Boskalis
Dredging & Marine Experts

# CONSOLIDATED REPORT 2016 OF PAYMENTS TO GOVERNMENTS RESULTING FROM EXTRACTING NATURAL RESOURCES

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**Act reporting on payments to governments (Dutch Bulletin of Acts, Orders and Decrees 2015, 439)**

## LEGAL FRAMEWORK

The Dutch Act on the reporting of payments to governments (*Besluit rapportage van betalingen aan overheden*; Dutch Bulletin of Acts, Orders and Decrees 2015, 4392015, 439; hereinafter referred to as 'the Act') came into force on 21 January 2016. For Royal Boskalis Westminster N.V. (hereinafter: 'Boskalis' or 'the Company') the Act stipulates the legal obligation as from the 2016 financial year to prepare a consolidated annual report disclosing the payments to governments resulting from extracting natural resources (hereinafter: 'the report'). This, first, report has been prepared in accordance with the Act.

## REPORT

The dredging operations of the Dredging & Inland Infra segment involve all activities required to remove silt, sand and other layers from the water bed and in some cases reusing it elsewhere where possible, for example for coastal protection or land reclamation. The services also include the construction and maintenance of ports and waterways, coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, Boskalis also performs specialist works such as soil improvement and land remediation. With respect to the handling of mineral resources such as gravel, sand and clay, Boskalis has limited activities in the Netherlands and the United Kingdom relating to the exploration, extraction and sale of minerals, as defined in the Act. Payments made to governments in 2016 regarding extraction activities of sand and gravel can be found on entity level in the table below.

Consolidated report of payments in cash to governments for extraction activities:

| ENTITY | TYPE OF PAYMENT | GOVERNMENT | EUR 000 |
|---|---|---|---|
| J. van Vliet B.V. | Concession | Government of the Netherlands | 1,516 |
| Boskalis Nederland B.V. | Concession | Government of the Netherlands | 315 |
| Boskalis Nederland Infra B.V. | Concession | Government of the Netherlands | 454 |
| | | | **2,285** |
| Westminster Gravel Limited | Royalty | Government of the United Kingdom | 1,297 |
| Llanelli Sand Dredging Limited | Royalty | Government of the United Kingdom | 127 |
| | | | **1,424** |
| **Total** | | | **3,709** |

# EXPLANATORY NOTES TO THE CONSOLIDATED REPORT OF PAYMENTS TO GOVERNMENTS FOR EXTRACTION ACTIVITIES

## 1. GENERAL

Boskalis is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. The Company has its registered office in Sliedrecht, the Netherlands, and its head office is located at Rosmolenweg 20, 3356 LK in Papendrecht, the Netherlands. The company is a publicly listed company on the Euronext Amsterdam stock exchange. This consolidated report of the Company for 2016 includes the company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group companies') and the interests of the Group in associated companies and entities over which it has joint control. This report concerns the 2016 calendar year and was prepared by the Board of Management.

## 2. IMPORTANT PRINCIPLES

The principles subsequently disclosed were applied in this consolidated report and were also applied consistently by the Group companies.

### 2.1 Consolidation

The Group consolidates group companies in this report. Group companies are subsidiaries over which it exercises decisive control. The Group has decisive control when it is exposed or has the rights to variable returns from its involvement with the investee, as well as the ability to affect such returns. Group companies perform activities through joint operations. If the Group has joint control over a partnership, is entitled to the rights to its assets and is responsible for its liabilities, the partnership is classified as a joint operation. Joint operations mainly relate to project-driven construction consortiums and are included in the consolidated report on a pro rata basis in accordance with the participating interest of the Group in the joint operation, also referred to as 'proportionate consolidation'.

### 2.2 Projects in the extraction industry

A 'Project' or as stated above extraction activity means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for a payment liabilities with a government for activities involving the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits and other materials including sand, gravel, rock and clay. If multiple agreements are substantially interconnected, this is considered a project.

### 2.3 Government

'Government' means any national, regional or local authority. It includes a department, agency or undertaking controlled by such authority.

### 2.4 Payment

'Payment' means an amount paid, whether in cash or in kind for extraction activities regarding production entitlements; taxes levied on income; production or profits; royalties and dividends; signature, discovery and production bonuses; license fees; rental fees; entry fees and other considerations for licenses or concessions; and payments for infrastructure improvements. Taxes do not include consumption taxes such as value added taxes, personal income taxes or sales taxes.

### 2.5 Disclosed payments

In accordance with the Act, the report includes payments, either individually or in a series of related payments, that are greater than or equal to EUR 100,000. In accordance with the Act, payments made by Boskalis in respect of obligations imposed at entity level are disclosed at entity level in the report.

### 2.6 Currency translation

Payments in foreign currencies have been translated at the average exchange rate for the year.

Papendrecht / Sliedrecht, 7 March 2017

Board of Management
dr. P.A.M. Berdowksi, chairman
T.L. Baartmans
J.H. Kamps