

# Agenda



Agenda for the Annual General Meeting of Shareholders ('AGM') of TKH Group NV, to be held at Restaurant 't Hagen, Scholtenhagenweg 36, Haaksbergen, the Netherlands, on Wednesday 03 May 2017, at 2:30 p.m.

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## 1 Opening

## 2 Annual report, annual financial statements, dividend and discharge

- a. Presentation of the annual report 2016 including the report from the Executive Board and the annual financial statements for the 2016 financial year
- b. Discussion of the remuneration policy in 2016
- c. Adoption of the annual financial statements for the 2016 financial year
- d. Explanation of the policy concerning reserves and dividends
- e. Declaration of the dividend for 2016 and the timing of its payment
- f. Discharge of the members of the Executive Board for their management duties
- g. Discharge of the members of the Supervisory Board for their supervisory duties

## 3 Supervisory Board vacancies

- a. Notification of Supervisory Board vacancies and board position profiles to the shareholders at the AGM
- b. Opportunity for shareholders at the AGM to make recommendations, with due regard for the position profiles
- c. Announcement to the shareholders at the AGM of the Supervisory Board's recommendation to reappoint Mr P.P.F.C. Houben as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- d. Proposal to the shareholders at the AGM to reappoint Mr P.P.F.C. Houben as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- e. Announcement to the shareholders at the AGM of the Supervisory Board's recommendation to appoint Mr J.M. Kroon MBA as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- f. Proposal to the shareholders at the AGM to appoint Mr J.M. Kroon MBA as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- g. Announcement to the shareholders at the AGM of the Supervisory Board's recommendation to appoint Mrs C.W. Gorter as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- h. Proposal to the shareholders at the AGM to appoint Mrs C.W. Gorter as a member of the Supervisory Board, if the shareholders do not invoke their right of recommendation
- i. Notification of the designation of Mr A.J.P. De Proft as Chairman of the Supervisory Board

## 4 Appointment of the external auditor to audit the annual financial statements for 2018

## 5 Authorisation of the Executive Board to acquire shares in the company

## 6 Reappointment of the Executive Board as the competent authority to decide on:

- a1. the issuance of ordinary shares
- a2. the restriction or exclusion of shareholders' pre-emptive rights with respect to the issuance of shares referred to under a1.
- b1. the issuance of cumulative financing preference shares
- b2. the restriction or exclusion of shareholders' pre-emptive rights with respect to the issuance of shares referred to under b1.

## 7 Any other business and close

# Explanatory Notes

## Item 2

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- b. Information on the remuneration of Executive Board members during the 2016 financial year, as stated in the remuneration report on page 73-74 of the 2016 TKH report of the Executive Board.
- d. The policy of TKH Group NV ('TKH') is aimed at securing an attractive return for the shareholder, which is reflected in an appropriate reserve and dividend policy. Healthy balance sheet ratios are very important to the continuity of the company. In determining the distributable dividend, TKH takes into account the amount of profit the company needs to retain to carry out its plans in the medium term, while maintaining a solvency rate of at least 35%. In light of the growth targets for the coming years, TKH will aim -as in previous years- for a payout of between 40% and 70%.
- e. The shareholders at the AGM will be asked to approve the payment of a dividend for 2016 of € 1.10 share/depositary receipt of a share (2015: €1.10). Based on the shares outstanding at year-end 2016, this amounts to a pay-out ratio of 49.2% of the net profit before amortisation and one-off income and expenses to shareholders, and 53.1% of the net profit. TKH will propose the payment of a cash dividend to be charged to the reserves. The dividend will be payable on 10 May 2017.

## Item 3

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At the end of the AGM of 3 May 2017, Messrs H.J. Hazewinkel and P.P.F.C. Houben will step down in accordance with the schedule of retirement. According to the regulations of the Supervisory Board and the articles of association of TKH, Mr Houben is eligible for reappointment for a further period of four years. Mr Houben has indicated that he is available for reappointment. Mr Hazewinkel has been a board member at TKH for 12 years and having reached the end of his third term, he is no longer eligible for reappointment.

As usual, the so-called telescope system for (re)appointing board members to the Supervisory Board will be used so that the entire procedure can be completed within a single meeting.

The procedure is as follows:

- a. The shareholders at the AGM are notified of the vacancies arising from the resignation of Messrs Houben and Hazewinkel in accordance with the schedule of retirement. Given the schedule of retirement and with a view to safeguarding the expertise and thus the continuity in the Supervisory Board, the Supervisory Board notifies the AGM of the intention to temporarily expand the number of Supervisory Board members by one member. This results in an extra vacancy.

The reappointment of Mr Houben is not subject to a special right of recommendation from the Central Works Council, as described in Section 19 (8) of the company's articles of association. This special right of recommendation from the Central Works Council does not apply either to the vacancy arising from the resignation and ineligibility for reappointment of Mr Hazewinkel. However, the vacancy created by the appointment of an extra Supervisory Board member is subject to the special right of recommendation of the Central Works Council.

These vacancies must be filled in accordance with the position profile defined for the Supervisory Board. This profile is published on the Company website, [www.tkhgroup.com](http://www.tkhgroup.com).

- b. The shareholders at the AGM are given an opportunity to recommend to the Supervisory Board, with due regard for the position profile, candidates for nomination as members of the Supervisory Board. The Central Works Council was notified of the vacancies and profiles. With respect to the vacancy arising as a result of the retirement of Mr Hazewinkel and for the reappointment of Mr Houben, the Central Works Council has indicated that it will not exercise its right of recommendation. The Central Works Council has stated that it does wish to invoke its special right of recommendation for the vacancy for an extra Supervisory Board member and recommends Mrs C.W. Gorter for this vacancy.
- c. The Supervisory Board nominates -partly based on the Supervisory Board's profile- Mr P.P.F.C. Houben as candidate for reappointment to the Supervisory Board, on condition that the AGM does not invoke its right of recommendation. The Supervisory Board has discussed the reappointment of Mr Houben, and its remaining members are of the unanimous opinion that his knowledge and experience match the desired expertise, as set out in the profile drawn up by the Supervisory Board. The other members of the Supervisory Board consider the reappointment of Mr Houben to be in the best interests of TKH, given his extensive knowledge gained at international companies and his experience with listed companies, but also in view of the dedication with which he fulfilled his role as member of the Supervisory Board and chairman of the Audit Committee during the past years.

Mr Houben is 66 years old and a member of the Supervisory Board of TKH since 2009 and Chairman of the Audit Committee within the Supervisory Board. Mr Houben is former CEO of Wavin. Mr Houben is member of the Supervisory Board of Stork Technical Services, Chairman of the Supervisory Board of NV HVC and Chairman of the Executive Committee of Stichting Prioriteit Antea Participaties. For the purpose of this appointment, these existing positions and related term limits were taken into consideration. This nomination is in

compliance with the legal limitations on the number of supervisory functions a person may hold under the Dutch Management and Supervision Act (Wet bestuur en toezicht). Mr Houben is of Dutch nationality, and he does not own any shares in TKH.

The Central Works Council was notified well in advance of the convocation of the AGM, so that it might form an opinion with regard to this nomination, in accordance with Section 2 (158) (4) of the Dutch Civil Code. The chairman of the Central Works Council, or a designated member of the Central Works Council, may explain the Central Works Council's opinion to the AGM.

- d. If the AGM does not invoke its right to recommendation, then Mr P.P.F.C. Houben will be submitted to the AGM for reappointment as member of the Supervisory Board for a period up to the end of the first AGM that takes place four years after his appointment.
- e. The Supervisory Board submits -partly based on the Supervisory Board's profile- Mr J.M. Kroon MBA as candidate for appointment as member of the Supervisory Board, on condition that the AGM does not invoke its right of recommendation. The Supervisory Board has discussed the appointment of Mr Kroon and is of the unanimous opinion that his knowledge and experience match the desired expertise, as set out in the profile drawn up by the Supervisory Board, especially as regards his technological know-how and broad international experience.

Mr Kroon is 59 years old and graduated as an Aerospace Engineer from Delft University of Technology. He began his career at Fokker Aircraft. He subsequently held among others management positions at Holec NV, Hooge Huys, NOG Verzekeringen and SNS Reaal (Insurance). Mr Kroon is currently chairman of the Executive Board of TenneT Holding B.V. and in that role also fills a number of additional supervisory functions. Furthermore, Mr Kroon is member of the Supervisory Board of Koole Terminals and 'Coöperatie VGZ' and is a board member of the German-Dutch Chamber of Commerce. For the purpose of this appointment, these existing positions and related term limits were taken into consideration. This nomination is in compliance with the legal limitations on the number of supervisory functions a person may hold under the Dutch Management and Supervision Act (Wet bestuur en toezicht). Mr Kroon is of Dutch nationality, and he does not own any shares in TKH.

The Central Works Council was notified well in advance of the convocation of the AGM, so that it might form an opinion with regard to this nomination, in accordance with Section 2 (158) (4) of the Dutch Civil Code. The chairman of the Central Works Council, or a designated member of the Central Works Council, may explain the Central Works Council's opinion to the AGM.

- f. If the AGM does not invoke its right to recommendation, then Mr J.M. Kroon MBA will be submitted to the AGM for appointment as member of the Supervisory Board for a period up to the end of the first AGM that takes place four years after his appointment.

- g. The Supervisory Board also nominates -partly based on the Supervisory Board's profile and the recommendation of the Central Works Council- Mrs C.W. Gorter as candidate for appointment as member of the Supervisory Board, on condition that the AGM does not invoke its right of recommendation. The Supervisory Board has discussed the appointment of Mrs Gorter and is of the unanimous opinion that her knowledge and experience match the desired expertise, as set out in the profile drawn up by the Supervisory Board, especially as regards her financial expertise and experience as well as her experience within an internationally operating organisation.

Mrs Gorter is 54 years old, studied Business Economics and followed a postgraduate course in Accountancy at the University of Groningen. She began her career at Moret, Ernst & Young as Senior Staff Auditor and Manager. She subsequently filled the position of Senior Vice President Derivatives Operations at Rabobank Nederland. At ABN AMRO, she also held various management functions, the last of which being Senior Executive Vice President, Head Group Compliance, Security & Legal. Mrs Gorter is currently professional Supervisor. She is member of the Supervisory Board at TVM Verzekeringen and Basic Fit and is member of the GRC, advisory committee to the NBA. For the purpose of this appointment, these existing positions and related term limits were taken into consideration. This nomination is in compliance with the legal limitations on the number of supervisory functions a person may hold under the Dutch Management and Supervision Act (Wet bestuur en toezicht). Mrs Gorter is of Dutch nationality, and she does not own any shares in TKH.

The Central Works Council was notified well in advance of the convocation of the AGM of Shareholders, so that it might form an opinion with regard to this nomination, in accordance with Section 2 (158) (4) of the Dutch Civil Code. The chairman of the Central Works Council, or a designated member of the Central Works Council, may explain the Central Works Council's opinion to the AGM.

- h. If the AGM does not invoke its right to recommendation, then Mrs C.W. Gorter will be submitted to the AGM for appointment as member of the Supervisory Board for a period up to the end of the first AGM that takes place four years after his appointment.
- i. Due to Mr Hazewinkel stepping down, the Supervisory Board has also announced, pursuant to Article 19 (2) of the articles of association, its designation of Mr A.J.P. De Proft as Chairman of the Supervisory Board.

## Item 4

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In accordance with Article 32.1 of the articles of association, it will be submitted to the AGM to appoint Ernst & Young Accountants LLP (EY) to audit the TKH annual financial

statements for the financial year 2018. The audit will be carried out under the responsibility of Mr A. Wijnsma, partner at EY.

## Item 5

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This concerns a proposal to authorise the Executive Board, for a period of 18 months from 3 May 2017 and within the limits of the law and the articles of association, to repurchase for valuable consideration, on the stock market or otherwise, shares or depository receipts for shares in the company up to a maximum of 10% of the issued capital of TKH at the time of repurchase. TKH shall not hold, through the repurchase of shares, more than 10% of the issued capital at the time of repurchase. The price of the shares/depository receipts of shares being repurchased shall be between the amount equal to the par value they represent, on the

one hand, and the amount equal to one-hundred-and-ten percent (110%) of the market price, on the other. Market price is defined as the average of the highest price on each of the five trading days preceding the date of acquisition of a depository receipt as shown in the Official Price List of Euronext Amsterdam N.V. The price for priority shares shall be equal to their par value. The price for cumulative financing preference shares and cumulative protection preference shares shall be equal to the sum that TKH would have to pay by virtue of the provisions of the TKH articles of association if the shares were being withdrawn.

## Item 6

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This concerns a proposal to designate the Executive Board, for a period of 18 months commencing on 3 May 2017, as the body that is authorised, subject to the approval of the Supervisory Board, to decide to (i) issue ordinary shares and cumulative financing preference shares, including the granting of rights to subscribe to shares and (ii) restrict or exclude pre-emptive rights, with due regard for the following provision. The designation will apply to ordinary shares and cumulative financing preference shares up to and including ten percent (10%) of the total nominal value of the shares that have been placed at the time of the issue, if the issue

occurs for general purposes, plus ten percent (10%) of the total nominal value of the shares that have been placed at the time of the issue, if the issue occurs as part of a merger, takeover or strategic partnership.

Renewal of the Executive Board's authority to act as the body issuing shares, including the granting of rights to subscribe to shares, will be voted on separately for each type of share. The same applies to the authorisation to exclude pre-emptive rights.