



ADJUSTING THE SAILS

Royal Wagenborg Annual Social Report

2018



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IN THE FIELD

“NEDLIFT HAS GIVEN ME THE IDEAL COMBINATION OF THEORY AND PRACTICE”



Matthias Blanken, Nedlift apprentice

“IT’S FUN SEEING WHAT’S BEHIND ALL THE NUMBERS”



Wouter Wiardi, shipping agent

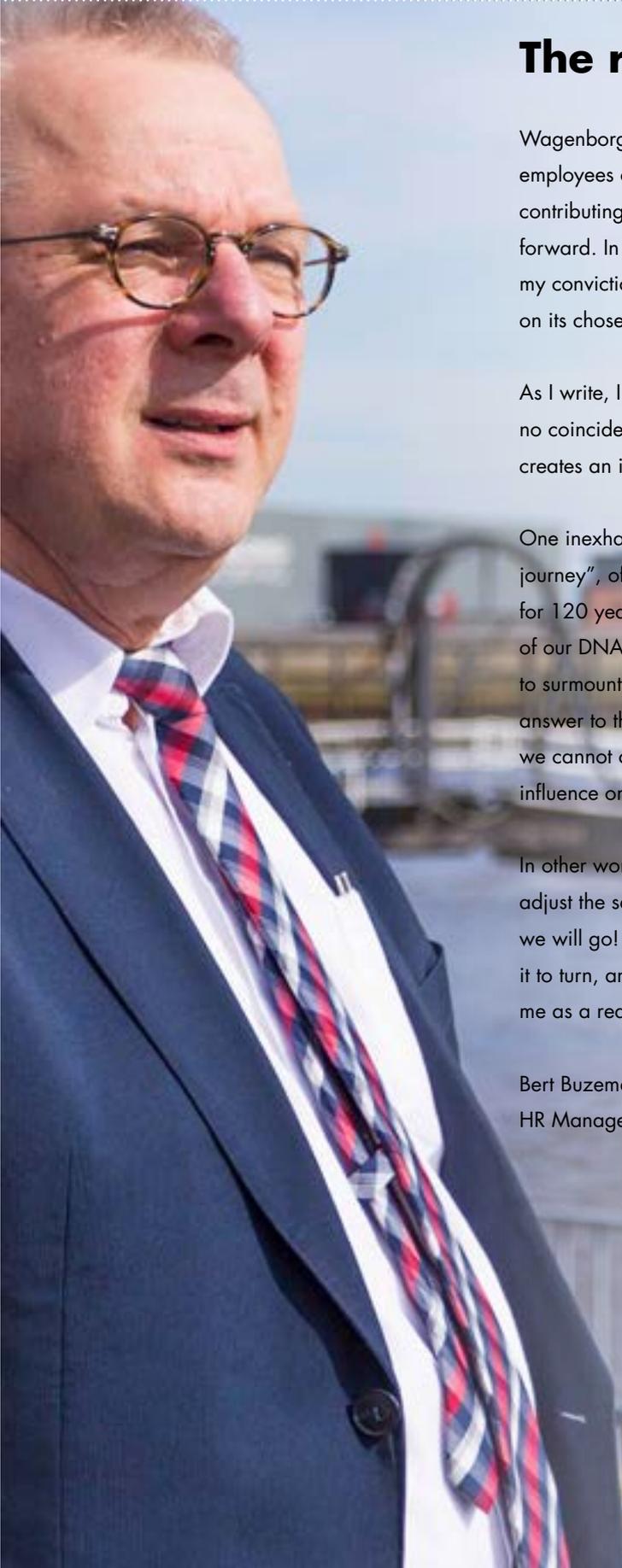
“I LOVE MY NEW JOB. WHO WOULD HAVE GUESSED THAT A YEAR AGO”



Tammo Edens, facility worker



FOREWORD



The realistic optimist

Wagenborg is going through some major changes. Every one of our employees can play an important role as these changes unfold, by contributing ideas, by learning, and by offering inspiration going forward. In the Epilogue of the 2017 Annual Social Report, I expressed my conviction that Wagenborg would continue to move full steam ahead on its chosen course. Now, a year later, my faith remains unshaken.

As I write, I am suddenly aware of how often I use metaphors. That is no coincidence. A metaphor is a powerful way to describe a situation; it creates an image, triggers subconscious emotions.

One inexhaustible source of metaphors for the change process is “the journey”, of course. We have been changing course at Wagenborg for 120 years, and our manoeuvrability has become an essential part of our DNA. But why are we so good at it? Why have we been able to surmount so many economic setbacks down through the years? The answer to that question is that we understand, as an organisation, that we cannot control external factors, but we do know how to leverage our influence on a changing environment.

In other words, “We can’t change the direction of the wind, but we can adjust the sails”. And it is the set of our sails that determines which way we will go! The pessimist complains about the wind, the optimist expects it to turn, and the realist adjusts the sails. People who know me describe me as a realistic optimist.

Bert Buzeman,
HR Manager, Royal Wagenborg

ABOUT ROYAL WAGENBORG

Royal Wagenborg specialises in complex, customised logistics solutions in international transport, both in the water and on the road. Our solutions are safe, innovative, cost competitive and sustainable. Thanks to our total project management package, available equipment, experienced employees and our global network, more and more customers depend on our knowledge and expertise. We don't think in terms of problems, we think in terms of solutions.

FAMILY BUSINESS

Egbert Wagenborg founded our company in 1898. We are proud to say that we are still a family business. That means that we can continue to cherish and safeguard our values and our way of working, even in difficult times. It is Egbert Wagenborg who established these values and our unique blend of entrepreneurship, customer service, focus on solutions, long-term relationships, excellent employment practices, teamwork, decency and learning on the job.

THE WAGENBORG WAY OF WORKING

We need committed and engaged people to achieve our aims and sustainable operating results. People who are prepared to go the extra mile. At Wagenborg, we enjoy transacting business, acting quickly and being flexible –and that calls for close cooperation. Our success depends on how we treat one another, our customers and other stakeholders, day after day. Attention to detail and engagement make everything better. We have become a large, mature organisation that requires disciplined and carefully considered action. We feel fortunate to have an organisation where people are prepared to take risks and responsibility and where they have the opportunity to learn from their mistakes.

BOARD OF DIRECTORS

The day-to-day management of Royal Wagenborg is in the hands of Egbert Vuursteen (CEO), Jeroen Seyger (CFO) and Maarten Tromp (COO).



Egbert Vuursteen
CEO



Jeroen Seyger
CFO



Maarten Tromp
COO

YEAR IN REVIEW

Our employees worked on many fine projects again in 2018. Below is a brief impression of the year, division by division.

Wagenborg Shipping

Shipping's mission is to be and remain the world's leading multipurpose shipping company. Its management has drawn up a strategic plan to use innovation and efficient processes to improve results systematically while maintaining high levels of customer satisfaction.

MV Egbert Wagenborg, a 14,500-tonne ice-class open-top multipurpose vessel, delivered another outstanding performance in 2018 thanks to its low fuel consumption and low operating costs. Its design forms the basis of our fleet upgrade programme. In 2019, our shipyard Royal Niestern Sander will commence building a sister ship.

Wagenborg Towage

The past year was a challenging one for Towage. The demand for tugboats and pontoons was down on 2017, resulting in a lower capacity utilisation rate for our fleet and lower revenues. Steeper competition put port towage rates under pressure. Nevertheless, we remain positive and fully committed to

continuing our port towage services in Delfzijl and Eemshaven, as we have for more than one hundred years.

Wagenborg Stevedoring

Stevedoring's warehouses and premises in Delfzijl and Eemshaven were utilised to full capacity for almost the entire year. In Eemshaven, we extended our market standing as a service provider for the offshore wind industry while expanding our position in the storage and transshipment of various agricultural products. We also provided extra logistical support during the final phases of construction of two cruise ships in Eemshaven. It was a successful project thanks to the professionalism of our Stevedoring and Nedlift divisions and their close cooperation.

Wagenborg Passagiersdiensten

Passagiersdiensten transported more people in 2018 than in previous years, in part because of the good weather. Unfortunately, the silting up and meandering of the navigation channel continues to hamper the ferry service to and from the





island of Ameland, leading to delays. We have cooperated with the Dutch public works agency Rijkswaterstaat to coordinate measures meant to overcome these difficulties. One of these measures is the purchase of a fast ferry, the Fostaborg.

Wagenborg Nedlift

Crane rentals and projects resulted in a slightly higher capacity utilisation rate last year than in 2017. Even so, without any major projects in the oil and gas, chemicals and infrastructure sectors, earnings were down on the previous year. As a result, Nedlift withdrew from Spain, Belgium and the West-Netherlands region in order to concentrate entirely on the core regions that are performing well. It is important for Nedlift to have modern, reliable cranes and we will therefore continue to upgrade the fleet.

Wagenborg Offshore

The past few years have been precarious ones for Offshore. When second-stage production at the offshore Kashagan field was postponed, our floatels and supply vessels in the Caspian Sea were moved to support dredging activities.

We subsequently decided to withdraw completely from the Caspian market. In the final quarter of 2018, we signed a transaction agreement under which we will sell off our remaining activities, assets and fleet in early 2019. In 2017, we placed an order for a second Walk2Work vessel, the Kasteelborg. The original supply vessel was converted by Royal Niestern Sander and put into service in 2018. Along with the Kroonborg, the Kasteelborg lends supports during maintenance of smaller, unmanned North Sea platforms.

Wagenborg Foxdrill

Although the oil and gas market is under pressure, Foxdrill recorded an increase in activity, in part due to several new contracts.

Royal Niestern Sander

Royal Niestern Sander signed a contract in early 2018 to build three Landing Utility Vessels (LUVs). In addition, work began on an all-electric vessel for the inland waterways of the Province of Groningen. The ship repair unit assembled a dredger, refurbished a naval vessel and was responsible for the conversion of the Kasteelborg.

SOCIAL POLICY

Good employees are indispensable for any company. It's not simply a question of recruiting and retaining the right people; equally important is to ensure that they are motivated, fit and healthy and satisfied.

As part of our social policy, we have introduced the Royal Wagenborg HR Principles & Guidelines. They are:

- See that employees who have a stake in finding the best candidate for a job are actively involved in the selection process.
- Take a professional approach to introducing new employees to the organisation.
- Appoint managers who aspire to an "engagement-building" organisational culture that strikes the right balance between "heart" and "hard".

- Develop and maintain employees' professional skills.
- Make effective and long-term use of employees' talents.
- Reward employees within the applicable salary structure.

The purpose of the Wagenborg HR Principles & Guidelines is to help our employees make an efficient, effective and lasting contribution to achieving our company's objectives. This report describes how we have implemented the Principles & Guidelines in the various divisions.



RECRUITMENT

Guideline:

- See that employees who have a stake in finding the best candidate for a job are actively involved in the selection process.

Management recognises that recruiting and retaining sufficient competent employees is a cornerstone for success. We therefore undertook the following activities in 2018:

- an internal review of our office staff, intended to produce a clearer picture of our current employees' prospects and any recruitment needs;
- the detailed design and implementation of inflow, transfer and outflow procedures in cooperation with managers.

STRATEGIC STAFF PLANNING

Our commitment to strategic staff planning allows us to prepare for the future and ensure that we have the right people filling key positions, both now and going forward. A review and succession plan form part of these efforts. The data in the table below can help us predict the replacement demand due to employee retirement. The figures show that a relatively large number of employees at Passagiersdiensten and Royal Niestern Sander will be retiring over the next few years.

LABOUR MARKET COMMUNICATION

We are facing an impending labour shortage in the next few years, with a systematic decline in the number of young people entering the job market after leaving school. To recruit new people with the right skills, it is important to continue positioning Wagenborg as an attractive and worthwhile employer.

Our labour market communication policy focuses on the following three themes:

- Employer branding
- Labour market relationship management
- Target group for our labour market communication

The importance of having a positive image (as an employer) is closely related to Wagenborg's need for qualified and motivated employees. A positive image is not a goal in itself, in other words; it is meant to help us to achieve other things, such as:

- meet our short- and long-term staffing needs;
- generate internal pride and engagement;
- retain our current staff;
- (continue to) communicate clearly and consistently.

We have invested considerable energy in employer branding over the past year. For example, we have become more visible on social media and published two issues of Times, our customer relations magazine. We have also entered into closer relationships with parties that play a role in the job market, for example educational institutions, temporary staffing agencies and external recruiters. This has helped to ensure a satisfactory inflow of apprentices at Royal Niestern Sander, Shipping and Nedliff. We will be paying even closer attention to our labour market communication policy in 2019 when we recruit an HR communications officer.

Division - age	<25		25-34		35-44		45-54		55-64		>65		TOTAL	
Wagenborg Shipping	202	9,7%	607	29,3%	604	29,1%	430	20,7%	218	10,5%	12	0,6%	2.073	100,0%
Wagenborg Offshore	9	6,5%	45	32,6%	40	29,0%	30	21,7%	13	9,4%	1	0,7%	138	100,0%
Wagenborg Passagiersdiensten	7	5,3%	16	12,1%	29	22,0%	44	33,3%	33	25,0%	3	2,3%	132	100,0%
Wagenborg Nedliff	18	5,2%	86	24,8%	29	22,8%	92	26,5%	61	17,6%	11	3,2%	347	100,0%
Royal Niestern Sander	6	3,8%	21	13,3%	27	17,1%	40	25,3%	57	36,1%	7	4,4%	158	100,0%
Total	242	8,5%	775	27,2%	779	27,4%	636	22,3%	382	13,1%	34	1,2%	2.848	100,0%

“THE CAREER STATION COOPERATIVE HELPED ME GET A JOB AS AN APPRENTICE CRANE OPERATOR/ASSEMBLY AT WAGENBORG NEDLIFT. IT’S THE PERFECT JOB FOR ME. I STUDIED MECHANICAL ENGINEERING AT HIGHER PROFESSIONAL LEVEL, BUT THERE WAS TOO MUCH THEORY AND NOT ENOUGH OPPORTUNITY TO GAIN PRACTICAL EXPERIENCE. NEDLIFT HAS GIVEN ME THE IDEAL COMBINATION OF THEORY AND PRACTICE. A JOURNEY FULL OF OPPORTUNITIES.”

Matthias Blanken,
apprentice crane
operator / assembly,
Nedlift



We have used various online and offline tools and platforms to recruit qualified and motivated staff from our labour market communication target group.

Website

Our website career@wagenborg.com is our business card for potential new employees. In addition to listing all our job openings, the site shows off Wagenborg as an attractive employer. In 2018, it attracted 7,667 users and 50,927 views. The career site will be integrated into our corporate website in 2019. Nedlift will have its own website by then, as will Passagiersdiensten and Royal Niestern Sander, giving potential employees a much clearer picture of our organisation.

LinkedIn

We have continued using LinkedIn to reach out to the very best job candidates. Wagenborg job openings on LinkedIn were recommended to qualified candidates a total of 462,740 times. According to the LinkedIn Business Review, 39% of last year’s new recruits were influenced by LinkedIn. We intensified interactions with our target group in 2018 by posting news items. The number of LinkedIn members following our Company Page grew from 8,000 to over 14,000 in 2018. Most followers are from the Netherlands, but a growing number are based the UK, Ukraine and Indonesia.

Noorderlink

Wagenborg is a member of Noorderlink, an HR partnership in the three northernmost Dutch provinces. Noorderlink member organisations share knowledge, expertise and best practices. Noorderlink also improves the mobility of its member organisations’ staff and is a widely used platform for posting job openings. In 2018, Noorderlink attracted an average of 4,021 page views per day and sent 11,997 e-mails with job openings. In 2018, we advertised 13 job openings through Noorderlink, resulting in a total of 8,287 unique page views.

ENTERING EMPLOYMENT

We welcomed 189 new employees in 2018, partly thanks to our labour market communication efforts

Division	Inflow
Wagenborg Shipping*	35
Wagenborg Offshore	50
Wagenborg Passagiersdiensten	29
Wagenborg Nedlift	64
Royal Niestern Sander	11
Total	189

*Only office staff in the Netherlands (excluding seafarers)

Delfzijl and Eemshaven employees

Our offices in Delfzijl needed to recruit more staff in 2018 to implement our improvement projects. On average, job openings were filled within 100 days; in 2017, that was only 68 days. The lengthier recruitment time is due to the growing labour shortage. We saw the same signs in the number of responses per job opening: an average of only 10. We invited 60 candidates to interview, and 11 candidates completed an assessment.

On board

Shipping usually fills job openings on board by taking on trainees. Six out of ten trainees ultimately become employees, and higher-ranking positions are filled by means of staff promotions. If necessary, Shipping has a database of seafarers who are keen to work for us. Prospective seafarers take an online assessment, including a test of their proficiency in English.

Wagenborg Nedlift

Nedlift has entered into a partnership with Werk & Vakmanschap to recruit qualified employees for its operations. This national consortium has recruited around 80% of Nedlift's new apprentice crane operators. Nedlift also recruited 20 new employees and trained them internally as riggers or crane operators at a simulated project site in Hengelo set up for this purpose. In addition, Nedlift has appointed a manager to oversee the new regional structure.



Royal Niestern Sander

Royal Niestern Sander relies on the Metal & Shipbuilding Training Institute (MSO) in Groningen to provide its ironworkers and welders with basic skills training. New employees who have not received specialised occupational training enrol in a day-release (BBL2) training course there after receiving an apprenticeship/employment contract. Four apprentices started the MSO course in 2018. Two passed the course and were given a permanent employment contract.

Wagenborg Offshore

Offshore began converting supply vessel Kasteelborg into a Walk2Work vessel in December 2017. In 2018, this led to a doubling of our activity in the North Sea. Wagenborg Crew Management recruited the necessary employees.

Wagenborg Passagiersdiensten

Passagiersdiensten hired a second technical inspector and an IT coordinator. The positions were filled by internal recruitment.

Wagenborg Foxdrill

The workload at Foxdrill is difficult to predict. We ensure ourselves of a flexible pool by using freelance workers, but they too are becoming scarcer. Foxdrill has responded by teaming up with ROCs. In terms of overheads, Foxdrill had to contend with a number of employee departures and sick leave cases in 2018, resulting in temporary understaffing. In 2019, Foxdrill will be hiring a chief administrative officer and a commercial assistant.



LEAVING EMPLOYMENT

Some of our job openings arise when employees leave the company. Some departures are inevitable during the course of the year. In some cases, the departure is foreseen, for example because an employee is retiring. In other cases, the departure is unforeseen, for example below-standard performance, a reorganisation, or the wish to pursue career opportunities elsewhere. Fortunately, only a small number of employees left the company in 2018.

Delfzijl offices

The outflow rate was 10.5%. Of this, 5.8% was foreseen. In the cases of unforeseen outflow, we conducted exit interviews where necessary. The main reason for unforeseen outflow was a career advancement opportunity.

Division	Outflow	
Wagenborg Shipping*	31	10,5%
Wagenborg Offshore	159	63,3%
Wagenborg Passagiersdiensten	21	17,1%
Wagenborg Nedlift	61	17,6%
Royal Niestern Sander	12	7,5%
Total	284	24,1%

*Only office staff in the Netherlands (excluding seafarers)

On board

Crewing recorded an average retention rate of 96%, which meant that staff turnover was again lower than the previous year, even though more positions were created. From 2019, Shipping will refine how it measures the retention rate. So far, we have only checked whether an employee worked for Wagenborg before.

From 2019 onwards, we will also be checking whether the employee had the same rank and worked for the same customer, because all the parties want to retain their own employees.

Wagenborg Offshore

The high outflow rate at Offshore reflects our decision to withdraw from the Caspian market.

Wagenborg Nedlift

In 2018, 61 employees left Nedlift's employee. Ten of them retired and 9% of the outflow was unforeseen. Because we have shifted our focus to the West-Netherlands region, we had to say goodbye to 38 employees in early 2019. We are pleased that the organisation and its employees have succeeded in helping everyone find other work, in accordance with the social plan.

FLEXIBLE/PERMANENT

Employee inflow and outflow are not the only factors that determine whether we have an adequate pool of workers in both the qualitative and the quantitative sense. To match the availability of labour with the supply of work, we also make use of flexible employment contracts. In almost all our divisions, most of the employees work on permanent contracts. There were no major differences between 2018 and 2017 in that regard. The table below shows the ratio of permanent to flexible contracts in our divisions.

Division - contracts	Permanent	Temporary	Total
Wagenborg Shipping*	48%	52%	100,0%
Wagenborg Offshore	95%	5%	100,0%
Wagenborg Passagiersdiensten	84%	16%	100,0%
Wagenborg Nedlift	82%	18%	100,0%
Royal Niestern Sander	95%	5%	100,0%
Total	59%	41%	100,0%

* The relatively large number of flexible contracts is due mainly to the fact that seafarers of pan-European and Asian origin are always hired for a fixed term.

Royal Niestern Sander

Royal Niestern Sander opts to hire flexible staff to supplement its own employees on projects. In 2017, 60% of the employees in shipbuilding and 72% in ship repair were permanent employees.

PROFESSIONAL DEVELOPMENT

Guidelines:

- *Make effective and long-term use of our employees' talents.*
- *Take a professional approach to introducing new employees to the organisation.*
- *Appoint managers who aspire to an “engagement-building” organisational culture that strikes the right balance between “heart” and “hard”.*

Our aim at Wagenborg is to promote lifelong working and learning. This approach not only offers the organisation added value – since well-trained employees are often better able to contribute to the organisation’s objectives – but it also challenges employees and creates opportunities for professional development.

INDUCTION PROGRAMME

Learning starts as soon as new employees begin working at our company. It is important that they familiarise themselves with our organisation and our way of working. A better understanding of the bigger picture helps them to think across departmental boundaries. Their performance and the speed with which they can be fully deployed depend in part on how well we, as a company, support them during their induction period. A warm welcome and a satisfactory induction also ensure that new employees perceive Wagenborg as a good employer and become ambassadors for our “brand”. These factors contribute demonstrably to a low unforeseen outflow and a high retention rate.

Wagenborg Shipping

The improved induction process for seafarers inspired us to take a critical look at how we introduce new office workers to the company and to align the two processes more closely. We have developed a structured induction programme that will be implemented from January 2019. In addition, HR is keen to organise another corporate induction day after a two-year hiatus for content revision purposes.

TRAINING

There are mandatory courses that employees must attend to meet statutory requirements, to work with new techniques or to maintain professional standards. If an employee requires training to perform his or her current job, then the initiative lies with the employer. In

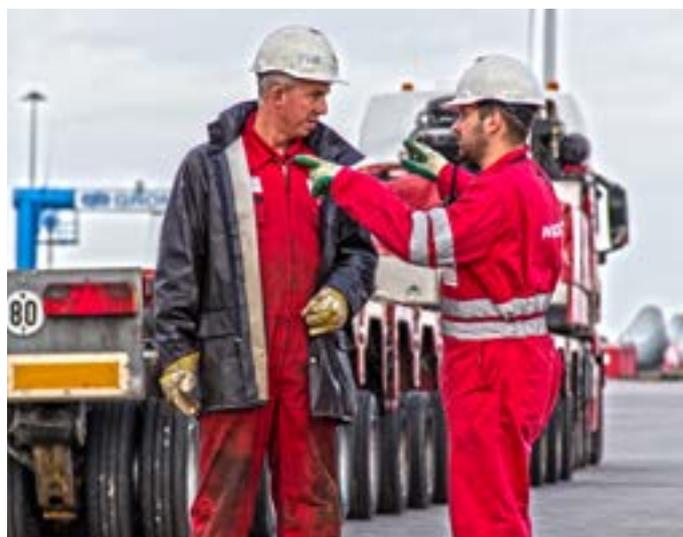
addition, employees are free to take additional training courses. To ensure a steady supply of talent in the future, we at Shipping are looking into the possibility of a Young Professionals Programme.

PERFORMANCE APPRAISAL INTERVIEWS

Performance appraisal interviews play an important role in motivating employees. The annual interviews are increasingly individualised and attuned to the employee’s life phase, ambitions and, for example, training needs.

FROM JOB TO CAREER

We actively seek out career opportunities for employees. For example, we advertise all our job openings internally first, across all the Wagenborg companies. For employees to remain motivated over the longer term, it is important for them to move on to other roles or jobs. In addition, internal transfer plays a critical role in preserving and passing on professional skills and expertise, and makes it possible for us to keep deploying employees during quiet periods. In 2018, for example, employees at Royal Niestern Sander were deployed at Stevedoring and Shipping and a captain and superintendent at Offshore went to work for Towage and Passagiersdiensten, respectively.



Wagenborg Shipping

Over the past year, we have taken Shipping's mission and way of working as the basis for a new approach to the annual performance appraisal and job assessment interview. As guidance for this interview, we have developed the P/P (Performance/Potential) form. In addition to the manager's comments about the employee's current performance and potential, the interview may address a number of issues that we consider important to achieve our mission and company objectives, such as professionalism, engagement, cooperating on solving problems, safety, fitness and health, and leadership. In 2019, we will consider how to make the appraisals more objective, for example by calibrating P/P assessments during a review session.

In the past year, Shipping saw an increase in the number of employees transferring to other departments and/or positions. A ship broker transferred from Agency to Chartering Operations; an engineer in Towage switched to Facility Services; and a financial controller and financial manager started working for Business Control. In addition, a controller from Kazakhstan was deployed at Foxdrill, a crew manager switched to corporate HR, and a financial controller became a shipping agent (see opposite).

To gain an accurate picture of the internal supply of talent and the associated demand, the Board prepared an internal review for its "direct reports". The outcomes of the review and the allocation of P/P codes yield information about who is eligible for internal transfer. HR offers career guidance to employees who are keen to move on to other jobs and/or roles. One of the tools that we use for this purpose is an online platform featuring career, personality, interest and competence tests as well as information about job opportunities. We can also administer tests that assess how entrepreneurial an employee is. In addition to these tests, we have a complete occupations database linked to educational programmes and training courses. Smart algorithms link all these data to the individual candidate's test results so that we can provide sound career advice.

“I WORKED AS A FINANCIAL CONTROLLER AT WAGENBORG. AFTER SIX YEARS OR SO, I WAS READY FOR THE NEXT STEP IN MY CAREER. WHEN AN INTERNAL JOB OPENING CAME UP FOR A SHIPPING AGENT / CUSTOMS CLERK, I DECIDED TO APPLY. EVERY DAY IS DIFFERENT AND I'M LEARNING A LOT ABOUT SHIPPING AND CUSTOMS FORMALITIES AND EVERYTHING INVOLVED. IT'S FUN SEEING WHAT'S BEHIND ALL THE NUMBERS.”

Wouter Wiardi,

customs clerk / shipping agent



In 2018, we merged all departmental plans (objectives) and all training and professional development plans at department level into a single Master Plan. Progress during the course of the year is monitored by Shipping's management team.

Training required by law and industry regulations

Shipping complied with the statutory requirements for emergency response and first aid. In addition, all office employees who have a direct connection to ships hold a Safety, Health and Environment Certificate (VCA or VCA-Vol). In 2018, certification was granted to new employees and expired certificates were extended. The insurance & claims handlers and fleet warehouse workers also met all statutory training requirements.

Maintaining professional standards

Employees often acquire professional skills by "training on the job". In 2018, many of our employees worked to achieve our objectives in multidisciplinary project teams, under the guidance of external experts. As a result, they gained a better understanding of key processes and their role within those processes, and are now better able to work on continuous improvement projects. At the same time, working towards our objectives generated a need for different or more specific in-depth knowledge or skills. At least one employee in almost every department has completed, started on or continued an (off-the-job) educational programme or course of training.

Wagenborg Nedlift

In 2018, Nedlift joined the Career Station Cooperative, a regional foundation launched by Asito. The cooperative brings together various employers in the region with a view to swapping employees (both permanently and temporarily), coping with peaks and dips in the supply of work, and sharing ideas about HR issues. In addition, Nedlift employees attended training courses equipping them for more flexible internal deployment. For example, service engineers in the technical department are deployed on projects as assembly workers. This is a great way to invest in people while responding to the increasingly unpredictable supply of work at the same time.

Wagenborg Passagiersdiensten

Passagiersdiensten monitors developments in training through the Zoute Veren Training Foundation, responsible for organising training

courses for captains, navigation officers and engineers on Dutch inland ferries. It also consults with fellow shipping companies to ensure the best possible training programmes for ferry operators that make use of these courses.

Royal Niestern Sander

Several Royal Niestern Sander employees enrolled in a training and development programme in 2018, including project management training. Employees have also taken skills training courses.

Wagenborg Offshore

Offshore is working on setting up a Continuous Learning Dynamic Positioning training course for all officers. In addition, sailors have the opportunity to enrol in a crane operator training course.

LEADERSHIP DEVELOPMENT

Good leadership at Wagenborg helps to ensure long-term employability. In other words: good leadership supports a healthy, motivated and competent workforce that can help to build a resilient and learning organisation. The company's objectives are the guiding principles in this context. Leaders motivate and encourage employees and forge them into a team. They express their appreciation for employees, offer them support and challenges, and nurture their talent. Wagenborg leaders are capable of triggering and managing far-reaching changes within and outside the organisation (leading business & change). They get results by collaborating and are able to connect employees across the boundaries of an organisational unit. In doing so, they place organisational interests above their own. By harnessing one another's strengths and respecting one another's differences, we are building a team that is committed to our organisation's long-term success.

Wagenborg Nedlift

Nedlift invests in employees who are passionate about their work. Coaching leadership is indispensable in this context because it allows employees more latitude, builds their confidence, and gives line workers as much responsibility as possible. In 2018, the MT took various personal leadership and team coaching training courses. A number of managers and project leaders have now also taken training courses.

FIT AND HEALTHY AT WORK

Guideline:

- *Make effective and long-term use of our employees' talents.*

We want people to build on their strengths/talents as much as possible in their work. To ensure that we can make long-term use of our employees' talents, they must remain fit and healthy so that they are capable of doing their work, no matter what stage of life they are in.

HEALTH

Health is an important determinant of employees' ability to perform their work properly and safely. Absenteeism cannot always be prevented, unfortunately, but there is a lot we can do to manage it. Last year our rate of absenteeism was 1.9%. That is something to be proud of, especially considering that a portion of this figure represents long-term non-work related absenteeism.

Division - absenteeism rate	%
Wagenborg Shipping	1,3%
Wagenborg Offshore	2,1%
Wagenborg Passagiersdiensten	1,7%
Wagenborg Nedlift	4,7%
Royal Niestern Sander	6,4%
Total	1,9%

PREVENTING AND SHORTENING PERIODS OF ABSENCE

In 2018, we introduced various interventions to help employees avoid absenteeism or shorten their periods of absence. Employees attended training sessions designed to improve their competencies, we offered individual coaching, and employees were invited to contact a confidential counsellor and/or occupational physician.

To prevent undue physical strain on the job, we provided information and conducted workplace inspections. In some instances, our absenteeism coordinators have managed to reduce long-term absenteeism by acting quickly and effectively to mobilise specialist medical expertise, where necessary in consultation with our occupational physician. For example, they mediated for employees placed on waiting lists, asked for second opinions and referred employees to specialists based on the results of their routine medical check-up.

WORKPLACE REINTEGRATION

In 2018, a number of employees were assigned to alternative workplace reintegration positions, involving work that they could do in spite of their complaints.

THE WAGENBORG INSURANCE POLICY

Wagenborg offers its employees group health insurance, known as the "Wagenborg insurance policy". Members who take out supplementary insurance are not required to pay an excess and have an extremely comprehensive insurance package at a competitive price. This lowers the threshold to the necessary medical care in the event of real or potential occupational disability.

Wagenborg Shipping

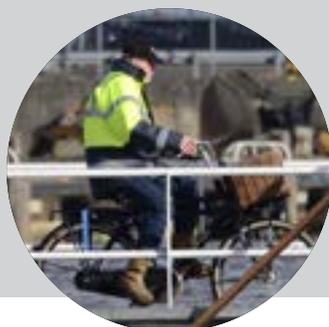
We notice that employees are increasingly aware of the impact of lifestyle on their health after receiving the outcomes of their routine medical check-up. These outcomes often inspire them to make lifestyle changes, for example taking more exercise and/or eating more healthily.

Cooks on board receive guidance and training to ensure that crews have a healthy diet. Crews can also take exercise. It is important for our people on board to stay fit during travel. Our seafarers undergo a mandatory medical examination every other year. For now, Wagenborg Crew Management sees no reason for concern about the retirement age, which is gradually being raised. The absenteeism rate is low, there are no employees who have had to leave the company due to occupational disability, and the workforce age structure is sound. We will naturally keep a close eye on developments. If we see reason to do so, we will take steps to promote sustainable employability.

In an effort to reduce the workload and prevent stress or burn-out, we contracted the firm of Optiwork to guide employees in a number of departments in 2018. Optiwork gives employees practical guidance in organising their work stations, methods, schedules and energy levels, giving them the mental and

“AFTER ALMOST 38 YEARS ON BOARD, MY CAREER AS AN ENGINEER IN TOWAGE CAME TO AN END. I WAS DECLARED UNFIT FOR WORK. FOR A WHILE, MY WORLD FELL APART. THEN HR OFFERED ME VARIOUS WORKPLACE REINTEGRATION OPTIONS, INCLUDING AN OFFICE JOB AS A FACILITY WORKER. I DIDN'T THINK I'D LIKE IT BECAUSE I WAS USED TO HAVING A LOT OF FREEDOM. BUT NOW, A YEAR LATER, I CAN ONLY SAY THAT I'M VERY HAPPY WITH MY JOB. I STILL MAKE SURE THAT EVERYTHING WORKS PROPERLY, BUT WITHOUT THE WAVES AND WITHOUT THE PAIN. I JUST LOVE IT. WHO WOULD HAVE GUESSED THAT A YEAR AGO.”

Tammo Edens,
facility worker



physical space to focus on the things that truly matter in both their professional and personal lives. We are considering whether such guidance might also be valuable for the other departments in 2019. We contracted the STEP Foundation to help employees in port and at the office avoid physical complaints. STEP specialises in preventing physical strain and reducing absenteeism and provides tailor-made services. To reduce the risk of prolonged sitting, we installed more adjustable-height desks in 2018. Wherever possible, we will swap standard desks in need of replacement for adjustable-height desks.

Wagenborg Stevedoring

Our despatch workers often perform heavy physical labour. We have offered them various preventive tools, such as instruction in ergonomics, personal coaching, lifestyle modification methods and the option of working fewer hours.

Wagenborg Nedlift

The Transport and Logistics sector wants to help employees be productive and enjoy their work for as long as possible. Employees can assess their employability by doing an online “Employability Check”, offered under the Transport and Logistics Sector Plan. Those who wish can then work with a coach on improving their health, lifestyle or mental fitness.

Wagenborg Passagiersdiensten

Health2Work performed a workplace check at the Passagiersdiensten offices. The check generated suggestions for improvement that we intend to follow up on in 2019.

Wagenborg Foxdrill

Binnen Foxdrill is vitaliteit een punt van zorg vanwege het fysiek zware werk van torenbouwers. Foxdrill is zich hiervan bewust en kijkt hoe we dit kunnen beheersen.

SUSTAINABLE EMPLOYABILITY SCHEME

As in the past, many of our employees made use of the company's Sustainable Employability Scheme in 2018. Under the scheme, employees can offset up to a maximum of € 400 in private expenses against their gross wages for activities that promote their physical and mental health and fitness.

Division – amount offset in euros	2017	2018
Wagenborg Shipping	28.772	31.200
Wagenborg Offshore	3.860	4.180
Wagenborg Passagiersdiensten	4.371	13.460
Wagenborg Nedlift	14.965	17.262
Royal Niestern Sander	11.607	10.322
Total	63.575	76.424

SAFETY

All over the world, our people work at extreme heights, with heavy equipment and, at times, with hazardous cargo, in severe weather and at irregular hours. Everyone is aware of this and that is why our employees' health and safety are top priority. We want all our employees, customers and partners who work under our supervision to go home safe and sound at the end of their shift. Attentiveness to safety is also crucial to maintaining our reputation as a good employer and reliable, professional partner for all our customers. We consider working safely so important that we have made it one of the Wagenborg competencies and a core value for all who work for us or with us.

A few years ago, the Board of Directors announced a new aim: to improve our safety performance. We have been working very hard on this. It can take a long time to make changes of this kind, but improvements are already visible. For example, employees are now filing more reports than before, and not only about real accidents but also near-misses and unsafe working conditions. By analysing their reports, we hope to avoid major incidents in the future. Another important improvement is the quality of our accident investigations, which have become considerably more professional. That allows us to identify the causes that led to an accident

and take specific action to prevent any recurrence. Also noteworthy is that we now openly discuss safety with our competitors and compare notes. We do not compete when it comes to working safely but are happy to share our knowledge and experience with one another. By discussing best practices, we learn from one another.

Wagenborg Shipping

There were no serious injuries in 2018. Reports were filed on 32 accidents (2017: 29), 17 of which led to repatriation, a hospital visit or admission to hospital (2017: 20). The HSEQ department investigated all reported incidents or near-misses and shared the lessons learned with relevant employees. The incidence of damage and injury is slowing tapering off. To make the company even safer, we decided to focus as a group on closer cooperation between the various departments, so that we always arrive at the most efficient and safest solution for Wagenborg as a whole.

Wagenborg Towage

Towage raises the issue of safety during performance appraisal interviews. In addition, it makes frequent reference to the issue of safety in its division newsletter. Employees discuss incidents and how they can be prevented in future.

Wagenborg Nedlift

Nedlift runs a continuous Safety Awareness Programme to improve employee safety awareness. In May, it carried out its annual internal safety audit, this time focusing on how employees perceive their work. It became clear that there is a satisfactory overall level of safety awareness. Several interesting points and useful learning opportunities were raised during a general toolbox meeting with employees. In addition, Nedlift launched the poster campaign "That's Why", to remind employees of the importance of wearing personal protective equipment. In March 2018, Nouryon (formerly AkzoNobel) awarded us a safety certificate in recognition of the safe execution of our work during its loader renovation project. This award shows that our customers also appreciate and respect our special emphasis on safe working practices.

Royal Niestern Sander

In 2018, Royal Niestern Sander had five lost time incidents, fewer than in 2017 and with fewer manhours lost per incident. The incidents resulted in a rate of absenteeism of 0.15%. Unfortunately, it was necessary to invite the Social Affairs and Employment Inspectorate to investigate an industrial accident this year. In the case in question, the Inspectorate asked Royal Niestern Sander to participate in a pilot project in which we undertook a self-investigation and learned lessons from the incident. Most of the incidents at Royal Niestern Sander can be attributed to errors of judgement during routine work. This will be an extra point of concern for 2019. In 2018, we gave further thought to how safe working practices can be incorporated into every aspect of the shipbuilding process. We also spent a lot of time updating our RI&E. We continued to refine and test our quality management system in 2018. Various points of

concern emerged, including our internal audits. They should be carried out more frequently and documented. We will continue working on this in 2019.

Wagenborg Passagiersdiensten

Passagiersdiensten works with an annual HSEQ plan so that employees know which H&S and quality assurance activities and objectives have been identified for the coming year. Under the guidance of G4S, there were ten onboard scenario training sessions in 2018. In addition, we held weekly rapid intervention evacuation and firefighting drills as well as emergency response drills with the fire brigade, the Royal Netherlands Sea Rescue Service (KNRM) and the ambulance services. In addition, Passagiersdiensten invests in safety training, for example with crisis and crowd management training for captains (through the Zoute Veren Training Foundation).



CONSULTATION

To capitalise on our potential as efficiently as possible, we ask our managers to involve employees actively in achieving our organisational goals. They do this by holding regularly scheduled department meetings, giving employees individual feedback and making professional development agreements with them.

Wagenborg Shipping

Shipping's HR has addressed a point of criticism mentioned in the 2017 RI&E: to improve internal communication. In 2018, management gave three presentations on two separate occasions to bring employees up to speed on Shipping's progress on strategic action points. Attendance at these meetings was close to 100%. Sharing common objectives and successes proved to be motivational. To continue improving internal communication in 2019, Shipping will recruit an HR communications officer and introduce a new intranet.

Wagenborg Offshore

Employees from Finance and Commerce attended the weekly Operation Team Meeting in 2018 to update their colleagues on Offshore's current financial status and (possible) future projects, respectively.

Works Council

Every division has a Works Council. Wagenborg also has a Central Works Council whose members are delegated by the various division Works Councils. The Works Council serves as a critical sounding board for the Board of Directors and offers input on how to improve performance, guarantee employee safety, and create a pleasant work setting. The Works Council and the Board once again engaged in constructive consultations in 2018.

PRIVACY

The European Union's General Data Protection Regulation (GDPR) entered into effect on 25 May 2018. Royal Wagenborg takes personal data protection very seriously, based on the following principles:

- We make use of personal data only for a given purpose and in accordance with the law.
- We are transparent about the type of personal data we collect, the way in which we use these personal data and the way in which data subjects can access their personal data.
- We store information securely and take all reasonable steps to protect information from misuse.
- We comply with all applicable legislation and rules concerning personal data protection.



WAGES

Guideline:

- *Reward employees within the applicable salary structure.*

Employment terms and conditions at Wagenborg vary considerably. Several different schemes may be applicable within a single company. We are subject to industry-wide collective agreements and to labour regulations. We always seek to pay a competitive wage, but it is important for wage costs to remain manageable. For employees not covered by a collective agreement, we have worked with the Works Council to arrive at a pay increase based, at the very least, on the consumer price index for households.

Wagenborg Shipping

The weak euro in 2018 meant that a number of seafarers saw a discrepancy between their wages in euros and their dollar-denominated collective agreements. They were compensated for the exchange rate gap. Although this was a requirement under the collective agreement for the sailors, it was not mandatory for the other seafarers. Nevertheless, we compensated them as well and in doing so helped to retain seafarers and thus minimise the need for lateral recruitment. Shipping continues to stand out in the labour market for seafarers for its unequivocal “a deal is a deal” policy on work and leave schedules. This and its correct and timely payment of wages help ensure that seafarers remain loyal and motivated.

PENSIONS

Wagenborg also has various different pension schemes. Many pension funds continue to struggle with low funding ratios. If they do not manage to bring their ratios up to a certain minimum level in the foreseeable future, then they may be obliged to cut accrued pension entitlements.

Wagenborg Shipping

Falling interest rates made it necessary to adjust the pension scheme for Dutch seafarers in 2017. The old-age pension accrual percentage remained unchanged at 1.604%, but a significant proportion of the partner’s pension is now being

insured on a risk basis. The partner retains any partner pension accrued until 1 January 2017, but from that date forward, accrual has only continued for a portion of that pension, while the rest is insured on a risk basis. As long as a seafarer remains a member of the pension scheme, there will not be any financial consequences. Once the seafarer retires or ceases to be an active member of the pension fund, he or she may exchange part of the old-age pension for a partner’s pension.

Wagenborg Towage

Towage employees accrue pension entitlements under the Industry-wide Pension Fund for Rhine and Inland shipping. The funding ratio for this pension fund was satisfactory and the accrued pension entitlements were increased.

Wagenborg Nedlift and Wagenborg Foxdrill

Nedlift and Foxdrill employees are members of the Industry-wide Pension Fund for the Transport Sector. The funding ratio remains inadequate, meaning that there was no leeway to increase the accrued pension entitlements.

Royal Niestern Sander

Royal Niestern Sander is affiliated with the Industry-wide Pension Fund for the Metal-Electrical Sector. The fund has been struggling with an inadequate funding ratio for several years and the ratio remained below the required ratio at the end of 2018. As a result, there is a greater likelihood that the fund will have to cut pensions in 2020. Whether that actually happens depends on interest rates, investments and other factors.

Wagenborg Passagiersdiensten

Passagiersdiensten employees are members of the Industry-wide Pension Fund for the Transport Sector. Wagenborg Plaza employees are covered under the Collective Agreement for the Food Sector and are members of the Industry-wide Pension Fund for Retail.

KEY INDICATORS

Appendix

These figures are based on number of employees and therefore differ from the number of FTEs cited in Royal Wagenborg's annual accounts.

EMPLOYEES BY DIVISION

Division	2018	2017	2016	2015	2014	2013
Wagenborg Shipping	2.073	1.997	1.903	1.909	1.846	1.651
Wagenborg Offshore	138	251	330	347	282	304
Wagenborg Passagiersdiensten	132	123	125	121	125	120
Wagenborg Nedlift	347	347	358	475	482	347
Royal Niestern Sander	158	159	172	175	171	173
Total	2.848	2.877	2.888	3.027	2.952	2.595

These figures do not include trainees and temps. The number of FTEs does not include % of on-call workers.

EMPLOYEES BY NATIONALITY

Division	NL		EU		PAN EU		ASIA		REST		TOTAL	
Wagenborg Shipping	738	35,6%	129	6,2%	288	13,9%	913	44,0%	5	0,2%	2.073	100,0%
Wagenborg Offshore	50	36,2%	1	0,7%	87	63,0%	0	0,0%	0	0,0%	138	100,0%
Wagenborg Passagiersdiensten	132	100,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	132	100,0%
Wagenborg Nedlift	324	93,4%	23	6,6%	0	0,0%	0	0,0%	0	0,0%	347	100,0%
Royal Niestern Sander	155	98,1%	3	1,9%	0	0,0%	0	0,0%	0	0,0%	158	100,0%
Total	1.399	49,1%	156	5,5%	375	13,2%	913	32,1%	5	0,2%	2.848	100,0%

DIRECT AND INDIRECT EMPLOYEES

Division	DIRECT		INDIRECT		TOTAL	
Wagenborg Shipping	1.747	84%	326	16%	2073	100,0%
Wagenborg Offshore	75	54%	63	46%	138	100,0%
Wagenborg Passagiersdiensten	76	58%	56	42%	132	100,0%
Wagenborg Nedlift	272	78%	75	22%	347	100,0%
Royal Niestern Sander	129	82%	29	18%	158	100,0%
Total	2.299	81%	549	19%	2.848	100,0%

BREAKDOWN BY GENDER

Division	MALE		FEMALE		TOTAL	
Wagenborg Shipping	1.939	94%	134	6%	2.073	100,0%
Wagenborg Offshore	107	78%	31	22%	138	100,0%
Wagenborg Passagiersdiensten	92	70%	40	30%	132	100,0%
Wagenborg Nedlift	318	92%	29	8%	347	100,0%
Royal Niestern Sander	146	92%	12	8%	158	100,0%
Total	2.602	91%	246	9%	2.848	100,0%

EMPLOYEES BY YEARS OF SERVICE

Division	<1		2-5		6-10		11-20		21-30		31-40		>40		TOTAL	
Wagenborg Shipping	1.203	58,0%	398	19,2%	240	11,6%	144	6,9%	64	3,1%	19	0,9%	5	0,2%	2.073	100,0%
Wagenborg Offshore	41	29,7%	47	34,1%	28	20,3%	12	8,7%	6	4,3%	4	2,9%	0	0,0%	138	100,0%
Wagenborg Passagiersdiensten	20	15,2%	41	31,1%	20	15,2%	29	22,0%	9	6,8%	11	8,3%	2	1,5%	132	100,0%
Wagenborg Nedlift	60	17,3%	79	22,8%	52	15,0%	82	23,6%	49	14,1%	24	6,9%	1	0,3%	347	100,0%
Royal Niestern Sander	12	7,6%	16	10,1%	21	13,3%	33	20,9%	47	29,7%	20	12,7%	9	5,7%	158	100,0%
Total	1.336	46,9%	581	20,4%	361	12,7%	300	10,5%	175	6,1%	78	2,7%	17	0,6%	2.848	100,0%

EMPLOYEES BY AGE

Division	<25		25-34		35-44		45-54		55-64		>65		TOTAL	
Wagenborg Shipping	202	9,7%	607	29,3%	604	29,1%	430	20,7%	218	10,5%	12	0,6%	2.073	100,0%
Wagenborg Offshore	9	6,5%	45	32,6%	40	29,0%	30	21,7%	13	9,4%	1	0,7%	138	100,0%
Wagenborg Passagiersdiensten	7	5,3%	16	12,1%	29	22,0%	44	33,3%	33	25,0%	3	2,3%	132	100,0%
Wagenborg Nedlift	18	5,2%	86	24,8%	79	22,8%	92	26,5%	61	17,6%	11	3,2%	347	100,0%
Royal Niestern Sander	6	3,8%	21	13,3%	27	17,1%	40	25,3%	57	36,1%	7	4,4%	158	100,0%
Total	242	8,5%	775	27,2%	779	27,4%	636	22,3%	382	13,1%	34	1,2%	2.848	100,0%

EMPLOYEES BY TYPE OF CONTRACT

Division	PERMANENT		FIXED TERM		TOTAL	
Wagenborg Shipping	1.005	48%	1.068	52%	2.073	100,0%
Wagenborg Offshore	131	95%	7	5%	138	100,0%
Wagenborg Passagiersdiensten	111	84%	21	16%	132	100,0%
Wagenborg Nedlift	286	82%	61	18%	347	100,0%
Royal Niestern Sander	150	95%	8	5%	158	100,0%
Total	1.689	59%	1.165	41%	2.848	100,0%

ABSENTEEISM

Division	%	Average duration	Frequency
Wagenborg Shipping	1,3%	22,1	0,18
Wagenborg Offshore	2,1%	8,5	0,67
Wagenborg Passagiersdiensten	1,7%	9,6	0,45
Wagenborg Nedlift	4,7%	13,0	0,90
Royal Niestern Sander	6,4%	10,8	1,46
Total	1,9%	14,3	0,41



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