

**Minutes of the Annual General Meeting of Shareholders (AGM) of TKH Group NV (TKH), with its registered office in Haaksbergen, the Netherlands, held at Restaurant 't Hagen, Scholtenhagenweg 36, Haaksbergen, the Netherlands, on Tuesday April 26, 2022, at 13:00 p.m. (CEST).**

**Represented share capital according to attendance list:**

- 619 depository receipts holders, who together represent 27,536,506 depository receipts of shares.
- 2 priority shareholders representing 3,700 priority shares.
- 1 shareholder representing 13,451,176 ordinary shares.
- Together, they represent 99.7% of the share capital issued to third parties, corresponding to 41,103,399 (depository receipts of) ordinary shares and 4,000 priority shares.
- For 24,641,509 depository receipts of shares, voting instructions have been given by holders of depository receipts of shares and provided by Stichting Administratiekantoor TKH Group (Stichting Administratiekantoor). The number of votes represented by Stichting Administratiekantoor for its own discretion amounts to 13,451,176. That is 32.8 % of the total number of votes present at the meeting.

**Present on behalf of TKH Group NV:**

- Supervisory Board:  
A.J.P. De Proft (Chairman), J.M. Kroon (Vice-Chairman), C.W. Gorter, A.M.H. Schöningh, and R.L. van Iperen
- Executive Board:  
J.M.A. van der Lof, E.D.H. de Lange and H.J. Voortman
- Stichting Administratiekantoor TKH Group:  
H.L.J. Noy, G.W.Ch. Visser and J.S.T. Tiemstra
- Company Secretary (minutes):  
D.E. Postma

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**1. Opening**

- The Chairman opens the AGM of TKH on behalf of the Supervisory Board and the Executive Board and warmly welcomes everyone present in the room or attending via the webcast. As mentioned in the invitation the AGM is held in English.
- Also a word of welcome to the members of the Central Works Council present at the meeting, the members of the Board of Stichting Administratiekantoor and the members of the Board of Stichting Continuïteit TKH.
- In addition, the Chairman welcomes Mr. Blenderman of EY Accountants as well as the company's notary, Mr. Van Olffen of De Brauw Blackstone Westbroek.
- The Chairman continues with a few formal announcements.
- The convocation of this meeting has been made public by its announcement on the website on March 15, 2022.
- In principle, all resolutions of the AGM are taken by an absolute majority of the votes casted, which means 50% + 1.
- Holders of depository receipts or their proxy holders who attend the meeting in person are authorized by Stichting Administratiekantoor upon entering the meeting to cast their vote on the number of shares corresponding to the depository receipts reported by the depository receipt holders for this meeting, with, of course, due observance of the provisions of the articles of association and the foundation's condition of administration.
- Holders of depository receipts and holders of shares who are unable to attend the meeting in person have been able to provide voting instructions to Stichting Administratiekantoor to vote on their behalf. To ensure an efficient meeting, in consultation with the Board of Stichting Administratiekantoor, the voting instructions issued to the Board are included in the presentation on the screen. For each agenda item for which voting instructions have been issued to Stichting

Administratiekantoor, the results will be shown on the screen during the casting of the votes on the relevant resolution.

- The Chairman then gives the floor to Mr. Noy, Chairman of the Board of Stichting Administratiekantoor, for an explanation of how Stichting Administratiekantoor dealt with the voting instructions received.
- Mr. Noy thanks the Chairman for the opportunity to give a brief explanation. The Board of Stichting Administratiekantoor has received voting instructions for 24,641,509 depository receipts of shares, which represent about 60% of the share capital entitled to vote. The Board of Stichting Administratiekantoor endorses the company's view to aim for an efficient meeting. As in previous years, it was therefore decided to show the voting instructions issued to Stichting Administratiekantoor on the screen for each agenda item. In order to avoid some misunderstandings, only the voting instructions against or abstain regarding an agenda item are shown. The Board of Stichting Administratiekantoor will vote itself on the shares it holds to the extent a depository receipt holder for the corresponding shares is not present, or represented at this AGM, and for which we did not receive a voting instruction from a depository receipt holder. The votes displayed on the screen are included in the protocol of the vote counting, so these are considered to be votes casted at the meeting.
- The Chairman thanks Mr. Noy for the explanation.
- The Chairman explains that the attendance register will be drawn up during the meeting and that once completed the number of share and depository receipt holders present and/or represented at the meeting according to the attendance register will be mentioned.
- Mr. Derk Postma, Company Secretary, is appointed as secretary of this meeting. He will draw up the minutes and make them available on the TKH website within 3 months of the end of this meeting.
- Holders of depository receipt of shares and holders of shares had the opportunity to submit questions about the agenda items prior to the AGM. No questions have been received by TKH.
- Under agenda item 2, the external auditor will provide an explanation of EY's audit activities with regard to the financial statements for the 2021 financial year.

## **2. Report of the Executive Board, annual financial statements, dividend, and discharge**

### **2a. Presentation of the report of the Executive Board and the annual financial statements for the 2021 financial year**

- The Chairman gives the floor to the Chairman of the Executive Board, Mr. Van der Lof, who explains the most important events in 2021 and the first months of 2022 by means of a presentation.
- Mr. Van der Lof warmly welcomes everyone. TKH had an interesting year 2021, and already a good start of 2022. During the Capital Markets Day in November 2021 TKH announced the change of segmentation from solutions to technologies. The Simplify & Accelerate program was introduced in 2019 with strong focus on activities that have above-average growth, and activities that have a higher-than-average profitability and therefore a focus on activities that have potential for value creation. This focus also resulted in divestments. Of course COVID-19 had an impact on TKH, but there was also a very strong recovery confirming TKH has very strong market positions. Concerning the simplified segmentation, Mr. Van der Lof explained that TKH wants to be more transparent, to make it easier to benchmark and to get to the right valuation. Also concerning ESG TKH has to take their responsibility. Last but not least TKH is ready for a new phase for further acceleration built on the strong foundation that has been created. That resulted in the Acceleration 2025 program with new targets. Mr. Van der Lof thereafter discusses the new targets. Finally the new TKH corporate video is shown.
- Mr. Van der Lof continues his presentation by discussing some of the highlights of 2021. Turnover have been increased and especially the second half year did very well, even better than the first half year. EBITA, the operating result, grew very nicely with close to 40%. Also the order book is very good with a big increase in the order book compared to the year before. Also in Q1 2022 the order book increased further.

- Mr. Van der Lof expressed that it is important to have a good dividend proposal. Last year dividend has been reduced, although on the other side, TKH invested in buyback of shares. So the total investment last year given back to shareholders was quite substantial.
- The developments per technology segment is discussed by Mr. Van der Lof. Smart Vision systems had a nice organic growth of more than 10% with a high return on sales. Smart Manufacturing systems realized a strong increase in profitability compared to the previous year, especially due to the strong increase in order book started end of Q4 2020 and continuing the whole year of 2021. The UNIXX was somewhat delayed due to COVID-19, the customer site could not be visited. Smart Connectivity systems realized a very high organic growth of 16%. A strong demand for power cables for energy transmission contributed to the turnover growth. Mr. Van der Lof shortly explains the issues in respect of the antidumping duties for fibre optic cables. TKH decided to have more capacity in Europe to serve the additional demand instead of expanding the cable manufacturing in China. Mr. Van der Lof continues to discuss the activities of TKH in Ukraine where about 130 employees are working. Also more information is included in the press release with market update Q1 2022. There is limited damage of the building. TKH supported as many people as possible to move with their families to either Germany or to Poland. All of the employees are safe at this moment.
- Mr. Van der Lof continues to discuss highlights of the ESG performance. It is very important that TKH will become carbon neutral for own operations in 2030. Diversity is also an important element, believing that TKH can become an even better company if the balance between female and male is brought to the targets that have been set. The accident rate is also very important, striving for zero accidents.
- Mr. Van der Lof discusses the bridge to realize a higher return on sales, starting with the organic growth. Cost efficiencies as part of organic growth that will be implemented will lead to at least 2.5% additional return on sales. Also innovations will contribute to a higher return on sales with 2% because these activities have a potential return on sales of higher than 17%, which will increase the average level of TKH. The acquisitions will also contribute by focusing on acquisition with a potential of 17% or higher return on sales. Divestments will be between €100 million and €150 million turnover. This will also have a positive effect on the average return on sales.
- The last slide of the presentation with the Q1 2022 market update is discussed. A very strong increase in EBITA is realized, resulting in a record level for Q1, higher compared to pre-COVID-19. Other highlights are the expansion plans which are explained by Mr. Van der Lof. TKH will create a new factory for subsea activities. Part of the current capacity of the plant in Lochem will be focused in the future on medium and high voltage cable. TKH is having a verbal agreement with Eemshaven to build a plant there, to be operational in Q3 2023. TKH will also build a new factory in Poland for fibre optic cables. We will also build a new plant for the specialty cable activities to cope also with the risk of Ukraine and to have additional capacity available due to the increased demand for the specialty cables. Last but not least the capacity for tire building systems in Poland will be increased, due to increased order book but also to balance the locations where TKH is manufacturing.
- Mr. Van der Lof thanks everyone for their attention and gives the floor to Mr. De Lange, CFO of TKH, to discuss in more detail the financial highlights. First of all, the geographical distribution of turnover is discussed. TKH is still very much a European-focused company in the sense that about two-thirds of total sales is within the European countries. Asia, about 19%, is similar to prior year, and North America, about 11%, still have some upside potential in that particular area.
- Mr. De Lange continues his presentation by discussing the high organic growth of close to 16%. Important to mention is that the impact of price increases, via the supply chain and raw material prices of copper and aluminum, is not that high with 2.6% in 2021. The gross margin of 48.3% is slightly lower than 2020. Operating expenses are close to € 550 million compared to € 500 million in 2020 and on the same level as in 2019, despite the fact that the revenue has increased compared to 2019. That combined with a good added value leads to an improvement of the return on sales to 12.4% compared to 10.5% in the prior year. About € 60-65 million is spent in R&D. The EBITA 2021 is close to € 190 million.
- Highlights of the balance sheet is discussed by Mr. De Lange. Inventories increased with about € 60 million to € 295 million. Part is due to the growth of TKH but also the result of the

measures taken in order to mitigate effects from supply chain issues. Close to € 50 million of the increase is related to raw materials and components. Working capital percentage of turnover is just over 10%, while the target is 12% to 15%. Despite the fact that TKH substantially increased the inventory levels this is a good performance resulting in a solid and strong balance sheet. Net debt with € 205 million is lower than 2020, with a leverage of 0.9 (net debt divided by EBITDA). Roughly 50% of EBITDA is converted into free cash flow, which is not much different from the prior years.

- Mr. De Lange continues his presentation by discussing ESG and especially the Sustainable Development Goals of the United Nations. There are 17 goals, TKH has portfolio which is linked to some of these goals. With Machine Vision systems TKH is able to improve manufacturing processes by generating the same output or even more output with less input by the technologies which TKH provide to their customer base. Within the Smart Manufacturing systems, and especially the tire building activities, TKH is working on e-mobility, recyclability of tires, roll resistance, etc. Within Smart Connectivity systems TKH contributes through the subsea connectivity systems for the offshore wind parks, and power cables which are connected to the renewable energy agenda throughout Europe. Roughly 70% of turnover of TKH is connected to the Sustainable Development Goals. Finally, Mr. De Lange discusses the fact that TKH have obtained assurance on non-financial KPI's as reported in the sustainability performance section in the annual report.
- Mr. De Lange thanks everyone for their attention and gives the floor back to the Chairman.
- The Chairman thanks Mr. Van der Lof and Mr. De Lange for their explanations.
- The Chairman gives the floor to the Chair of the Audit Committee, Mrs. Gorter, who reports on the meetings of the Audit Committee in 2021.
- The Audit Committee comprises Mrs. Gorter, as the Chair, and Mr. Kroon. TKH has granted EY discharge of confidentiality for this AGM. The report of the Supervisory Board, on pages 59 and 60, contains a detailed presentation of the topics discussed in the Audit Committee meetings. An ongoing consideration for the Audit Committee is the company's internal risk management and control system. Other topics within the committee's remit that were discussed were impairment analyses and the impact of changes in the International Financial Reporting Standards (IFRS) on the income statement and balance sheet including disclosures (financial statements). Because of the relevance of IT & Security for both day-to-day operations and TKH's business model in the context of software development and R&D, high priority is given to this topic at every Audit Committee meeting. Furthermore, the change in segment reporting, from solution reporting to technology reporting, has been discussed, including in relation to the requirements in IFRS.
- In the year under review, increased attention was devoted to developments in the field of non-financial information, including the EU Taxonomy requirements. TKH appointed Ernst & Young Accountants LLP (EY) to provide independent assurance of the report to reassure TKH's stakeholders about TKH's non-financial information. During the reporting year, further attention was also paid to supply chain management, cost inflation, and the influence of global economic and geopolitical developments on the financial position, and results.
- The internal audit plan was discussed and approved by the Supervisory Board. At each meeting, the Director Internal Audit provides an explanation of his findings concerning the internal audit activities carried out.
- TKH's Tax Director was present at two meetings to explain national and international tax developments and specific tax matters that are important for TKH.
- The Audit Committee discussed the audit plan, on the basis of which the audit activities were carried out, with the external auditor. The scope and materiality, as included in the audit plan, were also discussed, as well as the key risks in the annual reporting that the external auditor identified in the audit plan. During the year under review, due to the COVID-19 situation, the audit approach by the external auditor was re-evaluated in consultation with the Audit Committee, with specific attention given to inventory valuation, impairment testing, provisions, and revenue recognition. Further attention was devoted to European Single Electronic Format (ESEF) reporting, which is the electronic reporting format in which issuers on EU regulated markets must prepare and file their annual financial reports.



- The key audit matters that were identified by the external auditor include overtime revenue recognition and related valuation of contract assets and liabilities and secondly the valuation of capitalized development costs related to new innovation projects and/or business activities in development. (Also the external auditor addressed valuation of deferred tax assets, and valuation of goodwill.) The external auditor will also provide a brief explanation on this in his presentation.
- The external auditor explained the management letter with findings in the field of administrative organization and internal control insofar as it is relevant for the audit of the financial statements. The main topics discussed were IT control measures and cybersecurity, fraud and non-compliance management, the financial closing process related to ESEF reporting, and findings at operating companies that required follow-up.
- As every year, EY has audited whether the (variable) remuneration for the members of the Executive Board for 2021 is in accordance with the criteria for the STI and LTI set by the Supervisory Board. It has been concluded that the calculations correspond to the criteria set by the Supervisory Board.
- The Audit Committee evaluates the performance of the external auditor annually regarding the quality of the audit activities, the adequacy and implementation of the audit engagement, and the quality and depth of the reports, as well as any additional contributions. The Committee discusses its findings with the external auditor, as well as with the Supervisory and Executive Boards. The Audit Committee also advises the Supervisory Board about the nomination for the (re)appointment of the external auditor and prepares the selection of the external auditor. I will return briefly to agenda item 5, proposal to appoint the external auditor to audit the annual financial statements for the 2023 financial year.
- Finally, the Audit Committee held a meeting with the external auditor without the Executive Board being present, as per best practice provision 1.7.4. of the Code. It was established that the external auditor was independent of TKH.
- The Chairman thanks Mrs. Gorter for the explanation.
- The Chairman gives the floor to Mr. Blenderman for an explanation of the audit work by EY Accountants.
- Mr. Blenderman thanks for the opportunity as the external auditor to provide an explanation at the meeting on the audit work performed on the financial statements 2021. Mr. Blenderman indicates that he has been TKH's external auditor since 2020. The presentation will discuss the following elements: the audit of the consolidated and company-only financial statements 2021 of TKH, the audit approach and focus, scope, strategy and execution, going concern and fraud and non-compliance with laws and regulations, key audit matters, the management report, main conclusions, communication and interaction.
- Mr. Blenderman first discusses the audit approach and focus. EY audited the company and consolidated financial statements of TKH Group N.V. and investigated whether the annual report meets the legal requirements, whether the content corresponds to the overall view of the annual report and whether the annual report is in line with the knowledge EY have gained about the company. These are the legal requirements for the audit of TKH Group N.V. As the external auditor of TKH Group N.V. Mr. Blenderman is ultimately responsible for the audit. To be able to take this responsibility, Mr. Blenderman has established an experienced team with relevant sector knowledge. In addition to auditors in the Netherlands and abroad, there are some topics at TKH for which Mr. Blenderman have involved EY experts. These topics are: valuations of intangible fixed assets such as goodwill, taxes, IT and fraud risks. EY works together with the internal audit department of the company. EY agrees on the procedure and share outcomes without relying on it. The audit has been performed with a high level of assurance. The materiality used in the audit of the consolidated financial statements of TKH is € 7,6 million. EY reports errors in excess of € 340,000 to the Supervisory Board. EY conducted their audit based on the materiality used and the risks assessed.
- Mr. Blenderman then discusses the topic going concern and fraud and non-compliance with laws and regulations. In the auditor's report EY paid specific attention to the approach in the audit regarding going concern and fraud risks based on the adjusted Standard 700. EY described both risks and how EY have addressed these risks in the audit. EY aligned the fraud

risk factors with the Supervisory Board and Audit Committee and included these in the audit strategy. EY regularly consult with the Executive Board, Compliance and the Internal Auditor. The Supervisory Board and Audit Committee is periodically informed by the Board about risks of fraud and non-compliance. EY assessed this information. EY also involved forensic experts in this area in the audit, which is standard for clients such as TKH. TKH has fraud and non-compliance high on its agenda and is alert to fraud signals and gives adequate attention. The Executive Board of TKH is responsible for making an assessment of the going concern assumption. This assessment must be made for the next twelve months after the date of the financial statements. When assessing the going concern assessment EY involved EY specialists. It is EY's responsibility to obtain sufficient and appropriate audit evidence about the suitability of the going concern assumption and whether material uncertainty exists. Mr. Blenderman refers to note 1 to the financial statements.

- The presentation continues with an explanation by Mr. Blenderman on the key audit matters. EY included two key audit matters in the auditor's report. First one is over time revenue recognition and related valuation of contract assets and liabilities. Because of the various revenue streams and elements therein, the recognition and valuation is complex. The second one is the valuation of capitalized development costs related to new innovation projects in development. Given the technological and innovative nature the valuation is complex. In the audit EY assessed estimates and assumptions made by management. EY considers management's assumptions and disclosures made reasonable.
- Mr. Blenderman continues the presentation with the main conclusions. EY issued an unqualified auditor's opinion and there are no audit differences that must be recorded. Furthermore, Mr. Blenderman reports that there was no difference in view with the Executive Board regarding estimates and that EY generally qualify these as balanced. EY assessed whether the annual report and the report of the Supervisory Board is consistent with the financial statements. EY has done this in the role as auditor based on the knowledge and understanding obtained through the audit. EY assess all information in the annual report on consistency with the financial statements, which is a legal regulation. With regard to remuneration, EY established that the required information has been included in accordance with SRD II.
- Finally, Mr. Blenderman discusses the topic communication and interaction. EY regularly consult with financial management, the Executive Board, the Supervisory Board and the Audit Committee of TKH. The relationship with the company is transparent, critical, independent and very good. The different departments strive for a high quality level, are knowledgeable and professional. EY established that management, Audit Committee and Supervisory Board take EY's findings seriously and that adequate follow up occurs. The audit of the financial statements is a process that leads to several reports to the company. At the beginning EY set up an audit plan and after the interim work provide a management letter. This management letter contains recommendations for management and the Supervisory Board. In the auditor's report EY record detailed findings of the audit. In addition to the key audit matters, EY reported on independence, tax & legal matters, remuneration and the continuity of IT systems and their view on important estimates and valuations.
- Mr. Blenderman thanked everyone for their attention and returned the floor to the Chairman.
- The Chairman thanks Mr. Blenderman for the explanation.
- The Chairman invites those present to ask questions.
- Mr. Snoeker, private shareholder, compliments TKH for the realized performance over the last ten years, and asks if it will be possible for TKH to increase the margins also in the period after the next three years.
- Mr. Snoeker notices that the number of divisions has been reduced over the last years, but that there are still more than 100 consolidated entities. Mr. Snoeker wonders if the names of the divisions should be changed into smart divisions and to change the name of TKH into Smart Technologies.
- Mr. Snoeker asks about the background of the mask detection system as included on page 87 of the annual report, also related to privacy.

- Mr. Snoeker asks if it is possible to invite shareholders to visit one or more companies of TKH in 2022.
- Mr. Van der Lof thanks Mr. Snoeker for his analysis and compliments, and explains that TKH is well positioned related to the megatrends and future growth therefore is possible. Also efficiencies within the group, including cost efficiencies, will contribute to an increase of the return on sales. Mr. Snoeker asks if this will be possible also after 5 years. Mr. Van der Lof explains that it is very difficult to predict further than 5 years, but that due to the strong foundation with attractive technologies there is still potential value creation.
- Mr. Van der Lof explains there is a lot of synergies between the 3 technology segments, which is also further explained in the annual report. Looking at the number of companies; the companies are very well organized in cluster management with good leadership controlling the activities. TKH also needs local presence, therefore there are many sales companies. Mr. Van der Lof thanks for the suggestion to move further with Smart Technologies, and thinks TKH should focus to continue with a good performance rather than to change the name of TKH at this point in time.
- Mr. Van der Lof refers to COVID-19, as a result company visits are not possible, and notes that company visits will be organized in the future if that is possible again.
- Mr. De Lange explains the mask detection system of TKH. This system identifies if a person is wearing a mask and is not in use to identify a person and therefore this systems complies with privacy regulation.
- Mr. Van Buuren, representing VBDO, asks if TKH is willing to provide in the future more information in the reporting about recycling and circular economy activities.
- Mr. Van Buuren asks if TKH plans to set specific targets in the procurement of raw materials like copper, aluminum and plastics to increase the level of recycled materials purchased which are used by TKH to manufacture the products.
- Mr. Van Buuren congratulates TKH with the performance on climate strategy in such a short time, and thereby, decreasing greenhouse gas emissions is really remarkable. Mr. Van Buuren asks if TKH will report more details on the climate mitigation strategy, and which type of targets will be set within that context for the coming years.
- Mr. Van Buuren refers to the due diligence human rights directive from the European Union, and asks if TKH can provide more information about the EU regulation regarding due diligence in the supply chain, especially with regard to indirect suppliers as well.
- Mr. De Lange explains that TKH increased reporting on the topics circular economy and recycling, and that it became a more prominent part of the targets as well. The recyclability targets have been set on 80% for core raw materials copper and aluminum. TKH is also focusing on reducing waste levels. Mr. De Lange notes that in general disclosures will increase especially concerning climate adaption and mitigation, this will also include recycling topics. Increasing the level of recycled materials used in production will be a supply chain effort, together with suppliers. It is too early to define specific targets.
- Mr. De Lange thanks Mr. Van Buuren for his compliment on the performance related to the CO<sub>2</sub> footprint, which is reduced close to 30%. TKH will communicate a more specific plan how the target set for 2030, to be CO<sub>2</sub> neutral for own operations scope 1 and 2, will be realized. Mr. De Lange refers to the annual report in which already specific items are mentioned about the reduced CO<sub>2</sub> footprint level.
- Mr. De Lange explains that concerning the due diligence in the supply chain TKH slightly changed the definition of the focus on the supply chain in the sense that TKH is focusing on less number of suppliers to do audits, in order to have more depth into that audit program. That improves the quality and that also touches upon the future items related to the due diligence. Another important element is that TKH is also looking at supply chain partners operating at a larger scale in the sense that these suppliers also have to meet the criteria concerning supply chain due diligence, like TKH. This change in partnerships on the supply side also improves the overall reach and depth into the issue of the indirect suppliers and is making sure that all the human rights criteria are met.

- Mr. Jorna, representing Vereniging Van Effectenbezitters (VEB), is disappointed that the targets set for the STI and LTI cannot be read in the remuneration report. Mr. Jorna asks if the targets can be disclosed in the remuneration report 2022.
- Mr. Jorna asks if the external auditor also audit the use of agents by TKH related to fraud, and if there were any contracts and transactions.
- The Chairman refers to the question on the remuneration report and proposes to answer this question when the remuneration report is discussed under agenda item 2b.
- Mr. Blenderman of EY confirms that the external auditor is paying specific attention to the use of agents, including the contracts and transactions. Also forensic experts of EY are used to analyze the information. Mr. Jorna asks if there were any activities of agents, not using contracts and not known by TKH. Mr. Blenderman confirms that no irregularities were noted. Mr. Jorna asks that in case there are any issues in the future regarding this topic EY can confirm that EY did their utmost and nothing have been noted. Mr. Blenderman reconfirms that the use of agents by TKH is part of the audit approach of EY. In case of transactions with agents, forensic experts of EY are used to determine if any irregularities have occurred. Mr. Blenderman confirms that no irregularities have to be mentioned in this meeting.
- The Chairman notes that there are no other questions to be asked and provides the numbers included in the attendance register.
- The present agenda item is not subject to a vote, so the Chairman moves on to the next agenda item.

## **2b. Remuneration report for the 2021 financial year**

- TKH has prepared the remuneration report of the Executive Board and the Supervisory Board for the 2021 financial year in accordance with the requirements of the revised EU Shareholders Directive, as implemented in Dutch law on December 1, 2019. The 2021 remuneration report is included in the TKH annual report on pages 62 to 69 and is published on the TKH website.
- The Chairman gives the floor to the Chair of the Remuneration Committee, Mr. Van Iperen, who reports on the meetings of the Remuneration Committee in 2021 and the remuneration report 2021. Mr. Van Iperen notes that he will also come back to the question of Mr. Jorna.
- The remuneration policy aims to provide a competitive remuneration package to attract, motivate and retain qualified managers for a publicly listed company, while keeping in mind the company's size and unique characteristics. The policy recognizes the internal and external context, as well as TKH's business needs and long-term strategy. It's designed to stimulate long-term value creation for TKH and its affiliated companies, taking into account the provisions for good corporate governance. The policy also aims to improve the company's performance using financial and non-financial performance measures, combined with the careful assessment of risks and right entrepreneurial attitude. It is tested for market conformity at least once every three years on the basis of information provided by external experts. In addition, internal remuneration ratios are also taken into account by ensuring that the remuneration ratio in the second tier is appropriate and in line with market standards. The remuneration policy was adopted in the shareholders' meeting of 2020 and it remained unchanged in 2021. The remuneration payable to the members of the Executive Board comprise a basic salary, a pension commitment and a variable remuneration component consisting of an annual performance bonus, STI, and the long-term incentive, LTI, in the form of a share plan.
- Once a year, the Supervisory Board determines whether the basic salary levels needs to be adjusted – and if so, by how much – with due consideration to market developments, the remuneration structures of similar companies in the labor market reference group, TKH results and wage developments within the TKH Group. Basic salaries have been increased by 3% with effect from 1<sup>st</sup> of January 2021, based in part on the external assessment. The basic salary for individual members of the Executive Board is below the median for the labor market reference group.
- The short-term incentive is a performance bonus aimed at achieving objectives that are set annually and for which criteria are formulated. The EBITA target plays an important role in this respect, as does the turnover growth target. Personal targets have also been defined, focusing on, among other things, non-financial performance, including corporate, social responsibility,



innovations and the progress of the strategy realization process. The realization of the objectives for 2021 has led to an STI for the gentlemen, Van der Lof, De Lange and Voortman of 58.4% of the basic salary, based on the realization of 97.3% of the maximum performance bonus.

- The long-term variable remuneration aims to align the interest of the Executive Board members with the long-term interest of TKH shareholders. For that purpose, a share plan was enacted that includes a long-term incentive, LTI. Under the plan, members of the Executive Board are awarded shares based on the realization of targets on the condition that they personally invest in the same number of shares as are awarded to them under the LTI plan at the market price at that time. The shares awarded under the share plan, along with those personally invested, are meant to be held as a long-term investment, and they may not be traded for three years after the allocation or purchase, as the case may be. The waiting period of three years was determined in light of the quid pro quo financial consideration required of members of the Executive Board. The amount of remuneration depends on developments in the following KPIs, return on capital employed and return on sales, in relation to the targets formulated ahead of time and the stock price developments for TKH shares compared to the AMX, the index of the Euronext Amsterdam. These three KPIs determine whether it will be possible to award any shares, and if so, how many. And the following multipliers were reached for each KPI based on actual overall performance in relation to the performance ranges. Multipliers for both ROS and ROCE amounted to the maximum of 1.5. The multiplier for the relative stock price development amounted to 0.83. These multipliers for each KPI resulted in a total multiplier for the LTI of 1.87, which meant that 1.87 times the standard award was granted.
- Mr. Van Iperen refers to the remuneration report, which is included in the annual report, for more explanation and more details.
- Mr. Van Iperen refers to the proxy voting advice from ISS, recommending to vote against the remuneration report, mainly due to the lack of transparency. According to ISS the report provides too little insight on what has been measured under the non-financial and financial KPIs for the short-term incentive and the long-term incentive plan. Mr. Van Iperen concludes that it is clear that this comment will be treated very seriously. TKH and the Supervisory Board will investigate and analyze the critics thoroughly. Based on that, the transparency on the targets in the remuneration report for next year will be improved.
- The Chairman thanks Mr. Van Iperen for the explanation.
- On behalf of the Board of Stichting Administratiekantoor, Mr. Noy makes a voting statement. The Board of Stichting Administratiekantoor noted that the majority of depository receipt holders, which have given voting instructions to Stichting Administratiekantoor, have voted against this agenda item. The Board of Stichting Administratiekantoor understands that the reason for this is that the remuneration report provides little insight on what has been measured under the non-financial performance measures and insufficient detail provides on the performance assessment or the financial criteria under both the short-term and the long-term incentive. The Board of Stichting Administratiekantoor have discussed this with the Chairman of both the Executive and Supervisory Board and with the Chairman of the Remuneration Committee. Mr. Noy refers to the statement of the Chairman of the Remuneration Committee, and concludes this is taken very seriously by the company. Improved transparency on this item in the remuneration report for next year is promised. Based on this promise, the Board of Stichting Administratiekantoor decided to vote in favor of the remuneration report for those shares for which no voting instructions have been received.
- The Chairman thanks Mr. Noy for the statement and explanation, and proceeds to a vote on this agenda item (advisory vote).
- Based on the voting instructions and voting behavior, the Chairman establishes that the AGM has given a positive advice with regard to the remuneration report for the 2021 financial year with 15,879,773 votes against and 1,098 abstentions.

## **2c. Proposal to adopt the annual financial statements for the 2021 financial year**

- The Supervisory Board presents the financial statements for the 2021 financial year drawn up by the Executive Board to the AGM for adoption. The financial statements have been submitted to EY Accountants for auditing. The independent auditor's report can be found on pages 148 to 153 of the full annual report.

- The Supervisory Board has discussed the financial statements with the Executive Board in the presence of the external auditor. The Supervisory Board believes that the financial statements comply with the required regulations and provide a good foundation for the Executive Board to render account for the conduct of business and for the Supervisory Board to supervise the conduct of business.
- The Chairman proceeds to a vote on this agenda item.
- Based on the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with no votes against and 71,783 abstentions, with which the AGM has adopted the financial statements for the 2021 financial year.

#### **2d. Explanation of the policy concerning reserves and dividends**

- The dividend policy is included on page 83 of the annual report and is aimed at achieving an attractive return for shareholders which is reflected in an appropriate dividend policy. At the same time, healthy balance sheet ratios are very important for the continuity of the company. In determining the dividend to be paid, TKH therefore takes into account the amount of profit the company needs to retain to realize the medium- and long-term plans on the basis of a solvency of at least 35%. Based on its growth targets for the coming years, the aim is to achieve a pay-out of between 40% and 70% of the net profit before amortization and one-off income and expenses attributable to shareholders.
- This dividend policy has not changed in the past year.
- The present agenda item is not subject to voting, so the Chairman moves on to the next item on the agenda.

#### **2e. Proposal to declare the 2021 dividend and make it payable**

- The shareholders at the AGM are asked to approve the payment of a dividend for 2021 of € 1.50 per share/depositary receipt for a share. The pay-out ratio amounts to 54.2% of the net profit before amortization and one-off income and expenses to shareholders, and 64.5% of the net profit attributable to shareholders. The proposal is for the dividends to be charged to reserves in cash. The dividend will become payable on May 3, 2022.
- The Chairman proceeds to the vote on this item on the agenda.
- On the basis of the voting instructions shown and the voting behavior, the Chairman establishes that this agenda item had been adopted with no votes against and 522 abstentions, with which the AGM have determined the dividend for the 2021 financial year.

#### **2f. Discharge of the members of the Executive Board for their management duties**

- The Chairman continues with the proposal to grant discharge to all current members of the Executive Board for their conduct of business during the 2021 financial year, insofar as this conduct of business is reflected in the annual report, of which the management report and the financial statements are a part, or is otherwise made public, and proceeds to the vote on this item on the agenda.
- On the basis of the voting instructions shown and the voting behavior, the Chairman establishes that this agenda item had been adopted with 374,640 votes against and 1,822,513 abstentions, with which the AGM has granted discharge to all members of the Executive Board for conduct of business during the 2021 financial year.

#### **2g. Discharge of the members of the Supervisory Board for their supervisory duties**

- It is proposed to grant discharge to all current and former members of the Supervisory Board for their supervision of the conduct of business during the 2021 financial year, insofar as this is reflected in the annual report, of which the management report and the financial statements are a part, or are otherwise made public. The Chairman proceeds to the vote on this item on the agenda.
- On the basis of the voting instructions shown and the voting behavior, the Chairman establishes that this agenda item had been adopted with 2,116,199 votes against and 81,254 abstentions, with which the AGM have granted discharge to all members of the Supervisory Board for their supervision of the conduct of business during the 2021 financial year.

### **3. Proposal to reappoint Mr. H.J. Voortman MSc as a member of the Executive Board**

- Mr. Voortman (1966) was appointed as a member of the Executive Board on May 3, 2018, for a period of four years, with the understanding that his term would end after this AGM. The Supervisory Board proposes the reappointment of Mr. Voortman and Mr. Voortman has indicated that he is prepared to serve another term. Based on his excellent performance, as well as his background and experience, the Supervisory Board recommends the reappointment of Mr. Voortman as a member of the Executive Board. This appointment is for a period of four years from the close of this meeting, until the close of the AGM in 2026.
- For further details, including Mr. Voortman's remuneration, the Chairman refers to the notes to the agenda.
- The Chairman proceeds to the vote on this item on the agenda.
- On the basis of the voting instructions shown and the voting behavior, the Chairman establishes that this agenda item had been adopted with 4,402 votes against and 20,937 abstentions, with which the AGM has reappointed Mr. Voortman as a member of the Executive Board for a period of 4 years. The Chairman congratulates Mr. Voortman on his reappointment.

#### **4. Composition of the Supervisory Board**

- On the agenda for this meeting is the resignation of two members of the Supervisory Board in accordance with the retirement schedule, namely Mr. Van Iperen and Mr. De Proft.
- Mr. Van Iperen will step down according to the applicable retirement schedule. Under the regulations of the Supervisory Board and the Articles of Association of TKH, Mr. Van Iperen may be reappointed for a further period of two years until the close of the AGM that will be held in 2024. Mr. Van Iperen has indicated that he is available for reappointment. The Chairman points out that if Mr. Van Iperen is reappointed, at the end of his tenure, the 12-year term for a Supervisory Board member will be exceeded because his first appointment was in December 2011. This is in line with TKH's Articles of Association but a deviation from the Corporate Governance Code. It is, however, common practice to let the term of a Supervisory Board member continue until the next AGM. Therefore, the company does consider the reappointment in the spirit of the Code.
- In addition, the Chairman himself, Mr. De Proft, will resign at the close of this AGM, as per the retirement schedule. Mr. De Proft decided that he is not available for reappointment due to increasing time constraints related to his other duties, which makes the combination not workable anymore. In the context of safeguarding knowledge and continuity within the Supervisory Board, the Supervisory Board initiated a thorough procedure to find a new Supervisory Board member last year. To fill the vacancy for a member of the Supervisory Board, the Supervisory Board looked for a candidate with broad international experience at an international company and with an affinity for TKH's technology and activities. After extensive and thorough selection procedures, the Supervisory Board is truly very happy that Mr. Peter Oosterveer (CEO and Chair of the Executive Board of Arcadis N.V.) has been nominated to fill this vacancy and join the Supervisory Board.
- Mr. Oosterveer gives a short introduction about himself.
- The Chairman thanks Mr. Oosterveer for the introduction and continues the meeting. As usual, the so-called telescope system is used, which means that the entire procedure for appointing supervisory directors is completed in one meeting. This procedure is included in items 4a to 4f of the agenda.

#### **4a. Notification of Supervisory Board vacancies and board position profiles to the shareholders at the AGM**

- The AGM is informed of the two vacancies on the Supervisory Board due to the resignation of Mr. Van Iperen and Mr. De Proft on the basis of the applicable retirement schedule.
- These reappointments are not subject to a special right of recommendation of the Central Works Council as referred to in article 19 paragraph 8 of the company's articles of association.
- These vacancies must be filled in accordance with the position profile defined for the Supervisory Board, which is available on the company's website.

#### **4b. Opportunity for shareholders at the AGM to make recommendations, with due regard to the position profiles**

- The company has not received any proposal from holders of shares/depository receipts of

shares to recommend to the Supervisory Board persons to be nominated as members of the Supervisory Board.

- The Central Works Council has indicated that it will not make use of its right of recommendation for the vacancies that have arisen.
- The Chairman notes that the shareholders at the AGM have not exercised their right of recommendation and proceeds to agenda item 4c.

**4c. Announcement to the shareholders at the AGM of the Supervisory Board's recommendation to reappoint Mr. R.L. van Iperen to the Supervisory Board, if the shareholders do not invoke their right of recommendation**

- Since the AGM has not exercised its right of recommendation, the Supervisory Board announces to the AGM that it will nominate Mr. Van Iperen for reappointment as a member of the Supervisory Board. In accordance with the current Articles of Association and the Corporate Governance Code, Mr. Van Iperen can be reappointed for two years.

**4d. Proposal to the shareholders at the AGM to reappoint Mr. R.L. van Iperen to the Supervisory Board, if the shareholders do not invoke their right of recommendation**

- Since the AGM has not exercised its right of recommendation, it is proposed to the AGM to reappoint Mr. Van Iperen as a member of the Supervisory Board for a period until the end of the AGM to be held in 2024.
- The Chairman proceeds to vote on this agenda item.
- On the basis of the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with 1,781,793 votes against and 22,350 abstentions, with which Mr. Van Iperen has been reappointed as a member of the Supervisory Board for a period until the end of the AGM to be held in 2024. The Chairman congratulates Mr. Van Iperen on his reappointment.

**4e. Announcement to the shareholders at the AGM of the Supervisory Board's recommendation to appoint Mr. P.W.B. Oosterveer to the Supervisory Board, if the shareholders do not invoke their right of recommendation**

- Since the AGM has not exercised its right of recommendation, the Supervisory Board announces to the AGM that it will nominate Mr. Oosterveer for appointment as a member of the Supervisory Board. In accordance with the current Articles of Association and the Corporate Governance Code, Mr. Oosterveer can be appointed for four years.

**4f. Proposal to the shareholders at the AGM to appoint Mr. P.W.B. Oosterveer to the Supervisory Board, if the shareholders do not invoke their right of recommendation**

- Since the AGM has not exercised its right of recommendation, it is proposed to the AGM to appoint Mr. Oosterveer as a member of the Supervisory Board for a period until the end of the AGM to be held in 2026.
- The Chairman proceeds to vote on this agenda item.
- On the basis of the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with 40,483 votes against and 20,937 abstentions, with which Mr. Oosterveer has been appointed as a member of the Supervisory Board for a period until the end of the AGM to be held in 2026. The Chairman congratulates Mr. Oosterveer on his appointment.
- The Chairman mentions that following today's reappointment and appointment, the Supervisory Board will be composed in such a way that all of its members are independent within the meaning of best practice provisions 2.1.7. up to and including 2.1.9. of the Corporate Governance Code.

**5. Proposal to appoint the external auditor to audit the annual financial statements for the 2023 financial year**

- In accordance with Article 32.1 of the Articles of Association, it is submitted to the shareholders at the AGM to commission EY Accountants to audit the TKH 2023 financial statements.
- The Chairman gives the floor to Mrs. Gorter as Chair of the Audit Committee. Mrs. Gorter briefly explains the evaluation of the external auditor.



- The Audit Committee has independently evaluated the performance of Ernst & Young Accountants LLP (EY) as the external auditor for the financial year 2021, and the effectiveness of the audit process, partly with the help of feedback from stakeholders within TKH. As a result of this evaluation, and the subsequent decisions made for the planning and execution of the external audit for the 2021 financial year, the Audit Committee advised the Supervisory Board to nominate EY for reappointment as the external auditor of TKH, for the audit of the financial statements for the 2023 financial year. On the recommendation of the Audit Committee, the Supervisory Board proposes to the AGM that EY is appointed to audit the TKH financial statements for the financial year 2023. The audit will be carried out under the supervision of Mr. F. Blenderman, partner at EY.
  - The Chairman thanks Mrs. Gorter for the explanation and proceeds to the vote on this item on the agenda.
  - On the basis of the voting instructions shown and the voting behavior, the Chairman establishes that this agenda item had been adopted with 4,402 votes against and 1,032 abstentions, with which the AGM has granted EY Accountants the assignment to audit the annual accounts for 2023.
- 6. Proposal to designate the Executive Board, for a period of 18 months following April 26, 2022, as the body that is authorized, subject to the approval of the Supervisory Board, to decide to issue ordinary shares and cumulative financing preference shares, including the granting of rights to subscribe to shares**
- This designation applies to the ordinary shares and cumulative financing preference shares taken together up to and including a total of ten percent (10%) of the total nominal amount of the issued shares. If granted, the authorization will replace the authorization granted at the 2021 AGM. These authorizations will be used in cases where the share capital needs to be expanded in order to strengthen TKH's financial position.
- 6a1. Designation of the Executive Board as the body authorized to resolve to issue ordinary shares and cumulative financing preference shares**
- The Chairman proceeds to vote on this agenda item.
  - On the basis of the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with 27,321 votes against and 1,772 abstentions, with which the decision has been adopted to designate the Executive Board as the body authorized to resolve to issue ordinary shares and cumulative preference shares.
- 6a2. Designation of the Executive Board as the body authorized to resolve to restrict or exclude shareholders' pre-emptive rights with respect to the issuance of shares referred to in item a1**
- The Chairman proceeds to vote on this agenda item.
  - On the basis of the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with 48,660 votes against and 1,772 abstentions, with which the decision has been adopted to designate the Executive Board as the body authorized to resolve to restrict or exclude the pre-emptive right on the issue of ordinary shares and cumulative financing preference shares.
- 7. Proposal to authorize the Executive Board to acquire shares in the company**
- The proposal to the shareholders at the AGM is to authorize the Executive Board, for a period of 18 months following April 26, 2022, 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 depositary receipts for shares in TKH up to a maximum of 10% of the issued capital of TKH at the time of repurchase. If granted, the authorization will replace the repurchase authorization granted at the 2021 AGM. The authorization may be used in connection with a share repurchase for the purpose of, for example, share and option schemes or other situations where shares would be repurchased.
  - The Chairman proceeds to the vote on this item on the agenda.
  - On the basis of the voting instructions and voting behavior, the Chairman establishes that this agenda item has been adopted with 1,750 votes against and 9,107 abstentions, with which the



AGM have authorized the Executive Board to acquire the company's own shares within the limits of the authorization granted.

**8. Any other business and close**

- The Chairman notes that all items on the agenda have been discussed and adopted. The voting results will be published on the TKH website within 15 days.
- Before closing the meeting, Mr. Van der Lof thanks Mr. De Proft and Mr. Noy for their contributions.
- The Chairman thanks everyone and closes the meeting.