

Annual report of the board of directors

Dear shareholder,

It is our privilege to report to you on the activities of our company during the past financial year and to submit to you for approval both the statutory and consolidated annual accounts closed on December 31, 2017. In accordance with Article 119 of the Companies Code, the annual reports on the statutory and consolidated annual accounts have been combined.

I Statutory annual accounts

1. Share capital and shareholding structure

No changes were made to the company's share capital during the last financial year. The share capital amounts to 2,295,278 euros and is represented by 33,496,904 no-nominal-value shares. All shares have been paid up in full. In 2017, 46,000 options were granted in the framework of the stock option plan. As at December 31, 2017, the options granted and not yet exercised entitled their holders to acquire an aggregate of 311,000 Ackermans & van Haaren shares (0.93%). The company received a transparency notice on October 31, 2008 under the transitional regulations of the Act of May 2, 2007, whereby Scaldis Invest NV - together with Stichting Administratiekantoor 'Het Torentje' - communicated its holding percentage. The relevant details of this transparency notice can be found on the company's website (www.avh.be).

2. Activities

For an overview of the group's main activities during the 2017 financial year, we refer to the Message from the chairmen (p. 15) and to the Key events (p. 10).

3. Comments on the statutory annual accounts

3.1 Financial situation as at December 31, 2017

The statutory annual accounts have been prepared in accordance with Belgian accounting principles. The balance sheet total at year-end 2017 amounted to 2,735 million euros, which is an increase compared with the previous year (2016: 2,537 million euros). Besides the 10 million euros in tangible fixed assets on the balance sheet (primarily the office building located at Begijnenvest and Schermersstraat in Antwerp), the assets consist of 49 million euros in investments and 2,618 million euros in financial fixed assets. On the liabilities side of the balance sheet, the recording of the dividend of 74 million euros and the profit for the financial year of 263 million euros resulted in a shareholders' equity of 1,869 million euros (2016: 1,680 million euros). This amount does not include unrealized capital gains present in the portfolio of Ackermans & van Haaren and group companies. In 2017, the short-term financial debts consisted

for the most part of financial liabilities incurred by AvH Coordination Center, a company that is an integral part of the group and which fulfils the role of internal bank for the group. The other liabilities already include the profit distribution for the 2017 financial year that is being proposed to the ordinary general meeting. In the course of 2017, Ackermans & van Haaren purchased 191,338 treasury shares and sold 183,359. These transactions related to the implementation of the stock option plan and the liquidity agreement with Kepler Cheuvreux that came into effect on July 1, 2013.

3.2 Appropriation of the result

The board of directors proposes that the result (in euros) be appropriated as follows:

Profit carried forward from the previous financial year	1,484,102,972
Profit for the financial year	263,484,342
Total for appropriation	1,747,587,313
Allocation to the legal reserve	0
Allocation to the non-distributable reserves	18,456,244
Allocation to the distributable reserves	0
Dividends capital	73,693,189
Directors' fees	590,000
Profit to be carried forward	1,654,847,881

The board of directors proposes that a gross dividend of 2.20 euros per share be distributed. After deduction of withholding tax (30%), the net dividend will amount to 1.54 euros per share. If the annual general meeting approves this proposal, the dividend will be payable from June 1, 2018. Following this distribution, shareholders' equity will stand at 1,868,914,660 euros and will be composed as follows:

Capital	
Subscribed capital	2,295,278
Issue premium	111,612,041
Reserves	
Legal reserve	248,081
Non-distributable reserves	36,996,517
Tax-exempt reserves	0
Distributable reserves	62,914,863
Profit carried forward	1,654,847,881
Total	1,868,914,660

3.3 Outlook

As in previous years, the results for the current financial year will to a large extent depend on the dividends paid by the companies within the group and on the realization of any capital gains or losses.

4. Major events after the closing of the financial year

Since the closing of the 2017 financial year, there have been no major events which could have a significant impact on the development of the company, except those referred to under II.3 below.

5. Research and development

The company undertook no activities in the area of research and development.

6. Financial instruments

Companies within the group may use financial instruments for risk management purposes. Specifically, these are instruments principally intended to manage the risks associated with fluctuating interest and exchange rates. The counterparties in the related transactions are exclusively first-ranked banks. As at the end of 2017, neither Ackermans & van Haaren nor any other fully consolidated group company within the 'AvH & Growth Capital' segment had any such instruments outstanding.

7. Notices

7.1 Application of Article 523 of the Companies Code

The regulations of Article 523 of the Companies Code on conflicts of interest did not have to be applied in 2017.

7.2 Additional remuneration for the auditor

Pursuant to Article 134, §§2 and 4 of the Companies Code, we inform you that an additional fee of 5,100 euros (excluding VAT) was paid to Ernst & Young Tax Consultants for tax advice.

7.3 Acquisition or disposal of treasury shares

On November 13, 2017, the extraordinary general meeting authorized the board of directors of Ackermans & van Haaren to acquire treasury shares within a well-defined price range during a period of five years. In the course of the 2017 financial year, Ackermans & van Haaren acquired 191,338 treasury shares to hedge its obligations under the stock option plan (71,000 shares) and its liquidity agreement with Kepler Cheuvreux. More details can be found in the financial statements (p. 181-182).

Taking into account the sale of 183,359 shares, the situation as at December 31, 2017 was as follows:

Number of treasury shares	362,257 (1.08%)
Par value per share	0.07
Average price per share	102.03
Total investment value	36,961,764

7.4 Notice pursuant to the law on takeover bids

In a letter dated February 18, 2008, Scaldis Invest sent a notice to the company in accordance with Article 74, §7 of the Act of April 1, 2007 on take-over bids. From this notice, it appears that Scaldis Invest owns 33% of the securities with voting rights in Ackermans & van Haaren and that Stichting Administratiekantoor 'Het Torentje' exercises ultimate control over Scaldis Invest.

7.5 Protection schemes

On November 13, 2017, the extraordinary general meeting renewed the authorization of the board of directors to proceed, in case of a take-over bid for the securities of Ackermans & van Haaren, with a capital increase in accordance with the provisions and within the limits of Article 607 of the Companies Code.

The board of directors is allowed to use these powers if the notice of a take-over bid is given by the Financial Services and Markets Authority (FSMA) to the company not later than three years after the date of the abovementioned extraordinary general meeting (i.e. November 13, 2020).

The board of directors is also authorized for a period of three years from the date of publication in the Annexes to the Belgian Official Gazette (i.e. until December 13, 2020) to acquire or transfer treasury shares in the event that such action is required in order to safeguard the company from serious and imminent harm.

II Consolidated annual accounts

1. Risks and uncertainties

This section describes, in general terms, the risks facing Ackermans & van Haaren as an international investment company, and the operational and financial risks associated with the various segments in which it is active (either directly or indirectly through its subsidiaries).

The executive committee of Ackermans & van Haaren is responsible for the preparation of a framework for internal control and risk management which is submitted for approval to the board of directors. The board of directors is responsible for the evaluation of the implementation of this framework, taking into account the recommendations of the audit committee. At least once a year the audit committee evaluates the internal control systems which the executive committee has set up in order to ascertain that the main risks have been properly identified, reported and managed. The subsidiaries of Ackermans & van Haaren are responsible for the management of their own operational and financial risks. Those risks, which vary according to the sector, are not centrally managed by Ackermans & van Haaren. The management teams of the subsidiaries in question report to their board of directors or audit committee on their risk management.

Risks at the level of Ackermans & van Haaren

Strategic risk

The objective of Ackermans & van Haaren is to create shareholder value by long-term investment in a limited number of strategic participations. The availability of opportunities for investment and divestment, however, is subject to macroeconomic, political, social and market conditions. The achievement of the objective can be adversely affected by difficulties encountered in identifying or financing transactions or in the acquisition, integration or sale of participations.

The definition and implementation of the strategy of the group companies is also dependent on this macroeconomic, political, social and market context. By focusing as a proactive shareholder on long-term value creation and on the maintenance of operational and financial discipline, Ackermans & van Haaren endeavours to limit those risks as much as possible.

In several group companies, Ackermans & van Haaren works together with partners. At Delen Private Bank, for example, control is shared with the Jacques Delen family. Strategic decisions require the prior consent of both partners. In certain group companies, Ackermans & van Haaren has a minority stake. The diminished control which can result from that situation could lead to relatively greater risks; however, this is offset as much as possible by a close cooperation with, and an active representation on, the board of directors of the group companies concerned.

Risk related to the stock market listing

As a result of its listing on Euronext Brussels, Ackermans & van Haaren is subject to regulations regarding information requirements, transparency reporting, take-over bids, corporate governance and insider trading. Ackermans & van Haaren pays the necessary attention to keeping up and complying with the constantly changing laws and regulations in this area.

The volatility of the financial markets has an impact on the value of the share of Ackermans & van Haaren and of some of its listed group companies. As mentioned earlier, Ackermans & van Haaren seeks to systematically create long-term shareholder value. Short-term share price fluctuations and the speculation associated with this can produce a momentarily different risk profile for the shareholder.

Liquidity risk

Ackermans & van Haaren has sufficient resources at its disposal to implement its strategy and seeks to achieve a position without net financial debts. The subsidiaries are responsible for their own debt financing, it being understood that, in principle, Ackermans & van Haaren does not provide credit lines or guarantees to or for the benefit of its participations. The external financial debts of 'AvH & subholdings' primarily correspond to the treasury bonds issued by Ackermans & van Haaren (commercial paper programme).

Ackermans & van Haaren has confirmed credit lines from various banks with which it has a long-term relationship, such credit lines amply exceeding the outstanding commercial paper obligations. The board of directors believes that the liquidity risk is fairly limited.

Risks at the level of the group companies

Marine Engineering & Contracting

The operational risks of this segment are essentially associated with the execution of often complex land-based and marine contracting projects and are, among other things, related to the technical design of the projects and the integration of new technologies; the setting of prices for tenders and, in case of deviation, the possibility or impossibility of hedging against extra costs and price increases; performance obligations (in terms of cost, conformity, quality, turnaround time) with the direct and indirect consequences associated with these; the time frame between quotation and actual execution; changes in the regulatory framework, and relations with subcontractors, suppliers and partners. In new markets, such as the development of concessions for wind farms, the companies are confronted with a still unstable regulatory framework, technological developments, and the ability to finance those large-scale projects. In order to cope with those risks, the various group companies work with qualified and experienced staff. By taking part in risk and audit committees at DEME, CFE and A.A. Van Laere, Ackermans & van Haaren monitors the operational risks of the main projects from the tendering stage.

The construction and dredging sector is typically subject to economic fluctuations. The market of large traditional infrastructural dredging works is subject to strong cyclical fluctuations on both the domestic and international markets. This has an impact on the investment policy of private sector customers (e.g. oil companies or mining groups) and of local and national authorities. DEME, CFE and Rent-A-Port, which are active in countries such as Oman, Qatar, Vietnam, Chad and Nigeria, are exposed to political risks. Credit insurance, personal relations and a strong local network are the main risk management factors in that respect.

DEME is to a significant degree active outside the euro zone, and accordingly runs an exchange rate risk. As a rule, DEME hedges against exchange rate fluctuations or enters into foreign currency futures. Certain materials or commodities, such as fuel, are hedged as well. Most of CFE's activities are inside the euro zone, and where relevant exposure to foreign exchange fluctuations is limited as much as possible. Although Rent-A-Port is mainly active in countries outside the euro zone, it is mostly exposed to the USD since most business contracts are concluded in USD.

Given the size of the contracts in this segment, the credit risk is also closely monitored. Both DEME and CFE have set up procedures to limit the risk to their trade receivables. Furthermore, a large part of the consolidated turnover is realized through public sector or public sector-related customers. The level of counterparty risk is limited by the large number of customers. To contain the risk, the group companies concerned constantly monitor their outstanding trade receivables and if necessary adjust their position. For the purposes of major foreign contracts, for instance, DEME regularly uses the services of the Credendo Group insofar as the country concerned qualifies for this service

and the risk can be covered by credit insurance. For large-scale infrastructural dredging contracts, DEME is dependent on the ability of customers to obtain financing and can, if necessary, organize its own project financing. Although the credit risk cannot be ruled out altogether, it is still limited. CFE's order book for Africa has strongly diminished. At year-end 2017, the CFE group still had a net claim of around 60 million euros against the Chadian government. The recovery of those receivables will also be a major challenge in 2018. CFE is making every effort, together with the local authorities, to find financing to allow the settlement of the outstanding receivables. Rent-A-Port has a small number of customers and counterparties owing to the very nature of the group's activities. Consequently, it runs a higher credit risk. The group is able to adequately curtail this risk by providing sufficient contractual safeguards and by building and maintaining strong relations with its customers. The companies from the 'Marine Engineering & Contracting' segment usually bill as the works progress.

The liquidity risk is limited by spreading the credit and guarantee lines over several banks and preferably over the long term. DEME permanently monitors its balance sheet structure and pursues a balance between a consolidated shareholders' equity position and consolidated net debts. DEME predominantly invests in equipment with a long life which is written off over several years. For that reason, DEME seeks to schedule a substantial part of its debts over a long term. DEME worked out a new bank financing structure in 2015, based on bilateral unsecured long-term financing with several banks. Some loan agreements include ratios (covenants), which DEME must observe. In order to diversify the funding over several sources, DEME issued a retail bond of 200 million euros in January 2013. This was placed with a diversified group of (mainly private) investors. According to the terms of issue, DEME will not make any interim redemptions of the principal, but will instead repay the entire loan on the maturity date in 2019.

Private Banking

Since Delen Private Bank and Bank J.Van Breda & C° are both specialist niche players with a culture of prudence, the operational risk has a limited impact. Operational departments and control functions work together closely in a 'three lines of defence' model to monitor the quality of operations. They are backed up by an efficient IT system that automates the main processes and provides built-in controls. To ensure the continuity of operations in the event of contingencies, both organizations have detailed continuity and restoration plans.

The credit risk and risk profile of the investment portfolio have for many years now been deliberately kept very low by Delen Private Bank and Bank J.Van Breda & C°. The banks invest in a conservative manner. The volume of lending at Delen Private Bank is very limited, as this is merely a supporting product in the context of asset management. The loans that are extended are usually temporary bridge loans that are amply guaranteed by pledges on securities. The credit risk at JM Finn is very limited. The credit portfolio of Bank J.Van Breda & C° is very widely spread among a client base of local entrepreneurs and professionals at Bank J.Van Breda & C°. The bank applies concentration limits per sector and maximum credit amounts per client.

Bank J.Van Breda & C° adopts a cautious policy with regard to the interest rate risk, well within the standards set by the NBB. Where the terms of assets and liabilities do not match sufficiently, the bank deploys hedging instruments (a combination of interest rate swaps and options) to correct the balance. The interest rate risk at Delen Private Bank is limited, due to the fact that it primarily focuses on asset management.

Delen Private Bank aims to limit the exchange rate risk. The foreign currency positions are systematically monitored and hedged. At present, the net exposure in pound sterling is limited since the impact of exchange rate fluctuations on the equity of JM Finn is neutralized by an opposite impact on the liquidity obligation on the remaining approx. 20% in JM Finn.

The liquidity and solvency risk is continuously monitored by a proactive risk management. The banks want to be sure at all times that they satisfy the regulatory requirements and maintain a capitalization level that amply covers the level of activity and risk that is taken. Furthermore, the two groups have more than sufficient liquid assets to meet their commitments, even in unforeseen market conditions, as well as sound Core Tier1 equity ratios.

Both banks are adequately protected against income volatility risk. The operating costs of Delen Private Bank are amply covered by the regular income, while in the case of Bank J.Van Breda & C° the income from relationship banking is diversified in terms of clients as well as of products, and are supplemented by the specialist vendor activity for car dealers (Van Breda Car Finance).

The market risk may arise from the limited short-term investments, in Delen Private Bank's and Bank J.Van Breda & C°'s own name, or may manifest itself on outstanding positions on suspense accounts over which securities for client portfolios are traded. The intention is that the positions on those suspense accounts be liquidated so that the bank is not exposed to a market risk. The fair value of the assets under management for clients is partly determined by the developments on the financial markets. Although this has no direct impact on the equity position of the two banks, the total volume of assets under management is a determining factor for their revenues.

Real Estate & Senior Care

A first crucial element related to the operational risks in the real estate sector is the quality of the offering of buildings and services. In addition, long-term lease contracts with solvent tenants are expected to guarantee the highest possible occupancy rate of both buildings and services and a recurrent flow of income, and should limit the risk of non-payment. Finally, the renovation and maintenance risk is also continuously monitored. For Anima Care and HPA, top-quality care for the residents is important. There is a strong focus on working methods, operating systems and human resources management to guarantee a pleasant living environment with a high quality of service.

The real estate development activity is subject to strong cyclical fluctuations (cyclical risk). Development activities for office buildings tend to follow the conventional economic cycle, whereas residential activities respond more directly to the economic situation, consumer confidence and interest rate levels. Extensa Group focuses mainly on Belgium and Luxembourg, with limited residual exposure to Turkey, Romania and Slovakia, and is therefore subject to the local market situation. The spread of its real estate operations over various segments (e.g. residential, logistics, offices, retail) limits this risk.

The exchange rate risk is very limited because most operations are situated in Belgium and Luxembourg, with the exception of Extensa's limited operations in Turkey (risk linked to the Turkish lira) and in Romania (risk linked to the RON).

Extensa Group and Leasinvest Real Estate possess the necessary long-term credit facilities and backup lines for their commercial paper programme to cover present and future investment needs. Those credit facilities and backup lines serve to hedge the financing risk.

The liquidity risk is limited by having the financing spread over several banks and by diversifying the expiration dates of the credit facilities over the long term. At the beginning of 2015, Extensa Group took out a loan of 75 million euros with a view to acquiring the remaining 50% stake in the T&T group. This loan has since been fully repaid with the proceeds of the sale of the Royal Warehouse in 2015 and of the Herman Teirlinck building in 2017. In 2017, Extensa issued a bond of 75 million euros maturing in 2020 and 2022, thereby further reducing the dependence on bank financing. At Leasinvest Real Estate, the tapping of various sources of funding was put into practice in 2013 with the successful launch of a public bond offering for 75 million euros with six-year maturity and a private bond offering for 20 million euros with seven-

year maturity. At Anima Care, the expansion through acquisitions of existing residences and the construction of new care centres is financed by the paying-up of the authorized capital and by external financing. The cash drain in the start-up phase is taken into account in the financing of the projects. The real estate operations of Patrimoine & Santé are financed with long-term loans over 15 to 25 years.

The hedging policy for the real estate activities is aimed at confining the interest rate risk as much as possible. Financial instruments are used for that purpose.

Energy & Resources

The focus of this segment is on businesses in growth markets, such as India and Indonesia. Since the companies concerned are to a great extent active outside the euro zone (Sagar Cements and Oriental Quarries & Mines in India, SIPEF in Indonesia and Papua New Guinea among others), the currency exchange risk (on the balance sheet and in the income statement) is more relevant here than in the other segments. The geopolitical developments in those areas also call for special attention.

The production volumes and therefore the turnover and margins realized by SIPEF are also influenced by climatic conditions such as rainfall, sunshine, temperature and humidity.

Whether or not the group succeeds in achieving its contemplated expansion plans will depend on securing new concession agreements for agronomically suitable land that satisfies the group's sustainability policy on economically responsible terms.

The group is also exposed in this segment to fluctuations in commodity prices (SIPEF: mainly palm oil, palm kernel oil and rubber; Sagar Cements: coal, electricity).

Growth Capital

Ackermans & van Haaren makes venture capital available to a limited number of companies with international growth potential. The investment horizon is on average longer than that of the typical players on the private equity market. The investments are usually made with conservative debt ratios, with in principle no advances or securities being granted to or for the benefit of the group companies concerned. In addition, the diversified nature of these investments contributes to a spread of the economic and financial risks. Usually, Ackermans & van Haaren will finance those investments with shareholders' equity.

The economic situation has a direct impact on the results of the group companies, particularly in the case of the more cyclical or consumer-driven companies. The fact that the activities of the group companies are spread over various segments affords a partial protection against the risk.

Each group company is subject to specific operational risks such as price fluctuations of services and commodities, the ability to adjust sales prices and competitive risks. The companies themselves monitor those risks and can try to limit them by operational and financial discipline and by strategic focus. Monitoring and control by Ackermans & van Haaren as a proactive shareholder also play an important role in that respect.

Several of the group's companies (e.g. Manuchar, Telemond, Turbo's Hoet Groep) are to a significant extent active outside the euro zone. The exchange rate risk in each of these cases is monitored and controlled by the group company itself.

2. Comments on the consolidated annual accounts

The consolidated annual accounts were prepared in accordance with International Financial Reporting Standards (IFRS).

The group's consolidated balance sheet total as at December 31, 2017 amounted to 13,469 million euros, which is an increase of 4.6% compared with 2016 (12,875 million euros). This balance sheet total is obviously impacted by the manner in which certain group companies are included in the consolidation. The full consolidation of the stake in Bank J. Van Breda & C^o has a major impact on the consolidated balance sheet.

Shareholders' equity (group share) at the end of 2017 was 2,972 million euros, which represents an increase of 189 million euros compared with 2016 (2,783 million euros). In June 2017, Ackermans & van Haaren paid out a gross dividend of 2.04 euros per share, resulting in a decrease in equity by 68.3 million euros.

In 2017, Ackermans & van Haaren focused on the development of its key participations: their contribution to the group profit in 2017 amounted to 277.0 million euros (2016: 259.1 million euros).

The sale of the participations in NMP (75%) and in Ogeda (3%) yielded a capital gain of 21.2 million euros and 13.9 million euros respectively. This is offset by a capital loss of 6.7 million euros that was recognized on the exit from the capital of Financière Flo/Groupe Flo, as well as by certain impairments following the transfer of the shareholdings in Oriental Quarries & Mines and Transpalux to 'held for sale', and goodwill impairments on one group company and a loan impairment of another. On balance, this resulted in a positive contribution of capital gains/losses and impairments in 2017 of 17.6 million euros.

In 2016, AvH had been obliged to recognize substantial impairments and provisions on its stakes in Groupe Flo and CKT Offshore, so that on balance the net capital gains/losses and impairments amounted to -26.8 million euros.

Following the acquisition of control over the PT Agro Muko plantation in Sumatra, SIPEF was obliged to remeasure its historical participation. Ackermans & van Haaren's share in this remeasurement gain, which accounts for 75.2 million USD in the consolidated results of SIPEF, is 19.8 million euros.

The consolidation scope underwent some changes in 2017. The stake in NMP was sold to the Antwerp Port Authority (capital gain 21.2 million euros), while that in A.A. Van Laere was sold to CFE Contracting (without capital gain/loss in consolidation). The holdings in BDM-Asco and Transpalux were transferred to 'held for sale', since for both these participations an agreement on their sale had been reached with buyers in 2017, although the closing of the transaction is still subject to certain conditions. The 50% stake in Oriental Quarries & Mines was also transferred to that category at year-end 2017, since it no longer belongs to the group's strategic participations. AvH invested an additional 40.4 million euros in the reinforcement of its stake in SIPEF, which at year-end 2017 amounted to 30.25%. Further investments were also made in HPA by the contribution (into HPA) of the extra Patrimoine & Santé shares that resulted from the swap of the final tranche of Holding Groupe Duval shares. The members of Residalya's management also contributed their interests in Patrimoine & Santé, causing an increase of the group's shareholding percentage in HPA (from 70.86% to 71.72%).

At year-end 2017, AvH (including subholdings) had a net cash position of 80.2 million euros, compared with 68.3 million euros at year-end 2016. Besides cash and short-term deposits, this cash position consisted of 75.5 million euros in short-term investments (including treasury shares), and short-term debt.

An (economic) breakdown of the results for the group's various segments is set out in the 'Key Figures' appendix to the annual report.



DEME - Innovation - Merkur

Marine Engineering & Contracting

DEME (AvH 60,4%) realized a solid increase in (economic) turnover to 2,365.7 million euros in 2017, compared with 1,978.2 million euros in 2016. For the first time, GeoSea (DEME 100%) accounted for more than one billion euros of that figure. This favourable development is the result of DEME's strategic decision many years ago to focus fully on the development of offshore wind energy. This choice and the many years of sustained investment in human resources and equipment underpin the strong market position which GeoSea has acquired. DEME was able to offset the temporary downturn in its traditional dredging activity by its diversification into offshore wind energy, environmental activities, the extraction of sand and gravel at sea as building materials, marine civil engineering and concessions.

Despite the change in its mix of activities, DEME realized an EBITDA of 456.2 million euros. This EBITDA margin of 19.3% is entirely in line with the historical average of 16-20%. The net result of 155.1 million euros equals that of 2016.

Besides maintenance dredging work in Belgium, Germany and Africa, the main dredging projects were in Singapore (extension of Jurong island/JIWE and construction of the first phase of the Tuas container terminal) and in the port of Port Louis (Mauritius). DEME continued work on the Panama Canal to widen and deepen the access channel on the Atlantic side. GeoSea reported buoyant activity in 2017 with a.o. the installation of 42 monopile foundations for the Rentel wind farm, as well as on the offshore wind farms Horns Rev (Denmark), Merkur and Hohe See (both in Germany), and Galloper in the United Kingdom.

Many major contracts were acquired in 2017 as well:

- the New Terneuzen Lock (in joint venture, of which approximately 300 million euros turnover for DEME),
- construction of the submarine power cable installation for Elia's Modular Offshore Grid, the 'Plug at Sea' (130 million euros),
- construction of the Rijnlandroute in the Netherlands (123 million euros),
- redevelopment of the old port of Doha in Qatar (in joint venture, total value 100 million euros),
- land reclamation works for 10 islands on the Maldives for the development of tourism infrastructure and dredging works in India (total value 100 million euros),

- maintenance dredging contracts for the river Elbe in Germany, a gas terminal in Angola, the Freeport in Liberia, and the port of Abidjan in Ivory Coast,
- phase 2 of the Ayer Merbau land reclamation project in Singapore,
- installation of the offshore foundations for the EnBW offshore wind farm Albatros in Germany by GeoSea.

DEME's order backlog at year-end 2017 amounted to 3,520 million euros, compared with 3,800 million euros at year-end 2016. Several contracts (worth a total of 1,744 million euros) have not yet been included in this order backlog, pending their financial close or grant of final permits:

- the Fehmarnbelt project, which involves the construction of the world's longest immersed road and rail tunnel between Denmark and Germany. DEME is part of the consortium for the immersed tunnel and for its connection to the existing road infrastructure,
- the contract for the design, construction, management and maintenance for 20 years of the Blankenburgverbinding, the A24 link between the A20 and A15 motorways in the Netherlands,
- the EPCI contract for the development of the offshore wind farm Moray East in the United Kingdom. DEME will design, develop, transport and install 100 foundations and transport and install 3 electrical substation platforms, and
- the contract related to the transport and installation of 90 turbines at the Triton Knoll offshore wind farm in the United Kingdom.

In January 2018, the contract was signed for the deepening and maintenance dredging of the Martín García Canal in Uruguay and Argentina (in joint venture, total value 100 million euros).

DEME invested a total of 614.2 million euros in 2017, of which 447 million euros in the expansion and renewal of its fleet. The hopper dredger *Minerva* (capacity 3,500 m³) and the dredger *Scheldt River* (hopper capacity 8,400 m³) were ceremonially launched and brought into use in 2017. Both are dual fuel vessels that can also run on LNG to reduce the emission of sulphur, NOx and atmospheric particles. Six more vessels are under construction and will become operational in 2018-2020. The latest two new vessels which DEME commissioned at the beginning of 2017 are worth a total of 500 million euros: the *Spartacus*, the most powerful and most advanced cutter suction dredger (44,180 kW) in the world, and the *Orion*, an offshore crane vessel (44,180 kW) with dynamic positioning and a lifting capacity of 5,000 tonnes.



CFE - AZ Sint-Maarten - Mechelen

At the end of August, GeoSea successfully closed the acquisition of A2SEA, a leading player in the installation of offshore wind turbines. With A2SEA, a team of 160 highly qualified staff have come to join the ranks of DEME, and two high-tech installation vessels, the Sea Installer and the Sea Challenger (built in 2012 and 2014) have been added to the fleet. As of June 30, 2017, A2SEA had an order backlog of 141 million euros. The transaction represents an investment of 167 million euros.

At the beginning of November, GeoSea also acquired 72.5% of G-tec, a Belgian firm specializing in offshore geotechnical and geological investigation, and in deepsea engineering services. At the end of December, GeoSea signed a partnership agreement with CSBC Corporation for the development of offshore wind energy in Taiwan.

Even with the high level of investment in 2017 in the renewal and expansion of the fleet and in the acquisition of A2SEA, the net debt position was limited to 296.2 million euros (2016: 154.6 million euros).

2017 was a good year for **CFE** (AvH 60.4%): both CFE Contracting and the Real Estate Development division reported a strong increase in their contribution to the group result. The high level of the order book also shows that CFE is on the right track. The new organization, which combines autonomy and synergy, proved its relevance more than ever in 2017. CFE (excl. DEME) realized a net profit of 23.9 million euros, compared with 13.0 million euros in 2016.

CFE Contracting reported a decrease in turnover to 717.6 million euros in 2017 (2016: 770.5 million euros). This decrease, which was expected, is primarily due to the delayed start-up of several major projects in Belgium and the difficult socio-economic conditions in Tunisia. Internationally, the activities in Poland in particular saw a vigorous growth. The order book of CFE Contracting at year-end 2017 increased significantly to 1,229.7 million euros (+44.6%, or +15.1% on a like-for-like basis). This is the result of new contracts in the Construction segment in Brussels and Poland and in the Rail & Utility Networks segment. At the same time, the acquisition of A.A. Van Laere resulted in an increase in the order book by 241.8 million euros. CFE Contracting realized a net result of 15.4 million euros, compared with 10.4 million euros in 2016.

By this acquisition of A.A. Van Laere, the two construction groups, which will continue to operate under their existing names, will be able to work together optimally in Belgium and the market position of CFE Contracting will be strengthened. The consolidated results of A.A. Van Laere will be incorporated in the figures of CFE as from January 1, 2018. In December, CFE also acquired José Coghe-Werbrouck, a company specializing in railway works. Despite those acquisitions of A.A. Van Laere (17.1 million euros) and Coghe (7.7 million euros), the net financial position of CFE remained almost stable (-64.2 million euros).

In the Real Estate Development division, BPI worked a.o. on the Solvay (Elsene), Erasmus Gardens (Anderlecht), Les Hauts Prés (Ukkel), Voltaire (Schaarbeek) and Renaissance (Liège) projects in Belgium, Fussban (Differdange) and Kiem in Luxembourg, and Vilda Park (Poznan) in Poland. At the end of December 2017, the real estate projects amounted to 133 million euros (2016: 130 million euros). The net result of this division increased from 1.4 million euros at year-end 2016 to 22.3 million euros at year-end 2017 thanks to the capital gains on the sale of the stakes in the Oosteroever project in Ostend and the Kons project in Luxembourg.

In the Holding and Non-transferred Activities segment, the Brussels-South wastewater treatment plant project is progressing according to plan. This is one of the last projects as these activities are being phased out. In 2016, CFE realized substantial capital gains in this segment on the sale of 2 concession companies.

The operational management and maintenance of the Grand Hotel in N'Djamena were transferred in June 2017 to the hotel operator appointed by the Chadian government. The receivables on Chad remained unchanged compared with the end of December 2016.

Algemene Aannemingen Van Laere closed a difficult year in 2017 with a net loss of 16.8 million euros. A.A. Van Laere was faced with delays and disappointing operating results on four major projects. Van Laere's car park activities (Alfa Park and Parkeren Roeselare) were successfully sold.

At the end of December 2017, AvH sold its 100% stake in A.A. Van Laere to CFE Contracting. The price (after a dividend of 7.8 million euros) was 17.1 million euros, which corresponds to the adjusted net asset value. On August 1, 2017, the management of A.A. Van Laere was taken over by Manu Coppens, who is also a member of the executive committee of CFE Contracting.

As in previous years, the activities of **Rent-A-Port** (AvH 72.2%) in Vietnam were profitable. However, since less land was available for sale, sales decreased. The results of Rent-A-Port (-6.0 million euros) were also impacted negatively by exchange losses and by costs from the development of new projects in renewable energy.

The infrastructure in the industrial zone of Dinh Vu (Vietnam) is largely developed. Already more than 60 industrial customers are making use of the facilities on a recurrent basis. Rent-A-Port has also acquired important positions for the development of additional neighbouring industrial zones.

At **Green Offshore** (AvH 80.2%), the offshore work on Rentel (12.5% directly and indirectly, 309 MW) went according to plan in 2017. The first power is expected to be injected into the Belgian grid around mid-2018. In October 2017, the Belgian federal government adopted an amended legislative framework that will apply to the offshore wind farms Seastar and Mermaid. This is expected to allow the further development of those wind farms (together generating approximately 500 MW) in the short term.

Private Banking

The assets under management of **Delen Private Bank** (AvH 78.75%) attained consolidated a record high of 40,545 million euros at year-end 2017 (37,770 million euros at year-end 2016).

This strong growth (+7.4%) is the result of the positive impact of the increasing value of the assets under management and of the biggest-ever gross inflow, from both existing and new private clients. All branches made a substantial contribution. The strategy of systematically opening new branches in areas where a certain critical presence has been attained is paying off. The UK asset manager JM Finn also reported an increase in assets under management from 8,331 million £ to 9,294 million £ thanks to a positive impact of the increasing value of the assets (expressed in GBP) and a net inflow of assets. This favourable development was diluted by the exchange rate development of pound sterling against the euro (-3.5%). The share of assets under discretionary management increased to 81% at Delen Private Bank (or 92% of the client accounts) and to 74% at JM Finn.

The gross revenues of Delen Private Bank consolidated increased in 2017 by 17% to 366.9 million euros. This increase is primarily attributable to the higher level of assets under management. The cost-income ratio decreased to a highly competitive 53.7% (only 42.5% for Delen Private Bank, 83.7% for JM Finn). This ratio improved significantly in relation to 2016 (57.8%) as the increased income gave rise less than proportionally to an increase in costs. This expenditure on the constant developments in IT, recruitment of staff, rising labour costs in the UK and marketing are a direct result of the growing activity.

The net profit increased in 2017 to 105.8 million euros (compared with 87.9 million euros in 2016), which includes the contribution of JM Finn of 7.1 million euros.

The consolidated equity of Delen Private Bank stood at 678.8 million euros as at December 31, 2017 (compared with 621.2 million euros at year-end 2016). The Core Tier1 capital ratio of 29.3% is well above the industry average.

In 2017, **Bank J.Van Breda & C°** (AvH 78.75%) again reported a solid commercial performance. The total invested by clients increased by 1.3 billion euros (+10%), to more than 13.7 billion euros, of which 4.6 billion euros client deposits (+8%) and 9.2 billion euros (+12%) off-balance sheet products. Of this amount, 5.4 billion euros is entrusted to Delen Private Bank in asset management. The total loan portfolio increased by 7% to more than 4.5 billion euros. The provisions for loan losses remained limited to 0.04% of the average loan portfolio, or 1.7 million euros. The net fee income today represents nearly 40% of the total revenues in an environment where interest income has been under pressure from a flat yield curve for a number of years.

The costs increased by 5% to 83.6 million euros, primarily as a result of forward-looking investments in commercial strength. Thanks to a high level of efficiency, the cost-income ratio decreased further from 59.4% in 2016 to 59.1% in 2017.

The consolidated net profit amounted to 39.1 million euros (+4% compared with 2016), which is a good performance given the bank's conservative investment policy and the persistently low interest rates.

The equity (group share) increased from 518.3 million euros at year-end 2016 to 538.7 million euros, allowing the bank to sustain commercial growth without losing a healthy leverage, which is the best protection for the depositors. The solvency expressed as equity to assets (leverage ratio) stood at 8.9%, well above the 3% proposed under Basel III. The Core Tier1 capital ratio stood at 14.2%.

At the end of December 2017, AvH and SIPEF, each 50% shareholder of **BDM-Asco**, reached an agreement with the Nasdaq-listed US insurance company The Navigators Group, Inc. on the sale of BDM-Asco. The acquisition price for 100% of the shares of BDM-Asco was set at 35 million euros. AvH will realize a capital gain for her share of around 6 million euros on the transaction, that is expected to be closed in H1 2018. The reorganization of BDM-Asco's portfolio in recent years paid off in 2017. The group reported an excellent result, underpinned by a good technical result in all branches.

Real Estate & Senior Care

Leasinvest Real Estate (LRE, AvH 30.0%) closed 2017 markedly better than last year with a net result (group share) of 47.5 million euros (2016: 29.4 million euros), primarily thanks to substantial capital gains on the buildings portfolio. LRE has decided to focus on two asset classes (retail and offices) and three countries (Belgium, Luxembourg and Austria).

At the beginning of May, LRE acquired for 35 million euros full ownership of the company Mercator Sàrl, which owns an office building in Luxembourg city. At the beginning of October, the Swiss retail portfolio (three shops) was entirely sold for 41.8 million euros. In mid-October, two major retail parks in Vienna (Austria) were acquired for 56.2 million euros. Finally, in H2 2017, four logistics properties were sold for 72 million euros.

At year-end 2017, the fair value of the consolidated real estate portfolio, including project developments, amounted to 903.0 million euros (compared with 859.9 million euros at year-end 2016).

The total occupancy rate remained high at 94.80%. The slight decrease compared with year-end 2016 (96.77%) is mainly explained by the redevelopment of the Montoyer 63 office building and the sale during 2017 of the fully let logistics buildings and the properties in Switzerland. Following additional investments in Lux Airport real estate certificates, LRE increased its stake in Lux Airport to more than two-thirds of the outstanding certificates, so that the income from this could also be recognized as rental income (1.3 million euros), besides a non-recurring capital gain of 8.1 million euros that was recognised in the financial statements of 2017.



Anima Care - Vorst (artist impression)



Extensa - Tour & Taxis - Brussel Environment and Herman Teirlinck

The rental yield decreased from 6.78% at year-end 2016 to 6.44% at year-end 2017. The rental income increased slightly to 56.9 million euros compared with last year (56.6 million euros). The loss of rental income resulting from the sale of several properties in 2017 was more than compensated by the acquisition of two new properties in Austria, the increased occupancy rate of several buildings in portfolio (primarily Mercator and Riverside), and the recognition of the coupon of the Lux Airport certificates as rental income.

At year-end 2017, the equity (group share) stood at 382 million euros (2016: 356 million euros). The debt ratio decreased to 57.1% (2016: 58.0%).

Extensa Group (AvH 100%) equalled the good result of 2016 (30.4 million euros) with a net profit in 2017 of 29.9 million euros.

The special zoning plan for the whole Tour & Taxis site in Brussels was approved in June 2017, creating a clear legal framework for the further development of 270,000 m² residential units, retail and offices. The Herman Teirlinck office building was officially opened in September as the new Flemish Administrative Centre. In November, Extensa finalized the sale of the project company owning the building to Baloise Group. Extensa used the proceeds of this sale to repay the outstanding balance of the bridge loan of 75 million euros which it had taken out at the beginning of 2015 to increase its stake in Tour & Taxis by 50%. By year-end 2017, virtually all 115 residential units in the Gloria residence, the first apartment building on the Tour & Taxis site, were sold. Refurbishment works on the existing structure of the 'Gare Maritime' have started and will be completed in the second quarter of 2018. The commercialization of the office premises is going very well. On the site at the Willebroekkaai, Extensa successfully started the Riva project with 139 apartments overlooking the canal and the Royal Warehouse.

In Luxembourg, sales of apartments in the Cloche d'Or project are exceeding all expectations. 803 housing units were sold by the end of 2017. Construction work continued on the headquarters of Alter Domus (10,500 m²) and Deloitte Luxembourg (30,000 m²). Completion is scheduled for the third quarter of 2018. In December 2017, exclusive negotiations began with Ethias and Integrale on the sale of the Deloitte project.

Anima Care (AvH 92.5%) reported a strong growth in its activities in 2017 with a turnover increase to 75.2 million euros (56.4 million euros in 2016). This is primarily attributable to the recent acquisitions of six residential care centres: 'La Rosaie' (72 beds) and 'Edelweiss' (67 beds) in Anderlecht, 'Arcade' (57 beds), 'Eden' (38 beds) and 'Neerveld' (100 beds) in Sint-Lambrechts-Woluwe, and 'Atrium' (47 beds) in Kraainem. The impact of those acquisitions was

reinforced by the full year's contribution of 'Le Birmingham' and 'Duneroze', two residences which have been reported since the fourth quarter of 2016. In addition, the 22 service flats in the newly built extension in Blegny were brought into use.

The EBITDAR increased to 16.1 million euros (2016: 14.0 million euros). The profit for 2017 amounted to 4.8 million euros (2016: 3.9 million euros).

At year-end 2017, Anima Care had 2,010 beds in operation: 1,728 retirement home beds, 77 convalescent home beds, and 205 service flats, spread over 20 care centres (8 in Flanders, 8 in Brussels, 4 in Wallonia).

At the beginning of 2018, Anima Care acquired the operation of the residential care centre 'Ark van Noé' in Bilzen. 'Ark van Noé' has 57 beds in operation, which by mid-2019 will be transferred to a newly built residence.

Early 2017, AvH's final tranche of 21.8% in Holding Groupe Duval was swapped against shares in Patrimoine & Santé. These shares were contributed into **HPA** in 2017, whose stake in Patrimoine & Santé increased to 100%.

HPA (AvH 71.7%) realized a turnover of 114.1 million euros in 2017, an 8% increase compared with 2016, thanks to the integration of the two residences that were acquired in 2017 ('Résidence de Pyla sur Mer' (Gironde) with 60 beds, and 'Villa Thalia' (Chalon-sur-Saône) with 95 beds) and the crèche and retirement home in Laval for the full year. The EBITDAR increased to 25.4 million euros and the net result to 7.1 million euros (2016: 2.9 million euros). The net profit of 2017 has been impacted for 4.2 million euros by a positive tax effect. The occupancy rate decreased slightly in 2017 to 96.6% as a result of the seasonal flu in early 2017.

At year-end 2017, HPA's network numbered 2,597 beds, spread over 34 residences.

Energy & Resources

SIPEF (AvH 30,3%) reported a very strong performance in 2017. Annual palm oil production increased by as much as 11.2% to 330,958 tonnes, compared with a fairly weak production year in 2016 (297,705 tonnes). After three strong quarters, the last quarter of 2017 was once more the time of year with the highest production volumes. In the mature plantations in North Sumatra and Bengkulu, the generally upward trend persisted until the year-end, but in Q4 2017, growth was less marked in the Indonesian plantations, with even a slight decrease in Papua New Guinea.



Extensa - Cloche d'Or

Market prices for palm oil increased in the first six months, subsequently remaining relatively constant in the second half of the year. The palm oil market was sold off in December on the back of growing stocks, causing the price of palm oil to close the year at 660 USD per tonne.

Higher sales prices for palm oil, lower unit cost prices and the effect of the full consolidation of PT Agro Muko resulted in a significant increase (+61.7%) in the net result. This amounted to 64.5 million USD, before the remeasurement gain on PT Agro Muko. The acquisition of a controlling interest in PT Agro Muko resulted in a one-off IFRS remeasurement gain of 75.2 million USD, bringing the net IFRS result for 2017 to 139.7 million USD (2016: 39.9 million USD).

In 2017, SIPEF acquired exclusive control (95%) over PT Agro Muko for 144.1 million USD, and over PT Dendymarker Indah Lestari in South Sumatra for 52.8 million USD. These transactions were financed by a combination of a capital increase of 97.1 million USD with preferential subscription rights for the current shareholders, a long-term loan of 50.0 million USD and the free cash flow. AvH subscribed for 629,268 new ordinary shares, thereby increasing its stake to 30.25%.

The recent acquisitions in Agro Muko and Dendymarker and the expansion in Musi Rawas increased the planted areas (share of the group) in 2017 by 16,740 hectares (30.4%) to a total of 71,865 planted hectares.

Sagar Cements (AvH 17.6%) increased its turnover in 2017 by 27%, from 7,690 million INR in 2016 to 9,773 million INR in 2017. This increase was partly attributable to the expansion of the capacity of the Mattampally plant (from 2.75 million tonnes to 3.0 million tonnes) and of the grinding unit in Vizag (from 0.18 million tonnes to 0.3 million tonnes), thereby increasing Sagar's total capacity to 4.3 million tonnes. The turnover growth was also boosted by a higher average capacity utilization (from 54% in 2016 to 57% in 2017) and a modest increase in market prices. The EBITDA margin in 2017 was slightly below that of 2016 (14.8% versus 15.8%), primarily as a result of the sharp rise in coal prices (+25%). The net result amounted to 2.5 million euros (2016: 2.9 million euros).

2017 was a challenging year for **Oriental Quarries & Mines** (AvH 50.0%), mainly on account of a number of changes in the regulations in India. While the challenging market and the changing regulations led to a temporary closure of the sites in Mau and Bilaua, the quarry in Bidadi remained operational throughout the year, albeit with lower output volumes and prices. Consequently, OQM reported a turnover of 318 million INR (4.2 million euros)

in 2017, a 53% decrease compared with 2016, and a negative net result of 35 million INR (0.5 million euros).

AvH no longer considers this group company as a key participation, and accordingly reclassified it after impairment to 'held for sale' at year-end 2017.

At the end of December 2017, AvH sold its participation (75%) in **Nationale Maatschappij der Pijpleidingen** (NMP) to the Antwerp Port Authority. This contributes to the consolidation of the presence of this (petro)chemical industry in the port, which is of great economic importance to Belgium and Flanders. The sale earned AvH 45.4 million euros (including dividend) and a capital gain of approximately 21 million euros. This represents a cumulative return (IRR) of 11.4% since the participation was acquired in 1994.

NMP's result for the 2017 financial year is in line with expectations. It was higher than in previous years after the sale of a subsidiary in early January 2017, and amounted to 3.7 million euros (2016: 2.5 million euros).

AvH & Growth Capital

The results on the participations are described in detail from page 106 onwards.

In the first half of the year, Ackermans & van Haaren sold its participation in Ogeda with a capital gain of 13.9 million euros and withdrew completely from the capital of Financière Flo/Groupe Flo, with a capital loss of 6.7 million euros. At year-end 2017, Ackermans & van Haaren sold its 75% participation in NMP to the Antwerp Port Authority, with a capital gain of 21.2 million euros.

The remainder of this item results mainly from the transfer of the holdings in Oriental Quarries & Mines and Transpalux to 'held for sale' and from other impairments.



SIPEF - Harvesting of palm fruit bunches



Agidens - Automation of loading arms at Oiltanking Stolthaven Antwerpen

3. Major events after the closing of the financial year

Early March 2018, Sofinim (AvH 100%) has reached an agreement on the sale of its 10.53% participation in Atenor to the other reference shareholders, Stéphan Sonnevile (CEO), 3D, Luxempart and Alva. The transaction will be closed at 45 euros per share. This represents total proceeds of 26.7 million euros for AvH and a capital gain of 8.7 million euros.

4. Research and development

In the area of research and development at the fully consolidated subsidiaries of AvH, the R&D and the Central Competence Centre teams of DEME develop groundbreaking, innovative technologies, while the engineering departments of CFE and A.A. Van Laere are involved in civil engineering and construction projects. SIPEF is involved in the development of high-yielding oil palms through a stake in Verdant Biosciences.

5. Financial instruments

Within the group (a.o. Bank J.Van Breda & C°, Leasinvest Real Estate, DEME, Extensa), an effort is being made to pursue a cautious policy in terms of interest rate risk by using interest swaps and options. A large number of the group companies operate outside the euro zone (including DEME, Delen Private Bank, SIPEF, Manuchar, Telemond Group, Turbo's Hoet Groep). Hedging activities for interest rate and exchange rate risk are always carried out and managed at the level of the individual company.

6. Outlook 2018

The board of directors believes that the key participations of Ackermans & van Haaren are well positioned for 2018:

- DEME's solid order backlog constitutes the basis for a further growth in turnover;
- Delen Private Bank and Bank J.Van Breda & C° have started 2018 with a record level of assets under management;
- All the companies in the 'Real Estate & Senior Care' segment are well positioned to repeat their success in 2018 in their respective lines of business;
- SIPEF's investments in the expansion of its plantations should lead to a further growth in total palm oil production.

III Corporate governance statement

1. General provisions

Ackermans & van Haaren applies the Belgian Corporate Governance Code (the 'Code'), as published on March 12, 2009, as its reference code. The Code can be consulted on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

On April 14, 2005, the board of directors of Ackermans & van Haaren adopted the first Corporate Governance Charter ('Charter'). The board of directors has subsequently updated this Charter several times.

- On April 18, 2006, the Charter was aligned to various Royal Decrees adopted pursuant to European regulations on market abuse.
- On January 15, 2008, the board of directors amended Article 3.2.2 (b) of the Charter in order to clarify the procedure regarding investigations into irregularities.
- On January 12, 2010, the Charter was modified to reflect the new Code and the new independence criteria set forth in Article 526ter of the Companies Code.
- On October 4, 2011, the board of directors deliberated on the adaptation of the Charter to the Act of April 6, 2010 on the reinforcement of corporate governance in listed companies and the Act of December 20, 2010

on the exercise of certain shareholders' rights in listed companies. On that occasion, the board of directors also tightened its policy on the prevention of market abuse (Section 5 of the Charter) with the introduction of a prohibition on short selling and speculative share trading.

- On October 10, 2016, the Charter was amended to bring it into line with Regulation (EU) no 596/2014 of the European Parliament and of the Council dated April 16, 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
- Finally, on February 24, 2017, the Charter was brought into line with the Act of December 7, 2016 on the organisation of the profession and the public supervision of company auditors.

The Charter is available in three languages (Dutch, French and English) on the company website (www.avh.be).

This chapter ('Corporate Governance Statement') contains the information referred to in Articles 96, §2 and 119, second paragraph, 7° of the Companies Code (both as amended by the Law of 3 September 2017). In accordance with the Code, this chapter specifically focuses on factual information involving corporate governance matters and explains any derogations from certain provisions of the Code during the past financial year in accordance with the principle of 'comply or explain'.



Board of Directors - from left to right: top row: Julien Pestiaux, Marion Debruyne, Thierry van Baren, Luc Bertrand, Pierre Macharis
bottom: Frederic van Haaren, Valérie Jurgens, Jacques Delen, Alexia Bertrand, Pierre Willaert

2. Board of directors

2.1 Composition

● audit committee ● remuneration committee ● nomination committee



Luc Bertrand (°1951, Belgian)

Chairman of the board of directors

Non-executive director (since 1985)

○ ○ ●

Mandate ends 2021

- Commercial engineer (KU Leuven - 1974).
- He began his career as Vice-President and Regional Sales Manager, Northern Europe (Bankers Trust).
- He has been with Ackermans & van Haaren since 1986.
- Chairman of the executive committee of Ackermans & van Haaren from 1990 until May 23, 2016.
- Chairman of the board of directors of CFE, DEME, and SIPEF, and director of Delen Private Bank, Bank J.Van Breda & C° and Atenor.
- Member of the board of ING Belgium.
- Chairman of de Duve Institute and Middelheim Promotors. Member of the boards of several other non-profit organizations and public institutions, such as KU Leuven, Voka, the Institute of Tropical Medicine, Museum Mayer van den Bergh and Europalia.



Jacques Delen (°1949, Belgian)

Non-executive director (since 1992)

○ ○ ●

Mandate ends 2020

- Diploma as stockbroker (1976).
- Chairman of the board of directors of Delen Private Bank since July 1, 2014.
- Chairman of the board of directors of Ackermans & van Haaren from 2011 to 2016.
- Director of the listed agro-industrial group SIPEF and of Bank J.Van Breda & C°.



Alexia Bertrand (°1979, Belgian)

Non-executive director (since 2013)

○ ○ ●

Mandate ends 2021

- Master's degree in law (Université Catholique de Louvain - 2002); LL.M. (Harvard Law School - 2005).
- She has worked as an adviser at the office of the Deputy Prime Minister and Minister of Foreign Affairs since 2012, and was appointed 'chef de cabinet' for general policy on October 1, 2015.
- She regularly gives courses in negotiation techniques.
- From 2002 to 2012, she worked as a lawyer specializing in financial and company law (with Clifford Chance and later with Linklaters).
- For part of that time, she was a teaching assistant at the Law Faculty of the Université Catholique de Louvain and a research assistant at the Katholieke Universiteit Leuven.



Marion Debruyne bvba⁽¹⁾,

Permanently represented by Marion Debruyne (°1972, Belgian)

Independent, non-executive director (since 2016)

○ ○ ●

Mandate ends 2020

- University degree in civil engineering (RU Ghent - 1995); Ph.D. Applied Economic Sciences (RU Ghent - 2002).
- She lectured at Wharton School, Kellogg Graduate School of Management, and Goizueta Business School, all in the USA.
- She was appointed dean of Vlerick Business School in 2015.
- Director at Kinopolis and Guberna.



Valérie Jurgens (°1973, Dutch)

Independent, non-executive director (since 2016)

○ ○ ●

Mandate ends 2020

- Ph.D. and research associate at the School of Oriental and African Studies of the University of London (2010).
- Valérie Jurgens is also on the advisory bodies of several institutions that work to improve the condition of man and the environment in the United Kingdom and in the Caribbean.


Pierre Macharis (°1962, Belgian)

Non-executive director (since 2004)
Chairman of the remuneration committee (since 2011)

Mandate ends 2020

- Master's degree in commercial and financial sciences (1986); Industrial engineering with a specialisation in automation (1983).
- CEO and chairman of the executive committee of VPK Packaging Group.
- Chairman of Cobelpa, the Belgian Association of Pulp, Paper and Boards Industries.
- Director at CEPI, the Confederation of European Paper Industries.
- Director at Sioen Industries.


Julien Pestiaux (°1979, Belgian)

Independent, non-executive director (since 2011)

Mandate ends 2019

- Electromechanical civil engineer, specialisation energy (Université Catholique de Louvain - 2003); Master's degree in engineering management at Cornell University (USA).
- Partner at Climact, an office providing consultation on energy and climate topics. In 2014, he worked together with the British Department for Energy and Climate Change and with a broad international consortium on the development of a global model to analyse worldwide energy consumption and greenhouse gas emissions.
- He worked for five years as a consultant and project leader at McKinsey & C°.


Thierry van Baren (°1967, French / Dutch)

Independent, non-executive director (since 2006)

Mandate ends 2018

- Master's degree and teaching qualification in philosophy; MBA, specialisation in marketing (Solvay Business School).
- Independent consultant.
- He worked for 13 years as a marketing consultant at several companies, including TBWA Belgium, BDDP Belgium, Ammirati Puris Lintas and Ogilvy Brussels.


Frederic van Haaren (°1960, Belgian)

Non-executive director (since 1993)

Mandate ends 2021

- Independent entrepreneur.
- Alderman of the municipality of Kapellen.
- Director at various companies and associations: director at water-link, chairman of the non-profit organisation 'Consultatiebureau voor het Jonge Kind' in Kapellen, of Zonnekind primary school in Kalmthout and of Bosgroepen Antwerpen Noord, as well as member of the police council of the police zone Noord.


Pierre Willaert (°1959, Belgian)

Non-executive director (since 1998)
Chairman of the audit committee (since 2004)

Mandate ends 2020

- Master's degree in commercial and financial sciences; Diploma of the Belgian Association of Financial Analysts (ABAF-BVFA), of which he is still a member.
- Pierre Willaert was a managing partner and member of the audit committee at Bank Puilaetco, until the acquisition by KBL in 2004. He worked for many years as a financial analyst at Bank Puilaetco and covered the main sectors represented on the Belgian stock exchange. He later became responsible for the institutional management department.
- Director at Tein Technology, an ICT company in Brussels specialising in, among other things, video surveillance.

⁽¹⁾ References in this annual report to 'Marion Debruyne' should be read as Marion Debruyne bvba, permanently represented by Marion Debruyne.

The mandate of Thierry van Baren expires at the ordinary general meeting of May 28, 2018. The board of directors will propose to the ordinary general meeting that his mandate should be renewed for a period of four years.

2.2 Independent directors

- Marion Debruyne
- Valérie Jurgens
- Julien Pestiaux
- Thierry van Baren

Marion Debruyne, Valérie Jurgens, Julien Pestiaux and Thierry van Baren (up to the annual meeting of 2018) meet the independence criteria set out in Article 526ter of the Companies Code.

2.3 Other directors

- Alexia Bertrand
- Luc Bertrand
- Jacques Delen
- Pierre Macharis
- Frederic van Haaren
- Pierre Willaert

Luc Bertrand, Jacques Delen and Frederic van Haaren are directors of Scaldis Invest, which is, with a stake of 33%, the principal shareholder of Ackermans & van Haaren. Luc Bertrand and Frederic van Haaren are also directors of Belfimas, which holds a controlling interest of 92.25% in Scaldis Invest. Scaldis Invest and Belfimas are holding companies that exclusively invest (directly and indirectly) in Ackermans & van Haaren shares.

2.4 Activity report

8	93.75%
Meetings	Presence

In 2017, the board of directors discussed and regularly updated the budget for the current financial year, monitored the group's results and the development of the activities of the various group companies on the basis of reports prepared by the executive committee, examined the off-balance-sheet commitments, and discussed the recommendations of the advisory committees.

Several (dis)investments were discussed in the course of 2017, such as the participation in the capital increase of SIPEF, the acquisition of Telegraaf Media Groep by Mediahuis, the financing of the Vietnamese activities of Rent-A-Port and the sale of the participations in BDM-Asco, NMP, Ogeda, the parking activities of A.A. Van Laere and A.A. Van Laere itself.

The board of directors devoted two meetings to the monitoring of the strategic policy of the group.

In 2017, the board of directors also invited the management of Bank J.Van Breda & C°, DEME, CFE Contracting, Anima Care, Residalya, Distriplus en Manuchar to give a presentation on the general state of affairs of their respective companies and/or on particular investments.

In accordance with Article 2.7 of the Charter, assessment procedures are carried out periodically within the board of directors. These assessments take place on the initiative and under the supervision of the chairman.

The annual assessment by the non-executive directors of the relationship between the board of directors and the executive committee took place on March 29, 2017. On that occasion, the non-executive directors expressed their general satisfaction with the good quality of the collaboration between the two

bodies and made a number of suggestions to the chairman of the executive committee in this respect.

The four-yearly assessment of the board of directors took place on August 28, 2017, with the assistance of Guberna. The board of directors aims to focus even more than in the past on the definition of strategic policy lines, and the monitoring of their implementation. In addition, the board also wishes to continue to focus on topics such as digital innovation, internationalisation, new investments, succession planning and ongoing training.

Valérie Jurgens was unable to attend the board meetings of January 16, and June 13, 2017. Marion Debruyne and Pierre Macharis were prevented from attending the meeting of February 24, 2017. Pierre Willaert was prevented from attending the meeting of June 13, 2017.

For the sake of completeness, it should be mentioned that the members of the executive committee attend the meetings of the board of directors.

2.5 Code of conduct regarding conflicts of interest

The board of directors published in the Charter (Articles 2.9 and 4.7) its policy regarding transactions between Ackermans & van Haaren or a company affiliated to it on the one hand, and members of the board of directors or executive committee (or their close relatives) on the other, which may give rise to a conflict of interest (within the meaning of the Companies Code or otherwise). In 2017, no decisions were made to which this policy applied.

2.6 Code of conduct regarding financial transactions

The board of directors published its policy on the prevention of market abuse in the Charter (Section 5). At the meeting of October 10, 2016, the Charter was amended to align it with Regulation (EU) no. 596/2014 of the European Parliament and with the Council of April 16, 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

3. Audit committee

3.1 Composition

Chairman	Pierre Willaert Non-executive director
	Julien Pestiaux Independent, non-executive director
	Thierry van Baren Independent, non-executive director

All members of the audit committee have the necessary accounting and audit expertise:

- **Pierre Willaert** (°1959) holds a master's degree in commercial and financial sciences, and obtained the diploma of the Belgian Association of Financial Analysts (ABAF-BVFA), of which he is still a member. He worked for many years as a financial analyst at Bank Puilaetco. He later became responsible for the institutional management department. Pierre Willaert was managing partner and member of the audit committee of Bank Puilaetco until 2004. He was appointed as a director at Ackermans & van Haaren in 1998 and has been chairman of the audit committee since 2004.
- **Julien Pestiaux** (°1979) graduated in 2003 in electromechanical civil engineering (specialisation energy) from the Université Catholique de Louvain

and also obtained a master's degree in engineering management at Cornell University (USA). The focus of the master in engineering management was on financial and economic analyses. Most of the course was given at the 'Johnson Graduate School of Management' of Cornell. Julien Pestiaux is a partner at Climact, a company that advises on energy and climate themes with numerous business customers. Before that, he worked for five years as a consultant and project leader at McKinsey & C°, where he became acquainted with various aspects of accounting. Julien Pestiaux was appointed director at Ackermans & van Haaren in 2011.

- **Thierry van Baren** (°1967) holds a master's degree and a teaching qualification in philosophy, and obtained an MBA from Solvay Business School. As part of this degree course, he specialized in, among others, 'Finance', 'Financial Accounting' and 'Managerial Accounting'. Thierry van Baren is now an independent consultant, and is familiar with different accounting aspects in this capacity. Thierry van Baren was appointed as a director at Ackermans & van Haaren in 2006.

In view of the fact that the independent nature of the director's mandate of Thierry van Baren expires at the annual meeting of May 28, 2018, the board of directors will assess and adjust the composition of the audit committee after the annual meeting.

3.2 Activity report



On February 22 and August 24, 2017, in the presence of the financial management and the auditor, the audit committee mainly focused on the reporting process and the analysis of the annual and half-yearly financial statements, respectively. The members of the audit committee received the available reports of the audit committees of the operational subsidiaries of Ackermans & van Haaren in advance.

The audit committee meeting of March 15, 2017 focused on the financial reporting, as published in the annual report of 2016, the review of the 'one-on-one' rule related to the non-audit services provided by Ernst & Young, and an analysis of the off-balance-sheet commitments.

On November 27, 2017 the audit committee deliberated on the internal audit and control of HR and ICT, off-balance-sheet commitments, IFRS 9 and 15, BEPS (base erosion and profit shifting), and the reports of certain operating subsidiaries.

The audit committee reported systematically and extensively to the board of directors on the performance of its duties.

4. Remuneration committee

4.1 Composition

Chairman	Pierre Macharis Non-executive director
	Thierry van Baren Independent, non-executive director
	Julien Pestiaux Independent, non-executive director

In view of the fact that Thierry van Baren will no longer qualify as independent director, the board of directors will assess and adjust the composition of the remuneration committee after the annual meeting of May 28, 2018.

4.2 Activity report



At its meeting of March 29, 2017, the remuneration committee discussed the draft remuneration report, which in accordance with Article 96, §3 of the Companies Code constitutes a specific part of the Corporate Governance Statement, and ensured that the draft report contains all the information required by law. The committee also reviewed the payment of the variable remuneration to the members of the executive committee against the recommendations it made on this subject at its meeting of November 18, 2016.

At the meeting of November 20, 2017 the committee discussed the following subjects and made recommendations in this respect to the board of directors: the fixed and variable remuneration of the members of the executive committee for 2018, the remuneration of the directors, and the number of stock options to be granted to the members of the executive committee. The committee also recommended maintaining the attendance fee for directors (for meetings of the board of directors and of the audit and remuneration committees) at 2,500 euros for the 2017 financial year.

5. Nomination committee

On March 29, 2017, as the nomination committee, the board of directors deliberated on the future composition of the board of directors, and, in accordance with the procedure of Article 2.2.2 of the Charter, decided to propose to the ordinary general meeting of May 22, 2017 that the mandates of Alexia Bertrand, Luc Bertrand en Frederic van Haaren should be renewed for a period of 4 years.

6. Executive committee

6.1 Composition

The chairman of the board of directors attends the meetings of the executive committee as an observer.



Jan Suykens (°1960, Belgian)

Chairman of the executive committee

- Master's degree in applied economic sciences (UFSIA - 1982); MBA (Columbia University - 1984).
- He worked for a number of years in Corporate and Investment Banking at Generale Bank.

At Ackermans & van Haaren since 1990



Tom Bamelis (°1966, Belgian)

CFO and member of the executive committee

- Master's degree in commercial engineering (KU Leuven - 1988); Master in Financial Management (VLEKHO - 1991).
- He worked for Touche Ross (now Deloitte) and Groupe Bruxelles Lambert.

At Ackermans & van Haaren since 1999



John-Eric Bertrand (°1977, Belgian)

Member of the executive committee

- Master's degree in commercial engineering (UCL - 2001); Master's degree in International Management (CEMS – 2002), MBA (Insead - 2006).
- He worked as senior auditor at Deloitte and as senior consultant at Roland Berger.

At Ackermans & van Haaren since 2008



Piet Bevernage (°1968, Belgian)

Secretary general and member of the executive committee

- Master's degree in law (KU Leuven - 1991); LL.M. (University of Chicago Law School - 1992).
- He worked as a lawyer in the Corporate and M&A Department at Loeff Claeys Verbeke.

At Ackermans & van Haaren since 1995



André-Xavier Cooreman (°1964, Belgian)

Member of the executive committee

- Degree in law (KU Leuven - 1987); International Relations (Johns Hopkins University, Bologna Campus - 1988); Tax Management (ULB - 1991).
- He worked for the International Development Law Institute (Course Assistant, Italy), Shell Group (Legal Counsel, The Netherlands), Fortis Bank (Corporate & Investment Banking), McKinsey & C° (Consultant) and Bank Degroof (Public Sector Manager).

At Ackermans & van Haaren since 1997



Piet Dejonghe (°1966, Belgian)

Member of the executive committee

- Degree in law (KU Leuven - 1989);
Postgraduate degree in management (KU Leuven -1990);
MBA (Insead - 1993).
- He worked as a lawyer for Loeff Claeys Verbeke and as a consultant for The Boston Consulting Group.

At Ackermans & van Haaren since 1995



Koen Janssen (°1970, Belgian)

Member of the executive committee

- Degree in electromechanical civil engineering (KU Leuven - 1993);
MBA (IEFSI, France - 1994).
- He worked at Recticel, ING Investment Banking and ING Private Equity.

At Ackermans & van Haaren since 2001



Executive committee - from left to right: Koen Janssen, Jan Suykens, John-Eric Bertrand, André-Xavier Cooreman, Piet Bevernage, Tom Bamelis, Piet Dejonghe

6.2 Activity report



The executive committee is responsible, among other things, for the day-to-day management of Ackermans & van Haaren and prepares the decisions to be taken by the board of directors.

During the past financial year, the executive committee prepared and followed up on the participation in the boards of directors of the subsidiaries, examined new investment proposals (both in the current group companies and outside), approved certain divestments, prepared the quarterly, half-yearly and annual financial reports, and investigated the implications of changes in the law relevant for the company.

7. Diversity policy

Ackermans & van Haaren is convinced of the positive influence of a diversity-based personnel policy on the performance and innovative strength of its participations, and is itself actively striving for a complementary composition of its board of directors and executive committee (in terms of professional background and skills, as well as gender). At group level, the attraction, education and guidance of talented employees with complementary knowledge and experience is a priority.

At the level of the board of directors, this policy is reflected in the selection procedure for new candidate directors (as outlined in paragraph 2.2.2 of the Charter): the first selection criterion ensures the complementarity in terms of professional skills, knowledge and experience, and the fourth criterion provides for the obligation to consider candidates of different gender as long as and whenever the board of directors is not composed of at least one third of directors of the other gender.

The current board of directors has 3 female directors (30%) and 7 male directors (70%) with a diversity of vocational education and professional experience. On December 31, 2017, 5 directors were aged 50 or younger (50%) and 5 directors were older than 50 (50%).

With regard to the composition of the executive committee (see Charter, paragraph 4.2), the board of directors must also ensure that the members have diverse professional backgrounds with complementary skills. It is the aim of the board of directors that the long-term vision of Ackermans & van Haaren is supported and carried by the executives who actively promote the values of the company and, in this sense, contribute to value creation. This translates, among other aspects, into a preference for providing young and talented employees with career development options within the group. Up to today, all members of the executive committee were appointed from the internal Ackermans & van Haaren team on the basis of their personal merits.

A sound diversity policy starts with the recruitment. In 2017, in order to strengthen the multidisciplinary team, Ackermans & van Haaren recruited two new employees, one man and one woman, both younger than 35, with a financial and a legal background, respectively. For further information regarding the diversity policy, reference is made to the statement on non-financial information.

Finally, investments in the training, career counselling and retention of employees are also made on a permanent basis. This is done through a combination

of broadening and deepening knowledge through training programmes, seminars and workshops, career perspectives both within Ackermans & van Haaren itself and in the group, and through a market-compliant remuneration policy.

8. Internal and external audit

8.1 External audit

The company's statutory auditor is Ernst & Young Bedrijfsrevisoren BCVBA, represented by Patrick Rottiers and Wim Van Gasse. The statutory auditor conducts the external audit of both the consolidated and statutory figures of Ackermans & van Haaren, and reports to the board of directors twice a year. The statutory auditor was appointed at the ordinary general meeting of May 23, 2016 or a three-year term, which expires at the ordinary general meeting of May 27, 2019.

For auditing the statutory and consolidated Ackermans & van Haaren annual accounts, an annual fee of 56,100 euros (excluding VAT) was paid to the auditor in 2017. An additional fee of 5,100 euros (excluding VAT) was also paid to Ernst & Young Tax Consultants for tax consultation. The total fees for audit activities paid in the past financial year by Ackermans & van Haaren and its consolidated subsidiaries to Ernst & Young amounted to 1,559,178 euros (including the above-mentioned 56,100 euros).

8.2 Internal audit

The internal audit is conducted by the group controllers, who report to the executive committee. The group controllers report directly to the audit committee at least once a year.

8.3 Principal features of the internal control and risk management systems with regard to the process of financial reporting and preparation of the consolidated annual accounts

The board of directors of Ackermans & van Haaren is responsible for assessing the effectiveness of the internal control and risk management systems. By means of the present system, the board of directors aims to ensure that the group's objectives are attained at group level and, at the subsidiary level, to monitor the implementation of appropriate systems that take the nature of each company (size, type of activities, etc.) and its relationship with Ackermans & van Haaren (controlling interest, shareholders' agreement, etc.) into account. Given the diversified portfolio and the small number of staff working at the holding company, the group opted for a customised internal control model that nevertheless has all the essential features of a conventional system. The internal control and risk management system is characterised by a transparent and collegiate structure. The executive committee deliberates and decides by consensus. Risks are identified on an ongoing basis and are properly analysed. Appropriate measures are proposed to accept, limit, transfer or avoid the identified risks. These assessments and decisions are clearly minuted and documented to allow a strict follow-up.

The board of directors also regards the timely provision of complete, reliable and relevant financial information in accordance with IFRS and with the other Belgian reporting requirements to all internal and external stakeholders as an essential element of its corporate governance policy. The internal control and management systems for financial reporting endeavour to satisfy those requirements as fully as possible.

8.3.1 Control environment

The control environment is the framework within which internal control and risk management systems are set up. It comprises the following elements:

a. Integrity and ethics

The family values that underlie the group's success are today reflected in a relationship between the various stakeholders that is based on respect: the shareholders, the management, the board of directors and the staff, but also the business partners. Those values are put into practice by the management, and are explicitly enshrined in the 'Internal Company Guidelines' to ensure that they are clear to everyone.

b. Skills

Another cornerstone of Ackermans & van Haaren's management policy is the way in which its members work together as a professional team. Special attention is paid to a balanced and qualitative content of the various positions within the organisation. The necessary training is also provided to ensure that knowledge is constantly honed and fine-tuned. Highly skilled people with the right experience and attitude in the right job form the basis of the group's internal control and risk management system. This applies equally to the board of directors and the audit committee, who seek to ensure that the backgrounds and experience of the members are complementary.

c. Governance body / audit committee

The duties and responsibilities of the board of directors and, by extension, its advisory committees, such as the audit committee, are clearly set out in the Charter. The audit committee oversees the financial reporting of the group, the internal control and risk management system, and the internal and external audit procedures.

d. Organisational structure, responsibilities and powers

As already pointed out, Ackermans & van Haaren can pride itself on a transparent organisational structure, where decisions are adopted collectively by the executive committee. The organisational structure and powers are clearly set out in the Internal Company Guidelines.

8.3.2 Risk management process

The risks in terms of financial reporting can be summarised as follows.

Risks at subsidiary level: these are typically highly diverse, and are addressed by the attendance by the investment managers of Ackermans & van Haaren at the meetings of the boards of directors and advisory committees of the subsidiaries, clear reporting instructions to the subsidiaries with deadlines and standardised reporting formats and accounting principles, and an external audit of the half-yearly and annual figures that also takes internal control and risk management features into account at the level of each individual company.

Risks in terms of the provision of information: these are addressed by a periodical IT audit, a proactive approach involving the implementation of updates, backup facilities and regular testing of the IT infrastructure. Business continuity and disaster recovery plans have also been put in place.

Risks in terms of changing regulations: these are addressed by close monitoring of the legislative framework on financial reporting, and by a proactive dialogue with the auditor.

Finally, there is the integrity risk, which is addressed by maximum integration of accounting and reporting software, extensive internal reporting at different levels, and proactive assessment of complex and important transactions.

8.3.3 Control activities

As already pointed out above in the description of the risks, various controls are built into the financial reporting process in order to meet the objectives with regard to this reporting as fully as possible.

First, a number of basic controls such as segregation of duties and delegation of powers are built into the administrative cycles at group level: purchasing, payroll and (dis)investments. This ensures that only permissible transactions are processed. The integration of accounting and reporting software at group level serves to cover a number of integrity risks. Additionally, a stable IT infrastructure with the necessary backup systems guarantees an adequate communication of information.

Clear reporting instructions with timely communication of deadlines, standardized reporting formats and uniform accounting principles are in place to address certain quality risks in the reporting by the subsidiaries.

There is also a cycle of external audit of both the consolidated group reporting and the reporting by the subsidiaries. One of the purposes of this external audit is to assess the effectiveness of the internal control and risk management systems implemented by the subsidiaries and to report on this to the statutory auditor of Ackermans & van Haaren.

Finally, there is a system of internal audit of the financial reporting by the different policy and management levels. This internal audit is completed prior to the external reporting.

Changes in the legislative framework on financial reporting are closely monitored and the impact on the group reporting is discussed proactively with the financial management and the external auditor.

8.3.4 Information and communication

The Charter provides that every employee of Ackermans & van Haaren can approach the chairman of the board of directors and/or the chairman of the audit committee directly to inform them of any irregularities in financial reporting or other matters.

8.3.5 Review

Each year, the internal control and risk management system is reviewed by one of the group controllers for effectiveness and compliance. The internal auditor reports his findings to the audit committee.

9. Shareholder structure

9.1 Shareholder structure

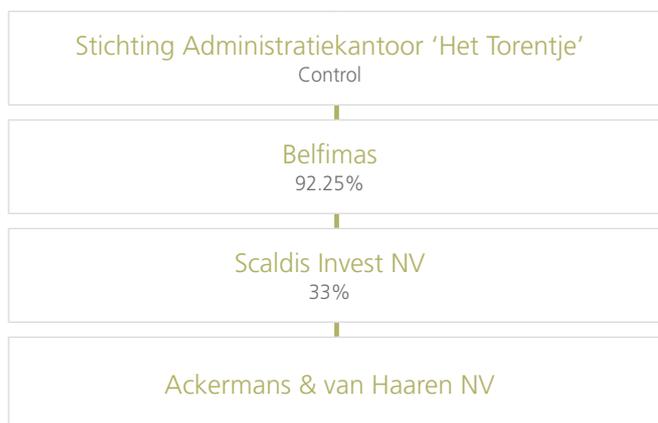
Scaldis Invest holds 11,054,000 shares in the capital of Ackermans & van Haaren, i.e. a stake of 33%. Scaldis Invest is in turn controlled by Belfimas, which holds 92.25% of the capital of Scaldis Invest. The ultimate control of Scaldis Invest is held by Stichting Administratiekantoor 'Het Torentje'.

9.2 Cross shareholdings

Ackermans & van Haaren holds 362,257 treasury shares as at December 31, 2017. These shares were mainly acquired with a view to covering the stock option plan.

9.3 Graphic representation

The shareholder structure, as known on December 31, 2017, is represented as shown below:



9.4 Reference shareholder

Belfimas is the (indirect) reference shareholder of Ackermans & van Haaren. Belfimas' sole purpose is to invest, directly or indirectly, in the shares of Ackermans & van Haaren. Any transfer of securities issued by Belfimas is subject to a statutory right of approval of the board of directors of Belfimas. Two of Ackermans & van Haaren's directors, Luc Bertrand and Frederic van Haaren, are members of the board of directors of Belfimas. The board of directors is not aware of any agreements between Ackermans & van Haaren shareholders.

10. Comply or explain

The Charter of Ackermans & van Haaren complies with the provisions of the Code in all but one point:

- Composition of the nomination committee

In accordance with provision 5.3/1, Appendix D of the Code, the majority of the members of the nomination committee should be independent non-executive directors. The Ackermans & van Haaren nomination committee consists of all the members of the board of directors. The board of directors is of the view that in its collectivity it is better placed to evaluate its size, composition and succession planning.

IV Remuneration report

1. Procedure for developing a remuneration policy and determining the level of remuneration

In 2017 the company followed the procedure set out below for developing its remuneration policy and determining the level of remuneration paid to non-executive directors and members of the executive committee.

1.1 Remuneration policy

At its meeting of March 29, 2017, the remuneration committee discussed the draft remuneration report, which in accordance with Article 96, §3 of the Companies Code constitutes a specific part of the Corporate Governance Statement, and ensured that the draft report contains all the information required by law.

The committee also reviewed the payment of the variable remuneration to the members of the executive committee against the recommendations it had made on this subject at its meeting of November 18, 2016. It should be recalled that, on November 25, 2011, the extraordinary general meeting authorized the board of directors to depart from Article 520ter, second paragraph of the Companies Code, and to link the entire variable remuneration of the members of the executive committee to predetermined and objectively quantifiable performance criteria measured over a one-year period.

Finally, the committee proposed to keep the fixed remuneration of the directors (incl. attendance fees) for financial year 2017 at the same level as in 2016.

1.2 Remuneration level

The remuneration paid to the members of the executive committee consists of five components (see 2.1 below). These components are evaluated each year, generally during a meeting in November, by the remuneration committee and reviewed for compliance with market practices. This review is carried out based on public information (for example, the remuneration data disclosed in the annual reports of other comparable listed companies) and/or salary studies. The adjustments proposed by the remuneration committee are then submitted to the board of directors for approval.

The remuneration of non-executive directors consists exclusively of a fixed remuneration. This fixed remuneration consists of a basic amount, an additional amount for the director's membership of a specific committee and an attendance fee for each meeting of the board of directors, of the audit or remuneration committee. Remuneration for non-executive directors is periodically reviewed by the remuneration committee.

Any modifications proposed by the committee are submitted to the general meeting for approval.

2. Application of the remuneration policy to the members of the executive committee in 2017

2.1 Principles

The remuneration paid to the members of the executive committee consists of five components: (i) a fixed remuneration; (ii) a variable remuneration, i.e. a cash bonus based on the consolidated net result; (iii) stock options; (iv) a fixed-contribution group insurance scheme (supplementary pension, death benefit, disability allowance, and orphan's pension) and a hospitalization insurance; and (v) a company car and smartphone.

The company strives to strike a motivating balance between a market-based fixed compensation on the one hand and a combination of short-term incentives (such as the annual cash bonus) and long-term incentives (stock options) on the other.

The fixed remuneration for the members of the executive committee (salary, group and hospitalization insurance, company car) evolves according to their responsibilities and experience, as well as to market developments.

The bonus that is granted to members of the executive committee is based on predetermined and objectively quantifiable performance criteria measured over a period of one financial year and is, in particular, dependent on the consolidated net result. There is no long-term cash incentive plan. The bonus is paid out in cash, after the board of directors has approved the consolidated net result of the previous financial year.

The granting of stock options is not linked to predetermined and objectively quantifiable performance criteria. The board of directors decides on the granting of stock options to members of the executive committee based on the recommendation of the remuneration committee. Stock options are granted under a stock option plan that was approved in 1999 by the board of directors, which also serves as an incentive for persons who are not members of the executive committee. In accordance with applicable tax law, the members of the executive committee are taxed on the stock options that are granted. The value of this remuneration element is dependent on how the share price evolves.

2.2 Relative weighting of each component of the remuneration

In 2017, the relative share of each component in the overall remuneration paid to members of the executive committee was as follows:

Fixed remuneration	41.91%
Bonus	41.25%
Stock options	8.44%
Group and hospitalisation insurance	7.83%
Company car and smartphone	0.57%

2.3 Characteristics of the stock options

The stock options granted pursuant to the stock option plan of Ackermans & van Haaren have the following characteristics:

- Offer: mid-January.
- Exercise price: price determined on the basis of (i) the closing price of the share preceding the date of the offer, or (ii) the average closing price of the share during the 30 days preceding the date of the offer.
- Exercise period: the options may be exercised from the expiration of the third calendar year following the year in which the offer took place, up to the end of the eighth year following the date of the offer.

2.4 Changes to the remuneration policy

No significant changes were made to the remuneration policy in 2017 compared with 2016.

2.5 Remuneration policy for the next two financial years (2018-2019)

The board of directors does not expect to make any fundamental changes to the remuneration policy in the current and next financial years.

2.6 Remuneration of the CEO

The gross amount paid directly or indirectly by Ackermans & van Haaren or its subsidiaries in the form of individual remuneration and other benefits to the CEO in 2017 can be broken down as follows:

Status	self-employed
Fixed remuneration	€ 526,320
Variable remuneration	€ 731,410
Stock options (taxable basis)	€ 107,772
Group insurance ('fixed contribution' type) and hospitalisation insurance (contributions paid by the company)	€ 103,968
Benefits in kind (company car and smartphone)	€ 5,111

2.7 Remuneration of the other members of the executive committee

The total gross amount paid directly or indirectly by Ackermans & van Haaren or its subsidiaries to the other members of the executive committee in the form of individual remuneration and other benefits in 2017 can be broken down as follows:

Status	self-employed
Fixed remuneration	€ 1,981,152
Variable remuneration	€ 1,737,099
Stock options (taxable basis)	€ 397,409
Group insurance ('fixed contribution' type) and hospitalisation insurance (contributions paid by the company)	€ 364,581
Benefits in kind (company car and smartphone)	€ 29,269

2.8 Options exercised by and granted to the members of the executive committee in 2017

(i) Exercised in 2017

Five members of the executive committee exercised a total of 36,000 options in 2017.

Name	Quantity	Exercise price	Year granted
Tom Bamelis	4,000	56.11	2012
Tom Bamelis	4,000	61.71	2013
John-Eric Bertrand	2,000	56.11	2012
John-Eric Bertrand	1,000	61.71	2013
Koen Janssen	2,500	56.11	2012
Jan Suykens	5,500	62.12	2007
Jan Suykens	5,500	60.81	2011
Jan Suykens	5,500	56.11	2012
André-Xavier Cooreman	2,000	61.71	2013
André-Xavier Cooreman	2,000	60.81	2011
André-Xavier Cooreman	2,000	62.12	2007

(ii) Granted in 2017

Expiry date	13 January 2025
Exercise price	€ 128.30
Jan Suykens	8,000
Piet Dejonghe	5,500
Tom Bamelis	5,000
Piet Bevernage	5,000
André-Xavier Cooreman	5,000
Koen Janssen	5,000
John-Eric Bertrand	4,000
Total	37,500

2.9 Main contractual conditions

The contracts of the members of the executive committee contain the customary provisions regarding remuneration (both fixed and variable), non-competition and confidentiality, and are of indefinite duration. The only contracts concluded after July 1, 2009 were those concluded on April 17, 2012, June 27, 2014, and July 3, 2015 with Koen Janssen, André-Xavier Cooreman and John-Eric Bertrand respectively with regard to their mandates on the executive committee, of which they have been members since April 1, 2012, July 1, 2014, and July 1, 2015, respectively.

The current chairman of the executive committee is entitled to unilaterally terminate his contract subject to a notice period of 6 months. The company is entitled to unilaterally terminate this contract subject to a notice period of 24 months.

The other members of the executive committee are entitled to unilaterally terminate their contract subject to a notice period of 6 months. The company is entitled to unilaterally terminate the contract of these members subject to a notice period of 18 months. This period may increase to a maximum of 24 months depending on the age of the concerned executive committee member at the time of the unilateral termination of the contract by the company, except for Koen Janssen, André-Xavier Cooreman and John-Eric Bertrand, whose contracts for the provision of services date from after the effective date of Article

554, fourth paragraph of the Companies Code (namely May 3, 2010), which imposed limitations on the length of notice periods:

- 18 months in case of termination before the 50th birthday,
- 20 months in case of termination between the 50th and 52nd birthday,
- 22 months in case of termination between the 52nd and 54th birthday,
- 24 months in case of termination after the 54th birthday.

The contracts between the company and the members of the executive committee also contain provisions regarding the criteria for granting variable remuneration, and give the company the right to reclaim variable remuneration that was granted on the basis of incorrect financial information.

3. Remuneration of (non-)executive directors

On the recommendation of the remuneration committee, the board of directors proposed on March 27, 2013 to adjust the remuneration of the directors, which had remained unchanged in 2011 and 2012, from financial year 2013 as follows:

Fixed remuneration for the chairman of the board of directors	€ 60,000
Fixed remuneration for the directors	€ 30,000
Additional fee for the members of the remuneration committee	€ 2,500
Additional fee for the chairman of the audit committee	€ 10,000
Additional fee for the members of the audit committee	€ 5,000
Attendance fee per meeting of the board of directors or the audit or remuneration committee	€ 2,500

This proposal was approved by the ordinary general meeting of May 27, 2013. At that meeting, the chairman made clear that the sum of 2,500 euros for attendance fees should be regarded as a maximum amount. The board of directors decided to implement this increase in three stages: 800 euros for 2013, 1,600 euros for 2014, and 2,500 euros for 2015 and subsequent years.

Having regard to the fact that on May 23, 2016, Luc Bertrand was appointed chairman of the board of directors, succeeding Jacques Delen, and that, additionally, in the interest of the group, he became or remained chairman of CFE, DEME and SIPEF, and remained a director of Delen Private Bank, Bank J. Van Breda & C^o and Atenor (for the latter, until the annual meeting 2018), the remuneration committee proposed to grant him a fixed remuneration of 350,000 euros per year as well as the disposal of a company car, with effect from June 1, 2016. This proposal was announced to the annual general meeting of May 23, 2016.

Each director received a director's fee in 2017 (for financial year 2016).

The amounts paid by Ackermans & van Haaren in the form of individual remuneration and other benefits to the directors in 2017 can be summarized as follows:

	Directors' fees	Attendance fees
Alexia Bertrand	€ 30,000	€ 20,000
Luc Bertrand	€ 60,000	€ 20,000
Marion Debruyne bvba	€ 30,000	€ 17,500
Jacques Delen	€ 30,000	€ 20,000
Valérie Jurgens	€ 30,000	€ 15,000
Pierre Macharis	€ 32,500	€ 22,500
Julien Pestiaux	€ 37,500	€ 35,000
Thierry van Baren	€ 37,500	€ 35,000
Frederic van Haaren	€ 30,000	€ 20,000
Pierre Willaert	€ 40,000	€ 27,500
Total	€ 357,500	€ 232,500

Since the amounts of the remuneration, director's fees and attendance fees are not linked to the company's results, they may be classed as fixed, non performance-related remuneration.

For the sake of completeness, it should be noted that, in addition, Luc Bertrand received director's fees from SIPEF amounting to 60,000 euros in 2017, of which half is transferred to Ackermans & van Haaren. Jacques Delen also received direct and indirect remuneration in 2017 in his capacity as chairman of the board of directors of Delen Private Bank and as manager of Delen Investments, to the amount of 356,000 euros (including pension insurance) and has a company car at his disposal. He also received director's fees from SIPEF to the amount of 29,000 euros in 2017. The remuneration which SIPEF paid to Luc Bertrand and Jacques Delen is mentioned in SIPEF's annual report (Remuneration report - Remuneration of non-executive directors) for financial year 2017.

V Statement concerning non-financial information

In accordance with Art. 119, §2 of the Companies Code, as adopted by the Law of September 3, 2017, the annual report must include a statement on non-financial information. This statement is included in the next chapter of this annual report, of which it is an integral part.

On behalf of the board of directors, March 19, 2018

Luc Bertrand
Chairman of the board of directors