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* Sections marked with an * are part of the directors' report as defined in the Dutch Civil Code

Key figures

(all amounts x EUR 1,000,000)

	2016	2015	2014	2013	2012
Net revenue	1,713	2,579	2,104	1,641	1,676
EBITDA**	333	406	312	318	265
Depreciation	187	167	152	138	127
EBIT**	147	239	159	180	138
Net profit	90	169	119	130	98
Total equity and loan capital	2,721	2,799	2,285	2,247	2,412
Equity	905	902	783	742	672
Long-term loans	466	474	493	408	554
Cash	280	326	134	243	148
Net liabilities	79	68	322	203	389
Order portfolio	3,271	2,349	3,222	1,944	1,924
Cash flow from operating activities	308	496	259	405	156
Cash flow from investment activities	-232	-191	-304	-158	-258
Cash flow from financing activities	-114	-119	-53	-137	57
Net Cash flow	-38	186	-98	110	-45
Dividend payable	39	79	57	62	47
Return on total assets**	5.4%	9.5%	7.1%	8.0%	6.0%
Return on equity**	10.0%	20.1%	15.6%	18.5%	15.1%
EBITDA/net revenue	19.4%	15.8%	14.8%	19.4%	15.8%
Net profit/net revenue	5.3%	6.6%	5.6%	7.9%	5.9%
Equity/total assets	33.3%	32.2%	34.3%	33.0%	27.9%
No. of employees in full-time equivalents at 31 December	4,816	4,912	4,843	4,195	4,550
Ratio male/female (%)*	85/15	86/14	86/14	86/14	89/11
Number of nationalities employed by Van Oord	68	73	74	55	70
Number of participants in training courses	3,997	4,512	3,766	2,827	2,953
Absence due to illness (in % of Dutch payroll)*	3.8	3.3	2.9	2.8	3.0
Accident frequency in LTIFR*	0.20	0.22	0.40	0.48	0.70
Carbon footprint (tonnes)*	704,216	874,220	787,900	783,605	801,272
Fleet energy-efficiency improvement over 2010 (cumulative)	7.3%	6.2%	5.1%	4.2%	2.7%
CO ₂ performance ladder (level)	5	5	5	5	3

* see list of terms

** see list of financial terms

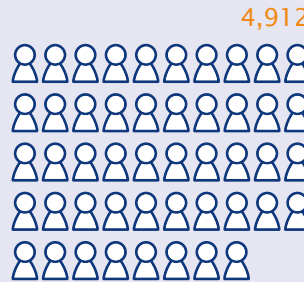


Installing a wind turbine blade

*Offshore installation vessel
Aeolus installed a total of
150 mono-piles and turbines
on the Gemini project*

Van Oord is a leading international contractor specialising in dredging, marine engineering, and offshore projects (oil, gas and wind energy).

4,816 Employees at Van Oord (in FTEs)



4,912



■ 2016
■ 2015



History

Since 1868

Van Oord has a long and varied history in marine engineering, an industry that has its origins in the Netherlands. Van Oord, a family-run business, has grown into one of the biggest marine engineering companies in the world. Our work is rooted in the Netherlands' centuries-long battle against the water. This unique pioneering spirit runs deep in our veins and makes us the best partner for our clients.

What we do

In million euro's



Dredging

1,189

1,622



Offshore oil & gas

130

242



Offshore wind

394

715

■ 2016
■ 2015

Market drivers



Installation of efficient and safe offshore oil & gas facilities



Improving maritime transport and infrastructure



Climate change and rising water



Urbanisation



Growth in (renewable) energy and reduction of carbon dioxide emissions

Ownership

MerweOord B.V. 78.5%



Cobepa (Netherlands) N.V. 10.75%

ConsOord B.V. 10.75%

Shareholders
Van Oord nv

Vision



Mission

Vision

The growing world population needs more space. The demand for energy continues to rise and society needs a sustainable energy system. The growing volume of world trade requires more and better port facilities and climate change is threatening coastal areas.

Mission

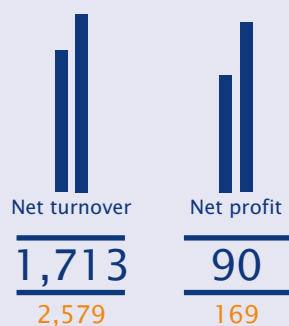
We are a leading international contractor specialising in dredging, marine engineering and offshore projects (oil, gas and wind). We work closely with our clients to create innovative, sustainable solutions and safe working conditions.

Our values

- Marine entrepreneurship
- Professionalism and dedication
- Passion and inventiveness
- Integrity, openness, respect, and team spirit
- Care for people

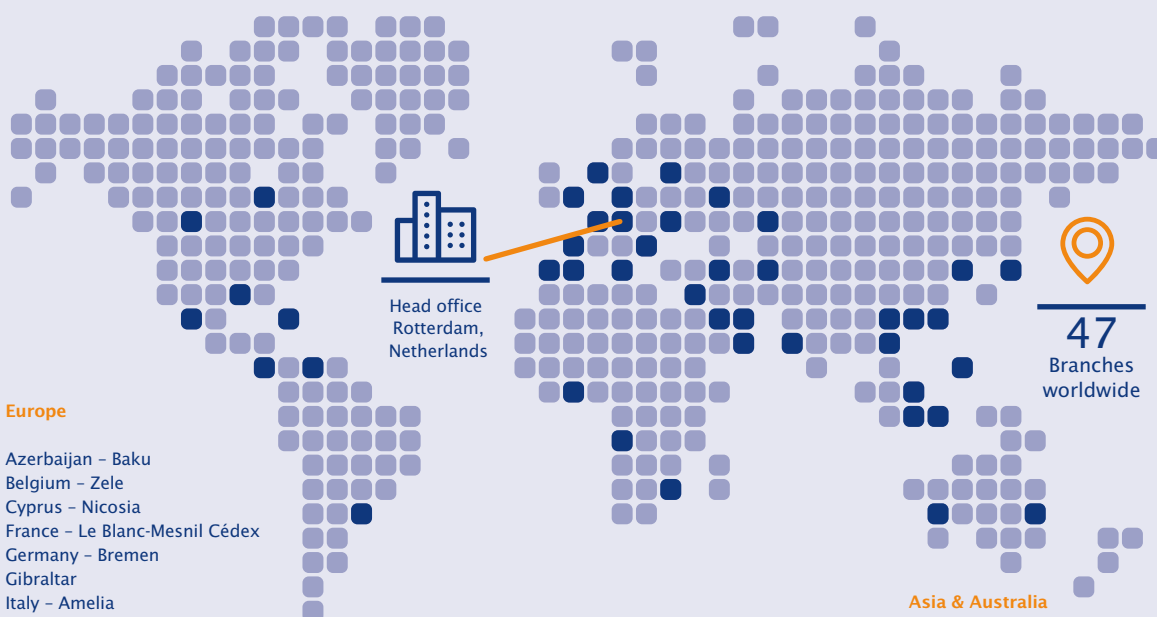
Financial

In million Euro's



■ 2016
■ 2015

Van Oord Worldwide



Europe

Azerbaijan – Baku
Belgium – Zele
Cyprus – Nicosia
France – Le Blanc-Mesnil Cédex
Germany – Bremen
Gibraltar
Italy – Amelia
Kazakhstan – Aktau
Latvia – Riga
Netherlands – Gorinchem
Netherlands – Rotterdam
Norway – Bergen
Portugal – Lisbon
Romania – Constanta
Russia – Moscow
Russia – St Petersburg
Spain – Madrid
Turkmenistan – Ashgabat
Ukraine – Odessa
United Kingdom – Small Dole

America

Bahamas – Nassau
Brazil – Rio de Janeiro
Canada – Calgary
Canada – Ontario
Curaçao – Willemstad
Mexico – Mexico City
Panama – Panama
United States – Houston

Africa

Angola – Luanda
Mozambique – Maputo
Nigeria – Ikeja-Lagos

Middle East & West Asia

Bahrain – Manama
India – Mumbai
Qatar – Doha
United Arab Emirates – Dubai

Asia & Australia

Australia – Brisbane
Australia – Perth
China – Shanghai
Filippijnen – Manilla
Hong Kong
Indonesia – Jakarta
Korea – Busan
Malaysia – Kuala Lumpur
Singapore
Taiwan – Keelung City
Thailand – Bangkok
Vietnam – Hanoi

Order portfolio



Our people



Number of nationalities
employed by Van Oord

Year	Value
2016	68
2015	73

85

Share ♂



Share ♀

15

86

14

■ 2016
■ 2015

Fleet's capacity

in weeks

■ 2016
■ 2015

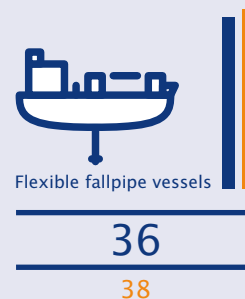
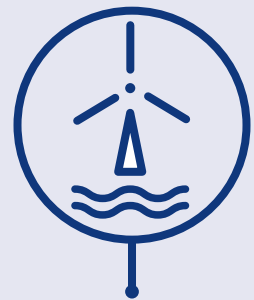
Dredging



Offshore oil & gas



Offshore wind



Our projects



we worked in 36 countries

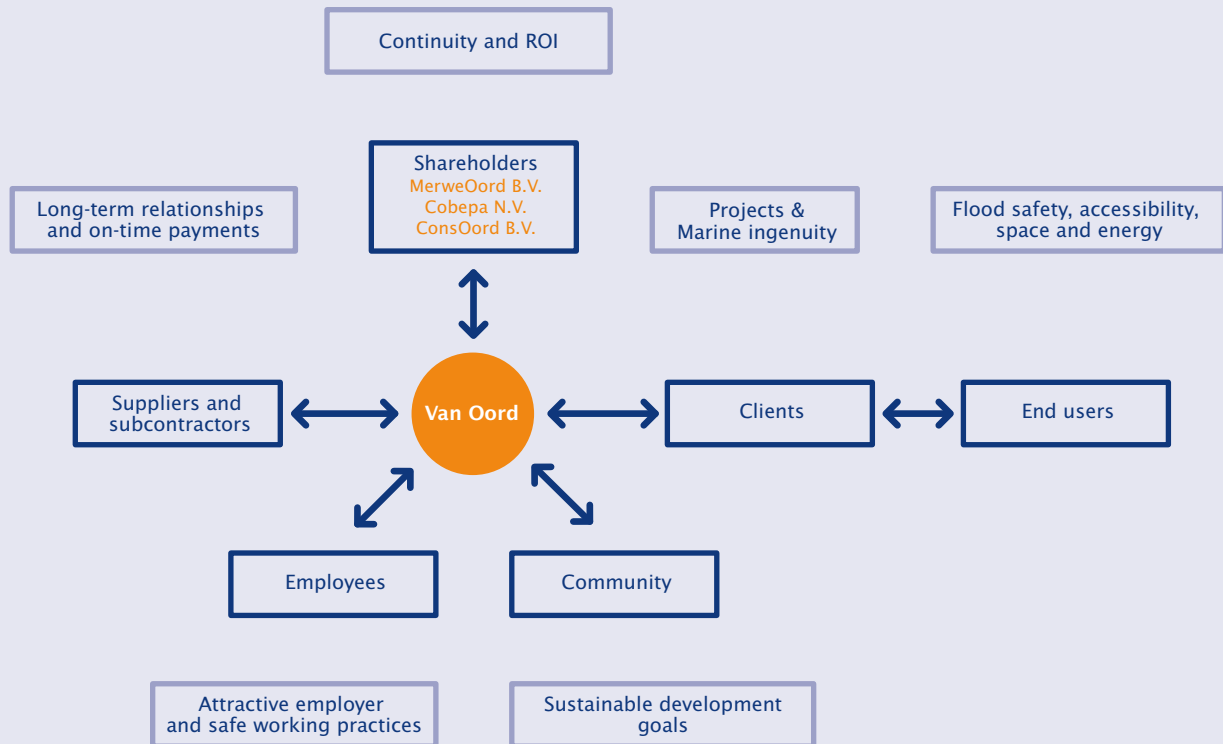
170

projects worldwide

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- 47 Gemini Windpark, Netherlands

Value creation in the chain



Van Oord business model





Gemini Offshore Wind Park

Navigating challenging times

After two years of explosive growth, 2016 was a year of dwindling revenue and declining profits. It was also the year in which we completed our work on the successful Gemini project and in which the Offshore Wind sector forged a breakthrough to a subsidisation-free future. We live in a volatile, uncertain, complex, ambiguous world, a world that requires flexibility and an organisation that can adapt quickly.

In 2016, Van Oord recorded EUR 1,713 million in revenue (2015: EUR 2,579 million) with a net profit of EUR 90 million (2015: EUR 169 million). Worsening conditions in the dredging and offshore oil and gas markets put revenue and profit margins under pressure. The downward trend has many different causes: the completion of major projects, the low oil price, slower growth in world trade and overcapacity of dredging and offshore equipment. Market conditions in the maritime sector were difficult in 2016.

Van Oord's order book filled up rapidly in 2016. Thanks to a series of major projects, including Norther, Borssele III & IV and Marginal da Corimba in Angola, awarded in the final month of the year, we closed 2016 with an order book worth EUR 3,271 million (2015: EUR 2,349 million).

Many of these projects will only be executed in 2018, 2019 and 2020. We closed the year with a net debt position of EUR 79 million (2015: EUR 68 million), comprising EUR 359 million in long-term debt (hedged exchange rate) less EUR 280 million in liquid assets. As a result, our solvency ratio in 2016 came to 33.3% (2015: 32.2%). We are satisfied with our financial position at year-end 2016.

Wind

2016 was a special year for the Offshore Wind Projects division. The successful delivery of the Gemini Offshore Wind Park in the autumn added a total power output of 600 MW to green energy production in the Netherlands. We own a 10% stake in this wind farm. This was Van Oord's biggest project ever and its execution was highly successful. We have once again shown that complex offshore wind energy projects can be completed on time, within budget and to the client's satisfaction.

The year 2016 also saw a breakthrough in the costing of offshore wind projects. The LCOE (Levelized Costs of Energy) that won Van Oord the Borssele III & IV tender (in a consortium with Eneco, Shell and Mitsubishi) set a new standard. Such low costs mean that offshore wind will form an increasingly important part of Northwest Europe's low-carbon energy mix. We are proud to be playing a prominent role in making this happen.

Safety

We are determined to continue our proactive culture of safety. Our company-wide safety programme, say YES to safety, makes our safety targets clear to our employees and, in many cases, to our subcontractors and suppliers. The purpose of the programme is to raise their awareness, influence their behaviour, and encourage them to work proactively on safety. In 2016, there were fewer lost-time injuries and an even lower accident rate than in the previous year.

Internal organisation

2016 saw a number of important changes in our organisation. After 18 years as CFO, Arjan van de Kerk retired. He was succeeded by Jolanda Poots-Bijl. Our Offshore Wind division expanded quickly when we agreed over the summer to acquire the offshore activities of Bilfinger Marine & Offshore in Hamburg, allowing us to sharpen our focus on the German market. The expanding offshore wind industry and worsening market conditions in the oil and gas sector led us to transfer a large number of employees to our Offshore Wind Projects division. Staffing levels contracted worldwide to 4,816 employees (in 2015: 4,912).

Investment

Fleet modernisation remains one of our most important strategic objectives. We once again invested heavily in new equipment in 2016. We launched two new cutter suction dredgers, the Mangystau and the Biesbosch, as well as a small trailing suction hopper dredger, the Costa Verde. In China, we are building an innovative flexible fallpipe vessel, the Bravenes, which will be launched in 2018. In Spain, we are building two new mid-size hopper dredgers. Named the Vox Amalia and the Vox Alexia, they will be launched in late 2017 and early 2018. We will also continue to divest ourselves of older vessels that are no longer economically viable.

Strategy

In 2016, we conducted a strategic review of our activities. Our strategy is based on our three main activities: dredging, offshore oil and gas, and offshore wind. By operating in all three sectors, we are less vulnerable if performance is lacklustre in one or even two. We do not intend to deviate from this strategy. The transition towards sustainable energy has confirmed our decision to invest in our Offshore Wind Projects division.

Looking ahead

The markets for dredging and offshore oil and gas activities are expected to remain difficult in 2017. We anticipate a further fall in our revenue and profits. Where necessary, we will continue to adapt our organisation accordingly. Nevertheless, we believe that our revenue will recover in 2018, thanks specifically to our offshore wind activities. Our rapidly changing world is highly volatile, uncertain, complex, ambiguous. It is a world that requires flexibility and an organisation that can adapt easily. Competent people play a crucial role in that context.

We have confidence that our strategy and our qualified team will help us navigate these challenging times successfully.

Pieter van Oord, CEO
14 April 2017





Land reclamation project in Kaohsiung, Taiwan

2016: a year of sharp contrasts

The Supervisory Board oversees Van Oord's strategic planning and policymaking and, specifically, supervises the Executive Board in that context. The Supervisory Board carries out these tasks as agreed in Van Oord's governance model and in accordance with the principles of corporate governance.

In the short term, the Supervisory Board anticipates difficult conditions in the dredging and offshore oil & gas markets.

General review of 2016

2016 was a year of contrasts for Van Oord. On the one hand, it was a successful year for the Offshore Wind Projects division. The Gemini project, which involved major financial and operational risks, was an all-round success: all 150 offshore wind turbines and related infrastructure were installed before the deadline, and strict safety monitoring brought the injury rate down to nil.

On the other hand, the low price of oil had a major impact on Van Oord's profits. This led to a decision to downsize. Part of the Van Oord organisation is flexibly structured, making it easier for the company to absorb shocks of this kind.

Acquisition

The Offshore Wind Projects division has been turning a profit for several years. Van Oord was active early on developing the right expertise and making the right investments. As a result, it enjoys a solid position in this market. The Supervisory Board approved the company's acquisition of the German firm of Bilfinger Offshore. This has given Van Oord a team with first-hand knowledge of the German market and a network of contacts there. The acquisition fits in with the company's strategy of focusing more on wind energy and it will contribute to its growth in this sector. The Supervisory Board is informed about any acquisition plans at an early stage, giving us the opportunity to assess strategic and financial risks before approval.

Risk management

We are directly involved in operational risk management. Such risks arise mainly during the project tendering phase. If cost estimates turn out to be inaccurate during execution, the losses can be enormous. To mitigate this risk, we call on highly experienced employees in our Project Office to help prepare the tender. Major projects are further subject to a Monte Carlo risk analysis, with risk approval depending on the analysis results.

Information provision

We receive quarterly profit statements and estimate annual profits on that basis. We are therefore well informed about trends at an early stage. We also discuss matters with the members of the Executive Board, the area directors and the staff directors. We consider it important to visit projects ourselves in order to review everyday working practices and understand the challenges that project teams face. In 2016 we visited the Prorva project in Kazakhstan and saw the difficult working conditions there. We also visited the shipyard in Bilbao where Van Oord is building two mid-sized trailing suction hopper dredgers.

Representation

The Supervisory Board greatly values having a sound employee representation system at Van Oord. Messrs Hoek and Damen attended Works Council meetings in the course of 2016 so as to stay abreast of its activities.

Audit Committee

The Audit Committee monitors the company's finances and risks on behalf of the Supervisory Board. The committee, made up of Messrs Van der Ven, Laurent Josi and Hoek, meets separately.

Recurring annual topics of discussion are:

- proposal to have the auditor audit the company's accounts and the auditor's report
- quarterly and annual statements
- compliance
- instructions concerning the annual plan
- changes in working capital and net debt position
- risk management

Specific themes in 2016:

- organisation of internal project reviews
- equity participation in projects
- financial risks associated with maintenance costs in the longer term
- unresolved claims
- agreements with agencies
- reduction in overall costs
- future financing structure

Remuneration

The company's annual remuneration policy is adopted during the Annual General Meeting (AGM) at the proposal of two members of the Supervisory Board, Mr Van den Driest (chair) and Mr Van Oord (member). We compare the salaries paid to the members of the Executive Board and the Management Committee that reports to the Executive Board to the salaries of senior executives at comparable companies. The Executive Board's remuneration package consists of a fixed basic salary and a variable pay component. The fixed salary follows the average salary paid at other companies in the sector. The variable pay component depends on the Executive Board's joint performance on various targets, i.e. financial results, outcome of the company safety policy, number of orders received, and the modified strategy for dredging, offshore oil & gas and offshore wind. The Executive Board members are also responsible for meeting individual targets.

Review of major projects

In the case of major projects involving EUR 50 million or more, the Executive Board consults a small committee consisting of Messrs Van den Driest (chair) and Van Oord (member). At these meetings the risk profile of the projects is addressed. Such consultations occurred 25 times in 2016.

Sustainability

Safety

Safety is one of our supervisory tasks and an agenda item at every meeting. The company-wide safety programme say YES to safety is meant not only for our own employees but for everyone who works for Van Oord, including subcontractors and partners. The results have been outstanding, with safe working practices becoming ever more firmly embedded in Van Oord's organisational culture.

Environment

Van Oord has a serious responsibility to the environment. The company has taken steps to report on environmental incidents – for example oil spillages at sea – in the same manner as it reports its financial results. It has also decided to work on reducing air pollution in 2017 by using cleaner fuels. In certain regions in which it is active, Van Oord has switched to marine diesel, which is cleaner than fuel oil. We are also investigating the possibility of LNG and biofuels going forward.

Responsibilities

Van Oord regularly operates in the crosshairs of different interests, for example when a government decision to stimulate economic growth could have consequences for the environment. Between 2011 and 2013 Van Oord was awarded two contracts to expand the Port of Suape in Brazil. In 2015 and 2016 it was criticised for its involvement in this project. Although the relevant governments and port authorities are responsible for port expansion projects such as those in Suape, the Supervisory Board believes that Van Oord must execute such projects with the greatest possible care.

Van Oord reports in detail on the impact of project activities and takes steps to reduce the consequences for the surroundings as much as possible.

Succession planning

The continuity of the Executive Board and Supervisory Board has our attention. Because the Executive Board supervises the Management Committee closely, Van Oord ensures that a new generation of capable managers is ready to take over whenever Executive Board members step down. The Supervisory Board gained an extra guarantee of continuity in 2016 when a sixth supervisory director, Mr Hoek, joined the board.

Independence and conflict of interest

Three of the supervisory directors represent MerweOord. They are the chairman, Mr Van den Driest, and Messrs Van Oord and Van der Ven. Mr Laurent Josi represents Cobepa. Messrs Damen and Hoek were appointed in accordance with the Works Council's enhanced right of recommendation. The Supervisory Board is composed in such a way that the members can act independently and critically vis-à-vis one another, the Executive Board and any individual interest. The Supervisory Board is aware of the potential for conflicts of interests and gives careful consideration to its actions.

Mr Damen is the CEO of Damen Shipyards Group and was appointed for his in-depth knowledge of shipbuilding. Van Oord keeps orders for vessel construction separate from Mr Damen's seat on the Supervisory Board. If any



Kaohsiung project team in Taiwan

suggestion of a conflict of interest arises, Mr Damen absents himself from meetings and decision-making. This was not an issue in 2016.

Internal organisation and evaluation

New composition of Supervisory Board

The composition of the Supervisory Board changed in 2016. The evaluation of the Board's performance conducted in 2014 under the guidance of Prof. Van Manen concluded that its performance was satisfactory but its composition too unilateral. To ensure more balance, we proposed having Mr Hoek join the Board at the Annual General Meeting of April 2016. He was appointed in accordance with the Works Council's enhanced right of recommendation. Mr Hoek has worked in the oil and gas industry and the financial services sector. We trust that his knowledge of these sectors will make a major contribution to the company.

The terms of Messrs Damen, Laurent Josi and Van der Ven all came to an end in 2016. All three were available for reappointment and their nominations were approved by the Annual General Meeting.

New composition of Executive Board

One of our primary tasks is to ensure a good Executive Board. The composition of the Executive Board changed in 2016. The Chief Financial Officer (CFO), Mr Van de Kerk, retired at the end of 2016. We would like to thank him for his efforts on behalf of Van Oord over the past 18 years.

We are delighted to welcome Ms Poots-Bijl as his successor. We are major proponents of having more women in management, and it is our top priority to appoint executives of outstanding quality. The appointment of Ms Poots-Bijl as CFO satisfies both of these aims. The Executive Board now consists of four managing directors under the company's articles of association, i.e. Mr Pieter van Oord, Ms Jolanda Poots-Bijl, Mr Paul Verheul, and Mr Niels de Bruijn.

Diversity

The Supervisory Board and Executive Board make every effort to achieve a level of gender diversity that satisfies society's expectations for bodies of their stature. Although outstanding female talent is not plentiful in Van Oord's field of operations, we are pleased to see a growing number of women working in management positions at our company.

Frequency of meetings

The Supervisory Board met seven times in 2016. With a few exceptions, all supervisory directors attended these meetings.

Approval of annual accounts

The annual financial statements have been audited by Ernst & Young Accountants LLP, which has issued an unqualified opinion. The Supervisory Board discussed the auditor's findings, co-signed the annual financial statements, and approved the Executive Board's report on 2016. We propose that the General Meeting of Shareholders approve the 2016 annual financial statements and that a dividend of EUR 39 million be paid out. This report includes an Assurance Report concerning a number of GRI Index indicators.

Special thanks to all employees

2016 was a tumultuous year. Van Oord's success and resilience are largely due to the efforts of our employees. Every day, they devote themselves to our projects with enormous commitment, expertise and team spirit. We value their efforts and would like to thank them for their outstanding work.

Rotterdam, 14 April 2017

On behalf of the Supervisory Board,
Carel van den Driest, Chair

Composition of the Supervisory Board



C.J. van den Driest (born 1947), Chair

Nationality: Dutch

Background: Chair of the Management Board of Royal Vopak N.V. (2002-2005)

Supervisory directorships: Anthony Veder Group N.V., Teslin Capital Management B.V., Koninklijke Vopak N.V.



J.M.M. van der Ven (born 1953), member

Nationality: Dutch

Background: Executive Director of MerweOord B.V.

Supervisory directorships: Acta Marine, Rhoon Pendrecht & Cortgene, Vostermans B.V., Witteveen+Bos



Jac.G. van Oord (born 1946), member

Nationality: Dutch

Background: Chairman of the Executive Board of Van Oord N.V. (2003-2008), Chairman of the Management Board of MerweOord B.V.

Supervisory directorships: Van Leeuwen Buizen Groep B.V.



K. Damen (born 1944), member

Nationality: Dutch

Background: Chair of Damen Shipyards Group



J.M.J.A.P. Laurent Josi (born 1964), member

Nationality: Belgian

Background: Managing Director of Cobepa (Nederland) N.V.

Supervisory directorships: International SOS, JF Hillebrand, Carmeuse and Bank Degroef



N.W. Hoek (born 1956), member

Nationality: Dutch

Background: Member of Board of Management (from 1997) and CEO of Delta Lloyd (2001-2015), founder of Brandaris Capital

Supervisory directorships: ARCADIS and Anthony Veder Rederijzaken B.V.

Supervisory Board schedule of resignations

Below is the schedule of resignations for the next three years:

	Year first appointed	End of current term
C.J. van den Driest	2006	2018
Jac.G. van Oord	2009	2017
J.M.J.A.P. Laurent Josi	2012	2020
J.M.M. van der Ven	2012	2020
K. Damen	2012	2020
N.W. Hoek	2016	2020

Working on the
biggest sea lock
in the world

*Van Oord has had a variety of vessels and
other equipment working on the new sea lock
at IJmuiden since 2016*



*Paul Verheul, Jolanda Poots-Bijl,
Niels de Bruijn, Pieter van Oord*

Uncertain market requires strategy overhaul

After an exceptionally good year in 2015, we predicted that we would close 2016 with lower figures. That is indeed the case. Revenue declined in all our divisions, largely due to the completion of various sizeable projects.

Revenue fell to EUR 1.71 billion (2015: EUR 2.58 billion and net profit to EUR 90 million (2015: EUR 169 million). In dredging, revenue was EUR 1,189 million in 2016 (2015: EUR 1,622 million), with the downward trend being most obvious in Europe and Middle East & West Asia (Suez Canal). Poor market conditions were tangible in the Offshore Oil & Gas division, with revenue standing at EUR 130 million, considerably lower than in 2015 (EUR 242 million). Offshore Wind Projects generated EUR 394 million in revenue, compared with EUR 715 million in 2015. Much of the decline can be attributed to the Gemini project, which was in full swing in 2015 and completed in 2016.

Profits still reasonable

The fall in net profit to EUR 90 million was driven largely by lower EBITDA, which came in at EUR 333 million in 2016, compared with EUR 406 million in 2015. The decline was

due mainly to coverage of overhead and equipment costs, which was considerably worse than in 2015, when we posted record operations and delivered better cost coverage as a result. In 2016, profits on projects were at an acceptable level, comparable to 2015 levels. This produced a mixed picture. Projects that were carried over from 2015 and previous years still reported strongly positive results. However, projects that we took on more recently came under increasing pressure during 2016. The profit for 2016 also comprised an impairment (EUR 17 million) on the shallow water pipe-lay barge Stingray, which is used in the Offshore Oil & Gas division. The impairment reflects revised expectations in terms of the vessel's capacity utilisation rate over its useful life.

Fleet's capacity utilisation

Capacity utilisation rates were as follows: trailing suction hopper dredgers 34, (2015: 37), cutter suction dredgers 18 (2015: 39), fallpipe vessels 36 (2015: 38), and offshore wind equipment 21 (2015: 23).

Financial position

Van Oord is a solid business with a robust financial position. The company's shareholders' equity amounted to EUR 905 million at year-end 2016, compared with EUR 902 million at year-end 2015. Its solvency ratio (equity as a percentage of total assets) stood at 33.3% (2015: 32.2%). Net debt amounted to EUR 79 million, up slightly on the level reported at the end of 2015. These statistics mean that we remain well within the limits of our existing credit facilities.

Cash flow from operating activities amounted to EUR 308 million, compared with EUR 496 million in 2015, due to lower EBITDA, as previously explained. In 2015, we reported a higher cash inflow on account of working capital. Cash flow from investing activities was EUR -232 million in 2016, up on 2015 (EUR -191 million), in line with our multi-year investment programme. Cash flow from financing activities (2016: EUR -114 million) moved more or less sideways compared with 2015 (EUR -119 million). Total net cash flow for 2016 was EUR -38 million (2015: EUR 186 million).

The market in 2016

The world economy is volatile, uncertain, complex and ambiguous. Growth in gross world product has slowed, and world trade growth is slower than before the financial crisis. For the time being, it will not return to previous levels.

The dredging market is troubled by overcapacity and deferred project investments. The oil and gas industry is still suffering from the low price of energy, with investments in offshore installations thus moving to the back burner. On the positive side, the market for offshore wind installations achieved a breakthrough in 2016 thanks in part to governments' ambitious and detailed energy transition plans. This led to a drop in the cost of offshore wind farm construction. Installations are also bigger and more powerful these days, and are increasingly being constructed in deeper waters making heavy demands on their designers and builders. The offshore wind market has matured rapidly and is now attracting a growing number of suppliers.



Working together on the transition to green energy

Van Oord has joined forces with Eneco, Shell, Siemens and the Port of Rotterdam in the TransitionCoalition. About fifty other parties have also signed up. Together, we intend to call on the Dutch government to prioritise the energy transition so that we can achieve the Paris climate targets before 2030. We will ask the next cabinet to introduce a new Climate Act and to create a Minister for Economic Affairs, Climate and Energy to coordinate policy. We would also like to see an independent climate authority to mediate between parties, hold them accountable for progress and consistency in implementation, and safeguard agreements in the longer term. In addition, we propose setting up a national investment bank to facilitate investment in innovation and major energy projects.

Fortunately, the demand for all-round solutions continues to grow, with clients inviting tenders for Engineering, Procurement and Construction (EPC) contracts. Solid value chain management, the integration of disciplines and strong project management are indispensable in such contexts, and these are precisely the skills that Van Oord can deliver.

Bigger order portfolio

The decision we made several years ago to focus on the offshore wind market has turned out to be a good one. In 2016, our order portfolio grew to EUR 3.271 billion (2015: EUR 2.349 billion) largely because of offshore wind projects such as Borssele III & IV (Netherlands), Norther (Belgium) and the land reclamation project Marginal da Corimba (Angola). This compensates to some extent for our lower revenue in the dredging and offshore segments. In 2016, we took on new projects valued at EUR 2,635 million, compared to only EUR 1,706 million in 2015. Because many of these new projects will only be executed in 2018 or later, they will not contribute to our revenue in the short term.

Biggest project contracts awarded in 2016

- Offshore wind farms Borssele III & IV, Netherlands
- Norther Offshore Wind Farm, Belgium
- Dredging work for Fehmarn Belt Fixed Link between Germany and Denmark
- Houtribdijk reinforcement between Enkhuizen and Lelystad, Netherlands
- Dredging the Canal de Piaçaguera (phase 2), Brazil
- Follow up to KNPC project (package 5), Kuwait
- Land reclamation project Marginal da Corimba, Angola

Modified strategy

The market is in a state of transition. We responded to this in the year under review by modifying our strategic plan for the 2013-2018 period. We will henceforth focus on lower costs and greater cost awareness. We will also think more commercially and concentrate on early contractor involvement. Our third aim is to improve our employees' competencies.

We will focus on the following objectives in the period up to 2020 (by operational activity):



Dredging: Van Oord aims to remain in the global top five.

We will adapt to the changing market conditions because there is a greater demand for all-round solutions and integrated projects. We are good at coming up with smart solutions. That is what we mean by Marine ingenuity. We will maintain our position in traditional dredging markets and in our home markets thanks to the best equipment and operational excellence, spearheaded by our local branches. Early contractor involvement in projects will offer us new opportunities. We will deploy our employees and vessels as flexibly as we can. We will deploy competitive vessels in every market segment.



Successful cooperation in Kuwait



Offshore oil & gas: Van Oord aims to establish itself firmly in niche markets.

We do not expect the market to recover for the time being. Until it does, we will lower costs by making maximum use of our fallpipe vessels' capacity. We will specialise in integrated projects and EPC contracts and will improve our service levels. We will put more emphasis on our all-round solutions in the Subsea Rock Installation (SRI) and Offshore Pipeline Installation (OPI) niche markets.



Offshore wind: Van Oord will continue growing thanks to its Offshore Wind Projects division.

We will continue to focus on Balance of Plant contracts and on transport and installation projects. We aim to expand on our current strong position in Northwest Europe. We will modernise our fleet, expand and upgrade our organisation, ensure that our employees are excellently equipped for their work, and concentrate on innovation. We will also improve our commercial performance by entering into strategic partnerships.

Investments and divestments

In 2016, Van Oord expanded its fleet and replaced various vessels. We invested in modern, larger vessels that can produce more output at a lower unit price and require less

maintenance. Modern vessels also consume less fuel, allowing us to achieve our carbon emission reduction targets. All in all, our investments and divestments has lowered the total cost of ownership of our fleet.

Van Oord put its two new cutter suction dredgers to work in 2016: the Mangystau – which we were able to deploy immediately on the Prorva project in Kazakhstan – and the Biesbosch. In the summer of 2016, we added the Costa Verde to our fleet, a small trailing suction hopper dredger with a hopper capacity of 2,680 cubic metres, making it ideal for the Mediterranean market with its shallow waters and small harbours. The Costa Verde sails under Spanish flag for our subsidiary Dravo S.A.

We also continued supervising the construction of three new vessels in 2016, with Van Oord partially defining and designing the technology, i.e. the mission equipment. Subsea Rock Installation (SRI) vessel Bravenes, a new type of flexible fallpipe vessel, will be completed in Xiamen (China) in 2017 under our supervision. We expect to launch the Bravenes in 2018.

The Vox Amalia and the Vox Alexia, two mid-sized trailing suction hopper dredgers, are currently under construction in Bilbao (Spain), and we hope to launch them in 2017 and 2018. These were our main new vessel projects in 2016.

Van Oord is not only building new vessels, it is also modernising its existing fleet to prepare for the challenges of the future. For example, we are working to upgrade heavy-lift installation vessel Svanen to install 2000-tonne mono-piles (for wind turbines). And whereas installation vessel Aeolus previously topped out at a lift capacity of 900 tonnes,



Our new cutter suction dredger Biesbosch at the Sea Lock project in IJmuiden, the Netherlands



Flexible fallpipe vessel Bravenes at the yard in China

it will soon be able to lift up to 1,600 tonnes. Trailing suction hopper dredger Volvox Terranova, which sustained heavy damage in 2014 after striking a mine in Surabaya, underwent repair and a simultaneous and complete overhaul in 2016. We are proud of our decision to build a new crane ship that will run on LNG, the clean energy of the future. The new ship will be named the Werkendam.

Our total investment in 2016 came to EUR 240 million (2015: EUR 207 million).

We divested ourselves of several smaller and obsolete vessels. See page 71 for the fleet statistics.

OECD Guidelines

The OECD Guidelines for Multinational Enterprises indicate how multinational corporations should approach such issues as value chain responsibility, human rights and the environment. These are issues that we occasionally encounter working on international projects. If at all possible, we take steps ourselves. If the client and local legislation permit, we seek out local residents to explain the impact of our work to them. That is, however, a difficult matter when the project involves the expropriation of property. That is our client's responsibility and subject to local rules and procedures. The process of expropriation has almost always been completed before we become involved as contractors. If at all possible we try to influence the process, but such occasions are limited.

Acquisitions and participations

In late July 2016 we acquired the offshore wind activities of Bilfinger Marine & Offshore Systems GmbH. Bilfinger specialises in the design, construction and installation of offshore wind farm foundations. We believe that its activities complement our strategy of building our position in the Northwest European offshore wind market, especially in Germany. Bilfinger Offshore has approximately fifty employees.

Previously, Van Oord had acquired Ballast Nedam's offshore division. The process of integrating the new offshore wind activities came to successful conclusion in 2016, resulting in a new organisational structure for our Offshore Wind Projects (OWP) business unit.

Participation in wind farms

Van Oord has had a 10% stake in the Gemini offshore wind project since 2014. The other shareholders are Northland Power Inc. (60%), Siemens Project Ventures (20%) and HVC (10%). Altogether, the shareholders have contributed a total of EUR 400 million of their own capital. We will also own a stake in the Borssele III & IV project, for which the contract was awarded to Van Oord and its consortium partners in late 2016.



Signing the offshore wind contracts for Borssele III & IV

Outlook

We added a considerable number of orders to our order portfolio in 2016. However, since most of these projects will only get under way in 2018 or later, we will not see any positive effects on our financial results until then. 2017 will therefore be a difficult year for us. The harsh market conditions for dredging and offshore oil & gas will continue to impact us, and ongoing projects in the Offshore Wind Projects division will not offer sufficient compensation in the short term. But Van Oord is a robust company with an excellent financial position. We will tackle this challenge head-on and are convinced that we will come through this trying period safe and sound.



Our new Bilfinger Offshore employees visiting the Nexus and the Aeolus

Revenue per area

In millions of euro's



Dredging

1,189

1,622



Offshore oil & gas

130

242



Offshore wind

394

715

Netherlands

Water and wind pose a constant threat to coastal areas. Most of the Netherlands lies below sea level. The country is working constantly to defend its coasts, construct and maintain its dykes, and protect its shores, river banks and waterways. Delta regions not only face the threat of the sea; they must also contend with the rivers that drain into them. Dykes and beaches are crucial weapons in the Netherlands' battle against the water. Van Oord regularly constructs and maintains dykes, breakwaters, quay walls and various types of shore and bank protection. By combining our knowledge and experience with new techniques and innovations, we offer our clients smart solutions.

Keeping waterways accessible

Like other countries around the world, the Netherlands must meet the rising demand for wider and deeper access channels and waterways precipitated by the growing volume of maritime

During execution, we introduced all sorts of measures to minimise the inconvenience to the surroundings. For example, we coordinated our project phases with peak times for businesses, restaurants and pubs. We worked in the winter, when fishing is at a low ebb, and decided against carrying out sheetpiling near any restaurants or pubs in the busy season, when people tend to sit outside.



Peter van Gelderen, Den Oever
Dyke Reinforcement Project Manager

transport and increasing size of ships. Area Netherlands worked closely with Van Oord subsidiaries Paans Van Oord and Van Oord Grondstoffen in the Breddiep Channel Widening project to improve access to the Port of Rotterdam. Before, most inland vessels had a difficult time manoeuvring their way through the narrow Breddiep channel, which links the Caland and Nieuwe Waterweg canals at Hook of Holland. The project proceeded without incident and was completed on time and well within the agreed budget.

Rewarding distinctive elements

The award criterion for most projects in the Netherlands is the 'most economically advantageous tender' (MEAT). The contractor submits a tender price, accompanied by plans describing its added value on client-defined criteria. Positive MEAT scores mean that clients can subtract a fictitious sum from the tender price. Van Oord's concern for the project surroundings gained it the highest MEAT score – and therefore the contract – for the Den Oever Dyke Reinforcement project.



The Nieuwe Waterweg Canal welcomes some 50,000 vessels a year

Constructing the biggest sea lock in the world

Constructed in 1929, the Northern sea lock in IJmuiden was supposed to provide a century of service. But only 87 years later, it has become too small to accommodate the new generation of larger, wider seagoing vessels. The solution was to build a sea lock that would safeguard access to the Port of Amsterdam and businesses on the North Sea Canal. The project was crucial to the regional economy – and a highly coveted job for a contractor.

IJmuiden's new sea lock will soon top the list of biggest sea locks in the world. The lock chamber will measure 70 metre wide, 500 metre long and 18 metre deep, making it larger than the new locks in the Panama Canal.

Before construction could begin, part of the Zuiderluis peninsula had to be removed to create a diversion for vessels during project execution. Van Oord Grondstoffen supplied some of the barges that disposed of the soil. Our new cutter suction dredger, the Biesbosch, dredged 600,000 cubic metres of material to create the new passage and pumped it away through a floating pipeline. Trailing suction hopper dredger HAM 317 then suctioned the material up and deposited it in a storage site at sea.

After completing the project, the consortium to which Van Oord belongs, BaggerIJ, will maintain the depth of the channels in the area for the next 26 years.



HAM 317, Biesbosch, excavators



Late 2015 – late 2019



RWS
(Rijkswaterstaat)



Unobstructed passage
for shipping



Since we began in September 2016, Amsterdam's 'new front door' has really started taking shape. The size, complexity and many parties involved in this project make it exceptionally interesting. For the BaggerIJ consortium, the logistical side of things is the biggest challenge: how to carry on dredging while shipping traffic continues as normal.



Jaap Zeilmaker, RWS Project Director



Under construction: new sea lock at IJmuiden

What else we did in 2016

Innovative 'dyke pins' for Hagestein and Opheusden

The HOP Dyke Improvement Scheme (HOP stands for the towns of Hagestein and Opheusden) involves reinforcing approximately 18 kilometres of dyke spread across two ring dykes, ten work areas and five municipalities. The first and last work areas are 40 kilometres apart along the southern bank of the rivers Nederrijn and Lek. The HOP Dyke Improvement Scheme is part of the Room for the River Programme, in which regional and national authorities work together to improve flood protection along the major rivers in the Netherlands. Room for the River also involves spatial quality improvements meant to upgrade the regional economy, ecology and landscape. The Van Oord-

GMB consortium is carrying out the project for the Rivierenland Water Board. Our job is to reinforce the dyke safely and with minimum inconvenience to the surroundings. This was the first project in which we used the innovative new 'dyke pins', i.e. steel anchor rods encased in cement and inserted into the dyke's underlying layer of sand. This new method causes much less disruption to the surroundings than sheetpile driving or soil replenishment while maintaining flood protection.

Eiland van Dordrecht

Eiland van Dordrecht is a densely populated region with residential neighbourhoods, business parks, and the historic town of Dordrecht at its centre. The dykes that protect

it do not all comply with today's safety standards. As a result, reinforcement work is being carried out along 11 kilometres of dyke within the context of the Flood Protection Programme (HWBP). Van Oord is part of the consortium that has been working on this project since 2013. Where widening the dyke has proved impossible, the consortium is embedding sheetpiling for reinforcement instead. Some of the work is being carried out very close to the homes and businesses that the dyke is protecting. In such situations, it is vital to communicate effectively with those affected.

Merwede Bridge

As a safety precaution, the Merwede Bridge along the A27 motorway near Gorinchem was closed to heavy traffic starting in early October 2016 after hairline cracks were discovered in the girders. Thanks to the flexibility of the VolkerInfra-Van Oord consortium (known as ViVo), speedy repairs were carried out on the 24 main girders. Although it was an unplanned-for project, we executed it with our customary care.

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Innovation is crucial to marine engineering – a point that was proven once again here. Keeping the Netherlands safe and the cost of safety down requires an all-out effort from everyone.



Johan Bakker, Innovation Director
at Rivierenland Water Board



Repairing the Merwede Bridge: Replacing 24 girders in record time



Students visiting the yard in Moerdijk

Europe

Our work in Europe is highly varied. There are some similarities with our projects in the Netherlands. For example, the state of coastal defences and the condition of storm-surge and flood barriers are major concerns. Van Oord contributes by building dykes and embankments, keeping rivers navigable, and defending the coast with smart solutions, especially in the United Kingdom. The dynamic in southern Europe, including in France and Spain, is very different. There, our main work is port maintenance, but we also keep popular tourist spots up to standard.

In the Caspian Sea region, we are contributing to the development of the oil and gas industry and improving opportunities for economic growth.

Home in the United Kingdom

Marine engineering specialist J.T. Mackley & Co. Ltd is a subsidiary of Van Oord UK. The firm plays an important role in our joint venture activities for the UK Environment Agency and local authorities. Thanks in part to Mackley, Van Oord is one of the key players in flood management and

coastal protection projects in the United Kingdom. As part of Team Van Oord, a joint venture between our company, Kier, Mackley and Royal HaskoningDHV, we are working on various coastal defence projects. One outstanding example is the Broomhill Sands Coastal Defence Scheme, which was brought to a successful conclusion in early 2016. After making a number of far-reaching changes to the coastal defence system at Camber Sands in East Sussex, the flood risk has fallen from once in 20 years to once in 200 years and more than 1,300 homes and 100 businesses are safe from flooding. The project has won numerous prizes: the Innovation Award 2016, the Environment Agency Exemplar Award, and the prestigious 2016 Constructing Excellence in London and South East Award for Civil Engineering Project of the Year. The project team garnered kudos not only for its exceptional work but also for its close collaboration with the client, stakeholders and the local community.

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It's not just a really good sea defence and it will provide a fantastic level of protection, but it's also a fantastic facility as well.

We've seen an increase in people walking along the sea wall, the car park obviously in better condition, there's more access to the beach so it's all positive.



Ian Nunn, Environment Agency Operations Manager



The Broomhill Sands coastal defence project protects against flooding

Sparing nature

Van Oord makes frequent use of water-injection dredging in the United Kingdom. The Salcombe-Kingsbridge Estuary, a remote region located some 40 kilometres east of Plymouth, lies within the South Devon Area of Outstanding Natural Beauty (AONB). This unique tidal zone has plentiful and varied flora and fauna, for example eelgrass beds and shellfish. Nature must be spared when dredging in such areas and water-injection dredging is ideal. The technique involves injecting jets of water into the soil under low pressure but with a high flow rate. This turns the silt into slurry, which is then removed by natural forces, for example the tide or the natural slope of the sea bed.



Paul Verheul, COO of Van Oord

Maintaining water at depth in the estuary ensures access to the many small marinas there.

Boosting opportunities for growth

Van Oord is regularly called in on projects in the Caspian Sea region. Kazakhstan has large oil and gas fields. Its geopolitical situation and independence have turned it into a link

between Russia, China and Europe. The country is working hard to develop its energy supply infrastructure, for example in the Prorva project. Van Oord was also active in the northernmost reaches of the Caspian Sea, east of the mouth of the river Ural, where it worked on the Kashagan Field Development project. The shallow waters and remote location of this project made considerable demands on our equipment and our employees. By collaborating closely with the client, investing in shallow-water equipment, and applying smart techniques, the project team was able to cope with the extremely low water levels and unpredictable weather.

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We did everything possible to keep working as long as we could. But even with shallow-water dredgers and smart methods, sometimes the water was so shallow that even our equipment was left literally high and dry. All we could do then was wait for the waters to rise again.



Patrick Braam, Project Manager, Kashagan



Crane vessel Titan working on the Kashagan project in Kazakhstan

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New route provides access to oil and gas

Kazakhstan is working hard to develop its energy supply infrastructure. The Prorva access channel may be the country's most important project in terms of economic development. The 68-kilometre-long channel and 30 sand deposit sites must be ready by the summer of 2017. The new route will provide access to new gas and oilfield developments. Once we have completed our work, our client will immediately start building new plants.

A team of more than 350 employees is at work on this gigantic project. Four cutter suction dredgers are working in formation to get the enormous job done. The front-row cutters are important because they set the pace, the idea being to reach land as quickly as possible at the port of Prorva.

The back-row cutters can only work if their companions at the front have dredged down deep enough for them to operate.

The dredged sand is being used to create 30 sand deposit sites, 16 of which will be above the waterline. Each of the islands created in this manner will be approximately 2 kilometres long and will attract seals and various bird species. A marine fauna observer on the team is teaching the project workers how best to protect the region's native fauna.

Senior management, the project team, the client and external partners are all greatly concerned about safety. Two workshops were organised in late January 2016 to develop a joint safety



TenizService (TS)



Dredging 18 million cubic metres



4 cutter suction dredgers



350 employees

statement. The statement was signed by senior management and the client, with all the parties – including the main subcontractors – saying a wholehearted YES to safety.



You could describe the project as environment-driven. What I mean is that all the parties involved – including senior management and the financial institutions – are concerned about the impact on the surroundings. That's why I'm so happy with the way that Van Oord is carrying out this project.



Mike Richmond, Marine Construction Manager of TCO



Birds on sandbars



Safety was top priority for the team in Kazakhstan

What else we did in 2016

Fehmarn Belt, Denmark

Van Oord is a member of the Fehmarn Belt Contractors consortium, contracted in May to perform dredging work for the construction of the Fehmarn Belt Tunnel. This permanent link between Denmark and Germany will be the longest road and railway tunnel in the world. Preparations for this massive project commenced in 2016.

British Airways i360, Brighton

Mackley was the main contractor for British Airways i360, a project located at the foot of the Brighton's historic West Pier and conceived by the London Eye design team. The 162-metre tower is now the world's tallest moving observation tower. Its futuristic glass

viewing pod glides up to 138 metres and can carry 200 visitors at a time.

Tollerort, Germany

The Tollerort project (Anpassung Einfahrt Vorhafen Tollerort Rückbau) involved removing a peninsula in the port of Hamburg to create a wider turning circle for ultra-large container vessels. Some of the dredged material was redeposited in the harbour basin to create land for a container terminal. Van Oord deployed a variety of dredging equipment on the project. Throughout the two-year execution period, we used different techniques to complete the project successfully for our client, Hamburg Port Authority. The work was carried out by a joint venture, with Van Oord taking responsibility for water-

injection, land reclamation, and harbour dredging. Thanks to the efficient work of water injection vessel Njord, backhoe Razende Bol and Paans Van Oord's self-propelled grab dredger Parcival, the project was completed well before the deadline.

Dredging the Seine, France

Trailing suction hopper dredger Volvox Olympia removed very coarse gravel from several stretches of the river Seine. Thanks to its work, larger freighters can now enter the Port of Rouen, one of the busiest grain hubs in the world.



Trailing suction hopper dredger Volvox Olympia dredging the river Seine in France

Middle East & West Asia

Marine transport is the backbone of international trade. To accommodate the growing volume of marine transport and ever-larger container ships, countries around the world are expanding their ports. We can often be found deepening and widening access channels or performing maintenance dredging in the Middle East and western Asia. Van Oord applies its expertise in port expansion projects for the oil and gas industry, for example in Kuwait. Increasingly, we are also being called in to deploy

our cutters or hoppers on urban expansion projects. In 2016, Van Oord carried out its first project on the Maldives, an island group struggling with the impact of urbanisation. Dubai has also experienced a renewed demand for coastal development in the past few years. Thanks to our track record there and our excellent relationship with the client, Van Oord has once again improved its competitive standing in Dubai.



Trailing suction hopper dredger HAM 318 working on the Maldives project

More room on the Maldives

Spread across the deep-blue ocean southwest of India are some 1,200 islands, known collectively as the Maldives. Only 196 of the islands are inhabited. Of their 350,000 inhabitants, a third live in the capital Malé, a city that covers an entire island. Malé is overcrowded, but whole families still make their way there to look for work and better care.

The solution to overpopulation lies in land reclamation. Reclaiming surrounding islands will make expansion possible and prevent Malé from becoming even more crowded than it already is. The project was awarded to Van Oord. With a project site measuring 600 kilometres in length, the project was

a logistical challenge and required careful planning and preparation. We made a success of it with the help of trailing suction hopper dredger HAM 318. The reclaimed land was ready before 26 July 2016, the day when Maldivians celebrate their independence. The president of the Republic of Maldives officiated at the opening ceremony.

Environmental specialists were involved throughout the project. They conducted inspections and helped our clients during their consultations with the local communities. Not only did they monitor the quality of the water 24/7 and inspect the coral, but they also moved numerous species of coral



Urbanisation of capital Malé



Project site of 600 kilometres length



HAM 318



Water quality monitored 24/7

to locations outside the land reclamation area. The approach elicited much praise from both the client and the relevant NGOs.



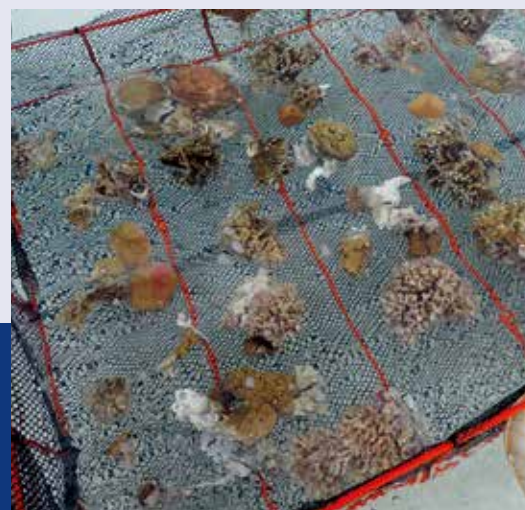
We are regularly involved in projects that make a real difference. Thanks to Van Oord's efforts, the Maldives can continue to develop. It's a win-win situation to which we're happy to contribute as export credit insurer.



Bert Bruning, Director, Atradius Dutch State Business



The capital, Malé (population: 350,000) can use the extra space



Great care was taken to transfer coral to another location on the Maldives

What else we did in 2016

Economic impetus for Kuwait

In August, Van Oord completed an impressive project for our client, Kuwait National Petroleum Company (KNPC), in which it prepared a site for a new refinery. The project commenced in 2014 and involved dredging approximately 65 million cubic metres of sand, land reclamation, and extensive ground improvement work. The largest oil refinery in the Middle East will be constructed on the 1,320 hectares of land reclaimed by Van Oord. We remained in Kuwait for two follow-up projects for KNPC, which will extend into 2017.

Developing Deira District

Van Oord constructed the Deira Islands, four artificial islands along Dubai's coastline, between 2005 and 2008. Things fell quiet for a time, but after project developer Nakheel contracted Van Oord in June 2015 to develop two of the four islands' coastlines, they are once again beehives of activity. The project will turn Dubai's Deira District into an international hub for tourism, shopping and leisure by preparing them for the construction of new hotels, luxury flats, multifunctional buildings and marinas. Van Oord is deploying dry

earthmoving equipment, trailing suction hopper dredger HAM 312, cutter suction dredger HAM 250 and multipurpose pontoon Manta to install 4 million tonnes of rock and deposit 5 million cubic metres of sand.

Transforming Port of Karachi

Van Oord is dredging the access channel to the Pakistan Deep Water Container Port in Karachi, Pakistan. The project is helping Karachi Port Trust (KPT) transform Karachi into a modern and competitive port. A wider and deeper access channel will allow large container ships to reach the port's new container terminal, giving a boost to the local economy. Van Oord will dredge the channel to -16 metres. It will also widen the channel and extend it to 8 kilometre in length. The project will be completed in the first half of 2017.

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Working at sea means working in a dynamic world. We use all our knowledge and skills to adapt to unexpected circumstances so that we can attain the highest feasible output. To me, that's Marine ingenuity.



Captain Kshitij, HAM 312, Van Oord



Innovative booster station Jabbar



Trailing suction hopper dredger HAM 312 helping to develop the Deira Islands, Dubai

Asia & Australia

As the volume of marine transport grows, many port authorities are keen to maintain their access channels and develop new port facilities. Van Oord carried out dredging work at various locations in Asia and Australia in 2016 to support the regional expansion of the marine transport industry. Our striking land reclamation project in Taiwan is a good example.

Urbanisation has become a priority issue for many governments. Indonesia, for example, is struggling with both rising water levels and overpopulation. Singapore is preparing various major land reclamation projects to cope with urban expansion. Our presence in this region is therefore of huge importance.



Trailing suction hopper dredger Vox Máxima working on the Kaohsiung land reclamation project in Taiwan

Land reclamation creates more space in Taiwan

A port expansion project is under way to improve the quality of life for local residents and increase the capacity of Kaohsiung Port itself. It is one of the biggest land reclamation projects in the history of Taiwan.

Our client, the Port of Kaohsiung, Taiwan International Ports Corporation (TIPC), imposed a strict deadline: the project team must reclaim 250 hectares of land by January 2018. The 37 million cubic metres of sand this will require was reason enough to deploy our two largest trailing suction hopper dredgers on the project: the Vox Máxima and the Rotterdam.

Summer is typhoon season in Taiwan, so the team drew up an emergency typhoon plan in addition to the usual safety precautions. They made grateful use of the plan when Typhoon Nepartak came calling. Thanks to their foresight, the project team, the crews and the equipment survived the storm unscathed.

The team has poured all its energy into the Kaohsiung Port expansion project and is looking forward to its successful conclusion. The reclaimed land will offer space to a string of shipyards and terminals, some capable of accommodating 22,000 TEU container ships. The expansion project will boost Taiwan's economic growth and ensure that Kaohsiung retains its status as the country's biggest port.



250 hectares of reclaimed land



37 million cubic metres of sand



Vox Máxima and Rotterdam



22,000 TEU container ships



To create enough space to accommodate the growing number of transshipment companies and industrial sites, the port has been expanded several times landwards. This time, however, Taiwan International Ports Corporation decided to expand offshore. Van Oord is honoured to assist Taiwan in achieving its land reclamation and port expansion aspirations.



Guus de Vries, Regional Manager, Van Oord



250 hectares of reclaimed land



Toolbox talk on site

What else we did in 2016

The Athena in Tanjung Priok

In 2015, we had already made considerable progress in our dredging work for the Tanjung Priok port development project in Indonesia. Nevertheless, the client approached us with a new request: could we ensure that the first terminal was deep enough by mid-2016 to accommodate container ships? With time at a premium, we deployed cutter suction dredger Athena on the job. It was a challenging assignment even for this powerful cutter owing to limited disposal capacity and dredged material that varied considerably in density and composition. Thanks to the crews on the Athena and multicat Oceanus, the access channel was soon at the right depth.

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Our dredging operating hours were heavily affected by the huge amount of rubbish that we encountered in the operating area, everything from automotive tyres to steel cabling, ship's chains and large rocks.



Arnold Rhijnsburger, Captain of the Athena

Keeping Surabaya at depth

The 45-kilometre-long, 150-metre-wide access channel to the port of Surabaya, Indonesia, tends to silt up along an 18-kilometre stretch. Under the maintenance contract awarded to Van Oord in 2014, the Rotterdam carried out dredging work there in 2016. Thanks to the high output rate of this large trailing suction hopper dredger, we soon ensured that the port remained accessible for deep draught vessels.

Down under

Lakes Entrance is situated 350 kilometres east of Melbourne, Australia. It is home to the largest commercial fishing fleet of the state of Victoria. Trailing suction hopper dredger Pelican wages an annual maintenance dredging campaign here. Ensuring access to the port is crucial both for the economy of Lakes Entrance and for local tourism. After completing its work, the Pelican returned to its home base in New Zealand.



Technology is fun!

We feel a responsibility to the environs in which we carry out our work and want to be involved in the local community. On 22 August, our branch office in Singapore organised a special 'Technology Day' for schoolgirls. Our partner in this event was Girls2Pioneers, an initiative launched by United Nations Singapore to interest girls in careers in science and engineering.



Cutter suction dredger Athena in Tanjung Priok



Technology Day Girls2Pioneers

America & Africa

Over the past few decades, Van Oord has gained an outstanding reputation in Central and South America in port construction and maintenance and in the widening and deepening of major waterways. From Uruguay to Brazil and from Costa Rica to the Caribbean, we're proud of our ability to serve this vast region. We can attribute our stable position there to our local presence, the team that staffs our branch offices, and the availability of a fixed number of vessels. All these factors allow us to respond flexibly to

our clients' demands and to the changing market.

We have two branch offices in Africa, one in Luanda (Angola) and one in Lagos (Nigeria). Van Oord has been active in Nigeria since 1963. Our presence there would have been impossible without our employees at the Lagos branch office, at the yard in Port Harcourt, and in the operational pool of project managers. Their understanding of the local culture and traditions and first-hand

knowledge of the regional climate and environs are and remain indispensable.

In 2016, we worked on the construction of Orange Island, a project that is helping to transform Lagos into a megacity.



Trailing suction hopper dredger Dravo Costa Dorada working along the Cuban coast

World-class container terminal takes shape

Pineapples, bananas, sugar, coffee and tender beef are all important export products for Costa Rica. A new container terminal in Moín is meant to boost the country's economy. It has given Van Oord an excellent opportunity to showcase its expertise.

VOBAM, a Van Oord-BAM consortium, is building a world-class terminal for APM Terminals in Moín. The project is complex and involves many different factors. For example, the fact that 600 employees will be working at a remote project location requires careful planning, but it also offers opportunities for smart, eco-friendly solutions. For example, the temporary office and accommodation modules are insulated, reducing the need for air-conditioning; the hot water boilers

are energy efficient and the showers are on timers.

We are also deeply concerned about the local flora and fauna. We have trained all our crews in proper procedure if they come across sea turtles during their work. The turtles lay their eggs in this area, and it is our job to ensure that they are undisturbed, despite our presence. For example, we are careful about the colour, intensity and beam direction of our construction lamps. The many sea turtles that we encountered in the project area last season show that our precautions have been successful.

The first outlines of the 40 hectares container terminal became visible in



40 hectares of land



16,000 concrete blocks



Volvox Atalanta,
Dravo Costa
Dorada, Castor



Protected nesting ground for sea turtles

2015 and 2016. We will finish our work in Moín in early 2018. Projects such as this one help Costa Rica and other export countries prepare themselves and their populations for their future role in the global economy. But our work on this project also stimulates the local economy: we purchase food and building material locally and hire as many local workers as possible. The practical training we give them improves their employability; they learn specific construction techniques and safe working practices.

“

We've set up a nesting site for sea turtles. To prevent poachers from stealing the eggs, we collect them and take them to the site. Once they hatch, we take the baby sea turtles back to the beach and release them into the ocean. Every year we hatch and release about 10,000 sea turtles.



Hans van Meeuwen, Project Director, Van Oord



A new container terminal for Moín, Costa Rica



Baby sea turtle making its way to the sea

What else we did in 2016

Facelift for Rio de Janeiro

Van Oord has carried out expansion and maintenance dredging in many of Brazil's major ports, including the Port of Santos. We also performed maintenance dredging at the TECON container terminal at Itaguaí and in the Piaçaguera marine channel at the Port of Santos. Another major dredging project helped Rio prepare for the 2016 Olympic and Paralympic Games, with many of its marine facilities, including the port, undergoing a facelift. After the project concludes in 2017, one of the busiest ports of Brazil will be able to welcome super post-Panamax vessels. Van Oord was awarded the project contract almost 18 months before the work was due to start. Even before then, we spent many months on research and surveys. Our dredging operations were highly effective because we deployed both



Noraly Schoenmaker, Superintendent, Van Oord

The fierce wind and strong current on the Rio de La Plata – rising to 5 knots at times – made huge demands on the captains' and chief mates' navigation and manoeuvring skills.

backhoe Simson (along with two split hopper barges) and trailing suction hopper dredger Geopotes 15 to tackle material ranging from extremely soft silt to very tough clay.

Millimetre by millimetre in Uruguay

Montes del Plata pulp mill depends on Punta Pereira Port Terminal in southwest Uruguay to keep it supplied with eucalyptus tree trunks and to

export its pulp products. Shipping is critical for its annual export of 1.3 million tonnes of pulp. To improve access to the terminal and the pulp mill, Van Oord widened the access channel. The split hopper barges, which deposited the dredged material in small, shallow sites, were an especially important factor in this project.



The harbour in the centre of Rio getting a facelift

Cuba, holiday destination

A holiday destination like Cuba needs beaches wide enough to accommodate tourists. To combat erosion and widen beaches at the same time, Cuba needed to replenish its seashore. As in 2012, Inversiones Gamma – acting on behalf of the Cuban government – called in Van Oord to replenish a number of beaches. In close cooperation with our Spanish company Dravo S.A., Van Oord deployed trailing suction hopper

dredger Dravo Costa Dorada, which succeeded in supplying more than 600,000 cubic metres of sand in just a few months.

Naval base in the Bahamas

When the Royal Bahamas Defence Force purchased a number of new patrol boats, an overhaul of its naval bases became unavoidable. Van Oord deepened the harbour basins, dredged the access channel and constructed

breakwaters to prepare Coral Harbour for the arrival of the new boats. Coral protection and minimal water turbidity were two important goals during the project, known as Sandy Bottom.

Under the guidance of a coral expert, Van Oord and a team of local scuba divers moved hundreds of coral colonies from the project site. The colonies were transferred under controlled conditions to a comparable habitat on a neighbouring reef, where they were replanted at carefully selected donor sites. We used the ReefGuard, our in-house coral rehabilitation programme, to propagate coral in a mobile laboratory. This initiative illustrates Van Oord's sustainable approach to Marine ingenuity.

“

Hurricane Matthew hit the island in early October. We evacuated the project team and the vessels, in accordance with our hurricane procedure. Besides a brief delay, the hurricane did not damage the project.



Ko Dieleman, Project Manager, Van Oord



The crew of water injection vessel Sagar Manthan in Maputo, Mozambique



Coral being transferred to a comparable habitat in the Bahamas

Offshore oil & gas

The growth of the world economy and population is driving the global demand for energy. The offshore infrastructure needed to transport fuels is subject to constant expansion and improvement. While there have been fewer major investment programmes in recent years, the existing infrastructure still needs to be maintained and upgraded. Van Oord has done its share

by coming up with safe solutions at many different locations around the world.

Van Oord's specialist offshore activities and equipment put it in a unique position to install pipelines, cables and other offshore structures in shallow water. Van Oord also leads the market in deepsea rock installation for

stabilising and protecting offshore infrastructure. In 2016, we showcased our expertise in a wide variety of projects, from pipeline installation and landfall in the United Kingdom to the stabilisation of a Second World War submarine off the coast of Norway.



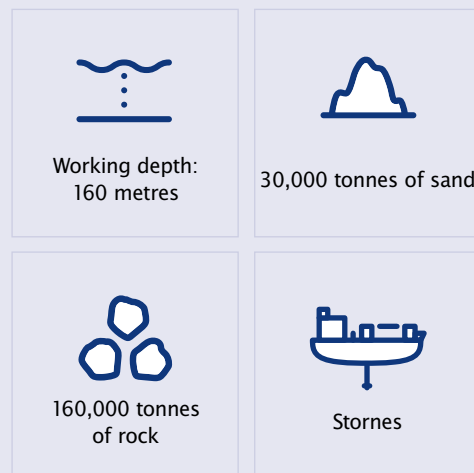
Flexible fallpipe vessel Nordnes in front of a Statoil platform

Environmental protection in wreck stabilising

A Second World War German submarine loaded with mercury lay balanced on the edge of an underwater ravine off the Norwegian coast. Van Oord stabilised the wreck and prevented the spread of toxic mercury.

On 9 February 1945, the German submarine U-864 was en route to Japan. The u-boat was carrying steel containers filled with 67 tonnes of liquid mercury destined for the munitions industry, as well as jet engine components and Japanese and German engineers. A British submarine torpedoed the u-boat along the coast of Norway and sent it to the ocean floor. It was only in 2003 that the wreck, still bearing its mercury cargo, was found a few kilometres from Fedje island, at a depth of 160 metres.

Van Oord's Offshore business unit was asked to stabilise the wreck. This was no everyday job. Corrosion had made recovery too hazardous. We decided to install a counter fill at the site of the wreck that would stabilise the seabed and prevent the wreck from sliding down the slope into an underwater ravine. The proceedings were closely monitored. We measured the water pressure in the clay on the ocean floor and placed movement sensors on the wreck itself. All these precautions were meant to avoid stirring up the extremely toxic mercury. Van Oord had to ensure that no more than 3 kilos of mercury seeped out beyond a designated zone around the submarine. That is 220 ml – no more than a drinking glass full, in other words. We started by installing a layer of 30,000 tonnes of sand. Our



environmental safety system was one of the reasons the client decided in our favour.

Our offshore expertise, many years of experience and Marine ingenuity all converged in this project, not only in our precise measurements and monitoring but also in the innovative solutions devised by our team. To deposit the sand layer precisely where required, we designed a diffuser to attach to flexible fallpipe vessel Stornes. This innovation helped us bring this unique project to a successful close and generated valuable knowledge and experience for future tenders and projects.



We awarded the project to Van Oord because they deliver quality and know how to manage risk. The NCA is very impressed with the level of professionalism demonstrated by their staff.



Hans Petter Mortensholm, Project Coordinator,
Norwegian Coastal Administration (NCA)



Client and subcontractors on board flexible fallpipe vessel
Stornes on the Uboat-864 project in Norway



The wreck of the German submarine, Uboat 864

What else we did in 2016

The Stornes in Egypt

North Africa, and especially in Egypt, is experiencing a growing demand for gas to generate electricity. In the past ten years, new gas reserves were discovered in the eastern Mediterranean. The West Nile Delta gas field, located 65 kilometres off the Egyptian coastline, will be very important to the country's economic development and guarantee its energy supply for many years. International contractor Subsea 7 asked Van Oord to construct the landfall and execute the subsea rock installation work. Flexible fallpipe vessel Stornes carried out rock installation activities to prevent pipeline buckling. Construction of the landfall will follow in 2017.

Specialist in SRI

Our flexible fallpipe vessels carried out subsea rock installation (SRI) on a regular basis in 2016. For example, we deployed them in Edradour, Scotland, to stabilise and protect pipelines for Total UK. We also installed rock protection in the Aviat Field, a shallow gas accumulation in the UK.

We installed concrete pipe reinforcement rings at a port some fifty sea miles north of Scarborough. We welded the pipe sections together at sea, an operation that was heavily influenced by the weather. While we were hauling the pipe sections on board for welding, it was crucial to have a calm sea.



Paul Schuit, Project Manager, Van Oord

We have also been active in Norway, where we are often called in on short-term projects meant to protect the country's energy infrastructure. For example, work is forging ahead on the Maria oil field in the Hattenbanken region off the Norwegian coast. Subsea 7 contracted Van Oord to carry out SRI activities there, for example for pipeline scour protection.

Flexible fallpipe vessels are growing more popular in offshore wind farm construction. We installed scour protection for the Rampion offshore wind farm on the UK's Sussex coast so that mono-pile installation could proceed. Outstanding cooperation between the crews of flexible fallpipe vessels Stornes and Nordnes and side stone dumping

vessel HAM 602 allowed us to complete the project in a very short space of time.

Wheatcroft Long Sea Outfall

Van Oord was responsible for the design, delivery and installation of part of the Wheatcroft Long Sea Outfall, which discharges waste water from a nearby factory into the sea. The factory is located three kilometres south of the British seaside resort Scarborough. The steel pipeline had required several repairs over the past ten years, and to avoid future costly repairs client Yorkshire Water contracted Van Oord to replace the offshore section of the pipe. It took only five days for the experienced project team to install the 2.5-kilometre-long pipeline.



Flexible fallpipe vessel Stornes in Egypt carrying out rock installation work in the West Nile Delta gas field

WTG installation
Gemini Offshore
Wind Park



Offshore Wind Projects

Global warming and the need to reduce fossil fuel emissions are adding to the popularity of wind power, especially in Northwest Europe. Van Oord leads the way in green energy projects, specifically the construction of offshore wind farms. We furnish all-round solutions, often under EPC contracts. Because we focus on value chain and project management and because our staff specialise in many of the relevant disciplines, the offshore wind market suits Van Oord to a tee.

The year 2016 was an eventful one: the market for offshore wind farms is growing, but competition has increased at the same time. The cost

per kWh has plummeted in only a year and is now competitive with the cost per kWh of fossil-based energy. All this makes for a challenging sector. As a contractor for offshore wind farm construction, Van Oord has managed to build a good track record in little more than a decade. Thanks to our employees' knowledge and experience, our dedicated equipment and our valuable cooperation with partners, we will maintain our edge in the market, not only by tendering competitively but also by offering innovative solutions. We made this clear during construction of the Gemini offshore wind farm and on other projects. Our vessels are solid evidence of our Marine ingenuity.

Breakthrough year for offshore wind

Van Oord completed a number of successful offshore wind projects in 2016. Our work not only helped promote the transition to a more sustainable energy system but also made a major contribution to the industry itself. The experience that we gained in the past year produced many innovative techniques and ideas. Each one has driven progress and improved the competitiveness of the offshore wind industry.



The Burbo Bank Extension Offshore Wind Farm project team in the United Kingdom

Gemini pushes beyond the boundaries

In August 2016, our offshore installation vessel Aeolus installed the last of 150 wind turbines that make up Gemini Offshore Wind Park. Starting in 2017, this wind farm will supply 785,000 households with green energy.

When preparations for the Gemini project first began in in 2011, offshore wind was still a relatively new field of activity undergoing rapid changes. Our team consisted of experienced project

superintendents supported by a large group of young employees. The interaction between the two groups turned out to be highly productive leading to successful execution but also to a series of innovations. We introduced a new cable protection system with optimised erosion protection around the piles. We also made successful use of the FaunaGuard, an underwater acoustics system that keeps marine mammals away from active construction zones.



150 turbines, each one producing 4 MW of power



Green energy for 785,000 households



600 megawatts of green energy



Successful use of the FaunaGuard



Younger generation takes a fresh look

The annual Marine ingenuity Award is presented by CEO Pieter van Oord to employees who came up with the most innovative idea of the past year. In 2016, the award went to the Gemini project Youngsters for their pro-active and open-minded attitude to learning, communication and teamwork and for their inquisitive yet critical input. Their

approach produced a combination of smart solutions and cost savings as well as an impressive series of innovations: the Bazooka, the ATPIA, an ultrasonic method to quantify bolt tension, a new coating repair system, and a shallow-water cable-laying technique.



The North Sea is one of the best sources of wind energy in the world. Gemini will help the Netherlands and the European Union meet their sustainability targets by harnessing the power of the North Sea.



Matthias Haag,
CEO Gemini



The Gemini project team Youngsters winning the 2016 Marine ingenuity award



Offshore Wind Projects' new management team

What else we did in 2016

Burbo Bank Extension

The UK government has set an ambitious goal for the country: by 2020, 15% of all energy must come from renewable sources. Once it is completed in 2017, the Burbo Bank offshore wind farm extension will go a long way towards meeting that goal by supplying 180,000 households with green electricity. In 2015, we added a new heavy-lift installation vessel, the Svanen, to our advanced fleet for offshore wind farm construction. The Svanen played a crucial role in the construction of the Burbo Bank Extension. It installed 32 mono-piles and transition pieces

eight kilometres offshore, in Liverpool Bay. The Svanen is a remarkable sight: it is 102 metres tall and has a lifting capacity of 8,700 tonnes. It works according to the feeder method. After being fitted with plugs to make them buoyant, the mono-piles are towed to the Svanen by tugboats. The transition pieces on the pontoons were manoeuvred precisely under the hook of the installation vessel. The method has been optimised over the past few years, greatly increasing efficiency on site. Van Oord completed the project on schedule in July 2016, to the client's satisfaction.

Wind farm projects in preparation

Van Oord won a large number of contracts in 2016. Offshore wind projects are often complex and require lengthy preparation. We are already getting ready to work on the following projects in 2017 or later:

Arkona (Germany): a new wind farm will be constructed more than 35 kilometres north of the German island of Rügen in the Baltic Sea. With a 385 MW capacity, it will supply energy to 400,000 households. The installation strategy for this project is based on our proven technique of floating the foundations and components to heavy-lift installation vessel Svanen.

Borssele III & IV (Netherlands): In December 2016, the consortium consisting of Eneco, Diamond Generating Europe, Shell and Van Oord was awarded the contract to construct and operate the Dutch offshore wind farms Borssele III & IV. The wind farms are expected to generate about 3,200 GWh a year, enough to supply 825,000 households with green energy.

Norther (Belgium): Van Oord has signed a Balance of Plant (BOP) contract for the Norther wind farm, to be located 23 kilometres off the coast of Zeebrugge. Norther will have a maximum capacity of 370 MW, making it Belgium's largest offshore wind project. Construction will commence in 2018.

“

With a reliable and experienced partner like Van Oord, we have every confidence that our mission to build and start operating Norther in 2018 and 2019 will be successful.



Dennis Sanou, Norther Project Director, Eneco



Loading the mono-piles and transition pieces on board offshore installation vessel Aeolus

Our subsidiaries

Dravo S.A.

Dravo S.A. is Van Oord's subsidiary in Spain. It is active mainly in southern Europe and specialises in beach replenishment and maintenance along the Spanish, Portuguese and Italian coasts. This work not only keeps tourism flourishing there but also helps these countries protect their coastlines. In 2016, Dravo S.A. replenished the beaches of Barcelona, La Pineda near Tarragona, and Playa del Castillo on the Canary Island of Fuerteventura. Projects in this market typically have relatively short execution periods and are executed in densely populated areas. This requires our employees to be flexible and adaptable. Thanks to a small, dedicated crew and our base of operations in Madrid, we can guarantee that flexibility.

Welcome Costa Verde

In February 2016, Van Oord acquired a trailing suction hopper dredger from Dutch dredging contractor Abeko Marine. Built in 1998 as a coaster, it was converted in 2011 to a trailing

suction hopper dredger with a hopper capacity of 2,680 cubic metres.

Van Oord has renamed it the Costa Verde, after the northern Spanish coast of Asturia. With its small dimensions and shallow draught, the vessel is very well-suited to the shallow water and smaller harbours of the Mediterranean. Acquiring the Costa Verde has boosted Dravo S.A.'s position in the Mediterranean market. We can also now deploy the Dravo Costa Dorada outside its normal region. In 2016, it operated in Costa Rica and Cuba.

Playa la Pineda

The Costa Verde's first assignment in Spain was the La Pineda beach replenishment project near Tarragona. In a little more than a week we deposited 100,000 cubic metres of sand by dredging it from the seabed a short distance offshore and pumping it directly onto the beach through a floating pipeline. Van Oord has signed a three-year contract for this project, the first year being 2016. The crew is very happy with the Costa Verde. They are especially delighted with the better quality accommodation on board.

Wicks

Wicks is a subsidiary of Van Oord that specialises in vertical and horizontal drainage and soil compaction. Its key markets are the Netherlands and Germany. In 2016, Wicks installed approximately 550,000 metres of vertical drainage along the A94, a major German motorway. In six months, we consolidated the soil to prepare for the construction of traffic nodes along this new, 35-kilometre stretch of motorway. The second part of the project will follow in 2017.

Wicks is also active beyond Europe. We have installed 19 million metres of vertical drainage in Jakarta, Indonesia, as part of the Kapuk Naga Indah project. Ground consolidation was also required in the Port of Moín, Costa Rica, before work could begin on the 40 hectares site of a new container terminal. Specialist equipment ensures that it takes less time to prepare fresh soil for further construction activity.



Trailing suction hopper dredger Costa Verde in the Mediterranean



Preparing the A94 motorway construction project in Germany

Employees at the Deira Island project in Dubai



Encouraging talent and improving competencies

Our employees make Van Oord the company that it is. 2016 was a year in which we encouraged talent, improved competencies and got the best out of our people. This is how we continue to set ourselves apart, both now and in the longer term.

It was clear to us early on that 2016 would be a less successful year than 2015. The entire sector has suffered a setback, not only Van Oord.

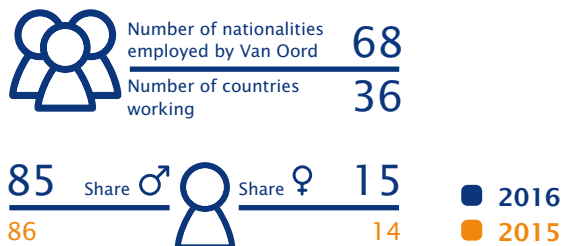
Looking ahead

Employees are Van Oord's ace card. They make us what we are. Difficult times like these call for shrewdness, more teamwork, and a visionary project approach. Now is when we really need to get the best out of our people, to draw on their passion for knowledge and innovation, for operational excellence, and for winning. Back in 2015, we launched a large-scale programme meant to encourage our employees' talents as much as possible. Our Strategic Workforce Programme will professionalise our personnel policy. In its first year, it turned its attention to the fleet.

In 2016 we extended the programme to our project managers – from junior to senior level – working around the world. We began by identifying the competencies that a project manager needs to be successful in our increasingly complex market. These include teamwork and collaboration skills and the ability to communicate effectively. Not everyone is born with these competencies, however, and ‘doers’ may find them especially challenging. That is why they are the focus of our project manager training. We also provide clear structures and make sure that every project team we assemble has members with an array of different competencies, so that it has all the qualities necessary for successful project execution.

Adaptable and flexible

Van Oord encourages entrepreneurship. Employees are given a great deal of freedom and responsibility. We want the best people, and we want the best from people. It comes down to two important attributes: adaptability and flexibility. Our ability to adapt to changes in the market is crucial. Where do we see opportunities? What threats have we detected? Being flexible about change allows us to stay three steps ahead of events. Adaptability breeds flexibility. It means we can alter course quickly and can respond agilely to new circumstances.



Diversity is an opportunity

Van Oord derives added value from having a well-balanced pool of employees. Diversity is also in keeping with the international nature of our company. International partnerships are everyday affairs for us, and we have a highly diverse portfolio of clients and stakeholders. Diversity in our employee pool allows us to respond more effectively, and it also drives creativity and flexibility in our organisation. Van Oord’s employee pool consists of no less than 68 nationalities working in more than 36 countries. In terms of gender diversity, we are keeping pace with the benchmarks in our industry.

Respect for cultures: We look critically at our approach to other cultures. Our roots are in the Netherlands and we consider that an advantage. Our international operations require an open attitude towards the rest of the world and an interest in other cultures and traditions. Before we start on a project, we look at the culture of the country with our employees and take action against unwanted behaviour, such as discrimination.

Situational leadership: Our managers often work with local employees and must frequently respond to local situations and people and to the national culture. We see that they are trained in situational leadership.

International crews: We are concerned about the career paths and pay of our international crews. At times the rules get in the way and flexibility is advised. Dutch nationals may work as seafarers worldwide, but that is not the case for every nationality. The most important criterion when assembling a crew is employee competencies; international flexibility comes second. Third is whether the costs weigh up against the competencies and nationalities. Just one example of our adaptability.

Age awareness: The retirement age for our employees is rising. Our project workers often do heavy manual labour and the constant travel means that they have an irregular lifestyle. To encourage them to maintain healthier habits, we have launched a new programme, StayFit, under the motto ‘Stay healthy and fit beyond retirement’. We keep close watch on our employees’ absences, availability for work, and satisfaction.

Employee representation

The Works Council is an important information and consultation body that represents Van Oord’s employees in financial, economic and organisational decision-making. Issues such as the recent decline in dredging and offshore oil & gas contracts make serious demands on the competencies of its members. Van Oord will provide the Works Council with the necessary support to continue properly representing employee interests in the period ahead. Works Council elections will be held in 2017. Most of the current members are standing for re-election, a testimony to their enormous commitment and dedication.

Attractive employer

Van Oord has set itself the goal of being an attractive employer. People like working for a successful company. We are commercially successful and an international trendsetter. Our company culture is open and welcoming and we are involved in exciting projects. Crucial in all this is mutual respect, trust, teamwork and politeness. We give employees opportunities to improve themselves constantly, we work constantly to ensure their safety, and we urge them to take responsibility for health & safety at work. Our importance to society is growing as we become more deeply involved in the transition to a green energy system. We make a point of promoting leadership and we applaud diversity. These are all factors that appeal to the best people.

Integrity

We expect all our employees to adhere to the Van Oord Code of Conduct, published on our website. The Code was revised in 2016. We also developed a new set of rules for reporting abuses. Employees may report abuses to our Confidential Committee. There was no reason to convene the Confidential Committee in 2016. The rules and the Code will be formally adopted in 2017.

Six on, four off

In June, Van Oord introduced a new leave scheme for project employees on contract in the Netherlands, the United Kingdom and Cyprus. For those working outside the Netherlands, the 6:4 scheme applies: six weeks of work and four weeks of leave (instead of the previous 3 weeks). The change was inspired by the results of the employee satisfaction survey conducted in 2015, and we also involved

employees in developing an appropriate solution. Van Oord is the first in its sector to improve its employees work/life balance by introducing this scheme.

Safety

Safety should be an everyday affair for Van Oord. It involves much more than adhering to a set of rules; it requires employees to make a commitment. That is why Van Oord introduced a new programme in 2016, say YES to safety, in line with its special approach to safety. The programme encourages employees to take responsibility, to cooperate with one another, to set an example for and inspire others to work safely, and to respect rules and instructions. By making this a collective effort, we are creating a culture of safety. The programme also provides for many new practical tools, for example the nine Life-saving Rules.

Say YES to safety is for all those who work for Van Oord, whether employees, partners or subcontractors. Every link in the project chain is important for workplace safety. If a team is incomplete at the start of a project, for example, then it may not have team members with the right training background. Every link, no matter how small, is important and essential for working safely.

Van Oord believes that safety is an industry-wide concern. We do not wish to compete on safety; we have shared interests and the same aims in that regard. That is why we share our policy with others in our industry.

Our safety programme has gained recognition outside our company. In 2016, say YES to safety was nominated for the IADC Safety Award, presented by the International Association of Dredging Companies (IADC). The award is meant to recognise people and companies that make working in the dredging industry safer.

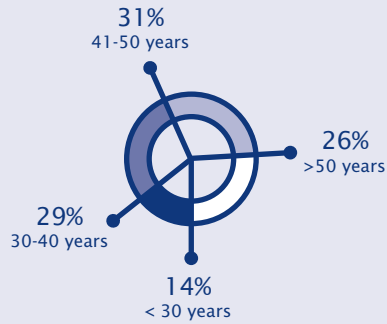


Young Van Oord getting to know our say YES to safety programme

Employees of Van Oord

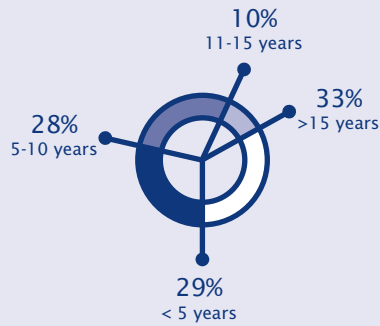
Average age

of 2,380 employees on the Dutch payroll 2016



Average number of years of service

of 2,380 employees on the Dutch payroll 2016



Sickness absence



Sickness absence as % of employees on the Dutch payroll

3.8

3.3



Lost Time Injury Frequency Rate



2016
2015

4,816 Employees at Van Oord (in FTEs)

4,912



Young
Van Oord

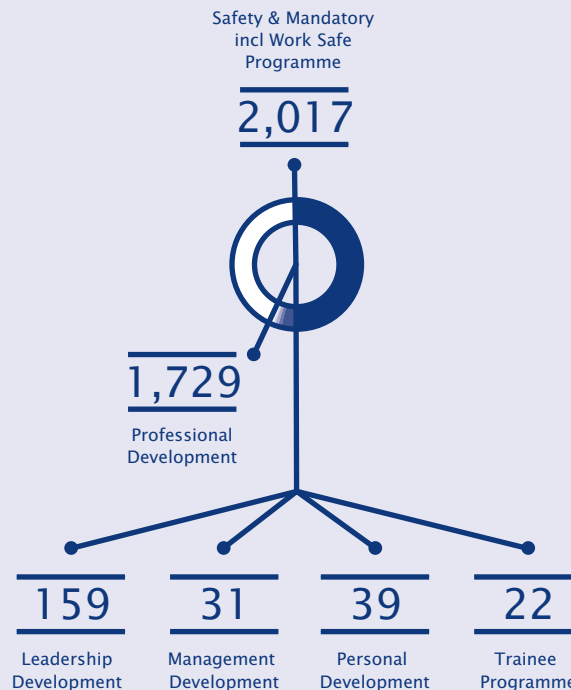
Members of Young Van Oord

378

344

Training courses

Number of participants: total 3,997



2016
2015

Van Oord encourages a pro-active culture of safety in which everyone is responsible for their own and other people's safety. Good leadership offers a firm basis for this. We have therefore had 800 of our managers trained in Safety Leadership. The Executive Board always attends the first and last sessions of this training programme. Their presence highlights the importance of the programme and encourages the sort of openness about safety matters that a pro-active culture should have. This is a culture in which employees do not shy away from confronting one another or from reporting mishaps, so that everyone can learn from their experience. That is why the management team actively seeks to discuss safety with the project management and employees during project visits.



Smart, safe solutions for cutters

Van Oord deployed cutter suction dredger Ural River on the Prorva project in Kazakhstan in 2015 and 2016. To change cutter teeth, crew members had to slide down the diagonal portion of the cutter ladder, a manoeuvre both risky and time-consuming. When cutter suction dredger Mangystau was under construction, a number of Van Oord employees came up with a smart solution to this problem: a lightweight platform that rests on the cutter ladder. The new design is simple and safe because the cutter head is only accessible if the ladder has been raised. The platform is stable and access is restricted to the starboard side to keep it as lightweight as possible. The Ural River has also been fitted with the new Van Oord platform.



Cutter suction dredger Mangystau with its innovative lightweight platform

Our safety policy continues to evolve. We started out as reactive on the safety ladder but we are now well on our way to being pro-active. The Netherlands Organisation for Applied Scientific Research (TNO) surveyed employee attitudes in 2012, 2014 and 2016. The most recent survey, in 2016, revealed that we have moved a step closer to a proactive safety culture. Unlike the previous years, this time we surveyed all employees. The eighteen hundred respondents gave us a broader picture of where we stand, in keeping with our aim of encouraging broad support for a culture of safety. There is consensus about the importance of safety in our company. Most notable was that the management gave our safety policy high marks; they perceive Van Oord's safety culture as a proactive one. They say YES to safety programme encourages the group involved in project execution to make working safely everyday practice, with no exceptions.

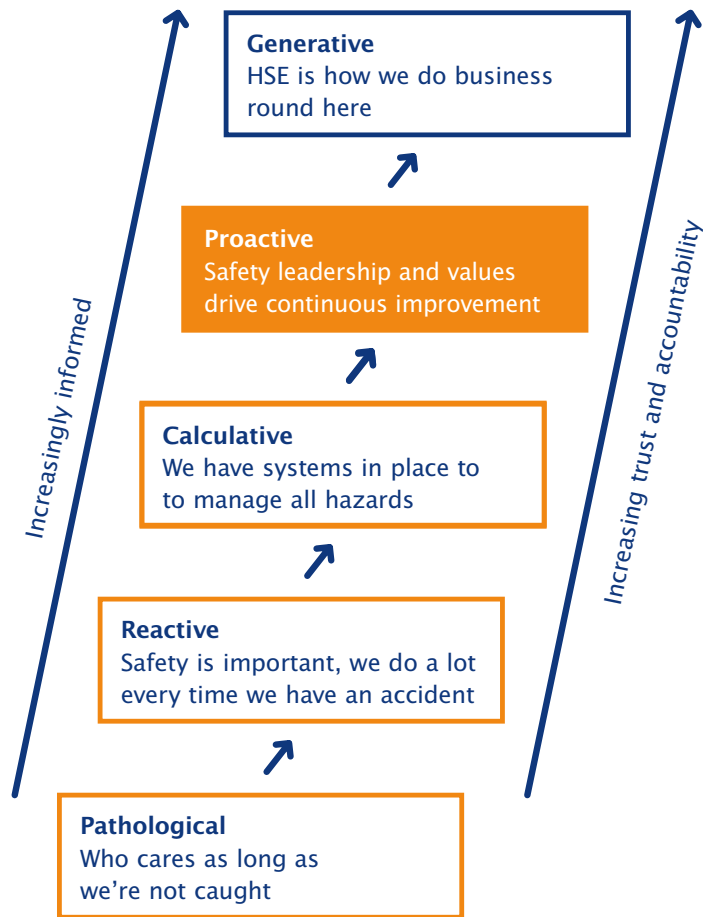
Because the culture of safety has become inherent to our organisation, as of 2016 we will no longer list safety as a separate strategic objective. It is now fully integrated into how we think and act, day after day. In 2016 we incorporated standard procedures, planning, risk management and quality assessments into our processes in such a way that safety has become integral to the way we structure and manage complex projects.

Van Oord presents two safety awards every year. The Hans Brinker Leadership Award rewards safety leadership. Team U-864 received the award for their painstaking environmental awareness as they stabilised a war wreck off the Norwegian coastline. For more on this story, see page 43. The crews of cutter suction dredgers Ural River and Mangystau received the Vessel Safety Award for an ingenious design modification that makes cutter maintenance safer.

Certifications

Van Oord has certification under ISO 9001, the international standard for quality management systems, and under OHSAS 18001, the international specification for occupational health & safety management systems. Our fleet employee management system is certified in accordance with the Maritime Labour Convention. We now have all the main certifications for our sector.

Safety ladder



On the bridge of cutter suction dredger Athena

Working together at Van Oord

1 Trainee group no. 22 completed its one-year Technical Traineeship in 2016. All the participants found employment in different departments.

2 The team responsible for building trailing suction hopper dredger Vox Amalia at the yard in Bilbao.

3 Van Oord's Works Council is a valued discussion partner and adviser.



Van Oord gets sporty on behalf of others



1 On 25 June, 700 employees and their families got sporty on Van Oord Rio Day to raise an astounding EUR 25,000 for Estrela da Favela, an organisation that sets up educational projects in Rio de Janeiro. The money will go to build a new school, where 200 children will get an education for a better future.

2 On 23 November, 35 Van Oord employees cycled for three hours to raise money for the Opkikker foundation, which assists families with a sick child undergoing treatment. The EUR 1,500 that they raised was enough to help three families.

3 On 6 November, a team of Van Oord runners competed for the tenth time in The Hunger Project, which battles hunger and poverty worldwide.

4 The Van Oord Tour for Life cycling team raised money for the Daniel den Hoed Foundation, which invests in successful cancer research. The route took them from Bardonecchia in Italy to Rotterdam. The 2016 Tour for Life event raised EUR 855,000 in eight days.





Baby turtles from our breeding programme making their way to the sea, Moín, Costa Rica

We care about sustainability

Van Oord's long-term continuity and profitability depend on how well it cares for its surroundings. The need to strike the right balance between people, planet and profit is beyond dispute. Sustainability is embedded in our decision-making and business operations.

Our Sustainability Agenda for 2020 has four priorities:

Being an attractive employer: We want all our employees to work happily and safely and to feel like part of our team.

The employee policy described in the section on Employees (see page 50) appeals to the best people and gets the best out of our people.

Marine ingenuity: Marine ingenuity is what sets us apart from the rest. We come up with clever solutions of value to our clients. Examples can be found in our environmental engineering strategies, our equipment innovations, and in the care that we demonstrate for people and the planet.

Energy efficiency: Energy-efficient systems and ships, energy awareness among our employees, and experiments with alternative fuels are all helping us reduce our energy consumption and greenhouse gas emissions. They are also helping us lower the cost of energy and the risk of expensive environmental incidents. This is an important theme in our investment programme.

Sustainable value chain: We feel responsible for our value chain. We are working to make it more sustainable and are discussing ongoing improvements with suppliers.

Our Sustainability Agenda for 2020 links our approach to the Sustainable Development Goals adopted by the United Nations in 2015, to the stakeholder interviews that we conducted in 2014, 2015 and 2016, and to sustainability dilemmas that we encounter.

Doing our share to achieve the UN's Sustainable Development Goals

In September 2015, the United Nations adopted a set of 17 Sustainable Development Goals (SDGs). These global goals are the core of its 2030 Agenda for Sustainable Development, which promotes the quality of the living environment and the eradication of poverty, injustice and discrimination.

Sustainability Advisory Board

As an internationally active enterprise, Van Oord must consider the impact of its work on ecosystems, human health and safety, local communities and human rights. We recently set up a Sustainability Advisory Board to assist us in such matters. The Sustainability Advisory Board advises and liaises with the Executive Board.

Its members are:

J.P. Balkenende – former Dutch Prime Minister, External Consultant for EY, Professor of Governance, Institutions and Internationalisation at Erasmus University Rotterdam, Chair of the Dutch Sustainable Growth Coalition
W. van Dieren – member of the Club of Rome and initiator of the Springtij Forum
K. Maas – Academic Director of the Erasmus School for Accounting & Assurance and member of the Advisory Board for De Groene Zaak
T. Wagenaar – Director of foundation Natuur & Milieu.

Part of operational management

Systems and certification regimes that have proven effective make sustainable operations possible and reduce the financial and non-financial risks associated with safety, the environment and human rights. Sustainability is embedded into our operations as part of the Van Oord Management System (VOMS). Every year, Lloyd's Register, an independent organisation providing verification services, verifies that our system complies with international quality, safety and environmental standards.

We contribute to meeting the following four SDGs:



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Goal 13: Take urgent action to combat climate change and its impacts.

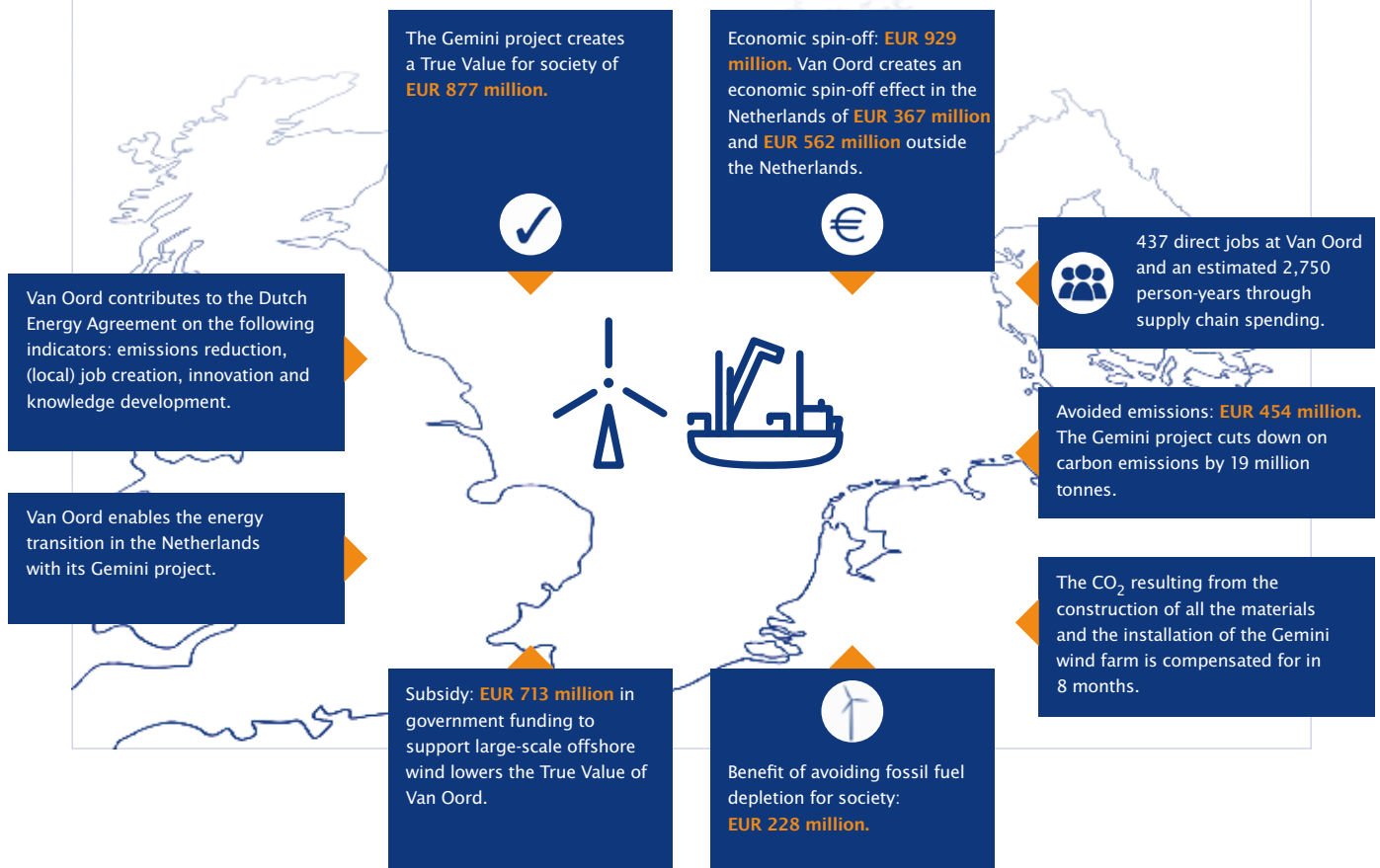


Goal 14: Conserve and sustainably use the oceans, seas and marine resources.

The true impact of the Gemini project on society

Van Oord is the first Dutch enterprise in its sector to calculate the monetary added value for society of developing and executing an offshore wind project. It did so for the Gemini project, a 150-turbine wind farm that can generate 600 MW of energy. Together with KPMG, we performed a True Value impact analysis that revealed the impact on the environment and the social and economic

consequences of project execution. We concentrated on the activities undertaken by Van Oord and its partners in the value chain. Where possible, we also looked at external factors, for example raw material and semi-manufacture production. After adding the pluses and subtracting the minuses, the total added value for society of the Gemini project was assessed at EUR 877 million. This outcome emphasises the many opportunities that offshore wind can offer society.



Gemini team on board of cable-laying vessel Nexus

Do our stakeholders agree with us?

In 2015, after consulting our stakeholders, we confirmed that our four priorities have put us on the right path towards exerting a lasting influence on our value chain. In 2016, we used stakeholder input to improve our Materiality Matrix. For example, we added the energy transition and changed a number of matrix themes. In 2017 we will interview stakeholders again and find out whether our sustainability policy has been effective or needs amending.

Increasing sustainability demands action, as does corporate social responsibility. Everyone has to do their part, every link in the chain. My advice is thus: the more people and suppliers you can get to cooperate with you, the higher the profile sustainability will have in your organisation.



André Nijhof, Professor of Corporate Social Responsibility & Business Ethics, Nyenrode Business University

Materiality matrix

The results of the stakeholder interviews have been incorporated into the materiality matrix.



Internal stakeholders

External stakeholders

Very relevant

Relevant

Less relevant

Less relevant

Relevant

Very relevant

- Integrity (page 52)
- Compliance and certification (page 54, 82)
- Human rights (page 22)

- Energy transition (Offshore Wind in particular) (page 11)
- Marine ingenuity innovations (page 62, 63)
- Energy consumption and emissions (page 63)

- Indirect economic effects (page 60)

- Diversity and Employability (page 51, 79)
- Supply chain responsibility (including supplier appraisal) (page 65)
- Vessel recycling (page 71)

- Safety (page 53)
- Education and training (page 53)

- Mobility
- Water consumption



Van Oord is one of the founders of the Offshore Experience at Rotterdam's Maritime Museum



A floor projection showing an offshore wind scenario at the International Architecture Biennale Rotterdam

Marine ingenuity: innovations with impact

Van Oord aims to minimise any harmful effects of its work and encourage beneficial ones where possible. We have teamed up with research institutes and universities to develop five innovations: FaunaGuard, ReefGuard, PlumeGuard, Eco-design and OpenEarth. We offer these innovations in our tenders. In 2016, we did so seven times.

FaunaGuard: preventing hearing loss in marine mammals

The FaunaGuard is an instrument that uses species-specific underwater acoustic signals to keep marine mammals, reptiles and fish temporarily out of a construction zone. We used the FaunaGuard during pile-driving operations for the Gemini offshore wind park to prevent potential hearing loss in porpoises. Scientific validation of test results is crucial to making further improvements. Our field tests in Parana (Brazil) and near the Dutch island of Texel in 2016 will help us adapt the FaunaGuard to better protect turtles and porpoises respectively.

ReefGuard: restoring coral reefs

The ReefGuard is a mobile laboratory used to scale up and apply proven, small-scale coral breeding techniques with the aim of actively restoring coral reefs. We used the ReefGuard in 2016 for coral breeding on the Sandy Bottom project in the Bahamas. Here, we examined the impact of a prolonged breeding programme on the survival of corals placed back on the reef. The first results are very promising. We have also built a good relationship with local coral experts, including specialists at the University of the Bahamas. Our next step is to perfect the technology so that we can breed coral elsewhere as well.

PlumeGuard: reducing suspended solids

The PlumeGuard is a specially developed mobile metering frame that integrates the latest metering techniques into advanced technologies for processing Big Data on water quality. The PlumeGuard takes an innovative approach to measuring the total quantity of suspended solids

in and around our dredging vessels. Depending on that quantity, we can respond with preventive measures, for example by switching to another dredging location temporarily or by adjusting our production rate. In 2016 we included the PlumeGuard in various tenders.

Eco-design: designing with nature

Eco-design means using the design principles that have emerged from the Building with Nature programme. Designers who apply eco-design concepts exploit natural features for marine engineering purposes, creating advantages for nature, the leisure industry and the local economy at the same time. In 2016, we actively included eco-design concepts in our tenders.

OpenEarth: digital support for projects and equipment

OpenEarth is a software system for analysing, visualising and reporting project and equipment data to reduce environmental risks. In 2016, we used OpenEarth on the Kaohsiung, KNPC and other projects.



The ReefGuard team transferring trays with coral to the coral nursery

What we achieved in 2016

We quantify our policy achievements in the form of key performance indicators (KPIs), verified by our auditor. The annual accounts accompanying this report include an assurance statement to that effect. Our sustainability policy has produced a number of positive results, backed up by facts and figures.

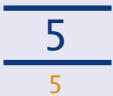
Being an attractive employer

The section on Employees (starting from page 50) describes how we create a pleasant working environment for our employees.

Marine ingenuity



Innovations developed



Tenders offered



■ 2016
■ 2015

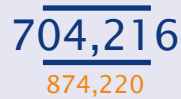
Energy efficiency

Fleet energy-efficiency improvement compared to 2010 (cumulative)

2016	2015	2014	2013	2012	2011
7.3%	6.2%	5.1%	4.2%	2.7%	2.6%



Total carbon footprint in tonnes CO₂



% related to equipment deployment



■ 2016
■ 2015

In 2015, as part of our energy management policy, we set ourselves the goal of improving the energy efficiency of our fleet by the year 2020 by a minimum of 7% compared to 2010. In 2016, our energy-efficiency had already improved by more than 7% and our carbon footprint was considerably smaller than in 2015, largely due to a lower level of activity compared to the previous year. Van Oord is working in numerous ways to reduce fuel consumption and greenhouse gas emissions. For example, our new-build vessels are based on state-of-the-art technology. When we acquire existing vessels, we look at energy consumption as part of their specifications. We collaborate with our suppliers on energy-efficiency measures and take energy efficiency into account in our designs for new engines and hulls. We use cleaner fuels all the time and we are experimenting with biofuels and other alternatives. On projects, we always study whether we can apply more energy-saving working methods. Ecoshape's Building with Nature programme takes the carbon component of silt and algae growth into account.

Sustainable supply chain

Based on a new assessment system introduced in 2016 and FPAL records, we collected sustainability and QHSE data on 72 suppliers. Of the 72, 43 have a risk profile that is higher than average. The purpose of the new system is to assess suppliers on aspects of energy management and health & safety. We are aiming to assess all our suppliers by 2020 and will work with them to identify and reduce the most serious threats in the most relevant areas.



Number of suppliers about which we have collected sustainability and QHSE data

72

Value chain oversight

In 2016, Van Oord became the first company in the maritime industry to conclude an exclusive Strategic Partnership for fleet maintenance. Our procurement model used to be fragmented; we worked with a thousand different suppliers. Now we have entered into long-term contracts with only twenty suppliers selected on the basis of their sustainability profile. They deliver an all-round package of services. Working with them makes it easier for us to determine the cost and total life cycle of a vessel and creates a basis of trust for developing and testing innovations together. This original approach to cooperation has gained Van Oord a nomination for the Maritime Innovation Award (MIA).

Sustainable recycling of vessels

At a certain moment, our vessels become commercially or economically obsolete or they no longer satisfy our requirements or statutory or regulatory standards. These vessels are sustainably dismantled and recycled according to the agreements laid down in the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Vessels. An overview of our fleet can be found on page 71.

Dilemmas

Dilemmas are unavoidable in our work. In our view, what is important is to discuss these dilemmas with our employees, clients and local communities.

During its first meeting, the Sustainability Advisory Board discussed a number of sustainability dilemmas associated with the following issues:

- How society views the temporary negative impact of our work relative to the value of flood protection and sustainable energy
- The OECD Guidelines for Multinational Enterprises, particularly the Dutch interpretation versus the international level playing field, and clients' responsibilities versus our responsibilities
- Value chain responsibility, specifically our ambitions versus the degree to which some subcontractors can meet our demands
- Which NGOs do we see as partners in developing a long-term agenda



Greenhouse gas emissions: striking the right balance

We have implemented a programme to reduce our greenhouse gas emissions (CO₂, NO_x and SO_x) as much as possible. The International Maritime Organization (IMO) is an important worldwide regulatory body in that context. After all, our equipment must be able to operate worldwide. In practice, we notice that national governments develop their own policies in this area, and that clients interpret those policies in their own way, both in the marketplace and in their dealings with us. This is a recurring issue for Van Oord. We are active in many different working groups set up by such industry organisations as the European Dredging Association (EUDA), the International Association of Dredging Companies (IADC), the Dutch Association of Contractors in Dredging, Shore and Bank Protection, and the Royal Association of Netherlands Ship-owners (KVNR). These groups advise such bodies as the International Maritime Organization, the European Commission and the Dutch public works department RWS, which are involved in regulating greenhouse gas emission standards and updating local legislation.



Schoolchildren visiting the yard in Moerdijk, the Netherlands

Value chain responsibility

Corporate sustainability also means that we take responsibility for our value chain, in which our suppliers and subcontractors play a vital role. Trends and opportunities in value chain responsibility differ by region, however. In our projects, we must constantly seek to strike the right balance between sustainability and feasibility – without compromising on our own vision and aims.

Sponsorship, geared to society

It is important for Van Oord to build positive relationships with the communities in which we live and work. One of the aims of our sponsorship policy is to give something back to or do something special for these communities. We engage with our local surroundings by sharing our knowledge and working with local experts. We ensure that charitable donations made on behalf of our company are appropriate and proportionate.

In 2016, we supported more than forty different projects falling under the following headings: maritime, community investment, our branches in Rotterdam and Gorinchem, employee sports activities, and cultural activities.



Sharing our expertise with Holland Water Challenge

Van Oord values knowledge-sharing, talent development and building new local networks. That is why we are delighted to participate in the annual Holland Water Challenge. In 2016, the location was Myanmar, a country facing serious maritime challenges. Forty students at nine Myanmar universities took on the challenging task of creating a 'smart' delta by planning the sustainable and integrated development of the country's Ayeyarwady Delta. Dutch and local experts assisted them. It was a fantastic experience for both the students and Van Oord.



Holland Water Challenge in Myanmar

Composition of the Executive Board and activities



Pieter van Oord (born 1961)
Chief Executive Officer since 2008

Focus areas: Area Netherlands, Offshore Wind Projects Business Unit, Offshore Oil & Gas Business Unit

Staff departments: Personnel & Organisation, Communication & Markets, Quality, Health, Safety & Environment (QHSE) and Facility Services

Additional activities: Chair of the Association of Dutch Suppliers in the Oil and Gas Industry and Offshore Renewable Industry (IRO), Supervisory Director of STC-Group, Managing Director of MerweOord, Supervisory Director of Nationaal Park De Hoge Veluwe and Managing Director of Club Rotterdam



Paul Verheul (born 1961)
Chief Operations Officer since 2011

Focus areas: Area Europe, Area America & Africa.

Staff departments: Engineering & Estimating, Ship Management Department and Survey

Additional activities: board member of the International Association of Dredging Companies (IADC), advisory board member of PortXL World Port Accelerator programme, Managing Director of the Royal Association of Netherlands Ship-owners (KVNOR), advisory board member of DIMI at Delft University of Technology



Niels de Bruijn (born 1963)
Executive Board member since 2013

Focus areas: Area Middle East & West Asia, Area Asia & Australia, Business unit Dravo S.A. and Business unit Wicks.

Staff department: Project Office



Jolanda Poots-Bijl RC (1969)
Chief Financial Officer since 2016

Focus areas:

Staff departments: Finance & Control, Treasury, Information Technology (IT), Legal & Contracts, Procurement

Additional activities: Managing Director of Stichting ING Aandelen, Supervisory Director of Blokker Holding B.V., Supervisory Director of Gasunie

Van Oord is a member of the following industry associations and R&D programmes:

- Central Dredging Association (CEDA)
- European Dredging Association (EUDA)
- WindEurope (previously EWEA)
- International Association of Dredging Companies (IADC)
- International Jack-Up Barge Owners Association (IJUBOA)
- International Pipeline and Offshore Contractor's Association (IPOCA)
- Association of Dutch Suppliers in the Oil and Gas Industry (IRO)
- Nederlandse Wind Energie Associatie (NWEA)
- Dutch Association of Contractors in Dredging, Shore and Bank Protection
- World Association for Waterborne Transport Infrastructure (PIANC)
- Royal Association of Netherlands Ship-owners (KVNOR)
- Ecoshape / Building with Nature

Young Van Oord visits the Aeolus



Offshore wind installation vessel Aeolus

Management Committee

The Management Committee consists of the members of the Executive Board, the area directors and the staff directors.

Area Management

Area Directors



Ronald Schinagl



Govert van Oord



Martin Smouter



Mark Roelofs

Area Netherlands

- Area Director:
Ronald Schinagl (from
1 September 2016)
Jan Schaart (until 1
September 2016)
- Area Manager:
Carlos Mollet
- Area Manager:
Jaap Wiersma
- Area Manager:
Richard Brouwer

Area Europe

- Area Director:
Govert van Oord
- Area Manager East Europe
& Russia:
Peter Paul Hordijk
- Area Manager West Europe:
Maurits den Broeder
- Managing Director
J.T. Mackley & Co. Ltd:
Tony Camilleri

Area Middle East & West Asia

- Area Director:
Martin Smouter
- Area Manager Middle East:
Jan-Willem Elleswijk
- Area Manager West Asia:
Ton van der Burg

Area America & Africa

- Area Director:
Mark Roelofs
(from 1 July 2016)
Ronald Schinagl
(until 1 September 2016)
- Area Manager South
America: Tim Helbo
- Area Manager North &
Central America:
August Runge
- Area Manager Sub Saharan
Africa: Ruud Romijn
- Area Manager Nigeria:
Gert Pomstra

Staff Management

Staff Directors



Albert-Jan Kroezen



Ivar Daemen



John Knoester



Jeroen Kwakernaak

- Finance & Control
- Engineering & Estimating
- Personnel & Organisation
- Procurement



Niels de Bruijn

Area Asia & Australia

- Area Director:
Niels de Bruijn
- Area Manager East Asia:
Martin Meijers
- Area Manager Australia:
Martin Meijers



Joep Athmer

Business unit Offshore

- Area Director:
Joep Athmer
- Area Manager OPI and SRI:
Koos van Oord Azn.



Arnoud Kuis

**Business unit Offshore
Wind Projects**

- Area Director:
Arnoud Kuis
- Area Manager:
Theo de Lange
- Area Manager:
Moritz Horn

Business unit Wicks

- Managing Director:
Mollo Spijkstra

Business unit Dravo S.A.

- Managing Director:
Koen Sweers



Jaap de Jong

- Ship Management
Department



Ton van de Minkelis

- Quality Health Safety &
Environment

Staff Managers

- Communication & Markets: Robert de Bruin
- Concern Accounting: Rob Middelkoop
- Facility Services: Bastiaan Kroon
- Information & Technology: Ronald Renes
- Legal & Contracts: Job de Groot
- Project Office: Niels de Bruijn
- Survey: Michel Koper
- Treasury: Marlies Janssen

Dredging in Tanjung Priok



Cutter suction dredger Athena working to expand the biggest container port in Indonesia

Our fleet in 2016



Trailing suction hopper dredgers

22



Self-propelled cutter suction dredgers

2



Cutter suction dredgers

15



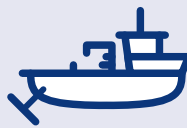
Flexible fallpipe vessels

3



Side stone dumping vessels

3



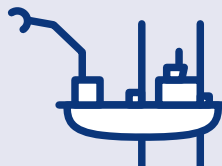
Water injection dredgers

11



Offshore installation vessels

2



Backhoe dredgers

4



Shallow water pipelay barge

1



Cable laying vessel

1

New equipment:

- Cutter suction dredger Biesbosch
- Trailing suction hopper dredger Costa Verde

Decommissioned or sold

- Cutter suction dredger Zeeland II
- Cutter suction dredger Merwede
- Cutter suction dredger Laurum
- Cutter suction dredger Kruipnix
- Cutter suction dredger Gooiboog
- Water injection dredger HAM 922
- Barge unloader Triton

Van Oord also has dozens of items of special-purpose and auxiliary equipment at its disposal.

Our people



Aa P.J.W.J. van der, Aanraad A.T.J., Aarens R., Aartrijk M.F. van, Abalos K., Abarca E.C., Abass G., Abdallah Alhalaseh K., Abdallah Altarawneh M., Abdallah Altarawneh M., Abdelgavad R.M.H., Abdenov N., Abdolova R., Abdul Alim M.D., Abdul Barique M.K., Abdul Rachman A., Abdullah N.H. Binte, Abdulle A.M.A., Abdulraheem Alrahaife F., Abed Alebasat M., Abello M.P., Abilkhairov M., Aboobaker B.M., Abrasaldo R.B., Abrenica Jr P.S., Abrori U., Abu Rob M.K.M., Abukhanov S., Acanto Jr. R.B., Acasio R.B., Acenas J.D., Acierto J.E., Acquojij-Leshchenko, I.V. van, Adam U.I., Adari R., Adema Y.B., Adeosun S.M., Adilov Z., Adolfo A.A., Adriaanse V., Advocaat-van den Heuvel, S.J., Aeck E.O., Agayeva L., Agelink J.J., Agostinho M., Aguinid J.A., Ahatovs F., Ahlers S., Ahmad Alheshoosh M., Ahmad N., Ahmad N., Ahmad S., Ahmerovs J., Ait Lafkih N., Aitzhan Z., Ajekiigbe O.S., Akanniyene L.G., Akdemir K., Akershoek E.W., Akhmejanova D., Akhtanov A., Akibayev K., Akinboye T., Akindele O., Akinyele O., Akker M. van den, Akkerman A., Akkermans R.J.C.J., Akolade A.O., Akpan - Brown G., Akpotu Efade M., Akster G., Akysz Kurkcü S., Al Balushi M.S.M., Al Dowgamat J., Al Ehwamel O., Al Halasah N., Al Hejazeen A., Al Jaafreh A., Al Jaafreh N., Al Jaarat N., Al Maghasbeh S., Al Nawaishah K., Al Nawaishah Y., Al Qasim M., Al Sultan M., Al Sultan W.I., Al Tarawneh O., Alaaawad A., Alainis I., Albert D., Albertino T., Albustange S., Alday R.A., Aldaya J.M., Aldongarov R., Ale D.M., Aleksejevs V., Alenov B., Alenov K., Alfeler L.U., Alford G.J., Ali Albawwat S., Ali Mohammed R., Alibaks K.F., Alibudbud J.A.L., Aligam R.A., Alimin A., Alisango N.L., Aliyaru Kunju I., Alkema A.G., Almaaitah Q., Almeida V.C., Almodiel J.H., Alnawayshah S., Alota A.C., Altraide S., Alvarado V., Alves E.N., Amade M., Amadi A., Amadi B., Amador K.M.C., Amagsila E.R., Amantaiuly B., Ambachtsheer V., Ambalathu Veetil R.M., Ambre K.M., Amels J., Amerongen R. van, Amersfoort D.C. van, Amir A., Amul J.W., Anafed D., Ananko A., Andales Z.C., Andel J. van, Andesson L.B., Andrews J.O., Andrews K., Anemaet P.A., Angchehar A.A., Angelen R.F.C. van, Anil Austin T., Anissimova A., Anneveld J.A., Anokhin D., Ansems D.A.M., Antigua W., Antonenko D., Antony D., Antony N.C., Antony V., Apeldoorn R. van, Apeli G., Aper G.M.E., Apfel T.W., Appollo P., Aquino G.M., Aralbayev B., Aranez R.C., Aras B.S., Arathu Peethambaran P., Araujo B.L., Araujo R.F. de, Araujo W.G.V., Araya Godoy L.E., Arbeider F.R., Arca P.E., Arcay H.J., Arceno J.C., Arets K., Argles D.S., Arias M.P., Arifiyanto D., Arigwe A.K., Arijajie S., Aritonang R., Aritya S., Arjunan Kochupurayil M., Arkarov Y., Arkel-Snoek T.H. van, Armstrong P.G., Arnaldo T.A., Arnheim W.J.J. van, Arquiza F.C., Arts T.J.M., As M.J. van, Asaolu E., Ashraf A., Asika J., Asmus S., Asobie T., Assa Alzayadeen T., Assche R.J.L. van, Asseervatham M., Asselé A., Ataksha A., Atapary C.D., Atapary-Sahetapy, V.E., Athmer J.B.E.M., Athmer M.J.H.M., Atienza N.D., Atkinson C., Atta A.I., Attema D., Augustina R., Auman M.A., Ausan N.D., Auyessov B., Avdejev D., Avdejev N., Avondrood E.C., Awwad Almghasbeh M., Ayazalp S., Ayers S., Azad A., Azghiri A., Azofeifa M., Baars P.O., Baas R.H., Babu R., Baby B., Bachri A., Backhuis W.M.H., Bacsafra M.R.V., Badilla M.Q., Badukonda K.K., Baeck A.C., Baesa R.M., Baggerman C., Baggerman C., Baggerman C., Baggerman C., Baggerman C., Baggerman C., Bagwell V.K., Baicu M., Bakhay H., Baikenov A., Bailey M.A., Baimukhambetov T., Bak A., Bakazhanov A., Bakelaar J., Bakermans B., Bakker A., Bakker A.M.G., Bakker B., Bakker D.J., Bakker D.R., Bakker G., Bakker J., Bakker J.M.A., Bakker M.A., Bakker M.J., Bakker R., Bakker R.J.W.M., Bakker S.C.H., Bakker S.P.M., Bakker-van den Barselaar, S. de, Bakyt A., Bakytzhanova G., Bak-Zapf G.F., Balaiah S., Balakrishnan A., Balakrishnapillai M., Balder P.P., Baldew A.R., Baldock R.G., Baldonado M.J., Baleizao M., Balen M.A.G.P. van, Balesco S.M., Baligo J.B., Baljé H.A., Baljet D.M., Balontong N.G., Balsamo E.F., Baltabayev K., Balvert W.J.P., Bambacht W., Bamne B., Banayo R.C., Banderia B., Banerjee S., Bangundol J.C., Bagwell V.K., Baicu M., Bakhay H., Baikenov A., Bailey M.A., Barendregt E.C., Baretta S.B., Bargaen M. von, Baricauda D.C., Barker - Goldie J.J., Barkworth S., Barlisan D.C., Barnes K., Barneveld J., Baron de Smeth M.J., Barrantes A.C., Barredo C.D., Barrera C. 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Cable-laying vessel Nexus installing an infield cable for the Gemini offshore wind project

The Executive Board and Supervisory Board are responsible for the company's corporate governance structure. They are accountable to the General Meeting of Shareholders in this regard.

Structure

Van Oord nv has voluntarily applied the mitigated two-tiered corporate structure. Contrary to the regime applied under the full two-tiered corporate structure, it is the General Meeting of Shareholders, and not the Supervisory Board, that appoints the members of the Executive Board. In the event of an Executive Board vacancy, the Supervisory Board proposes a candidate for appointment by the General Meeting of Shareholders. Van Oord nv has a two-tier board consisting of the Executive Board and the Supervisory Board, which exercises oversight.

Executive Board

The Executive Board is charged with managing the company. This means that it is responsible for achieving the company's targets, for its strategy (including the relevant risk profile), for its financial results, and for the socially relevant aspects of its operations. The Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders. In assuming its responsibilities, the Executive Board focuses on the interests of the company and its associated operations and, where appropriate and relevant, considers the interests

of the company's stakeholders. The Executive Board is punctual in providing the Supervisory Board with all the information that the latter requires to discharge its tasks.

The Executive Board is responsible for complying with all relevant legislation, for managing the risks associated with operational activities, and for the company's finances. The Executive Board reports on these matters and discusses internal risk management and monitoring systems with the Supervisory Board and the Audit Committee.

The Executive Board consists of four managing directors appointed under the company's articles of association. Its four members meet at least once every 14 days.

Supervisory Board

The Supervisory Board oversees the policies of the Executive Board and the general course of events in the company and its associated operations. It also advises the Executive Board. In assuming its duties, the Supervisory Board focuses on operational and other interests while also considering the interests of the company's stakeholders where relevant and appropriate. The Supervisory Board further considers socially relevant aspects of the company's operations. The Supervisory Board is responsible for the quality of its own performance.

Each of the supervisory directors is qualified to express an opinion on the main outlines of overall policy, and each one also has the specialist expertise to fulfil the tasks appropriate to his or her role within the Supervisory Board's profile. The Supervisory Board's composition is such that it can fulfil its tasks properly. The Supervisory Board strives to achieve diversity in its composition, for example with respect to gender and age. A supervisory director is only reappointed after careful consideration. The profile referred to above is taken into account even in the case of a reappointment.

The Supervisory Board's chairperson ensures that the Supervisory Board and its committees perform satisfactorily. He or she serves as the Board's main point of contact for the Executive Board and for shareholders regarding the performance of both the Executive Board and the supervisory directors. As chairperson, he or she ensures that the General Meeting of Shareholders proceeds in an orderly and efficient manner.

The Supervisory Board has at least six members. The Board meets at least six times a year. The Supervisory Board has a separate Audit Committee.

The General Meeting of Shareholders determines the remuneration of the Supervisory Board. A supervisory director's remuneration is not based on the company's financial results.

Conflicts of interests

If a conflict of interest arises involving a member of the Executive Board and/or a supervisory director, the procedure described in Book 2 of the Dutch Civil Code applies.

Limitation schemes

When candidates are nominated for appointment or reappointment to the Executive Board or as a supervisory director, the number of board positions that they are currently filling is a point of consideration (to avoid 'overboarding'). The relevant rules are adhered to in this regard.

Diversity in management

The diversity target for the Executive Board and Supervisory Board prescribed under the Dutch Management and Supervision (Public and Private Companies) Act – by which at least 30% of the seats on these boards were to be held by women and 30% by men – lapsed on 1 January 2016. Nevertheless, the Dutch Government has maintained this target and a bill has been submitted to continue the scheme until 1 January 2020. The appointment of Ms M.J. Poots-Bijl as CFO means that 25% of our Executive Board positions are held by women. The target also applies for the Supervisory Board, but it has not been possible to satisfy it at the present time. In any future nominations and appointments, the Executive Board and the Supervisory Board will consider both the candidates' suitability for the position as well as the 30% target.

General Meeting of Shareholders

The shareholders are closely involved in the company and participate fully in decision-making at the General Meeting of Shareholders. The General Meeting of Shareholders influences the Executive Board's and Supervisory Board's policy and plays a vital role in the company's system of checks and balances.

Executive Board decisions concerning a major change in the identity or nature of the company or its operations, and other important decisions (for example capital expenditure exceeding EUR 100 million), are subject to the approval of the General Meeting of Shareholders.

Management Committee

The Management Committee consists of the members of the Executive Board, the area directors and the staff directors. It meets every four weeks; meetings are chaired by the CEO. Points of discussion are developments in the areas, business units and the major staff departments, as well as various strategic issues. The primary purpose of the meeting is to assist the Executive Board in its decision-making process. In addition, a Planning Meeting chaired by the COO is held every two weeks. This meeting is attended by the Executive Board, the area directors and the staff directors from Engineering & Estimating and the Ship Management Department. Most of the agenda for this meeting is devoted to equipment planning decisions.

External auditor

It is customary for the General Meeting of Shareholders to order the annual accounts to be audited each year. The appointment of the external auditor is listed as a separate item on the agenda for the annual meeting.

Works Council

Van Oord's Works Council has 22 members and meets eight times a year with the CEO. The Works Council's Executive Committee meets every other week.

The General Meeting of Shareholders appointed Mr N.W. Hoek as the sixth supervisory director in 2016. Mr Hoek was appointed in accordance with the Works Council's enhanced right of recommendation. The Supervisory Board now has two members appointed in accordance with the Works Council's enhanced right of recommendation, Messrs Damen and Hoek.

Deepening Piaçaguera river, Brazil



*Trailing suction hopper dredgers HAM 316
and Geopotes 15*



Crane fitted with Van Oord's own tool for installing concrete breakwater units in Moin

Risk management is critical to our company

Our markets offer us opportunities, but they also pose risks. We spread that risk by the strategic segmentation of our operational activities, but that also means that we face a wider range of threats. As a project-driven organisation, we also face variable conditions – in both the positive and the negative sense – on virtually every project.

Risk management is therefore a critical part of how Van Oord does business. We aim to strike the right balance between real and potential risks and opportunities. Our risk management system is driven by our primary process: project contracting and execution. Our auxiliary processes also contribute actively to our risk management system, in many cases by drawing on specialist backgrounds. We consider potential risks and risk management from the very start of any commercial activity we undertake, for example in the tendering phase, right up to project completion and delivery. Even after delivery, we continue to monitor risks actively, for example under guarantees and claims.

Below we briefly describe what Van Oord recognises as its main risks.

Strategic and market risks

Because Van Oord has strategically spread its risk across its dredging, offshore oil & gas and offshore wind segments, our company does not depend entirely on trends and developments in one specific market or on a small number of clients or a particular type of client. Combined with the geographical distribution of our activities and the balanced composition of our fleet and staff, Van Oord has been able to position itself securely in its key markets. This means that we can respond flexibly to both positive and negative trends in the individual markets.

It should be noted, however, that market trends, both short-, mid- and long-term ones, may be influenced by external factors that lie beyond our influence. In a general sense, the entire maritime industry is struggling to cope in a world that is uncertain, volatile, complex and confusing. This upheaval stems in part from political and geopolitical events that are having a growing impact on economies and markets.

The energy markets and energy prices – especially those related to oil – are a significant factor in this context. The falling price of oil has led to a sharp decline in oil and gas industry activity and put downward pressure on financing and investment in oil-producing nations.

With market demand declining, vessel overcapacity is widespread, driving up competition and putting enormous pressure on utilisation rates. This has consequences for our existing fleet and for near future investments and divestments. Looking further ahead, we have a multi-year investment plan as a strategic element of our operational management. Other direct project-related risks concern such aspects as the condition of the soil, environmental and weather conditions, the social environment, the fleet and the specific circumstances at the project site. We take appropriate steps to manage these types of risk.

Soil surveys give us extra certainty about the condition of the soil and we may stipulate contractual conditions covering potential soil abnormalities. We offer flexibility in our engineering and scheduling so that we can adapt our execution methods or make technical adjustments allowing for environmental conditions, changing weather conditions and – in addition to solid stakeholder engagement – the social environment.

We ensure proper technical maintenance of the fleet by adhering to a strict maintenance schedule. We survey and assess project sites for manageability based on statistical data, in some cases supplemented by contractual pricing and other conditions.

The market's vulnerabilities can also be felt in the uncertainty that surrounds project commitments and awards. Contract amendments, postponements and cancellations cannot be ruled out. There may also be costs involved in resolving commitments into which we have already entered, for example with regard to currencies and fuels.

Prices in the offshore wind energy market have fallen rapidly. Wind energy is therefore starting to look like a competitive energy alternative. That offers us excellent opportunities to expand our offshore wind activities. Van Oord is thriving in this rapidly growing market and can take on and execute new and challenging projects successfully. We expect, however, that the sharp decline in wind energy prices will begin to impact margins in this segment. The market is also becoming more professional, with a narrower field of powerful, more assertive parties likely to emerge, leading in turn to more competitive contract types. We have adjusted our strategy to this.

The tender volume in our traditional market, dredging, remains high, but our clients are postponing investments and we are experiencing overcapacity in our dredging fleet. As a result, there is pressure on a project's financial results and it is a challenge to hedge against equipment and general costs. We are also seeing lengthier tender procedures, for example involving discussions about project scope and price and whether these can be amended. We have adjusted our strategy to this.

The offshore market is beset by low demand on the clients' part combined with considerable overcapacity on the suppliers' part, specifically with respect to equipment, much of which is highly specialised. This is putting pressure on price levels, affecting both project results and the ability to cover equipment-related and general costs. We do not expect to see any improvement in this market in the short term.

Operational risks

Our segmented business portfolio and the geographical spread of our activities mean that our operational risks vary in terms of type, complexity and scale. The following descriptions are general in nature and do not consider this variation in specific detail.

Risk is an inherent part of our core activity, i.e. project contracting and execution. We noticed some time ago that clients – including governments – want to offload a larger portion of project-related risks to market parties. This trend has gained traction and become visible in contract types based on lump-sum/fixed price conditions, for example.

That means that it is the contractor who assumes the lion's share of operational risks. The same goes for the associated risks, for example the procurement of materials and subcontractor services, including supply chain liability. It is important for us to identify, mitigate and adequately manage these risks. We cost and assess residual risk as much as possible along with the project's potential financial outcome. All this offers Van Oord opportunities as well: clients want certainty, such as a proven track record, a sound financial basis, and activity and risk distribution. As a leading company with a solid financial position, Van Oord is regarded as an attractive partner by clients and governments.

Other direct project-related risks concern such aspects as the condition of the soil, environmental and weather conditions, the social environment, the fleet and the specific circumstances at the project site. We take appropriate steps to manage these sorts of risk. Soil surveys give us extra certainty about the condition of the soil and we stipulate contractual conditions covering potential abnormalities. We offer flexibility in our engineering and scheduling so that we can adapt our execution methods or make technical adjustments allowing for environmental conditions, changing weather conditions and – in addition to solid stakeholder engagement – the social environment. Our fleet's technical systems are well maintained according to a pre-determined schedule. We survey and assess project sites for manageability based on statistical data, in some cases supplemented by contractual pricing and other conditions.

Compliance risks

We work all over the world and must comply with the applicable Dutch laws and regulations, as well as with a variety of local and international laws and regulations.

We use our own managers in many places in the world, but we also work with agents in order to be allowed and able to win and/or perform contracts. This can lead to an increased risk of non-compliance with laws and regulations.

Van Oord makes every effort to firmly mitigate any risks linked to these circumstances. Van Oord is committed to full-fledged compliance. For example, we recently implemented a stricter Code of Conduct and a procedure for reporting abuses. Specifically, we will also be making the agency protocol more stringent so that, in addition to a possible

success fee, we always have a clear picture of what the agent is doing for the fee he receives.

Above all, however, we are working on a transparent corporate culture in which any issue is open to discussion.

Maintaining good relationships with institutes (such as trade unions, NGOs, the OECD), is not only crucially important with regard to substantive issues, but also with regard to our reputation.

Credit	Acceptance and hedging procedure, (export) credit insurance or, if unavailable, a positive project cash flow
Currency	Project-based hedging, allocation to client
Interest	Hedging
Financing and liquidity	Credit and bank guarantee, strict management of financial agreements, cash management
Fuel price	Forward contracts or allocation to client

In terms of projects, we use financial instruments ('derivatives') to hedge against risks associated with fluctuations in currencies, interest rates and fuel prices. Nevertheless, there is still the risk that altered project conditions may lead to losses when unwinding or settling these financial instruments.

Financial risks

We are active in many different countries. As a result, our fiscal working environment is diverse and complex. We deal with income tax, sales tax, wage tax and social insurance contributions, and import tax. These taxes are usually based on domestic and international legislation; each project and/or country may also be subject to specific rulings or other measures. We manage all this at different levels within our corporate organisation, e.g. at project level, in the relevant country, or from our central tax department.

Financial risks may also arise from possible liabilities towards third parties, for example owing to material and/or consequential damage during project execution. Some of these risks are insured.

Risk management control measures

As indicated previously, risk management is embedded in our primary and auxiliary processes. As such, it is part of our integrated Van Oord Management System (VOMS). The risk management process involves identifying external and internal risk factors that may impact our ability to achieve our operational goals, to ensure the continuity of our company, and to safeguard our financial position. It consists of assessing, monitoring and reporting project risks. The Executive Board is responsible for setting up the risk management system within the company and ensuring that it is effective.

To maintain and further improve our market position, each area, business unit and staff department regularly identifies and reports on the most important opportunities and risks and key performance indicators (KPIs). Every quarter, the Executive Board discusses and evaluates this information with the directors and staff managers responsible. They also discuss market trends, tenders and contracts awarded, financial results and serious risks, and control measures. The Supervisory Board oversees our approach to risk management and monitors commercial and financial trends and developments. To assist it in these tasks, the Supervisory Board receives a comprehensive consolidated risk management report once every quarter. The Audit Committee also discusses this report at length.

Operational risk management in the project tendering and execution phases proceeds according to the principles of the Complex Projects programme. This involves optimising the systematic and structured identification and assessment of project-related risks and opportunities. Potential projects are classified by risk profile category. The estimated risk profile determines the intensity of the tendering process, while the outcomes of this process offer guidance in setting the tender price and related terms and conditions.

Depending on the project risk profile, the project size in terms of revenue and profit outlook, the projected financing and cash flow fluctuations, the tender-related commitments, or a combination of the foregoing, a tender may require the Executive Board's prior authorisation. Beyond a certain level, authorisation by the Supervisory Board is also required.

Outlook

Given the speed with which the world is changing and the influence of those changes on our market segments, we expect the level of risk to increase in the near future. It will remain important for us to continue optimising our internal risk management system. We will continue to assess and evaluate the effectiveness of our approach to risk management and related systems, in part with a view to the changing environment in which we operate. We will amend the system where necessary and make further improvements where possible. Our recent effort to intensify project risk management – our Complex Projects Programme – is a good example.



Heavy-lift vessel Svanen working on the Burbo Bank Extension project, United Kingdom

Trailing suction hopper dredger Dravo Costa Dorada working on beach replenishment in Cuba



Reporting

Van Oord's financial policy aims to ensure the continuity of its operations and maintain an appropriate level of profitability. In addition to regular risk management, there is a strong focus on long-term scenarios and the related divergence ranges. The Executive Board discusses the reports regularly with the responsible directors and the Supervisory Board.

Van Oord has reported on the state of affairs in the company and its subsidiaries in its 2016 annual report (for an overview, see the notes to the consolidated annual financial statements). The annual report is intended for all interested parties. In it, we report on the company's performance, its social added value and its financial results.

This annual report has been approved by the Supervisory Board and will be adopted by the shareholders on 20 April 2017. The accompanying financial statements have been audited by Ernst & Young Accountants LLP, who have issued an unqualified opinion. Our financial report is in accordance with the Dutch GAAP guidelines, the generally accepted principles of financial reporting in the Netherlands, and the statutory regulations concerning annual financial statements, as included in the Dutch Civil Code, Title 9, Book 2.

The non-financial information contained in this report complies with our own reporting guidelines and the relevant sections of the Sustainability Reporting Guidelines (G4) by the Global Reporting Initiative (GRI). To ensure that the report is easy to read, its structure differs from the GRI Guidelines. To help interested readers quickly find the passages addressing the various sustainability indicators, we have inserted the relevant pages numbers for each indicator in the materiality index (see page 61).

Limited assurance is required for a number of selected sustainability indicators. They are:

- carbon footprint (emissions expressed in tonnes of CO₂; based on fuel database for equipment; emissions related to flights and fleet of vehicles as reported by travel agencies and car lease firms, and energy consumption at offices and shipyards as reported by power companies).
- number of commercially viable Marine ingenuity innovations (number of eco-engineering innovations developed by Van Oord either alone or in partnership that are ready to be applied in projects; based on information provided by the Environmental Engineering department).
- number of tenders in which Van Oord offered these Marine ingenuity innovations to clients (based on information provided by our areas and business units).
- number of suppliers about which we have collected sustainability and QHSE data (energy management, health & safety conditions).
- LTIFR (lost-time injury frequency rate – the number of accidents resulting in more than one day's absence per 200,000 hours worked by workers on Van Oord's payroll or hired in from other companies, based on 2,693 potential working hours per year per FTE; based on compulsory notifications by projects and fleet to the QHSE department).
- number of training course participants (employees on Dutch payroll; based on information provided by the P&O department).
- male/female ratio (employees on Dutch and non-Dutch payroll; based on information provided by the P&O department).
- sick leave rate (number of days' absence due to illness (employees on Dutch payroll) divided by the number of potential working days times the number of employees on the Dutch payroll (x 100%); based on information provided by the P&O department).

Except for 'number of participants in training courses', 'sick leave rate', the data provided on these selected indicators refers to Van Oord nv and its wholly-owned corporate group companies. The graphs and notes in the report indicate the year to which the data refers.

The digital version of this report is available in Dutch and English on our website, www.vanoord.com, and from the Van Oord App (App Store and Google Play). In the event of a difference of interpretation, the Dutch-language version will prevail.



Consolidated balance sheet (before appropriation of profit)

(x EUR 1,000)

The numbers next to the items refer to the corresponding numbers in the notes to the consolidated balance sheet.

		31 December 2016	31 December 2015
Fixed assets			
Intangible fixed assets	1.	63,375	73,868
Tangible fixed assets	2.	1,668,523	1,613,273
Financial fixed assets	3.	48,828	43,987
		<u>1,780,726</u>	<u>1,731,128</u>
Current assets			
Stock		35,507	42,640
Receivables	4.	624,957	699,168
Cash at bank and in hand	5.	279,955	325,863
		<u>940,419</u>	<u>1,067,671</u>
Total assets		2,721,145	2,798,799
Shareholders' equity	6.	904,888	901,658
Provisions	7.	148,702	145,121
Long-term liabilities	8.	465,843	474,401
		<u>1,519,433</u>	<u>1,521,180</u>
Current liabilities			
Amounts owed to credit institutions	9.	-	2,353
Work in progress	10.	413,930	405,870
Other liabilities	11.	787,782	869,396
		<u>1,201,712</u>	<u>1,277,619</u>
Total shareholders' equity and liabilities		2,721,145	2,798,799

Consolidated profit and loss account

(x EUR 1,000)

The numbers next to the items refer to the corresponding numbers in the notes to the consolidated profit and loss account.

		2016	2015
Net turnover	12.	1,712,935	2,579,269
Costs	13.	-1,228,826	-2,011,327
Depreciation of tangible fixed assets		-158,678	-156,692
Impairments of tangible fixed assets		-17,334	-
Amortisation of intangible fixed assets		-10,493	-10,493
		<u>-1,415,331</u>	<u>-2,178,512</u>
Gross profit		297,604	400,757
General and administrative expenses	14.	<u>-154,940</u>	<u>-160,936</u>
Operating profit		142,664	239,821
Net interest expense	15.	<u>-27,450</u>	<u>-26,221</u>
Profit on ordinary activities before taxation		115,214	213,600
Income taxes	16.	-29,000	-44,000
Result of participating interests		<u>3,982</u>	<u>-600</u>
Net profit		90,196	169,000

Consolidated cash flow statement

(x EUR 1,000)

	2016	2015
Cash at bank and in hand at 1 January	325,863	133,923
Cash flow from operating activities	308,469	495,621
Cash flow from/(used in) investing activities	-232,121	-191,147
Balance	76,348	304,474
Cash flow from/(used in) financing activities	-114,430	-118,629
Net cash flow	-38,082	185,845
Exchange and translation gains and losses	-7,826	6,095
Increase/(decrease) cash at bank and in hand	-45,908	191,940
Cash at bank and in hand at 31 December	279,955	325,863
Operating profit	142,664	239,821
Depreciation of tangible fixed assets	158,678	156,692
Impairments of tangible fixed assets	17,334	-
Amortisation of goodwill	10,493	10,493
Changes in working capital		
- Decrease/(increase) stock	7,133	3,208
- Decrease/(increase) receivables	90,653	-258,355
- Increase/(decrease) work in progress	8,060	201,503
- Increase/(decrease) other liabilities	-72,573	166,277
	33,273	112,633
Changes in provisions	3,581	13,569
Cash flow from business operations	366,023	533,208
Interest paid	-24,947	-26,900
Income tax paid	-32,607	-10,687
Cash flow from operating activities	308,469	495,621
Net additions to tangible fixed assets	-231,262	-191,087
Net investments in financial fixed assets	-859	-60
Cash flow from/(used in) investing activities	-232,121	-191,147
Dividend paid	-79,140	-56,567
Movements in amounts owed to credit institutions	-2,353	-7,064
Changes in long-term liabilities	-32,937	-54,998
Cash flow from/(used in) financing activities	-114,430	-118,629

Accounting principles

General

Van Oord (Chamber of Commerce number 24355843) has its registered office in Rotterdam, the Netherlands, and is the holding company holding the shares of the Van Oord group companies. The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Basis of consolidation

The consolidated financial statements include the financial information of Van Oord and its wholly-owned group companies using the full consolidation method. Participating interests and contracting consortiums are consolidated proportionally, provided that the company exercises at least the same influence on policy as each of the other participants. Joint and several liability for the commitments of contracting consortiums is taken into account if necessary. The abbreviated company profit and loss account is prepared in accordance with Section 402 of Part 9 of Book 2 of the Dutch Civil Code.

List of participating interests

A list of participating interests and contracting consortiums included in the consolidation, in accordance with section 414 of Part 9 of Book 2 of the Dutch Civil Code.

Group companies	%	City, country	Group companies	%	City, country
Buda B.V.	100	Bolsward, The Netherlands	Van Oord Offshore Wind Projects B.V.	100	Gorinchem, The Netherlands
Aeolus B.V.	100	Gorinchem, The Netherlands	Van Oord Overig Materieel I B.V.	100	Gorinchem, The Netherlands
Ballast Nedam Bagger- en Exploitiemaatschappij B.V.	100	Gorinchem, The Netherlands	Van Oord Overig Materieel II B.V.	100	Gorinchem, The Netherlands
CSD Artemis B.V.	100	Gorinchem, The Netherlands	Van Oord Overig Materieel III B.V.	100	Gorinchem, The Netherlands
CSD Athena B.V.	100	Gorinchem, The Netherlands	Van Oord Overig Materieel IV B.V.	100	Gorinchem, The Netherlands
Cutterzuiger Noordzee B.V.	100	Gorinchem, The Netherlands	Van Oord Waterbouw B.V.	100	Gorinchem, The Netherlands
Cutterzuigers I B.V.	100	Gorinchem, The Netherlands	Van Oord Waterbouw Nederland B.V.	100	Gorinchem, The Netherlands
Nederlandsche Overzee Baggermaatschappij B.V.	100	Gorinchem, The Netherlands	Van Oord-International B.V.	100	Gorinchem, The Netherlands
Overseas Dredging B.V.	100	Gorinchem, The Netherlands	Volvox Beheer B.V.	100	Gorinchem, The Netherlands
Sleephopperzuiger HAM 318 B.V.	100	Gorinchem, The Netherlands	Vox Máxima B.V.	100	Gorinchem, The Netherlands
Sleephopperzuiger Rotterdam B.V.	100	Gorinchem, The Netherlands	Water Injection Dredging B.V.	100	Gorinchem, The Netherlands
Sleephopperzuiger Utrecht B.V.	100	Gorinchem, The Netherlands	Wicks B.V.	100	Gorinchem, The Netherlands
Sleephopperzuigers I B.V.	100	Gorinchem, The Netherlands	Wavewalker B.V.	50	Leidschendam, The Netherlands
Sleephopperzuigers II B.V.	100	Gorinchem, The Netherlands	Ballast Nedam Baggeren B.V.	100	Rotterdam, The Netherlands
SRI I B.V.	100	Gorinchem, The Netherlands	Borssele Devex B.V.	100	Rotterdam, The Netherlands
Van Oord Duurzame Energie B.V.	100	Gorinchem, The Netherlands	Broekhoven Overseas B.V.	100	Rotterdam, The Netherlands
Van Oord Equipment B.V.	100	Gorinchem, The Netherlands	Castor IV B.V.	100	Rotterdam, The Netherlands
Van Oord Groep N.V.	100	Gorinchem, The Netherlands	Integrated Marine Solutions B.V.	100	Rotterdam, The Netherlands
Van Oord Marine Services B.V.	100	Gorinchem, The Netherlands	Mijnster Beheer B.V.	100	Rotterdam, The Netherlands
Van Oord Offshore B.V.	100	Gorinchem, The Netherlands	Mijnster Personeel B.V.	100	Rotterdam, The Netherlands
			Mijnster Zand- en Grinhandel B.V.	100	Rotterdam, The Netherlands

Group companies	%	City, country	Group companies	%	City, country
Paans Van Oord B.V.	100	Rotterdam, The Netherlands	PT Pelayaran Dan Pengerukan Indonesia	49	Jakarta, Indonesia
Pollux IV B.V.	100	Rotterdam, The Netherlands	PT Van Oord Indonesia	60	Jakarta, Indonesia
Van Oord ACZ Marine Contractors B.V.	100	Rotterdam, The Netherlands	Caspian Dredging and Marine Contractors LLP	100	Aktau, Kazakhstan
Van Oord Dredging and Marine Contractors B.V.	100	Rotterdam, The Netherlands	Baltic Marine Contractors SIA	100	Riga, Latvia
Van Oord Finance B.V.	100	Rotterdam, The Netherlands	Van Oord (Malaysia) Sdn Bhd	49	Ehsan, Malaysia
Van Oord Grondstoffen B.V.	100	Rotterdam, The Netherlands	Ballast Ham Dredging (Malaysia) Sdn. Bhd.	100	Johor, Malaysia
Van Oord Marine B.V.	100	Rotterdam, The Netherlands	Marine Equipment Charter Co. Asia Inc.	100	Labuan, Malaysia
Van Oord Nederland B.V.	100	Rotterdam, The Netherlands	Van Oord de México, S.A. de C.V.	100	Mexico-City, Mexico
Van Oord Nieuwe Maas B.V.	100	Rotterdam, The Netherlands	VODMC de México Personal S.A. de C.V.	100	Mexico-City, Mexico
Van Oord Personeels B.V.	100	Rotterdam, The Netherlands	Van Oord Mozambique Ltda	100	Maputo, Mozambique
Van Oord PPP B.V.	100	Rotterdam, The Netherlands	NZ Dredging & General Works Ltd.	100	Auckland, New Zealand
Van Oord PPP International B.V.	100	Rotterdam, The Netherlands	Van Oord Nigeria FZE	100	Calabar, Nigeria
Van Oord Renewable Finance B.V.	100	Rotterdam, The Netherlands	Van Oord Nigeria Ltd	100	Lagos, Nigeria
Van Oord Renewable Finance II B.V.	100	Rotterdam, The Netherlands	Van Oord Norway AS	100	Oslo, Norway
Van Oord Ship Management B.V.	100	Rotterdam, The Netherlands	Van Oord Oman LLC	100	Sohar, Oman
Van Oord Australia Pty Ltd	100	Brisbane, Australia	Van Oord Panama S.A.	100	Panama City, Panama
Van Oord Offshore Australia Pty Ltd	100	Perth, Australia	Atreus Shipping Company S.A.	100	Panama City, Panama
WA Shell Sands Pty. Ltd.	100	Perth, Australia	Ballast Ham Dredging OOO	100	St. Petersburg, Russia
Van Oord Bahamas Ltd.	100	Nassau, Bahamas	Russian Dredging and Marine Contractors LLC	100	St. Petersburg, Russia
Rock Transport Middle East S.P.C.	100	Manama, Bahrain	HAM Saudi Arabia Company Ltd	75	Damman City, Saudi Arabia
Van Oord Bahrain S.P.C.	100	Manama, Bahrain	Van Oord Far East Pte. Ltd.	100	Singapore
Van Oord Belgium N.V.	100	Zelee, Belgium	Dravo S.A.	100	Madrid, Spain
Van Oord België B.V.B.A.	100	Zelee, Belgium	Van Oord Ibero America S.L.	100	Madrid, Spain
Van Oord SOMAR Ltda.	100	Rio de Janeiro, Brasil	Thai holding Marine Contractors Ltd.	100	Bangkok, Thailand
Van Oord Marine Contractors Canada Ltd.	100	Ontario, Canada	Van Oord Thai Ltd.	49	Bangkok, Thailand
Van Oord (Shanghai) Dredging Co. Ltd.	100	Shanghai, China	Van Oord Gulf FZE	100	Dubai, United Arab Emirates
Van Oord Curaçao N.V.	100	Willemstad, Curaçao	Van Oord RMC FZE	100	Ras Al Khaimah, United Arab Emirates
Emservis (Projects) Ltd	100	Nicosia, Cyprus	Volker Dredging Ltd	50	London, United Kingdom
Emservis (Management Services) Ltd	100	Nicosia, Cyprus	Anglo-Dutch Dredging Co.	100	Small Dole, United Kingdom
Van Oord Marine Services Ltd.	100	Nicosia, Cyprus	J.T. Mackley & Co. Ltd.	100	Small Dole, United Kingdom
Van Oord Middle East Ltd.	100	Nicosia, Cyprus	Mackley Construction Ltd.	100	Small Dole, United Kingdom
Van Oord Personnel (Cyprus) Ltd.	100	Nicosia, Cyprus	Van Oord UK Ltd.	100	Small Dole, United Kingdom
Van Oord Denmark A/S	100	Copenhagen, Denmark	Van Oord Offshore (USA) LLC	100	Houston, United States of America
Van Oord Deutschland GmbH	100	Bremen, Germany			
Van Oord OWP Germany GmbH	100	Frankfurt, Germany			
Société de dragage du Nord "SODRANORD" S.A.R.L.	100	Le Blanc Mesnil, France			
Van Oord (Gibraltar) Ltd.	100	Gibraltar			
Loughmane Ltd	100	Dublin, Ireland			
Van Oord Ireland Ltd	100	Dublin, Ireland			
Van Oord ACZ India Pte Ltd.	100	Mumbai, India			
Van Oord India Private Limited	100	Mumbai, India			

Contracting Consortiums	%	City, country	Contracting Consortiums	%	City, country
Combinatie Besix - Van Oord Amazonehaven V.O.F.	50	Barendrecht, The Netherlands	Projectorganisatie Uitbreiding Maasvlakte (PUMA) V.O.F.	50	Rotterdam-Maasvlakte, The Netherlands
C.V. Projectbureau Grensmaas	19,09	Born, The Netherlands	Combinatie Strukton Betonbouw Van Oord ACZ V.O.F.	25	Utrecht, The Netherlands
Combinatie A4 Burgerveen-Leiden Grond V.O.F.	50	Den Haag, The Netherlands	Volkerinfra/Van Oord Limburg Nat V.O.F.	33,3	Vianen, The Netherlands
Combinatie A4 Burgerveen-Leiden Grond en Wegen V.O.F.	16,67	Den Haag, The Netherlands	VolkerInfra/Van Oord Vaarwegen Zuid-Holland V.O.F.	33,3	Vianen, The Netherlands
V.O.F. Zandexploitatie maatschappij Echten	25	Den Ham, The Netherlands	Zeezand IJmuiden V.O.F.	50	IJmuiden, The Netherlands
Zandwinning Oshaar B.V.	25	Den Ham, The Netherlands	THV Smet-Drain	50	Dessel, Belgium
Combinatie OLMV2 V.O.F.	33,33	Dordrecht, The Netherlands	TV CEI-De Meijer - Ghent Dredging	50	Zeile, Belgium
Combinatie De Hollandsche Waard - Overdiep V.O.F.	40	Gorinchem, The Netherlands	Van Oord - BAM Ltda.	50	San José, Costa Rica
Pluit PVD Joint Venture V.O.F.	50	Gorinchem, The Netherlands	JV VOSCF Ltd.	50	Nicosia, Cyprus
Rock Braz B.V.	50	Gorinchem, The Netherlands	Arbeitsgemeinschaft Weserunterhaltung 2015/2016	50	Bremen, Germany
South Asia Dredging C.V.	50	Gorinchem, The Netherlands	WI Elbe 2016/2017	50	Bremen, Germany
Combinatie A4 Burgerveen-Leiden V.O.F.	9	Gouda, The Netherlands	WI NOK 2016/2017	50	Bremen, Germany
Combinatie Hoevelaken V.O.F.	15	Gouda, The Netherlands	Tollerort Hamburg	32,4	Rastede, Germany
Combinatie A1/A28 V.O.F.	15	Gouda, The Netherlands	Arbeitsgemeinschaft NOVO	50	Bremen, Germany
Meerzand V.O.F.	16,67	Hattenerbroek, The Netherlands	Weserunterhaltung 2017/2018		
Houtrib V.O.F.	16,67	Hattenerbroek, The Netherlands	Wassertiefeninst. Ausseneste	44,4	Bremen, Germany
Ballast Van Oord Grondstoffen V.O.F.	50	Nieuwegein, The Netherlands	NBVJ Consortium for Suez Canal Project	25	Ismailia, Egypt
Zandwinning Noord Nederland B.V.	50	Nieuwegein, The Netherlands	JV SDI - Sodranord	50	La Réunion, France
Combinatie Plas van Heenvliet V.O.F.	16,6	Oosterhout, The Netherlands	Boskalis Van Oord	50	Jakarta, Indonesia
Combinatie Meinerswijk	50	Opheusden, The Netherlands	JV Sidra - Dravo	49	Gioia Tauro, Italy
Boskalis Van Oord Pluit City JV V.O.F.	50	Papendrecht, The Netherlands	Pahang Dredging Sdn. Bhd.	49	Pahang, Malaysia
Combinatie Aan Den Oever V.O.F.	60	Rotterdam, The Netherlands	Travaux Maritimes Tanger Med S.A.R.L.	50	Tanger, Morocco
Combinatie BaggerIJ V.O.F.	50	Rotterdam, The Netherlands	J.V. Reclamation of Jurong Island phase 4 & Tuas View Extension - Option 1-1	50	Singapore
Combinatie Dijkverbetering HOP V.O.F.	50	Rotterdam, The Netherlands	Penta-Ocean/Koon-Dredging	17	Singapore
Combinatie Eiland van Dordrecht V.O.F.	50	Rotterdam, The Netherlands	International-Boskalis-Ham J.V.		
Combinatie Regenboog V.O.F.	38,25	Rotterdam, The Netherlands	Penta-Ocean/Koon-Ham-Dredging	22	Singapore
Combinatie Openbare Ligplaatsen V.O.F.	50	Rotterdam, The Netherlands	International-Boskalis J.V.		
Combinatie Van Oord - Hakkers V.O.F.	50	Rotterdam, The Netherlands	Penta-Ocean/Koon-Hyundai-Van Oord J.V.	25	Singapore
Combinatie Van Oord / GMB Civiel V.O.F.	50	Rotterdam, The Netherlands	Mejora Calados, Puerto Valencia J.V.	35	Valencia, Spain
Combinatie Volkerak - Zoommeer V.O.F.	33	Rotterdam, The Netherlands	Liverpool 2 Work Package 2 JV	45	Camberley, United Kingdom
Combinatie WVZ Van Oord - KWS V.O.F.	50	Rotterdam, The Netherlands	Harwich Port J.V.	50	Fareham, United Kingdom
ZSNH Combinatie Van Oord / Boskalis V.O.F.	50	Rotterdam, The Netherlands			

Acquisitions

Acquisitions are recognized using the purchase accounting method, whereby the acquired party's identifiable assets and liabilities as at the date of acquisition are recognized in the consolidated balance sheet at fair value based on the policies of Van Oord nv. The difference between the acquisition price and the fair value of all of the acquired party's identifiable assets and liabilities is recognized by Van Oord as goodwill in the consolidated balance sheet.

Foreign currency translation

Balance sheet items of foreign group companies denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Income and expenditure in foreign currencies, to the extent that these are hedged by forward exchange transactions, are translated at the forward exchange rates. All other items are translated at average exchange rates or at the exchange rates ruling at the balance sheet date.

Other exchange gains or losses are taken to the profit and loss account directly. Translation differences arising on the translation of foreign participating interests are taken to reserves.

Pensions

The principal pension plan is a collective defined contribution (CDC) plan. Based on this plan, Van Oord will allocate a fixed contribution annually, while the participants, as a group, endeavour to finance a defined benefit plan from these available funds. If the plan cannot be administered from the available funds, then the employer will not be accountable, but rather the participants as a group will bear the shortfall via lower pension entitlements. The guiding principle is that annual pension charges are equal to the pension contributions payable to the pension administrator.

Accounting policies

Intangible fixed assets

Goodwill is the difference between the purchase price for newly acquired participating interests and the value of the company's share in the fair value determined in accordance with the accounting policies of Van Oord. Goodwill is amortised on a straight-line basis.

Tangible fixed assets

Tangible fixed assets are stated at the lower of cost and net realisable value, less straight-line depreciation and/or impairments of tangible fixed assets based on their expected useful economic lives as stated in the notes to the consolidated balance sheet. Investments made during the year are depreciated from the date of purchase.

Financial fixed assets

Participating interests are stated at the lower of the proportional share of their net asset value determined in accordance with the accounting policies of Van Oord and net realisable value. Long-term receivables are stated at amortised cost.

Stock

Raw materials and consumables are stated at the lower of cost and net realisable value. Van Oord applies the first-in/first-out system.

Receivables

Receivables are stated at amortised cost, net of provisions for doubtful debts where necessary.

Cash at bank and in hand

Cash at bank and in hand is stated at nominal value.

Provisions

Provisions are stated at nominal value.

Long-term liabilities

Long-term liabilities are stated at amortised cost.

Amounts owed to credit institutions

Amounts owed to credit institutions are stated at amortised cost.

Work in progress

Work accepted is stated at cost, plus attributed profit, less the realisable value of work completed. The profit is determined on the basis of the technical progress of the work once this profit can be estimated reliably and the progress is at least 35%. The realisable value of work completed is understood to mean the total work in progress instalments charged, plus work completed but not yet invoiced. A provision for possible losses is deducted from the balance of work in progress. General expenses are not capitalised.

Other liabilities

Other liabilities are stated at amortised cost.

Pensions

The contributions payable to the pension administrator are recognised as a liability at the balance sheet date, to the extent they have not been paid as at that date.

Derivatives and hedge accounting

Based on a policy adopted by the Executive Board, Van Oord nv, in its ordinary business operations, uses financial instruments ('derivatives'), such as forward currency contracts and (cross-currency) interest rate swaps, to hedge against risks associated with fluctuations in currencies and interest rates. Van Oord carries these instruments at cost and applies cost price hedge accounting. Hedge relationships have been documented and are pre-reviewed for expected effectiveness. Effectiveness is subsequently reviewed on a regular basis.

If the critical elements of the derivative and the hedged item are not the same, a certain degree of ineffectiveness is assumed and a quantitative ineffectiveness measurement is required. If that measurement reveals that the cumulative negative change in fair value of the hedging instrument is higher in absolute terms than the opposite change in fair value of the hedged item, then ineffectiveness exists, which will be directly recognized in the income statement as a loss.

Income and expenses

Turnover

Net turnover represents the value of the work carried out in the year under review plus the profit on work completed in the year under review, and income from some trading activities.

Costs

Costs are determined in accordance with the accounting policies set out above and are allocated to the financial year to which they relate. Provisions are formed for expected losses on work in progress.

Income taxes

Income taxes are calculated on the basis of the result disclosed in the profit and loss account, taking into account current tax facilities and deferred tax assets and liabilities.

Cash flow statement

The cash flow statement is prepared based on the indirect method. This method makes adjustments to the results for items in the profit and loss account which do not affect inflows and outflows in the year under review, changes in balance sheet items and profit and loss account items for which inflows and outflows are not deemed to be from operating activities.

(x EUR 1,000)

The figures shown in brackets are the corresponding figures for the previous financial year.

Assets

1. Intangible fixed assets

	2016	2015
Book value at 1 January	73,868	84,361
Amortisation	10,493	10,493
Book value at 31 December	63,375	73,868
Cost	160,705	160,705
Accumulated amortisation	97,330	86,837

Goodwill is amortised over the period in which the economic benefits attributable to the asset are deemed to flow to Van Oord. The maximum amortisation period is twenty years.

On July 27, 2016, Van Oord acquired the offshore wind activities of Bilfinger Marine and Offshore Systems GmbH for a purchase price of EUR 5 million. The acquisition includes the assets and employees relating to the offshore wind activities. The acquisition price is equal to the fair value of the identifiable assets and the obligations of the party taken over.

2. Tangible fixed assets 2016

	land and buildings	floating and other contracting equipment	vehicles, fixtures and fittings	assets under construction	total
Book value at 1 January 2016	80,279	1,393,487	11,177	128,330	1,613,273
Additions	31	47,672	6,186	181,265	235,154
Acquisitions	-	4,650	-	-	4,650
Assets taken into operation and other changes	359	6,917	-90	-8,428	-1,242
	80,669	1,452,726	17,273	301,167	1,851,835
Disposals	-	7,171	129	-	7,300
	80,669	1,445,555	17,144	301,167	1,844,535
Depreciation	3,148	150,511	5,019	-	158,678
Impairments	-	17,334	-	-	17,334
Book value at 31 December 2016	77,521	1,277,710	12,125	301,167	1,668,523
Cost	103,049	2,919,380	58,134	301,167	3,381,730
Accumulated depreciation	25,528	1,641,670	46,009	-	1,713,207
Depreciation period in number of years	8 - 25	4 - 20	5 - 10		

Tangible fixed assets 2015

	land and buildings	floating and other contracting equipment	vehicles, fixtures and fittings	assets under construction	total
Book value at 1 January 2015	58,768	1,400,370	8,537	111,203	1,578,878
Additions	10,152	70,979	5,942	119,799	206,872
Assets taken into operation and other changes	14,161	86,273	2,388	-102,672	150
	83,081	1,557,622	16,867	128,330	1,785,900
Disposals	-	14,548	1,387	-	15,935
	83,081	1,543,074	15,480	128,330	1,769,965
Depreciation	2,802	149,587	4,303	-	156,692
Book value at 31 December 2015	80,279	1,393,487	11,177	128,330	1,613,273
Cost	102,852	2,920,170	53,000	128,330	3,204,352
Accumulated depreciation	22,573	1,526,683	41,823	-	1,591,079

Assets under construction are not depreciated, unless the recoverable amount of the assets under construction is lower than the carrying amount, which was not the case in 2016. Upon first use, these assets are properly categorised and depreciated in accordance with the accounting policies stated above. The insured value of tangible fixed assets at year-end 2016 amounted to EUR 2.8 billion (EUR 2.8 billion).

An impairment is applicable in 2016 to specific assets for the installation of offshore constructions in shallow water in the offshore oil & gas segment, in view of the difference between the book value and the lower realisable value. This is the consequence of the – structurally – changed market expectations in the oil and gas industry.

3. Financial fixed assets

	2016	2015
Balance at 1 January	43,987	51,575
Acquisitions	873	52
Share in results	3,982	-600
Disposals/sales	-	-7,048
Other changes	-14	8
Balance at 31 December	48,828	43,987

4, Receivables	2016	2015
Trade debtors	265,148	212,785
Other receivables	242,260	222,231
Prepayments and accrued income	117,549	264,152
	<u>624,957</u>	<u>699,168</u>

The total of the accounts receivable, after deduction of a provision for bad debts, is EUR 21 million (EUR 40 million).

Prepayments and accrued income predominantly represents the realisable value of work performed relating to projects that have as yet remained uninvoiced.

5. Cash at bank and in hand	2016	2015
Cash, giro and bank	269,117	311,556
Deposit accounts	10,838	14,307
	<u>279,955</u>	<u>325,863</u>

Of the total of cash at bank and in hand, EUR 47 million (EUR 99 million) relates to proportionally consolidated contracting consortiums and participating interests and is therefore not at free disposal of the company.

Liabilities

6. Shareholders' equity

Statement of changes in shareholders' equity of Van Oord:

	2016	2015
Shareholders' equity of Van Oord at 1 January	901,658	783,130
Consolidated net profit attributable to Van Oord	90,196	169,000
Translation differences arising on foreign participating interests	-7,826	6,095
Total direct changes in shareholders' equity of Van Oord	-7,826	6,095
Total profit of the legal entity	82,370	175,095
Dividend	-79,140	-56,567
Total changes in shareholders' equity of Van Oord in relation to shareholders	-79,140	-56,567
Shareholders' equity of Van Oord nv at 31 December	904,888	901,658

For further details, please refer to the notes to the company balance sheet, under c.

7. Provisions

	1 January 2016	addition	withdrawal	release	31 December 2016
Regular maintenance of fixed operating assets	100,741	119,084	119,747	-	100,078
Tax liabilities	44,380	4,001	514	-757	48,624
	145,121	123,085	120,261	-757	148,702

The provision for regular maintenance of fixed operating assets is formed for systematic maintenance of equipment.
The provision for tax liabilities is formed for ongoing tax

proceedings in the Netherlands and abroad. All provisions are generally long term in nature.

8. Long-term liabilities

With regard to the Revolving Credit Facility, closed in April 2015 for an amount of EUR 400 million, the extension option as of April 2016 was used. As a result, the term from April 2016 is again 5 years.

In 2011, a US Private Placement in the amount of the equivalent of USD 501 million was arranged in order to extend and partially replace existing credit lines. The US Private Placement has 4 tranches with terms of 8, 10, 12 and 15 years and is converted into EUR 359 million using a cross-currency swap.

At year-end 2016, the company comfortably met the loan terms agreed for the credit facilities.

Further details of effective interest rates, remaining maturities and currencies in which the interest-bearing liabilities are denominated are provided in the note on financial instruments under 'Interest rate risks'.

The average rate of interest on long term loans in 2016 was 6.70% (4.72%).

The repayment of long term liabilities after 5 years until final maturity amounts to EUR 150 million (EUR 419 million). No direct security is provided for the loans.

9. Amounts owed to credit institutions

The amounts owed to credit institutions relate to short-term credit facilities of which EUR 2.4 million was recognized at year-end 2015.

10. Work in progress

Cost of work in progress, profit recognised, provision for expected losses
Realisable value of work completed

	2016	2015
Cost of work in progress, profit recognised, provision for expected losses	-3,319,228	-3,108,399
Realisable value of work completed	<u>3,733,158</u>	<u>3,514,269</u>
	413,930	405,870

This item includes agreements for which the cost of work in progress exceeds the realisable value of work completed. Total cost of work in progress and realisable value of work

completed amounted to EUR 979 million and EUR 907 million, respectively, at year-end 2016.

11. Other liabilities

	2016	2015
Repayments falling due within one year	-	9,174
Trade creditors	86,114	106,843
Taxes and social security contributions	69,595	77,455
Other liabilities	53,994	52,134
Accruals and deferred income	578,079	623,790
	<u>787,782</u>	<u>869,396</u>

Accruals and deferred income mainly concern accruals for project costs.

Financial instruments

General

Van Oord and its group companies use various financial instruments as part of their normal business activities. These are either accounted for under assets and liabilities or not included in the balance sheet.

Credit risk

In principle, payment risks are covered by bank guarantees, insurance, etc., unless the creditworthiness of the debtor has been assured. These procedures and the geographical spread of the group companies activities limit exposure to credit concentrations and market risks.

Liquidity risk

The principle underlying liquidity risk management is that sufficient cash resources must be maintained or credit facilities available to meet current and future financial commitments under both normal and exceptional circumstances. Liquidity forecasts, which include available credit facilities, form part of the regular management information provided to the Executive Board.

In view of the nature of the activities and corresponding strongly fluctuating cashflows, the available cash at bank and in hand is usually not tied up for more than one year.

Foreign exchange risk

Many project contracts are denominated in foreign currencies. Virtually all positions in foreign currencies are

fully hedged by means of forward exchange contracts.

Forward currency contracts concluded to hedge against exchange rate fluctuations are valued at cost, and cost price hedge accounting is applied.

Differences in forward rates arising from renewed forward exchange contracts are included in the balance sheet under current liabilities or assets. Forward exchange contracts are concluded for future cash flows mainly in US dollars. For this purpose, an amount of EUR 43 million is included under other receivables at 31 December 2016, which is released as soon as the hedged future cash flow occurs. In 2015, EUR 60 million was recognised under other receivables for this purpose. The portion of the long-term loan denominated in US dollars has been hedged against foreign exchange risks using a cross-currency swap. At 31 December 2016, an amount of EUR 109 million is included under other receivables for this purpose. In 2015, EUR 94 million was recognised under other receivables for this purpose.

Interest rate risk

Liabilities are both of a variable-interest and a fixed-interest nature. The principle underlying interest rate risk management with respect to loans taken out is that interest rates are generally fixed for the loan's entire term. This is achieved by using (cross-currency) interest rate swaps. Van Oord carries these instruments at cost and applies cost price hedge accounting.

The effective interest rates and maturities of cash at bank and in hand and long-term liabilities are as follows:

Per 31 December 2016 (x EUR 1,000)	effective interest rate	less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years	total
Cash at bank and in hand	0.7%	279,955	-	-	-	-	-	279,955
Revolving Credit Facility (euro's)	4.8%	-	-	-	-	-	-	-
US Private Placements 2011 (US dollars)	5.5%	-	-	30,000	-	285,714	150,129	465,843
Total long-term liabilities								465,843

Fuel price risk

The fuel price risk is largely hedged by entering into forward contracts and contractual arrangements with principals.

Financial instruments included in the balance sheet and fair value

The fair value of financial instruments included in the balance sheet, such as financial fixed assets, cash at bank and in hand, receivables, and current and long-term liabilities, is virtually identical to their carrying value.

Financial instruments not included in the balance sheet and fair value

As at 31 December 2016, the value of the forward exchange contracts at the forward rates amounted to EUR 353 million (EUR 671 million). The value of the currencies to be received under these contracts at the exchange rates at 31 December 2016 was EUR 369 million (EUR 747 million).

At 31 December 2016, the fair value of the (cross-currency) interest rate swaps was EUR 67 million positive (EUR 57 million positive). The fair value is based on assessed market values by independent parties on the basis of net present value calculations.

Commitments and assets not shown in the balance sheet

Energy Investment Allowance (EIA)

Van Oord has a receivable of EUR 2 million pursuant to the Energy Investment Allowance.

Warranty commitments

The warranty commitments not included in the balance sheet amounted to EUR 688 million (EUR 706 million) at year-end 2016. The vast majority of the commitments relate to performance bonds issued to clients, which is standard practice in marine contracting.

Obligations pursuant to claims, procedures and investigations

Van Oord is involved in – or may in future be involved in – claims, procedures and investigations with possible financial and/or other consequences in the context of its business operations. Based on available information, Van Oord expects that sufficient provisions have been made for possible negative financial developments at year-end 2016.

Agent fees

Van Oord uses agents (where needed) in order to be allowed and able to win and/or perform contracts. For these services, fees are paid that are partly determined by the agents' performance, possibly in combination with success fees. In 2016, a limited amount in fees (approximately

EUR 5 million) was paid in a limited number of cases for which there is limited substantiation. This could present a risk of failing to comply with laws and regulations, which could have material consequences for the annual accounts. These consequences cannot be reliably estimated, and thus no provision has been included.

Please refer to page 84 for a more detailed explanation of the tightening up of the approach to and management of compliance risks.

Rental and lease commitments

Total commitments under long-term rental and lease contracts amount to EUR 15 million (EUR 16 million). An amount of EUR 7 million will be repaid in 2017. Total operational car lease commitments amount to EUR 9 million, of which EUR 4 million will be repaid in 2016. Commitments with a term longer than 5 years amount to EUR 0.4 million.

Capital commitments

Commitments relating to investments in tangible fixed assets amounted to EUR 269 million (EUR 327 million) at the balance sheet date. An amount of EUR 197 million will be paid in 2017. There are no commitments with a term longer than 5 years.

Related parties

Van Oord classifies group companies, the Executive Board, the Supervisory Board and the shareholders as related parties. Related-party transactions are carried out on terms applied in third-party transactions.

(x EUR 1,000)

12. General

Turnover on work carried out in 2016, including the company's share of turnover generated by the consolidated

consortiums (excluding value added tax), amounted to EUR 1,713 million (EUR 2,579 million).

Breakdown turnover by geographical area

	2016		2015	
In the Netherlands	415,764	24%	826,271	32%
In the rest of Europe	293,024	17%	453,077	18%
In the rest of the world	1,004,147	59%	1,299,921	50%
	1,712,935	100%	2,579,269	100%

Breakdown turnover by activity

	2016		2015	
Dredging	1,189,549	69%	1,621,606	63%
Offshore oil & gas	129,762	8%	242,472	9%
Offshore wind	393,624	23%	715,191	28%
	1,712,935	100%	2,579,269	100%

Wages and salaries

Wages, salaries and social security contributions in 2016 for employees of Van Oord and its group companies amounted to EUR 288 million (EUR 272 million). This related to an average

of 3,944 (3,740) employees (in full-time equivalents) and can be broken down as follows:

	2016	2015
Wages and salaries	233,575	221,340
Social security contributions	30,608	29,753
Pension costs	23,423	20,833
	287,606	271,926

These costs relate only to own employees. The above figures include wages, salaries, social security contributions and pension costs of EUR 47 million (EUR 41 million), relating to the companies consolidated on a proportional basis.

Remuneration of the members of the Supervisory Board and Executive Board totalled EUR 3.5 million (EUR 2.6 million). Members of the Supervisory Board received EUR 0.2 million (EUR 0.2 million), members of the Executive Board EUR 3.3 million (EUR 2.4 million).

Annual pension charges are equal to the pension contributions payable to the pension administrator.

Breakdown of average number of employees

(full-time equivalents)

	2016		2015	
Employed in the Netherlands	2,369	48%	2,352	47%
Employed outside the Netherlands	1,575	31%	1,388	28%
	3,944	79%	3,740	75%
Hired personnel	1,030	21%	1,272	25%
	4,974	100%	5,012	100%

12 en 13. Gross profit

Gross profit represents the balance of net turnover and the cost of work, plus the profit recognised on work in progress.

Gross profit also includes:

- the addition to or release from the provision for expected losses on work in progress;
- prior-year income and expenses on work completed in previous years;
- income from fixed operating assets charged as rent to projects and third parties, less operating expenses, including periodic maintenance costs, and excluding depreciation;
- various items of income and expenditure, such as gains on the sale of tangible fixed assets, exchange differences and compensation for damage;
- depreciation and/or impairments of tangible fixed assets;
- amortisation of goodwill.

14. General and administrative expenses

General and administrative expenses are costs not charged to projects, such as head office, corporate department and foreign costs.

In accordance with Section 382a of Part 9 of Book 2 of the Dutch Civil Code we specify the expenses for services provided by our independent auditor, Ernst & Young Accountants LLP. The fees for audit of annual reports of group companies, included in the consolidated financial statements of Van Oord, amount in 2016 to EUR 0.6 million (EUR 0.6 million). The fees for other audit services in 2016 amount to EUR 0.1 million (EUR 0.1 million) and the other non-audit fees amount to EUR 0.1 million (EUR 0.1 million). All fees are included in the general and administrative expenses.

15. Interest

	2016	2015
Interest income	2,443	1,648
Interest expense	29,893	27,869
	-27,450	-26,221

When interest rates on loans are fixated by (cross currency) interest rate swaps, besides the interest expenses also the change in carrying amount of the (cross currency) interest rate swaps are included in the profit and loss account. This results in fixed interest expenses for these loans.

Based on the hedge relationship effectiveness tests performed at year-end 2016 in accordance with DAS 290 Financial instruments, an increase was established in the difference in the cumulative negative change in fair value of the (cross-currency) interest rate swaps and the opposite change in fair value of the hedged item. As a result, interest expense in the amount of EUR 2.8 million was taken to the income statement.

16. Income taxes

This item includes both Dutch and foreign taxes.

The effective and nominal tax rates differ by country.

Reconciliation between the weighted nominal tax rate and the effective tax rate is as follows (in percentage terms):

	2016	2015
Weighted average nominal tax rate	16.1%	24.6%
Tax implications of:		
Use of losses available for set-off not accounted for	-6.7%	-1.8%
Loss carry-forwards not accounted for	8.6%	4.6%
Tax-exempt profits and non-deductible expenses	4.1%	-7.9%
Amortisation of goodwill	2.2%	1.2%
Effective tax rate	24.3%	20.7%

Future losses relief of approximately EUR 73 million (EUR 58 million) are not included in the balance sheet of Van Oord. The set off of these compensating losses are amongst others dependent on any future taxable profits.

Company balance sheet (before appropriation of profit)

(x EUR 1,000)

The letters next to the items refer to the corresponding letters in the notes to the financial statements.

		31 December 2016	31 December 2015
Fixed assets			
Intangible fixed assets	a.	48,062	54,928
Financial fixed assets	b.	379,646	410,687
		<u>427,708</u>	<u>465,615</u>
Current assets			
Receivables		-	33
Amounts owed by group companies		2,798	450
Cash at bank and in hand		474,434	435,573
		<u>477,232</u>	<u>436,056</u>
Total assets		904,940	901,671
Shareholders' equity	c.		
Paid-up and called-up share capital		12,100	12,100
Share premium account		270,400	270,400
Statutory reserves		-26,903	-19,077
Other reserves		559,095	469,235
Profit/(loss) for the financial year		90,196	169,000
		<u>904,888</u>	<u>901,658</u>
Current liabilities			
Other liabilities		52	13
		<u>52</u>	<u>13</u>
Total liabilities		904,940	901,671

Company profit and loss account

(x EUR 1,000)

	2016	2015
Profit of participating interests after taxation	96,974	175,741
Various income and expenditure after taxation	<u>-6,778</u>	<u>-6,741</u>
Net profit	90,196	169,000

(x EUR 1,000)

The figures shown in brackets are the corresponding figures for the previous financial year.

Unless stated otherwise, reference is made to the notes to the consolidated financial statements.

Assets

a. Intangible fixed assets

goodwill

Book value at 1 January 2016	54,928
Amortisation	6,866
Book value at 31 December 2016	<u>48,062</u>
Cost	137,320
Accumulated amortisation	<u>89,258</u>
Amortisation period in number of years	20

b. Financial fixed assets

The group companies included in this item are listed in the notes to the consolidated financial statements.

group companies

Book value at 1 January 2016	410,687
Payment share premium	100,000
Dividend received	-220,189
Result of participating interests	96,974
Translation differences of participating interests	<u>-7,826</u>
Book value at 31 December 2016	<u>379,646</u>

Liabilities

c. Shareholders' equity

The authorised share capital in accordance with the Articles of Association amounts to EUR 40,000,000, divided into 40,000 ordinary shares of EUR 1,000.

The issued share capital amounts to EUR 12,100,000, divided into 12,100 ordinary shares.

	paid-up and called-up share capital	share premium account	statutory reserves	other undistributed reserves	result	total
2015						
Balance at 1 January 2015	12,100	270,400	-25,172	406,963	118,839	783,130
Added to reserves	-	-	-	62,272	-62,272	-
Dividend paid	-	-	-	-	-56,567	-56,567
Translation differences and other changes in participating interests	-	-	6,095	-	-	6,095
Profit for the financial year	-	-	-	-	169,000	169,000
Balance at 31 December 2015	12,100	270,400	-19,077	469,235	169,000	901,658
2016						
Added to reserves	-	-	-	89,860	-89,860	-
Dividend paid	-	-	-	-	-79,140	-79,140
Translation differences and other changes in participating interests	-	-	-7,826	-	-	-7,826
Profit for the financial year	-	-	-	-	90,196	90,196
Balance at 31 December 2016	12,100	270,400	-26,903	559,095	90,196	904,888

The share premium account is tax exempt.

Statutory reserves consist of a currency translation reserve participating interests of EUR -28.1 million (EUR -20.2 million) and a reserve for statutory reserves of participating interests of EUR 1.2 million (EUR 1.1 million).

Commitments not shown in the balance sheet

The company is jointly and severally liable for the tax liabilities of the group companies forming part of the Van Oord nv fiscal unit.

Proposed appropriation

The proposed appropriation of the profit is as follows:

Proposed dividend on ordinary shares	38,825
Added to reserves	51,371
Profit for the financial year	90,196

Profit appropriation

Profit appropriation takes place in accordance with Article 14 (1) of the Articles of Association, which reads as follows: 'The profit as disclosed in the profit and loss account approved by the General Meeting of Shareholders will be at the disposal of the General Meeting of Shareholders.'

Rotterdam, the Netherlands, 14 April 2017

Supervisory Board

C.J. van den Driest, Chairman
K. Damen
J.M.J.A.P. Laurent Josi
Jac.G. van Oord MBA
J.M.M. van der Ven
N.W. Hoek

Executive Board

P. van Oord, CEO
M.J. Poots-Bijl RC
P.W. Verheul
C.A. de Bruijn

To: the shareholders and Supervisory Board of Van Oord N.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Van Oord N.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Van Oord N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2016;
- The consolidated and company profit and loss account for 2016;
- The consolidated cash flow statement for 2016;
- 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 Van Oord N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on 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:

- key figures;
- directors' report;
- report by the supervisory board;
- other information;
- list of terms.

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.

Management is responsible for the preparation of the other information, including the directors' report 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 responsibilities for the financial statements

Responsibilities of management for the financial statements

Management 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial

reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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.

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.

Misstatements can arise from fraud or error 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 these 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.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 14 April 2017

Ernst & Young Accountants LLP

Signed by M. Bangma-Tjaden

To: the shareholders of Van Oord N.V.

Our conclusion

We were engaged to provide limited assurance over selected non-financial indicators ('Selected Indicators') in the 2016 Annual Report of Van Oord N.V., based in Rotterdam, The Netherlands ('Van Oord'). The scope of the assurance engagement is described in the section headed 'Our scope'.

Based on our procedures, and having regard to the limitations referred to in the section headed 'Limitations on our scope', nothing has come to our attention that causes us to believe that the Selected Indicators have not been prepared, in all material respects, in accordance with Van Oord's reporting criteria, which are based on the relevant sections of the Global Reporting Initiative (GRI)'s G4 Sustainability Reporting Guidelines. We believe that those criteria are appropriate in view of the purpose of the assurance engagement.

The basis for our conclusion

We conducted our assurance engagement with regard to the Selected Indicators in accordance with Dutch law, including Dutch Standard 3000 'Assurance engagements other than audits or reviews of historical financial information.' Our responsibilities on that basis are explained in the section headed 'Our responsibilities'.

We believe that the assurance evidence obtained by us is sufficient and appropriate to provide a basis for our conclusion.

Our independence

We operate independently of Van Oord N.V., as required by the Rules on the Independence of Auditors in Assurance Engagements ('ViO') and other Dutch rules on independence relevant to the engagement. This means, amongst other things, that we undertake no activities that may conflict with our independent assurance engagement. We are also in compliance with the Professional Rules and Rules of Conduct for Auditors ('VGBA').

Our scope

The Selected Indicators comprise the following indicators: male/female ratio (as a % of Dutch and non-Dutch payroll lists) as specified on page 51; number of participants in training courses; absenteeism (as a % of the Dutch payroll list) and frequency of incidents (LTIFR) as specified on page 53; the carbon footprint (in metric tonnes), number of commercially viable marine ingenuity innovations, number of quotations offering marine ingenuity innovations to customers, and number of suppliers for which sustainability information has been collected, as specified on page 63 of the 2016 Annual Report.

Limitations on our scope

No work was undertaken as part of this assurance engagement to provide assurance over other information in the Annual Report. Nor does our assurance extend to the comparative information for reporting periods prior to 2015 as included in the Annual Report.

Responsibilities

Board's responsibilities

The board is responsible for preparing the Selected Indicators in accordance with Van Oord's internal reporting criteria, which are based on relevant sections from the GRI's G4 Sustainability Reporting Guidelines, as explained on page 86 of the Annual Report, including identifying the intended users, material issues, and determining whether the criteria used are appropriate to the intended users' purposes. The choices made by the board in terms of the scope of the Selected Indicators and the reporting policy are set out in the section headed 'About this report'.

The board is also responsible for maintaining such internal controls as it considers to be necessary to prepare Selected Indicators which are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibilities are to plan and conduct an assurance engagement in such a manner as to obtain sufficient and suitable assurance evidence to be able to express our conclusion.

We have applied the 'Further rules on assurance engagements by accountancy firms' ('RA'). On that basis, we have in place a coherent quality control system, including documented guidelines and procedures to ensure compliance with ethical standards, accountancy standards and other applicable laws and regulations.

Misstatements may be due to error or fraud and are material if they can reasonably be expected, collectively or in themselves, to affect the decisions that users make on the basis of the Selected Indicators. Materiality will influence the nature, timing and scope of the work undertaken and the assessment of the impact of misstatements on our conclusion.

The objective of the assurance engagement is to provide limited assurance. The nature and timing of the procedures performed under a limited assurance engagement differ from those performed for a reasonable assurance engagement, and they are more limited in extent.

Less assurance is therefore obtained.

We have conducted this engagement professionally and with a critical eye, and, where appropriate, made a professional judgment in accordance with Dutch Standard 3000, ethical standards, and rules on independence.

Our main procedures included:

- assessing the acceptability of the reporting criteria and their consistent application, including assessing the reasonableness of estimates made by management;
- assessing the design and implementation of the data collection and processing systems and processes for the Selected Indicators;
- conducting interviews with management and relevant members of staff responsible for supplying information for the Selected Indicators and their consolidation;
- analysing data and trends for the Selected Indicators supplied for consolidation at group level.

Rotterdam, 14 April 2017

Ernst & Young Accountants LLP

A.E.M. Kamp-Roelands, auditor

Financial terms

Amortisation: Depreciation of intangible assets such as goodwill.

Audit Committee: A committee comprising members of the Supervisory Board whose main task is to advise the Supervisory Board on its supervisory role with regard to the company's financial affairs and reporting.

Dutch GAAP: The generally accepted accounting principles for financial reporting in the Netherlands (Dutch Annual Reporting Guidelines [*Richtlijnen voor de Jaarverslaggeving*] and the statutory provisions on annual reporting as laid down in Title 9, Book 2, of the Dutch Civil Code [*BW*].

EBIT: Earnings before interest and taxes.

EBITDA: Earnings before interest, taxes, depreciation and amortisation.

Hedging: Offsetting all or part of a financial risk in an investment by means of another investment.

Non-recourse financed project: A project, the greater part of which is financed by banks.

Order book: The value of turnover on projects that Van Oord has already been awarded but has yet to carry out.

Return on equity: Net profit divided by average equity.

Return on total assets: EBIT plus interest income divided by average total assets.

Solvency: Equity divided by balance sheet total, i.e. tangible and intangible assets (expressed as a %).

General terms

Backhoe: a hydraulic grab crane mounted on a dredging pontoon. Backhoes are used in hard ground.

Balance of Plant: all the work that necessarily precedes the installation of a wind turbine, for example construction of the foundations and the cable base.

Cutter suction dredger: A vessel that uses a rotating cutter head to loosen the material in the bed.

Carbon footprint: Emissions expressed in tonnes of CO₂. Concerns emissions from all equipment, flights, fleet of vehicles, offices and shipyards. These emissions come under scope 1 and 2 emissions as defined in the CO₂ Performance Ladder Version 2.2 by the Independent Foundation for Climate Friendly Procurement and Business (SKAO), dated 4 April 2014. The conversion factor applied by Van Oord is also taken from this Manual.

Dike pin: A steel pipe with synthetic casing. Dike pins are inserted vertically into the body of a dike as reinforcement.

Energy efficiency: Energy output of technical systems such as engines.

EPC: Type of contract with responsibility for engineering, procurement and construction.

FaunaGuard: An innovative technique for protecting sea mammals from the noise of engineering works being carried out on the seabed. The FaunaGuard was developed by Van Oord in cooperation with SEAMARCO (Sea Mammal Research Company).

Fallpipe vessel: A vessel that installs rock on an ocean or river bed using a fallpipe with the aim of protecting underwater structures or levelling the bed.

Global Reporting Initiative: An international organisation that formulates guidelines for sustainability reporting.

IMO: International Maritime Organisation.

Value chain responsibility: The process of encouraging sustainability in procurement chains. Van Oord practices value chain responsibility by identifying which sustainability issues our suppliers and subcontractors address in their operations, discussing these issues with them, and including them in our procurement terms and conditions.

KPIs: Key performance indicators, variables that indicate whether an organisation is on track to achieve its targets.

Male/female ratio: The number of men compared to the number of women on the Dutch payroll.

Marine ingenuity-innovatie: An eco-engineering innovation developed by Van Oord either alone or in partnership (FaunaGuard, PlumeGuard, ReefGuard, ecodesign concepts and OpenEarth) that is ready to be applied in projects and, as such, is offered in tenders.

Maritime Labour Convention: International convention governing working and living conditions on board sea-going vessels.

NGO: Non-governmental organisation that is independent of government and that focuses on a matter of social concern.

Offshore gravity-based platforms (GBP): A technique used in the offshore oil & gas sector. A GBP is a massive concrete structure that serves as the foundations for an offshore installation. The installation itself can vary from production platform to wind turbine.

Lost Time Injury Frequency Rate: The number of accidents resulting in the absence of more than one day per 200,000 hours worked by employees on Van Oord's payroll or hired in from other companies.

Operational excellence: An organisation's determination to deliver excellent service to its customers. It means that everything that the organisation does must be right the first time round: delivery on time and for an outstanding price.

Procurement: A Van Oord department responsible for procuring manpower and equipment.

ReefGuard: An innovative mobile laboratory developed by Van Oord in cooperation with coral experts to restore damaged coral reefs.

Room for the River: Dutch national programme intended to improve flood safety and protect the rivers region of the Netherlands against flooding.

Strategic Workforce Planning (SWP): A system that calculates and resolves the discrepancy between current staffing and staffing as required in the future. It is one of the most important HR tools for guaranteeing the continuity of the organisation.

Water injection dredger (WID): A special, innovative dredging vessel that injects water under low pressure into the sea or river bed, bringing sediment on the bottom into suspension, which is then carried away by natural tidal or river currents. Their excellent manoeuvrability means that WIDs can work close to embankments and quay walls, making them a very good choice for harbour deepening projects.

Sick leave rate: Number of days' absence due to illness (Dutch payroll) divided by the number of potential working days times the number of employees on the Dutch payroll (times 100%).

Trailing suction hopper dredger: A vessel which has large, powerful pumps and engines that enable it to suck up sand, clay, sludge and even gravel from ocean or river beds.

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