relevant and actionable

To embed Enhancing Society Together and our contribution to the SDGs, in our daily practice we use 4 Questions. These questions guide our conversations to determine our added value for society, whether it is in our own operations or through our projects:

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?



With a 4 Questions based proposal, our Durban office in South Africa succeeded in winning the Blythedale Coastal Resort project as the client recognised the added value to their project. The 4 Questions will be an integral part of the project, forming the base of the approach. Throughout the process, the 4 Questions are used to push innovation and they enable the team to achieve outcomes that benefit the client and provide sustainable solutions for the development.

During 2017 we continued to make good progress on the use of this tool in client engagements with the 4 Questions actively used in 72% of our projects.

Our senior management

Information about members of the team leading our company is available on our website (**here**).

Achieving our objectives

Achieving our objectives

FINANCIAL PERFORMANCE 2017

We are satisfied with the results of 2017 which indicate a return to organic growth. While marginal at 1%, it improves on the 1% contraction in our business during 2016. We have become more selective contracting new work and have stopped activities that did not fit our strategy. At the same time the operating margin has continued its steady increase to reach 4.9% in 2017 (2016: 4.1%). Net result increased to €12.8 million (2016: €12.1 million).

Our operational result (EBITA recurring) ended at €29.6 million (2016: €24.5 million) and included additional operational expenditure in relation to our strategy Strong22. Transport & Planning and Water improved their margins while Industry & Buildings and Maritime & Aviation continued to show good performance.

We were pleased to record strong growth in Transport & Planning and have also seen growth in Maritime & Aviation. Industry & Buildings was impacted by changing public market segments in Netherlands, and our Water business faced difficulties in Europe.

Excluding subcontractors, there was also a marginal organic increase in added value (+1%) compared to 2016.

Despite a good start to the year, utilisation remained equal in 2017 compared to last year as some units struggled to bring in sufficient sales to match the workforce. However, the focus on project management delivered the required result and significantly improved execution to increase project margins.

Another part of our operational excellence programme was to reduce overhead costs. In 2017 restructuring measures were executed among support functions and the sale of our local operations in Belgium to Sweco was agreed. We will continue to serve the Belgian market with services from Netherlands. Total restructuring costs in 2017 were higher than last year at €4.7 million (2016: €2.5 million) due to the larger size of the restructuring activities.

Sales developed very well during 2017 resulting in a strong increase in workload. Organically our backlog increased by 23%. All Business Lines realised an increase, with sharp growth in Maritime & Aviation and strong growth in Industry & Buildings.

The good results have been converted into a positive free cash flow in 2017 of €33.8 million (2016: -€2.2 million). Trade working capital (work in progress, trade debtors and trade payables) increased during the year. But due to good cash management and payments of some old debts, trade working capital strongly improved in the last quarter of 2017. The days sales outstanding (DSO) increased modestly to 88 days at the end of 2017 (2016: 86 days). Our financial position remains healthy, with an equity ratio of 46% (2016: 42%) and a net cash position at the end of the year. We operate well within our bank covenants.

OUR PEOPLE

Aligning our culture with Strong22 ambitions

We are renewing the culture of our organisation building on existing strengths like autonomy, creativity and deep expertise, while adding new traits stimulating entrepreneurship, co-creation and innovation. These new elements generate enthusiasm among our people and are valued by our clients. They are becoming part of our culture through a collective effort to shape an environment in which we can all be successful. Our leaders have particular responsibility for spearheading the transformation. The leadership development we initiated in 2016 was successfully extended throughout 2017. Leaders at all levels are engaging in an on-going dialogue on how to lead their teams through change, whether it is driving innovation, adopting digital ways of working, or applying leading-edge technologies to our customers' challenges.

We have hired new talent with innovation experience, digital, digital engineering and software skills to drive our digital transformation and develop and coordinate our portfolio of digital services initiatives. These new hires bring different perspectives and skills and, through co-creation, drive the transition throughout the company with their digital/innovation expertise.

Ownership, empowerment and 'hackathon' teams

Ownership and empowerment are important drivers in the culture we are shaping. To stimulate these, we have introduced new, leaner processes. For example in HR, our performance and development process has been simplified resulting in no fixed templates, detailed instructions or system-driven actions. Instead, emphasis is placed on the ongoing dialogue between a manager and an employee and the quality of those conversations. The new process is not only about monitoring performance and development of an individual or a team of people, it is also directly linked to the realisation of our Strong22 ambitions.

Another initiative to help drive ownership and empowerment has been to introduce 'red tape free' advisory groups. These groups have maximum autonomy to make management decisions relating to their performance and growth. We are monitoring the learning and results of these advisory groups and plan to extend their introduction across the company.

We have set up global 'hackathon' teams which adopt the latest systems and programmes and experiment with scripting and coding to drive the adoption of digital developments. The knowledge they develop is used to advise and support project teams in client delivery.

Achieving our objectives

Digital immersion and Connectitude

The success of our company results from the success of our people and how we develop them. In line with Strong22 we have re-positioned our Leading Professionals, a group of people across different countries that drive expertise building, innovation and growth in our leading services. These Leading Professionals are connectors in their field of knowledge and in their market, visibly leading internally and externally, and contributing to our strategy implementation. Over the coming years we will further diversify this group by appointing younger colleagues from new fields of expertise (e.g. digital, new technologies, smart data) and from other regions.

To help drive innovation and a digital mindset we have initiated Digital Immersion Days for more than 200 colleagues globally and in each of the four Business Lines. These are boosting our digital transformation by bringing outside-in views on the latest developments and connecting them to digital developments in our company. A linked initiative was the introduction of our Innovation Academy which offers workshops around creative thinking, user journey mapping and value proposition design.

The annual event for our Young Professionals from all over the world attracted 250 of our younger colleagues in an International Cross Selling Day. The theme for 2017 was Connectitude: a day of connecting and innovating together.

Measurement, pulse checks and enthusiasm

Measurement of employee and customer engagement was a key input to our Strong22 strategy. We measured awareness and initial adoption of the strategy through pulse checks held at the beginning and end of 2017 among a random selection of employees. This was carried out with research agency Kantar TNS.

We are very pleased that Royal HaskoningDHV staff embraced the new strategy throughout the year. Our employee satisfaction remained high at 83%, a very solid base to further improve staff engagement and accountability. On strategic direction, colleagues believe that Strong22 helps to professionalise our company and the focus on innovation and digital transformation generates enthusiasm. Colleagues recognise new initiatives and funding methods for projects and increasingly feel new ideas within teams are supported and encouraged.

HEALTH & SAFETY

We are a people-to-people company and commit to the highest standards of health and safety. Our health & safety vision and policies are part of our Management System and are implemented in processes and procedures. We continue to be proactive in providing a safe working culture for our staff and for contractors and visitors where Royal HaskoningDHV is responsible for their health & safety. Our online report form ensures staff can easily report an accident or incident.

Our objective for 2017 was zero fatalities and 10% decrease in the frequency of lost time injuries. During the year 149 accident and incident reports were submitted and no fatal accidents occurred among our staff. From these submitted reports, 104 related to accidents and injuries involving staff members. In total 9 accidents resulting in at least one day off work were reported in 2017 (up from 4 in 2016). Five of these accidents related to staff travelling to or from an office or site. There were 95 other reportable cases.

- Lost time injury frequency (LTIF) per 200,000 workable hours over 2017 = 0.23. Score has increased compared to previous years (2016: 0.09). This is because of 5 accidents related to staff travelling from or to an office or site.

- Total recordable cases frequency (TRCF) per 200,000 workable hours over 2017 = 2.84, which shows that we take Health and safety seriously and not only report accidents but also incidents (2016: 2.16) .

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 can meet the increasing demand to secure our data and our clients' data. We are executing our action plan to implement and embed this security policy in our company.
In 2017, 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 mobile devices. Therefore, we are constantly searching for weaknesses which could potentially provide unwanted access to our systems and data. We evaluate countermeasures to reduce risk and continuously improve our security measures to keep up with data privacy regulations, and to increase protection against cyber threats. Our Digital Platform is constantly monitored for security threats and is kept up-to-date.

Human actions play a major role in effectively protecting our organisation from security threats and we have a programme in place to ensure employees are aware of their responsibility to protect data. The EU General Data Protection Regulations (GDPR) applies to all Royal HaskoningDHV entities. We ensure that we:

- comply with data protection law and follow good practice
- protect the rights of staff, customers and partners
- are open about how we store and process individuals' data
- protect ourselves from the risks of a data breach.

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

RISK MANAGEMENT

Corporate risks

Every year, management identifies corporate risks which are documented in the Group Risk Log. Actions are defined and monitored to mitigate these risks.

Each year we have significant losses on projects. Typically, these can occur through an inability to interpret client demands sufficiently or a failure to appreciate local practices. To prevent such project losses as much as possible, the Executive Board implemented a strategy focused on countries, leading services and premium export services where Royal HaskoningDHV has more thorough business experience and even better

Achieving our objectives

understanding of the business culture. This, in combination with the Project Health Check rolled out during 2017, has already improved project results.

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.

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. As part of Strong22, Royal HaskoningDHV has embraced digital engineering and digital services.

In 2017 a number of pilots started to reduce red tape, empower staff and avoid unnecessary centralised approval processes. The results are currently being reviewed with the goal to implement best practices in the company as a whole.

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 Manager).

Each prequalification and proposal undergoes a 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. In this way we ensure risks are identified, sufficiently mitigated and reflected correctly in our accounting systems. The execution result improved spectacularly 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 significant 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.

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 benefit scheme deficit under Dutch GAAP as at 31 December 2017 is €23.7 million (2016: €25.8 million) with an associated deferred tax asset of €3.6 million.

OUTLOOK: CONTINUED GROWTH AMID NEW OPPORTUNITIES

Positive indications from increased infrastructure spending

Projected substantial increases in infrastructure spending provide us with clear opportunities for growth in 2018. This is the case in most countries; in Netherlands, where we are also seeing growth in construction, and in the United Kingdom, in spite of uncertainties presented by Brexit. In South East Asia, infrastructure investment continues to be strong. Such opportunities are boosted by our focus on innovative solutions to complex challenges, often with a technology component. While the political system in South Africa continues to bring uncertainties, there remains a need for infrastructural investment across the country. We are optimistic about our opportunities, particularly having attained Level 1 Broad-Based Black Economic Empowerment (B-BBEE) accreditation in 2017.

Achieving our objectives

Buoyant demand for our leading services

Our water technology is being adopted across Netherlands and United Kingdom. The advantages it brings in quality, control, energy reduction and increased capacity and efficiency mean we anticipate demand to increase, and to extend further.

Our geographical reach also positions us to meet demand for new light industrial plants in remote areas. This, together with long-standing client relationships and our track record for plant upgrades and brownfield developments, indicate good growth prospects for our consumer goods business in 2018.

The aviation market continues to grow substantially. In areas of Africa and Asia, it is reaching double digits and we anticipate healthy growth in our aviation business.

In the maritime market, growth is more mixed. Some oil and gas pressures remain despite actual trade volumes being positive. In mature markets, there is a shift from new build to a requirement for technologies and automation to drive efficiencies in the port. We are well placed to meet such demand.

Technology opens new space for our business

Technology is an increasingly vital aspect of the services we offer, and not only in relation to sharing information or the ability to make faster, more informed decisions. Technology is changing what our clients want, what we are able to deliver and the way in which we carry out our work. For example, increasingly we need to connect the design we create with optimisation over the lifetime of the asset. Our ability to adopt and adapt to new technologies is creating new opportunities for us by opening up a new space for our business. We can offer solutions which incorporate the Internet of Things, Industry 4.0, analytics and much more, extending our reach beyond the traditional engineering consultancy and project management markets. This allows us to not only help our existing clients in their digital transformation, but to extend our support to new clients with better and faster execution of their ambitions.

Efficient operations, engaged staff and a sustainable future

We ended 2017 with a strong order book and expect further growth in orders during 2018. This will deliver increased business revenues in traditional activities and in the new solutions we are bringing to market which leverage our technology and digital expertise. We will continue to focus on efficiency within our business, seeking to reduce operational costs while delivering the training and skills development that help to minimise project losses. Increased profitability and growth enables investment in the services where we excel to fuel further growth.

We are continuing our journey towards increased engagement, empowerment and accountability among our people. To this end we will maintain our drive to reduce red tape and streamline processes in the way we do business and in back office functions. This allows colleagues to focus on doing business rather than expending time on complex processes.

The commitment to focus on specific Sustainable Development Goals in our revised CSR strategy adds to our purpose to enhance society together. Every project we undertake includes consideration of how it enhances society and contributes to SDGs. We look forward to a year ahead of good growth, increased profitability and new possibilities built on technological innovation.

EXECUTIVE BOARD

E. Oostwegel (CEO)

N.G. Dalstra (CFO)

Consolidated Financial Statements

Consolidated Balance Sheet at 31 December 2017

Before profit appropriation

€ thousands

Assets

	Note	2017	2016
Fixed assets			
Intangible fixed assets	3	21,312	27,398
Tangible fixed assets	4	11,426	10,973
Financial fixed assets	5	15,621	16,957
		48,359	**55,328**
Current assets			
Work in progress	6	-	-
Receivables	7	141,303	161,499
Cash and cash equivalents	8	105,219	76,275
		246,522	**237,774**
		294,881	**293,102**

Shareholders' equity & liabilities

	Note	2017	2016
Group equity			
Shareholders' equity	9	134,241	122,263
Minority interest	10	207	191
		134,448	**122,454**
Provisions	11	36,706	40,307
Non-current liabilities	12	372	590
Current liabilities	13	123,355	129,751
		294,881	**293,102**

Consolidated Income Statement 2017

€ thousands

		2017	2016
Net turnover	16	**584,928**	**621,293**
Change in work in progress		21,143	(20,664)
Other operating income		2,549	444
Operating income		**608,620**	**601,073**
Costs of work subcontracted and other external expenses		129,653	125,383
Salaries and wages	17	263,731	273,345
Social security & pension charges	17	60,088	60,623
Depreciation and amortisation on tangible and intangible fixed assets		9,322	9,723
Impairment of intangible fixed assets		1,552	2,467
Other operating expenses	19	123,904	113,191
Operating expenses		**588,250**	**584,732**
Operating result		**20,370**	**16,341**
Interest income		1,478	708
Interest expenses		(1,714)	(1,822)
Net interest expenses		**(236)**	**(1,114)**
Result from ordinary activities before tax		**20,134**	**15,227**
Corporate income tax	20	(7,804)	(3,612)
Share of result of participating interests		538	446
Result after tax		**12,868**	**12,061**
Minority interest		(21)	68
Net result		**12,847**	**12,129**

Consolidated Statement of Comprehensive Income 2017

€ thousands

	Note	2017	2016
Consolidated net result after tax attributable to the legal entity		12,868	12,061
Minority interest		(21)	68
Result for the period of the legal entity		**12,847**	**12,129**
Translation differences on foreign participating interests	9	(1,908)	713
Remeasurement of defined benefit plan, net of income tax	9	99	(8,832)
Total of items recognised directly in shareholders' equity of the company as part of the group entity		**(1,809)**	**(8,119)**
Total result of the legal entity		**11,038**	**4,010**

Consolidated Cash Flow Statement 2017

€ thousands

	Note	2017	2016
Operating result		**20,370**	**16,341**
Adjusted for:			
Amortisation, depreciation and impairment		10,874	12,190
Other value adjustments		-	(96)
Changes in provisions	5, 11	(1,091)	(3,195)
Changes in working capital		15,095	(12,861)
Cash flow from business operations:		**45,248**	**12,379**
Interest received		1,633	613
Dividends received	5	555	1,072
Interest paid		(1,860)	(1,822)
Income tax paid		(6,227)	(9,036)
Cash flow from operating activities		**39,349**	**3,206**
Investments in:			
Intangible fixed assets	3	(188)	(491)
Tangible fixed assets	4	(6,098)	(3,811)
Financial fixed assets	5	(921)	(792)
Disposals of assets:			
Intangible fixed assets	3	81	44
Tangible fixed assets	4	157	269
Financial fixed assets	5	36	587
Proceeds from sale of interests in group companies, net of cash disposed of		1,392	(1,228)
Cash flow from investing activities		**(5,541)**	**(5,422)**
Purchase / sale of own shares	9	1,245	(345)
Repayment of borrowings	12	(4,103)	(1,781)
Proceeds from borrowings	12	-	102
Dividends paid	10	(306)	(298)
Cash flow from financing activities		**(3,164)**	**(2,322)**
Net cash flow		**30,644**	**(4,538)**
Net cash of deconsolidated group companies		-	(239)
Exchange gains/losses		(1,700)	(711)
Changes in cash and cash equivalents		**28,944**	**(5,488)**
Cash and cash equivalents at 1 January		76,275	81,763
Movements during the year		28,944	(5,488)
Cash and cash equivalents at 31 December		**105,219**	**76,275**

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 in some 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, 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 74.

These financial statements cover the year 2017, which ended at the balance sheet date of 31 December 2017.

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 71.

- HaskoningDHV Nederland B.V., Amersfoort, Netherlands *(100%)*
- Haskoning UK Holdings Ltd, Peterborough, United Kingdom *(100%)*
- Haskoning International B.V., Nijmegen, 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 RECOGNISE ASSETS AND LIABILITIES

Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Group. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results.

When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment. An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Group does not have the legal ownership, this fact is being disclosed.

1.7 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.

1.8 ESTIMATES

The preparation of the financial statements requires the management to form judgements 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.

1.9 EVENTS AFTER BALANCE SHEET DATE

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no further information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

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 Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in 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.

Notes to the Consolidated Financial Statements

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.

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 represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Group's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses.

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.

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 instalments is charged to the profit and loss account during the term of the finance lease contract.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Land, tangible fixed assets under construction and prepayments on tangible fixed assets are not depreciated. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. The Group determines the depreciable amount without taking into account a residual value.

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. or 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.

If transactions take place with a non-consolidated participating interest, that does not classify as a group company and that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised.

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 insofar 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 insofar 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 nominal 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).

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. Losses are determined regardless whether the project has already been started, the stage of realisation of the project or the amount of profit which is expected on other, non-related projects. 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.

Notes to the Consolidated Financial Statements

Financial instruments are initially recognised at fair value, including discount or premium and directly attributable transaction costs. The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. 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 nominal value.

If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

2.13 SHAREHOLDERS' 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 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. The purchase of own shares is deducted from other reserves.

2.14 MINORITY INTEREST

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the company's measurement principles. 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 of 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 lies 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.

The Group prepares its financial statements for pensions and 'post retirement benefits' on EU-IFRS standards instead of RJ 271.3, by using RJ 271 101. 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 HaskoningDHV UK Ltd. 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.

Restructuring
A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganisation. A valid expectation exists when the implementation of the reorganisation has been started, or when the main elements of the plan have been announced to those for whom the reorganisation will have consequences. 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 existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised. The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For deferred income tax we refer to 2.6 on page 33.

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 expenses 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. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments regarding operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

2.19 REVENUE RECOGNITION

General information

Revenue from services rendered is accounted for in net turnover at the fair value of the consideration received or receivable, net of allowances and discounts. Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably. If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

All revenue in the financial year recognised in the profit and loss account is derived from projects.

Profit on orders is recognised in accordance with the percentage of completion (POC) method. The percentage of completion is determined on the basis of the services performed up to that moment as a percentage of total services to be performed. 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.

Licence fees and royalties are received for the use of the assets of the Group, such as trademarks and patents. Revenue is recognised when the amount of the consideration receivable can be determined reliably and recovery is probable. Royalty revenue is recognised at the moment that the 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 EXPENSES
Costs of work subcontracted and other external expenses are costs that are directly attributable to net turnover, i.e. subcontractors, travel costs and other costs.

2.23 OPERATING EXPENSES
Operating expenses 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 is not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

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.

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Group.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

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 contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions 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 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, Stichting Pensioenfonds HaskoningDHV, 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 2017 of 109.5. 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 2017 of 112.6.

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.

Notes to the Consolidated Financial Statements

2.28 CORPORATE INCOME TAX

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

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.

Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

3 INTANGIBLE FIXED ASSETS

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

	Goodwill	Computer Software	Total
At 1 January 2017			
Cost	74,213	12,943	87,156
Accumulated amortisation and impairment	(48,802)	(10,956)	(59,758)
Carrying amount	**25,411**	**1,987**	**27,398**
Movements			
Investments	-	188	188
Divestments	-	(80)	(80)
Exchange rate differences	(554)	(33)	(587)
Impairment	(1,552)	-	(1,552)
Amortisation	(2,989)	(1,066)	(4,055)
Subtotal	**(5,095)**	**(991)**	**(6,086)**
At 31 December 2017			
Cost	72,875	8,921	81,796
Accumulated amortisation and impairment	(52,559)	(7,925)	(60,484)
Carrying amount	**20,316**	**996**	**21,312**
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 2017, budget 2018 and further financial projections for 2019-2022.

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 impairment of a CGU in Poland within the BL Water of €1.6 million based on the disappointing historical performance or future expectations.

The carrying amount of Goodwill is geographically divided as follows:

	2017	2016
Netherlands	6,242	7,644
United Kingdom	2,471	2,889
Europe (other)	-	1,707
Africa	5,434	5,963
Asia	1,504	1,707
Americas	4,665	5,501
	20,316	**25,411**

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 2017					
Cost	8,489	19,795	15,869	5,196	49,349
Accumulated depreciation and impairment	(5,759)	(16,817)	(11,344)	(4,456)	(38,376)
Carrying amount	**2,730**	**2,978**	**4,525**	**740**	**10,973**
Movements					
Investments	426	762	4,438	472	6,098
Disposals	(9)	(51)	(49)	(48)	(157)
Reclassification	4	(53)	49	-	-
Exchange rate differences	(29)	(105)	(48)	(40)	(222)
Depreciation	(819)	(941)	(3,184)	(322)	(5,266)
Subtotal	**(427)**	**(388)**	**1,206**	**62**	**453**
At 31 December 2017					
Cost	8,734	18,669	18,563	5,075	51,041
Accumulated depreciation and impairment	(6,431)	(16,079)	(12,832)	(4,273)	(39,615)
Carrying amount	**2,303**	**2,590**	**5,731**	**802**	**11,426**
Depreciation rate in %	0-10	20-33	20-33	20-33	

The carrying amount of assets under financial lease is as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
Financial lease	-	4	566	-	**570**

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 2017	**3,337**	**13,498**	**122**	**16,957**
Investments / additions	40	113	6	159
Reclassification	-	(124)	-	(124)
Disposals / utilisation	(36)	(902)	-	(938)
Remeasurement of defined benefit plan	-	(181)	-	(181)
Share of result in participating interests	538	-	-	538
Exchange differences	45	(280)	-	(235)
Dividends	(555)	-	-	(555)
At 31 December 2017	**3,369**	**12,124**	**128**	**15,621**

Participating interests

We refer to page 71 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:

	2017 Deferred income tax assets	2016 Deferred income tax assets
Deductible temporary differences related to United Kingdom pensions	4,025	4,382
Other deductible temporary differences	2,767	2,670
Total deductible temporary differences	**6,792**	**7,052**
Tax losses	5,332	6,446
	12,124	**13,498**

An amount of €1.0 million of the €12.1 million deferred tax asset is anticipated to be settled within one year.

Deferred tax assets and liabilities are only offset when they relate to the same entity and tax authority.

The known tax losses not valued amount to €6.8 million (2016: €21.6 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 2017 €0.1 million is recognised directly in equity (2016: €-8.8 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:

	2017	2016
Costs incurred and estimated earnings	1,657,028	1,737,643
Billings to date	(1,654,535)	(1,740,712)
	2,494	**(3,069)**

	2017	2016
Costs incurred and estimated earnings in excess of billings	84,024	75,387
Billings in excess of cost incurred and estimated earnings	(81,530)	(78,456)
	2,494	**(3,069)**
Less:		
Provision for expected losses	(9,359)	(10,567)
Payments in advance	(3,573)	(3,052)
	(10,438)	**(16,688)**

Change work in progress in the income statement is not equal to the movement in the balance sheet because the income statement only includes the movement in costs incurred and provision for expected losses. Furthermore differences occur due to exchange rate differences and reclassification.

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

7 RECEIVABLES

	2017	2016
Trade receivables	117,555	131,756
Amounts owed from participating interests	8,110	8,692
Corporate income tax	376	669
Other taxes and social security charges	845	2,786
Employee advances	315	523
Prepaid expenses	7,560	9,897
Other receivables	6,542	7,176
	141,303	**161,499**

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.

	2017	2016
Trade receivables	135,105	148,705
Less: provision for bad debts	(17,550)	(16,949)
	117,555	**131,756**

During the year, an addition of €1.1 million to the provision for bad debts was charged to the profit and loss account.

8 CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance includes an amount of €0.2 million (2016: €0.2 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:

	2017						2016
	Issued share capital	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total	Total
At 1 January	**5,000**	**(8,199)**	**2,289**	**111,044**	**12,129**	**122,263**	**118,890**
Movements							
Legal and statutory reserves	-	-	131	(131)	-	-	-
Exchange rate differences	-	(1,908)	-	-	-	(1,908)	713
Unappropriated result	-	-	-	-	12,847	12,847	12,129
Transfer result last year to other reserves	-	-	-	12,129	(12,129)	-	-
Own shares (repurchased) / sold	-	-	-	1,245	-	1,245	(345)
Dividend	-	-	-	(305)	-	(305)	(292)
Other movements in reserves	-	-	-	99	-	99	(8,832)
Subtotal	**-**	**(1,908)**	**131**	**13,037**	**718**	**11,978**	**3,373**
At 31 December	**5,000**	**(10,107)**	**2,420**	**124,081**	**12,847**	**134,241**	**122,263**

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 €2.1 million and a legal reserve of €0.3 million in Portugal, Belgium and China.

10 MINORITY INTEREST

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

	2017	2016
At 1 January	**191**	**257**
Profit for the year	21	(68)
Dividends	(1)	(6)
Exchange differences	(4)	8
At 31 December	**207**	**191**

11 PROVISIONS

Movements in provisions can be broken down as follows:

	Pensions	Restructuring	Long-term employee benefits	Deferred tax liability	Other provisions	Total
At 1 January 2017	**25,777**	**8,580**	**5,080**	**487**	**383**	**40,307**
Additions	649	4,403	794	-	447	6,293
Withdrawals	(1,436)	(6,177)	(411)	(129)	(120)	(8,273)
Remeasurement of defined benefit plan	(280)	-	-	-	-	(280)
Reclassification	-	-	-	(124)	324	200
Release to profit & loss account	-	(161)	(45)	(17)	-	(223)
Exchange differences	(1,032)	(13)	(272)	(3)	2	(1,318)
At 31 December 2017	**23,678**	**6,632**	**5,146**	**214**	**1,036**	**36,706**

Of the provisions €32.6 million (2016: €33.9 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

	2017			2016
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	Total
At 1 January	**79,486**	**53,709**	**25,777**	**18,884**
Included in income statement				
Interest	2,005	1,356	649	594
Included in equity				
Actuarial loss (gain) arising from				
- Scheme experience	(682)	-	(682)	773
- Financial assumptions	1,001	-	1,001	15,759
Return on plan assets (excluding interest income)	-	599	(599)	(6,259)
Subtotal	**319**	**599**	**(280)**	**10,273**
Exchange differences	(3,181)	(2,149)	(1,032)	(2,543)
	(2,862)	**(1,550)**	**(1,312)**	**7,730**
Other				
Contributions paid by employer	-	1,436	(1,436)	(1,431)
Benefits paid	(4,179)	(4,179)	-	-
	(4,179)	**(2,743)**	**(1,436)**	**(1,431)**
At 31 December	**74,450**	**50,772**	**23,678**	**25,777**

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

Plan assets

Plan assets comprise of the following:

	2017		2016	
	Amount	%	Amount	%
Corporate bonds	2,806		2,691	
Index-linked bonds	2,426		2,536	
Pooled liability driven investment funds	15,328		13,077	
Total matching assets	**20,560**	**40.5**	**18,304**	**34.1**
United Kingdom equities	9,081		8,741	
Overseas equities	9,370		8,349	
Diversified growth funds	3,965		11,343	
Property	5,046		4,826	
Cash	2,750		2,146	
Total growth assets	**30,212**	**59.5**	**35,405**	**65.9**
Total invested assets	**50,772**	**100.0**	**53,709**	**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):

	2017	2016
Discount rate	2.5	2.7
Inflation (Retail Price Index)	3.2	3.3
Inflation (Customer Price Index)	2.2	2.3
Allowance for commutation of pension for cash at retirement	60% of Post A Day	60% 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 2017 are 100% of the standard tables S2PxA, year of birth, no ageing for males and females, projected using CMI_2016 converging to 1.0% per annum. These imply the following life expectancies at age 65 years:

	2017	2016
Longevity at age 65 for current pensioners		
Males	21.9	21.9
Females	23.7	23.9
Longevity at age 65 for current members aged 45		
Males	23.0	23.2
Females	25.0	25.4

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:

		2017	2016
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 2017 is 18 years (2016: 19 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.

Restructuring

Restructuring costs include provisions for staff redundancy and costs due to onerous rental agreement buildings. The movements in 2017 are related to the restructuring of the organisation to be more effective, efficient and thus more successful in the market.

Approximately €3.4 million (2016: €4.7 million) of the restructuring provision is due within one year.

Long-term employee benefits

This item mainly relates to future long-service awards. The provision for long service relates to payments to employees on the basis of years of service. The provision reflects the estimated amount of the long-service awards in the future. The calculation is based on commitments made, retention rates and ages.

In addition provisions have been made for mandatory severance and disability schemes in a number of overseas countries of operation.

This provision has mainly a non-current nature; the Group expects to incur approximately €4.5 million (2016: €3.8 million) over the next year.

Other provisions

Other provisions relate to the old age pension act (AOW) for employees that have been abroad for a longer period of time and the own risk regarding claims.

The expected utilisation period of these provisions is between one and five years.

12 NON-CURRENT LIABILITIES

	2017			2016
	At 31 December 2017	Repayment obligation in 2018	Remaining term > 1 year	Remaining term > 1 year
Loans	21	21	-	28
Financial lease liabilities	578	206	372	562
	599	**227**	**372**	**590**

The amount of contingent lease payments is recognised as an expense in 2017 for an amount of €0.2 million.

Per 31 December 2017 the facility with three banks in Netherlands consists of:

- multipurpose facility: €30 million
- guarantee facility: €50 million

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

The facility has a 1-month Euribor denominated interest rate. The credit margin on the facility is based on the leverage ratio (net debt/EBITDA); a lower leverage ratio results in a lower credit margin. The debt covenant for the multipurpose facility states that the leverage ratio must not exceed 2.0 at 31 December 2017 and the interest coverage ratio shall not be lower than 4.0. Per 31 December 2017 the leverage ratio (net debt/EBITDA) is -2.9 and the interest coverage ratio is 152.

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

Parallel to the multipurpose/guarantee facilities the group has loan or guarantee facilities with banks in South Africa (€2.7 million Prime Rate denominated overdraft facility; €1.2 million guarantee facility; €0.9 million asset finance) and the United Kingdom (€2.9 million guarantee facility). There are no securities given for the facility in South Africa. The United Kingdom facility is 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 with other banks of €2.8 million.

In total the company has €95.5 million banking facilities. Within these facilities €3.7 million can be used for loans, €60.5 million can be used for guarantees and €31.3 million can be used for both loans and guarantees. At 31 December 2017 the Group had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €53.1 million. Counter guarantees in favour of the Group have been received to a value of €2.5 million.

13 CURRENT LIABILITIES

	2017	2016
Amounts owed to credit institutions	16	3,788
Short-term part of non-current liabilities	227	536
Trade payables	39,067	40,144
Corporate income tax	3,278	2,724
Other taxes & social security charges	26,089	23,878
Holiday allowance	6,956	7,071
Amounts owed to participating interests	174	85
Pension premiums	3,447	793
Leave entitlements	10,535	10,366
Accrued expenses	10,167	10,331
Work in progress	10,438	16,688
Other short-term liabilities	12,961	13,347
Total	**123,355**	**129,751**

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

Other taxes & social security charges include payroll taxes of €8.3 million (2016: €6.7 million) and VAT of €16.9 million (2016: €14.4 million).

Included in accrued expenses are accruals for accommodation, ICT costs and project related costs of €4.5 million (2016: €4.1 million), staff related accruals of €2.0 million (2016: €2.2 million) and other of €3.1 million (2016: €3.5 million).

Other short-term liabilities includes other staff related accruals of €10.3 million (2016: €8.9 million).

14 FINANCIAL INSTRUMENTS

General information

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 €263 million, consisting of trade receivables (€135 million excluding the provision for bad debts), other receivables (€23 million) and cash (€105 million). The credit risk is concentrated at a large number of counterparties, the highest receivable amounts to €4.7 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 49% concentrated in 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 €17.6 million.

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, KWD and VND. 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:

	2017		2016	
	Estimated fair value	Contract value/ projected principal amounts	Estimated fair value	Contract value/ projected principal amounts
EUR/USD	723	14,917	(577)	13,783
EUR/KWD	480	11,519	-	-
EUR/MXN	178	3,490	(63)	3,869
EUR/OMR	104	2,903	-	-
EUR/TWD	91	1,825	(93)	1,917
EUR/SAR	80	5,804	(34)	9,181
EUR/COP	5	255	(22)	940
EUR/INR	(22)	3,209	-	-
EUR/VND	(173)	6,547	-	-
GBP/USD	157	3,508	(93)	4,430
GBP/OMR	17	1,243	(28)	1,112
GBP/INR	(19)	2,272	(51)	330
ILS/USD	477	10,739	22	9,430
Other	(47)	3,547	(41)	2,389
	2,051	**71,778**	**(979)**	**47,381**

The contracts expire in the next three years.

Liquidity risk
Management ensures that sufficient balances are available for a minimum period of 18 days (a minimum of €30 million) to cover the expected operational costs, including meeting the financial obligations. The potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters are not taken into account. For further details regarding our bank facility we refer to note 12.

Price risk
The Group does not hold any investments in listed and non-listed equities and therefore does not run a price risk.

Interest rate risk
The group mitigates the interest rate risk as much as possible. Currently there are no outstanding loans and the bank balance is positive. Therefore the interest rate risk is limited.

15 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

Operational leases

	2017				2016
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Total
Equipment / utilities	143	97	-	240	-
Buildings rental / lease	13,716	32,178	24,146	70,040	73,725
Car lease	4,039	5,125	-	9,164	11,263
ICT lease	5,713	3,796	-	9,509	13,298
	23,611	**41,196**	**24,146**	**88,953**	**98,286**

In 2017, the commitments ensuing from this recognised in the profit and loss account amounted to €24.3 million (2016: €28.4 million).

Contingent liabilities

The Company in 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 Netherlands with a number of group companies (see page 65). 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 74.

Notes to the Consolidated Financial Statements

16 NET TURNOVER

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

	2017	2016
Netherlands	286,410	294,998
Africa, Middle East and India (excl. SA)	82,415	93,577
South Africa	57,412	44,928
Asia Pacific (excl. ID)	42,479	49,926
United Kingdom	38,590	37,151
Continental Europe (excl. NL)	32,495	42,909
Americas	32,358	39,979
Indonesia	12,769	17,825
	584,928	**621,293**

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

	2017	2016
Industry & Buildings	193,913	211,970
Transport & Planning	157,253	152,673
Maritime & Aviation	127,958	142,962
Water	105,804	113,688
	584,928	**621,293**

See key figures on pages 4 and 5 for % segmentation of turnover by client group, market group and region.

17 SHORT-TERM EMPLOYEE BENEFITS

	2017	2016
Salaries and wages	263,731	273,345
Social security charges	29,738	29,588
Pension costs	30,350	31,035
	323,819	**333,968**

Notes to the Consolidated Financial Statements

18 REMUNERATION REPORT UNDER RESPONSIBILITY OF THE SUPERVISORY BOARD

GENERAL REMUNERATION PRINCIPLES

Adoption of Remuneration policy

The Supervisory Board has developed the remuneration policy for the Executive Board of Royal HaskoningDHV on the basis of a proposal of the Remuneration Committee. The remuneration policy was adopted by the General Meeting of Shareholders.

Remuneration principles

The current remuneration of the Executive Board is based on a comparative study done in 2016 by an independent firm of terms and conditions of employment in the executive remuneration market for peer companies, i.e. companies operating in a grossly comparable market with a roughly similar risk profile and size as Royal HaskoningDHV. The policy is designed to be able to attract, reward, incentivise and retain qualified and expert individuals that the company needs to achieve its strategic objectives.

The Supervisory Board periodically evaluates the remuneration package on the basis of information supplied by external remuneration experts to verify that it is in line with the company's objectives and the market.

The remuneration policy provides for a fixed component and a variable component.

The component is based on the variable performance of the company, whereby this variable component is challenging, but not excessive. Furthermore, the ratio between the total remuneration of the Executive Board relative to the average remuneration in the company was taken into consideration.

Fixed remuneration component

The Supervisory Board of Royal HaskoningDHV aims to offer its Executive Board a fixed remuneration component targeted at approximately Q1 level of the general Dutch market and at the median of the direct (mostly Dutch and some EU) peer group.

Variable remuneration component

The Supervisory Board determines the variable remuneration component for the members of the Executive Board on the basis of their performance and the company's results as compared to the agreed performance criteria. The criteria for the variable remuneration comprise both financial (max. 25%) and non-financial (max. 15%) performance elements to balance short-term operational performance with the long-term objectives and stakeholders interests. The detailed criteria are not disclosed because of competitive and market intelligence reasons.

The variable remuneration for the Executive Board is intended to drive the pursuit of Royal HaskoningDHV's short- and long-term objectives and is appropriate in relation to both the fixed remuneration and the peer group. The maximum annual variable remuneration component amounts to 40% of the gross fixed remuneration if targets set are widely exceeded, whereas an on-target performance will result in 28-30% variable remuneration.

The criteria are agreed annually between the Supervisory Board and the Executive Board at the start of the relevant financial year. The variable income is, in principle, payable in depositary receipts.

The Supervisory Board has verified and is comfortable with the potential pay-out of the variable remuneration component for various scenarios as prescribed by the Netherlands Corporate Governance Code.

Pensions and risk premium

Pursuant to the policy applicable to all staff members in the Netherlands, the company contributes to the cost of the old-age pension and the premium for partner pension and disability. Equally, the members of the Executive Board are compensated for the reduction of the maximum pension accrual pursuant to the Reduction of Maximum Pension Accrual and Contribution Rates and Maximum Pensionable Income Act (Wet verlaging maximumopbouw- en premiepercentages pensioen en maximering pensioengevend inkomen) (Witteveen Framework 2015).

Severance pay

In the event of termination of the employment contract on Royal HaskoningDHV's initiative, a member of the Executive Board is entitled to a severance payment of one year's gross fixed annual remuneration. There is no right to the severance payment if the contract is being terminated due to urgent cause or serious culpability.

Notes to the Consolidated Financial Statements

Sundry

Royal HaskoningDHV offers the members of its Executive Board a package of secondary employment benefits in accordance with those offered to other staff. The benefit package includes disability insurance, a company car and a Director's Liability insurance. The Company does not issue loans, advance payments or guarantees to the members of its Executive Board.

Remuneration for 2017

The remuneration of the Executive Board for 2017 is as follows:

Current and former managing directors	Base salary	Social premiums / other allowances	Variable	Pensions	2017 Total	2016 Total
E. Oostwegel (CEO)	475	89	137	16	717	654
N.G. Dalstra (CFO, member since 01-10-2016)	330	60	95	16	501	127
Former members					-	691
					1,218	**1,472**

The actual achievement of the performance criteria set for 2017 was 28.8% (2016: 30.2%). The CEO's gross variable remuneration amounts to €137,000 and the CFO's amounts to €95,000.

No other exceptional remuneration was paid to the members of the Executive Board in 2017.

The ratio of the combined remuneration of the Executive Board relative to the average of the Royal HaskoningDHV Netherlands staff for 2017 is 7.4, at the same level as 2016, with the CEO at 8.7 and the CFO at 6.1.

The Remuneration Committee of the Supervisory Board has taken note of individual Executive Board members' views with regard to the amount and structure of their respective remuneration packages. The Remuneration Committee has been informed about the remuneration packages for Business Line Directors and Corporate Directors and is confident that remuneration across the top management structure of the company is consistent.

REMUNERATION 2018 AND ONWARDS

Fixed income component

The Supervisory Board has decided, within the remuneration policy adopted by the General Meeting of Shareholders that the fixed remuneration of the Executive Board members will increase as from 1 April 2018 by 2.0% in line with inflation. As from 1 April 2018, fixed income becomes, therefore, €484,500 for the CEO and €336,600 for the CFO.

Variable income component

The maximum variable income continues to amount to 40% of the fixed annual income. The make-up of the criteria for 2018 has slightly changed from the 2017 ones.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board was agreed in 2012 and is comprised of a fixed remuneration that is independent from the company's results, whereby a distinction is made between the remuneration of the Chairman and that of the other members of the Supervisory Board. Members of the Supervisory Board receive a further remuneration for their respective memberships of committees of the Supervisory Board.

In addition to the fixed remuneration the members of the Supervisory Board also receive a fixed contribution towards their expenses. No loans, advances or guarantees have been granted to the members of the Supervisory Board. The members of the Supervisory Board do not possess depositary receipts in Royal HaskoningDHV.

Current Supervisory board members	2017	2016
J.A.P. van Oosten (Chairman)	45	45
P.M.M. Blauwhoff	35	35
J. Bout	35	35
A.M. Paulussen-Hoogakker	35	35
J.S.T. Tiemstra	35	35
	185	**185**

19 OTHER OPERATING EXPENSES

	2017	2016
Temporary staff	19,694	15,750
Office expenses	25,519	25,270
Travel and accommodation	22,639	21,503
Occupancy expenses	20,196	21,739
Work by third parties	6,849	6,540
Additional personnel expenses	8,219	8,145
Other operating expenses	16,070	11,793
Restructuring costs and other one-off items	4,718	2,451
	123,904	**113,191**

Restructuring costs include provisions for staff redundancy.

Included in other operating expenses is a loss on exchange rate differences of €3.4 million (2016: loss €0.1 million).

Auditor's fees

The following fees were charged by KPMG Accountants N.V. to the Group as referred to in Article 2:382a(1) and (2) of Netherlands Civil Code:

	2017			2016
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	Total KPMG
Audit of the financial statements	250	127	377	277
Other audit related services	-	-	-	40
Tax-related advisory services	-	-	-	-
Other non-audit services	4	-	4	5
	254	**127**	**381**	**322**

The fees mentioned in the table for the audit of the financial statements 2017 (2016) relate to the total fees for the audit of the financial statements 2017 (2016), irrespective of whether the activities have been performed during the financial year 2017 (2016).

20 CORPORATE INCOME TAX

The major components of the tax expense are as follows:

	2017	2016
Tax liability for current financial year	7,893	6,430
Movement in temporary differences	(447)	(264)
Adjustment in valuation of deductible losses	(548)	381
Adjustment for prior periods	669	288
Other adjustments	237	(3,223)
Tax expense	**7,804**	**3,612**

The applicable weighted average tax rate is 24.4% (2016: 24.8%), 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 2017 amounts to €7.8 million, or 37.8% of the result before tax and share in result of participating interests (2016: 23.0%).

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

	2017		2016	
Profit before tax	20,672		15,673	
Statutory tax rate NL	5,168	25%	3,918	25%
Changes related to:				
Utilisation of previously reserved loss carry-forwards	(771)	-3.7%	(583)	(3.7%)
New loss carry-forwards not expected to be realised	223	1.1%	964	6.2%
Non tax deductible goodwill amortisation	1,182	5.7%	1,505	9.6%
Non taxable income	(149)	-0.7%	(886)	(5.7%)
Non tax deductible expenses	480	2.3%	397	2.5%
Withholding and foreign taxes	765	3.7%	1,232	7.9%
Tax rate differences	(133)	-0.6%	(24)	(0.2%)
Prior year tax results	669	3.2%	288	1.8%
Tax expenses due to other liabilities	426	2.1%	(1,290)	(8.2%)
Tax incentives and other	(56)	-0.3%	(1,909)	(12.2%)
Effective tax rate	**7,804**	**37.8%**	**3,612**	**23.0%**

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

21 NUMBER OF EMPLOYEES

During the year 2017 on average 5,093 (2016: 5,444) employees were employed by the Group.

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

	2017	2016
Netherlands	2,697	2,739
South Africa	620	626
United Kingdom	500	492
Africa, Middle East and India (excl. SA)	426	397
Asia Pacific	298	298
Indonesia	267	289
Continental Europe (excl. NL)	145	258
Americas	67	67
	5,020	**5,166**

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

	2017	2016
Industry & Buildings	1,406	1,513
Transport & Planning	1,253	1,169
Water	1,034	1,038
Maritime & Aviation	722	758
Corporate Groups	605	688
	5,020	**5,166**

*Numbers are excluding flexible workforce and minority interests.

22 CHANGES IN CONSOLIDATED INVESTMENTS

The following investments and divestments were made in 2017:

	Country	Holding at 01/01/2017	Acquired / divested	Holding at 31/12/2017
Merged:				
InterVISTAS Consulting B.V.	Netherlands			
De Weger Architecten- en Ingenieursbureau B.V.	Netherlands			
HaskoningDHV India PvT Ltd.	India			

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 71 to 73. All transactions with related parties are at arm's length basis. The remuneration of the managing directors and Supervisory board is included in note 18.

Company Financial Statements

Company Balance Sheet at 31 December 2017

Before profit appropriation *€ thousands*

Assets

	Note	2017	2016
Fixed assets			
Intangible fixed assets	25	7,781	10,488
Financial fixed assets	26	108,919	117,599
		116,700	**128,087**
Current assets			
Receivables	27	14,967	27,336
Cash and cash equivalents		18,043	161
		33,010	**27,497**
		149,710	**155,584**

Shareholders’ equity & liabilities

	Note	2017	2016
Shareholders’ equity			
Issued share capital		5,000	5,000
Share premium		-	-
Foreign currency translation reserve		(10,127)	(8,204)
Legal and statutory reserves		2,420	2,289
Other reserves		125,783	112,391
Unappropriated result		12,782	12,485
Subtotal	28	**135,858**	**123,961**
Provisions	29	11	44
Non-current liabilities	30	-	-
Current liabilities	31	13,841	31,579
		149,710	**155,584**

Company Income Statement 2017

€ thousands

	Note	2017	2016
Share of result of participating interests after tax		17,787	15,363
Company result after tax		(5,005)	(2,878)
Net result		**12,782**	**12,485**

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 Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in Netherlands.

Since the income statement for 2017 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 Netherlands Civil Code.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Participating interests in group companies are accounted for in the Company financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements (2.6).

As per year end, the financial instruments that have the legal form of equity, are presented in the equity of the company financial statements.

The share of result of participating interests concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

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 30 to 39.

25 INTANGIBLE FIXED ASSETS

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

	Goodwill
At 1 January 2017	
Cost	28,319
Accumulated amortisation and impairment	(17,831)
Carrying amount	**10,488**
Movements	
Impairment	(1,552)
Amortisation	(1,155)
Subtotal	**(2,707)**
At 31 December 2017	
Cost	28,319
Accumulated amortisation and impairment	(20,538)
Carrying amount	**7,781**
Amortisation rate in %	5

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 2017, budget 2018 and further financial projections for 2019-2022.

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 impairment of a CGU in Poland within the BL Water of €1.6 million based on the disappointing historical performance or future expectations.

Notes to the Company Financial Statements

26 FINANCIAL FIXED ASSETS

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

	Participating interests in group companies	Loans to participating interests	Deferred income Tax assets	Other financial fixed assets	Total
At 1 January 2017	**107,695**	**6,233**	**3,558**	**113**	**117,599**
Investments / additions	1,481	2,469	-	6	3,956
Repayments / utilisation	-	(831)	-	-	(831)
Reclassification	-	8,043	-	-	8,043
Share of result in participating interests	17,787	-	-	-	17,787
Exchange differences	(1,716)	(192)	-	-	(1,908)
Dividend	(35,826)	-	-	-	(35,826)
Other movements	99	-	-	-	99
At 31 December 2017	**89,520**	**15,722**	**3,558**	**119**	**108,919**

Participating interests

Three of the participating interests have a negative equity value with a total value of €1.2 million (2016: €1.5 million).

Investments mainly relates to share premium contribution in Royal HaskoningDHV (Pty) Ltd. (€1.4 million).

Dividend has been paid by HaskoningDHV Nederland B.V. (€35.0 million).

In the other movements the remeasurement of the United Kingdom pension fund is included (€0.1 million).

The participating interests are 100% related to group companies. For an extensive list of participating interests we refer to page 71.

Loans to participating interests

Receivables from participating interests includes loans to RoyalHaskoningDHV (Pty) Ltd. of €3.5 million (2016: €3.6 million) and InterVISTAS Holding Inc. of €1.7 million (2016: €2.5 million) and HaskoningDHV Consulting Pvt. Ltd. of €2.4 million (2016: €0 million). The loans are provided for funding and cash management purposes. The majority of the loans have a permanent nature.

Nothing has been agreed in respect of securities. All loans are at arm's length.

An amount of €8.0 million (Haskoning International B.V. €4.8 million and HaskoningDHV UK Holdings Pty Ltd. € 3.3 million) has been reclassified from Amounts owed from group companies / subsidiaries within the receivables (note 27), because these loans have a permanent nature. This mainly relates to loans to Haskoning International B.V. (€4.8 million) and HaskoningDHV UK Holdings Pty Ltd. (€ 3.3 million).

The interest income on loans to associates amounted to €0.6 million (2016: €0.6 million).

27 RECEIVABLES

	2017	2016
Amounts owed from group companies / subsidiaries	14,757	26,129
Other receivables, prepayments and accrued income	210	1,207
	14,967	**27,336**

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 74.

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.

	2017		2016	
	A shares	B shares	A shares	B shares
Stichting HaskoningDHV	4,717,359	-	4,717,359	-
Stichting Adminstratiekantoor HaskoningDHV	-	268,408	-	225,495
Koninklijke HaskoningDHV Groep B.V.	-	14,233	-	57,146
	4,717,359	**282,641**	**4,717,359**	**282,641**

During the trade round in May 2017, 69,485 DRs were bought and 26,572 DRs were sold. The balance of DRs bought and sold 42,913 was sold by the company (total value of €1.2 million – price €29.01). In principle short-term incentives and profit sharing are payable in DRs.

Subject to adoption of the financial statements 2017 by the Annual General Meeting, the price will rise by 6.2% to €30.80. Including the proposed dividend of €1.29 (see Proposed profit appropriation, page 64) the total return for the DR holders is 10.6%.

The movement in DRs is as follows:

	2017	2016
Balance at 1 January	225,495	238,261
Trade round (bought)	69,485	41,731
Sold	(26,572)	(54,497)
	268,408	**225,495**

Notes to the Company Financial Statements

Statement of changes in shareholders' equity

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

	2017						2016
	Issued share capital	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total	Total
At 1 January	**5,000**	**(8,204)**	**2,289**	**112,391**	**12,485**	**123,961**	**119,979**
Movements							
Legal and statutory reserves	-	-	131	(131)	-	-	-
Exchange rate differences	-	(1,923)	-	-	-	(1,923)	967
Unappropriated result	-	-	-	-	12,782	12,782	12,485
Transfer result last year to other reserves	-	-	-	12,485	(12,485)	-	-
Own shares sold / (repurchased)	-	-	-	1,245	-	1,245	(345)
Dividend	-	-	-	(305)	-	(305)	(292)
Other movements in reserves	-	-	-	98	-	98	(8,833)
Subtotal	-	**(1,923)**	**131**	**13,392**	**297**	**11,897**	**3,982**
At 31 December	**5,000**	**(10,127)**	**2,420**	**125,783**	**12,782**	**135,858**	**123,961**

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

	2017	2016
Equity Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	135,858	123,961
Equity DHV Education Foundation	(1,617)	(1,698)
Equity Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**134,241**	**122,263**

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

	2017	2016
Result Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	12,782	12,485
Result DHV Education Foundation	65	(356)
Result Koninklijke HaskoningDHV Groep B.V. (following the consolidated financial statements)	**12,847**	**12,129**

Notes to the Company Financial Statements

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. The foreign translation reserve of €10.1 million includes a.o. investments in South Africa, Turkey, Canada and Mozambique.

Legal and Statutory reserves

The legal reserve for participating interests which amounts €2.1 million (2016: €2.0 million) pertains to participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

The reserves required under the articles of association (€0.3 million) are related to Portugal, Belgium and China.

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 2017, the Executive Board proposes that a dividend of €1.29 per B-share will be distributed to holders of B shares, representing a value of €346,000. 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 (see also Dividend per share at page 62). The remaining profit of €12,501,000 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 47.

Notes to the Company Financial Statements

31 CURRENT LIABILITIES

	2017	2016
Amounts owed to credit institutions	15	14,646
Amounts owed to group companies / subsidiaries	12,004	14,834
Corporate income tax	1,229	1,441
Other taxes & social security contributions	30	21
Other debts, accruals and deferred income	563	637
	13,841	**31,579**

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

32 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

At 31 December 2017 the company had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €6.8 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.

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.
- 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.

Notes to the Company Financial Statements

Amersfoort, Netherlands
March 8, 2018

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

Other information

Other information

INDEPENDENT AUDITOR'S REPORT

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

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2017 of Koninklijke HaskoningDHV Group 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 Group B.V. as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2017;
2. the consolidated and company income statement for 2017;
3. the consolidated statement of comprehensive income for 2017;
4. the consolidated cash flow statement for 2017; and
5. 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 Group B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 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:

- our company
- our leadership which comprises the report of the Supervisory board and the report of the Executive board;
- other information pursuant to Part 9 of Book 2 of the Dutch 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 Dutch 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 Dutch 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 report of the Executive board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch 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 Dutch 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.

Other information

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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at **https://www.nba.nl/globalassets/tools-en-voorbeelden/standaardpassages/eng_algemeen_01.pdf**

This description forms part of our independent auditor's report.

Rotterdam, March 8, 2018
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.

SUBSEQUENT EVENTS

There are no subsequent events.

Other information

GROUP COMPANIES

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

HaskoningDHV Nederland B.V.,	Amersfoort, Netherlands
Haskoning B.V.,	Nijmegen, Netherlands
HaskoningDHV Asset Management B.V.,	Amersfoort, Netherlands
DHV Global Engineering Center B.V.,	Amersfoort, 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
HaskoningDHV Botswana (Pty) Ltd.,	Gaborone, Botswana
Steward Scott International (Pvt) Ltd.,	Harare, Zimbabwe
Steward Scott NCL Ltd.,	Cayman Islands
ManCon Projects (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, Netherlands
Haskoning International Services B.V.,	Nijmegen, Netherlands
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%)*
HaskoningDHV Nigeria 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)

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
DHV China B.V.,	Amersfoort, 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 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

Other information

NON-GROUP COMPANIES

Joint Ventures

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

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%)*
Shaded Dome Technologies B.V.	Amsterdam, Netherlands *(33.3%)*

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 (Madam Chair)
M. Doornekamp
J. Johns
J.P. Kool
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 268,408 B shares.
Koninklijke HaskoningDHV Groep B.V. has bought back and currently holds 14,233 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 expenses
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
BIM	Building Information Modelling
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
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
ETHIC Intelligence Anti-Corruption 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
Integrated Report (IR)	Annual report format that integrates general, financial, environmental, and social performance
Net Turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
NL	Netherlands
Operating income	Net turnover adjusted for change in work in progress, excluding other operating income
QHSE	Quality, Health, Safety and Environment
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

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 over 135 years of experience. Our professionals deliver services in the fields of aviation, buildings, energy, industry, infrastructure, maritime, mining, transport, urban and rural development and water.

Backed by expertise and experience of 6,000 colleagues across the world, we work for public and private clients in some 150 countries. We understand the local context and deliver appropriate local solutions.

We focus on delivering added value for our clients while at the same time addressing the challenges that societies are facing. These include the growing world population and the consequences for towns and cities; the demand for clean drinking water, water security and water safety; pressures on traffic and transport; resource availability and demand for energy and waste issues facing industry.

We aim to minimise our impact on the environment by leading by example in our projects, our own business operations and by the role we see in "giving back" to society. 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.

Our head office is in Netherlands, other principal offices are in the United Kingdom, South Africa and Indonesia. We also have established offices in Thailand, India and the Americas; and we have a long standing presence in Africa and the Middle East.

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Royal HaskoningDHV
Enhancing Society Together