

Sif Holding nv  
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## **Minutes of the Annual General Meeting of Shareholders of SIF HOLDING N.V. (“Sif”)**

**Date:** 14 May 2020

**Location:** Company offices at Roermond, Mijnheerkensweg 33

**Time:** 10.00 – 12.30 hrs

### **1. Opening**

The chairman of the Supervisory Board (André Goedée) opens the meeting with a welcome to everyone listening in on this audio-webcast conference call of the Annual General Meeting of Shareholders of Sif Holding NV. He explains that this meeting is largely held virtual to protect everyone’s safety. The meeting is physically attended by the Chairman of the meeting, the CEO of Sif Holding NV, Fred van Beers; the CFO, Leon Verweij; the Secretary, Fons van Lith and Member of the Supervisory Board, Peter Gerretse. The Chair of the Works Council, Wouter Nadorp; the Members of the Supervisory Board Peter Visser, Caroline van den Bosch and Peter Wit, the auditor Mark-Jan Moolenaar (EY) and vote collector Jetty Tukker (Houthoff) are listening in, in this call.

The chairman will lead this meeting and in accordance with article 26.2 of the articles of association of Sif Holding, the chairman designates Mr Fons van Lith to act as secretary and prepare minutes of the business transacted at this general meeting. The aim is to post the minutes on the website of Sif within 4 weeks after today.

With regard to the orderly procedure of the meeting, the chairman informs attendees as follows: This meeting has been announced and those entitled to attend the meeting of Sif Holding have been convened by means of an announcement on the website of the company on 1 April 2020. All those entitled to attend the meeting were invited and encouraged to vote by proxy, raise questions prior to the meeting and to follow the meeting via a webcast conference call. Bearing in mind the announcement on emergency legislation by the government, Sif has decided to limit the number of persons physically attending this meeting. No shareholders or their proxies have registered for this meeting, Stichting Rechtsbescherming Beleggers and VEB have indicated their interest in live participation in the meeting and have dialled in on the conference call.

As at the date of convocation and today’s date, 25,501,356 shares were outstanding. 18,875,564 votes have been cast by proxy via the ABN AMRO securities portal, equivalent to 74.02% of the total outstanding share capital. The chairman explains that he will state the number of votes cast on each item, together with the numbers of votes in favour or against and the number of abstentions. There will be an opportunity for questions and answers on each agenda item.

For the sake of completeness, the chairman notes that all of today's items to be put to the vote would be decided in accordance with the agenda of the meeting and the corresponding explanatory notes that had been posted on Sif's website. Those documents for the meeting are decisive in determining the exact content and purport of the resolutions to be taken today. The voting results would be placed on the website by Sif after the meeting.

The chairman then proceeds to the consideration of item 2 of the agenda.

## **2. Announcements**

The chairman states that Sif Holding had published a trading update that morning reporting on the performance in the first quarter of 2020. The release and a soft copy of the management presentation under item 3 of the agenda have been made available at the company's website immediately prior to and immediately after close of the meeting respectively. We will now move on to item three of the agenda.

## **3. 2019 annual report, profit appropriation and discharge from liability**

- a. Executive Board presentation.
- b. Supervisory Board report
- c. Corporate Governance report
- d. Profit appropriation

The chairman states that the 2019 annual report, of which the 2019 financial statements are part, had been published on 13 March 2020 on the website of Sif Holding N.V. and had been available for inspection at the office of Sif Holding in Roermond since that date. He explained that agenda item 3A to D inclusive would be dealt with jointly.

CEO Fred van Beers then presented the highlights of 2019 and reviewed the company's performance in the first quarter based on a PowerPoint presentation. The PowerPoint presentation would be published on the Company's website shortly after the meeting. The financial impact in the statement of profit and loss and other comprehensive income and the statement of financial position would be discussed at a later stage when those present would be asked to approve the 2019 financial statements. CEO Fred van Beers and CFO Leon Verweij discussed the PowerPoint presentation that was shown at the meeting.

In his presentation Fred van Beers briefly touched upon the impact of COVID-19 on Sif's business. Subsequently, he talked about strategy and performance in 2019, to end with some remarks on the progress made in the first quarter of this year. CFO, Leon Verweij, joined Fred van Beers in explaining how this all works out in Sif's numbers.

After closing their presentations, Fred van Beers and Leon Verweij handed over to the Chairman to open the microphone for any questions.

The Chairman then explained that Sif had received 14 questions from the Association of Shareholders, the VEB and that he would like to handle these 14 questions prior

to continuing with possible other questions. The first 4 questions were answered by CEO Fred van Beers:

- The first question is 'Does Sif expect negative impacts – consequences of the COVID-19 problem with respect to running and maybe delaying future windmill – offshore windmill park developments?' Fred van Beers answers that COVID-19 has had a huge impact on the world economy in general already. Up till now, Sif has no indications of structural problems or delays both on the supply side and on the delivery side. We have seen Vattenfall stepping out of the Hollandse Kust Noord tender but for the running projects, we don't see any consequences yet. At Sif, COVID had an impact on our own personnel. And that's what you also see back in our Q1 update.
- The second question relates to Japan: 'Sif has opened a small sales office in Tokyo and we have signed our first deal, Akita-Noshiro; does Sif see mid-to-long-term possibilities to open a production location in Asia to serve the market from there?' Fred van Beers explains that we do see Asia developing. To be more explicit, Asia highly focuses on Taiwan and Japan. Taiwan is predominantly a jacket market; Japan is, indeed, now opening up. We do need a more structural and longer-term order pipeline to make a good assessment on yes or no, starting a production facility in Japan because transport from Europe will, in the long run, be too expensive and time consuming. But we follow the market. We are in constant dialogue locally but for now there are no concrete plans to do anything of that kind.
- The third question relates to the US: 'Production of US offshore farms, like Vineyard, is very volatile on one side and on the other side we see a scale-up of projects, they're becoming increasingly bigger, so there is a need for more predictability. Does this development, which is very volatile on one side and the increasing size of projects on the other side create a different approach, when you look at these US projects, whereby you want – you have a profitable market one side and a very unsecure market on the other side?' Fred van Beers explains that offshore wind in USA is still a young industry. The market in Europe is far ahead of other developing areas, so we see a lot more stability surfacing there, although always with the disclaimer of COVID-19 but so far, so good and that's where our focus is. I mean, Europe is still developing rapidly, there's still a lot more need for offshore wind, so for us Europe will remain a focus market.
- Question four relates to incidents and sick leave, 'The numbers have remained high and they clearly are above our own targets. What measurements have Sif taken and will be taking to contribute to an improvement of these indicators?' Fred van Beers: We clearly saw an improvement up till the COVID-19 outbreak with respect to sick leave. That temporarily went up for clear reasons but has come back down in the meantime. We are focusing, though, on further decrease by also asking for external assistance. We have invested in HSE not only in the team but also in more training, toolbox meetings, up front – onboarding training and focus on the leaders – the management on the floor – on the shop floor to pay better attention to that. And we see the payoff of that coming since the fourth quarter of last year and that has continued this year.

The next 8 questions were answered by CEO Leon Verweij:

- The next question we received is about the number of outstanding days of our receivables that has come down substantially in comparison to 2018 and the question is whether this is a maintainable level and whether we see any pressure on payment terms, maybe, as an example of the COVID-19 crisis? Leon Verweij explains why the

comparison to 2018 is not representative because 2018 was a very special year, when Sif only had one job to do. The level should be maintainable but bear in mind that arrangements and agreements are made on a project basis. So payment terms are depending on what we agreed upon in a specific contract.

- The next question is that our prepayments received from clients are at their lowest level in the past years and whether we expect that our clients will pre-finance less. I think that our Q1 numbers already prove that we don't foresee that. What you see in the annual report is just a moment in time, depending on where you are in a project. Also, we have to keep in mind that all our projects are basically financed via project financing, so at the very moment that we sign a contract the money is already in place.
- Question number 7 is that we seem to be paying our suppliers faster than before, by the end of 2019 and whether we expect this pressure on working capital will stay. If we look at the first quarter of 2020, you will see the exact opposite. Again, the situation, by the end of 2019, is a snapshot. We see no negative developments as far as working capital requirements are concerned. At the moment, it's just business as usual, so we don't see any additional need for working capital at the moment.
- Question number 8 is whether it's possible that Sif has to choose between margin and cash in a project and specifically whether we would accept lower margins but earlier payments and shorter payment terms. Leon Verweij explains that margin and payment terms depend on contract- negotiations. Usually it's not a payoff between margin and payment terms because our projects are usually project financed, so the money is already available and ear-marked.
- The question is what development do we see as far as milestones and invoicing is concerned on the contracts signed in 2019 and 2020. Do these agreements differ from the situation in 2017 and 2018? Leon Verweij explains that we don't see any difference there as to the past. The milestones defined are usually very logical milestones, which have to do with steel supplies coming in, monopiles being ready, etcetera.
- Question number 10 is what our experience is with variation orders and disputes with our clients, what our track record is as to really being able to invoice and collect any account claims. Well, there I can say that our experience as far as the accounted claims is 100%, since we only account for claims if we are sure that we will get it. So our normal practice is that we take all the costs and if there is any claim or variation, we will only account for that when there is an agreement with our customer that we will get it. So, in that sense, the figures we present are always maybe a little bit conservative but that's the way we have been doing that consistently.
- Then the next question is we have increased our guarantee facility; why was that necessary and whether there is a direct relation with the contracts in the US and Japan. Leon Verweij explains that there is no direct relation with contracts in the US and Japan. Why did we increase the guarantee facility? First of all, we have running guarantees and also warranty bonds. They run for a number of years, so you stack them up before they expire. We looked at the market development for the coming years and we made an estimate as far as pre-payment bonds – warranty bonds, etcetera, what the necessity would be to be able to continue working in a business as we have been doing in the past few years. That was the reason why we increased that guarantee facility.
- The last question is that the number of bank guarantees per the end of 2019 has hardly gone up, all despite the higher activity level. Did clients ask for less guarantees or is this just a snapshot. Leon Verweij confirms the latter: it is just a snapshot. Normal practice is that we issue a pre-payment bond if there is a pre-payment in play. We have to issue a performance bond and at the end of the job we have to issue a warranty bond, which will then last for a couple of years, so no change in policy there.

The chairman then continued that there are a number of questions by VEB with regard to the supervisory board report. The first question is what alternative measures Sif has taken to remedy the fact that it doesn't have an internal audit function. Peter Wit, the chairman of the Audit Committee, answers that given the size of the company, we have considered it not opportune at this stage in terms of cost and benefit to appoint a separate internal auditor and to have a separate internal audit department. This is being remedied by asking specific outside parties, such as accounting firms, obviously our auditor, Ernst & Young but also on occasion other firms, to do specific audit operations and external control activities on the activities we do in house.

The final question by VEB on agenda item 3B was answered by the chairman. It relates to the remark of the supervisory board in the annual report about the performance of Sif in 2019. We have expressed our concern in respect to the quality and incident rate of the company. We have said something about internal factors and external factors. We have said that we were dissatisfied with the overall performance of the company in 2019 and the question is whether, other than what is mentioned in the annual report, we have any specific qualification with regard to dissatisfaction on both the internal and the external issues.

Looking at the results of 2019, André Goedée explains, we have had many discussions with the executive management on improvements to the production process and we definitely see improvements in that process. In 2019, the one external factor that has played an issue here is, of course, the Borssele 3+4 project that was contracted in 2018. The project itself, entered in 2019, took much longer than we had initially considered. As the margin was lower in order to create continuity in 2018, it has affected the numbers in 2019. So, those factors, internal and external were basically the issues that we pointed out in the annual report as well.

André Goedée then moved to the list with questions that was received prior to the meeting from SRB.

- The first question is whether we are still guiding on EBITDA for 2020 higher than 2019. André Goedée explains that already in the press release of this morning it was made clear that, due to the situation experienced in the first three months, Sif now expects an EBITDA for 2020, which is comparable to the level of 2019.
- The second question is whether Sif did any stress test on the development of the Company's debt, liquidity, cash flow, etcetera, given obligations to pay interest, redemptions and whether, in a worst-case scenario, the continuity of the company is safeguarded. And, more specifically, it's the question whether, in the worst-case scenario, Sif will be compliant with banking covenants, in which scenario there would be a serious liquidity shortage and how vulnerable Sif is for a heavy recession, or depression? Leon Verweij explained that Sif did some stress testing on several scenarios. One of the scenarios that was investigated is what would happen if Sif would be placed in a situation by the government where it had to close down the factory for a certain period of time due to COVID restrictions. Leon Verweij does not see any liquidity issues in the near future: Sif renewed financing arrangements in the beginning of 2019 and expects to be able to stay in a positive liquidity situation for quite some time.
- The next question was whether Sif has had any talks with the banks about facilities for the financing of new projects that start from 2022 onwards. Leon Verweij explains that Sif has sufficient financing in place to be able to finance those projects. In addition, Sif

has two options to extend the term of this financing for another two years beyond the current expiry date.

- The next question relates to the Borssele 3+4 projects. Borssele 3+4 required a price reduction.' Will there be an impact on the results of 2020 because of that project? Fred van Beers explains that the project was completed in 2019 and, although the delays in end of 2018 had an impact on 2019, there will be no impact on 2020.
- Question number five concerns Vineyard Wind. Vineyard Wind was removed from Sif's order book because it did not get an environmental impact permit. Sif assumes that it still is alive for the future. Sif follows the developments and are in regular contact with the Vineyard Wind team in Boston. Sif has however not seen any signs that the corona effect on the local US economy is accelerating the offshore wind programme. They are still waiting for the permit and that programme remains unchanged.
- The next question relates to safety and was already discussed earlier this meeting. The question is if we see results from our actions on safety-improvement. Fred van Beers refers to the Q1 2020 trading update; Sif is on the right track with respect to the incidents. The year-to-date fact is that Sif has seen one minor LTI, so lost time injury, one medical treatment incident and six first aid incidents. And with that, is far below 2018 levels, so let alone 2019 levels. With this trend, Sif should do way better in 2020 if compared to 2019. Longer term, there is a three-year structural improvement plan agreed with the management team, whereby Sif aims for a level four to five on the safety culture ladder, that is the standard safety culture ladder that the industry uses.
- What precautions have been taken on corona? Fred van Beers refers to the presentation.
- Question 7 relates to suppliers: 'Can you tell us something about how it goes with supplies?' Fred van Beers explains that it is business as usual. He is in direct contact with steel and steel flange suppliers on a regular basis to inform each other about trends and corona-related specific challenges. So far everything is okay and undisrupted. There are no delays in deliveries. In Sif's trading update it is mentioned that there have been disruptions in the manufacturing process during the end of Q1 and we have seen that continuing in the beginning of Q2 due to the corona impact. Sif had to take measures to keep people apart. People are dealing with a certain level of fear and home situations do force them to stay home, so that means that, with the already-mentioned higher sick leave, we had to hire in extra people and had to reorganise our processes here and there. So far no customer suffered from a delay in their installation campaign due to Sif's deliveries.
- The next question is if Sif suffers from low water levels in the rivers at the moment? Fred van Beers explains that water levels are good. Water management policies have changed in Germany and the Netherlands from a progressive water discharge policy to a more conservative 'keep the water in' policy to reduce the risk of a similar situation as we faced by the end of 2018.
- Question 8 is a question about the dividend. The question is whether Sif have thought about paying out a stock dividend out of our agio (share premium) reserves. Leon Verweij answers that Sif did not see this as an alternative because it would only be sort of a redistribution of our equity and just increase the number of outstanding shares without bringing too much of a benefit to our shareholders.

André Goedée concludes that there are no further questions on the executive board presentation, the supervisory board report, the corporate governance report and the profit appropriation and continued to agenda item 3e.

- e. the remuneration report.

The Chairman explains that this is a decision-making item and that the meeting is requested to cast an advisory vote. The remuneration report 2019 is included in the annual report 2019. The remuneration report was also the subject of the auditor's report and was also published on 13<sup>th</sup> March 2020. Member of the supervisory board and chairman of the Remuneration Committee of the Supervisory Board, Mr Peter Gerretse gives a brief explanation of the report.

Peter Gerritse states that the remuneration report explains, among others, how the remuneration complies with our policy, how it contributes to the long-term performance of the company and how financial and non-financial criteria were applied. He informs the meeting that Sif has received some questions from parties, including Eumedion and VEB prior to this meeting and that Sif now considers presenting some information differently as of next year and that this more specifically applies to the summary of the executive board remuneration, as presented on page 38 of the annual report. This summary reconciles with the recognition in the statement of profit and loss. This implies that adjustment to previous years may be recognised in the year under review. This summary includes the provisional bonus for 2018, which is paid in 2019. Using slide 26 of the management presentation, Peter Gerretse explains the bonus for the consecutive years. The bonus for CEO over the year 2019 is €79,917, or 21.2% of the basic salary. For the CFO, this is approximately €78,000, or 27.6% of basic salary. Peter Gerretse reminds the meeting that the on-target bonus for the CEO is 40% of the basic salary and 30% – 35% for the CFO. All this, of course, subject to approval of the annual report by the shareholders.

André Goedée explains that Sif has received two questions on this subject from the Dutch Association of Shareholders and invites Peter Gerretse to answer the questions. The first question: 'The short-term incentive of 2019 for the executive board was dependent on financial and personal targets; what is the individual score for each of the quantitative and personal targets?' Peter Gerretse explains that Sif will not disclose this information at this moment because of the commercial and strategic sensitivity of that information; of the limited number of competitors, Sif would be the only listed company publishing this kind of information.

The second question: 'In your remuneration report it's mentioned that the supervisory board has used its discretionary power to adjust the short-term incentives downwards. Please give some explanation.' Peter Gerretse explains that this concerns the bonus over the year 2018, so not the bonus for 2019. Taking into account the disappointing results of 2018, the supervisory board has indeed adjusted the short-term incentive over 2018 downwards.

André Goedée than confirmed there are no further questions or comments and informed the meeting of the voting results for the resolution on the remuneration report. The number of votes in favour, cast via the portal, are 16,024,012, which represents 84.9% of the votes cast. The number of votes against cast via the portal is 2,821,910, which represents 14.9%. The number of abstentions cast via the portal is 29,642, which represents 0.2%. There are no votes cast at this meeting. The total number of votes cast was 18,875,564. And with those numbers, I conclude that this resolution is adopted.

André Goedée than moved on to agenda item 3f.

- f. the financial statements 2019.

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The financial statements are part of the annual report 2019. This was published on 13<sup>th</sup> March 2020, including an unqualified opinion issued by the company's auditor Mark-Jan Moolenaar. The CFO, Leon Verweij, prepared the financial statements. André Goedée invited the auditor to give a short presentation on the financial audit of Sif and explains that the company has relieved the auditor for this meeting from his obligation of confidentiality. In addition, the auditor is under the obligation to adjust materially inaccurate statements and communications relating to the financial statements or the independent auditor's report. The auditor will adjust any materially inaccurate statements during this meeting or before the minutes are published.

Mark Jan Moolenaar then elaborated on the audit 2019 of Sif Holding NV, for which he prepared a slide which is included in the presentation: EY have audited the statutory and the consolidated financial statements of Sif Holding NV and have investigated whether the financials comply with the regulations and give a true and fair view, in line with IFRS and the Dutch law requirements. He explains that EY has also evaluated whether the content of the management report complies with the financial statements itself and whether the content is aligned with EY's knowledge of the organisation.

Mark Jan Moolenaar explains that the materiality that EY have used in the audit of the consolidated financial statements for Sif Holding NV is €1.8 million. A deviation above this amount could change one's vision on the financial statements while reading them. Any deviations above this amount would have been adjusted in the financial statements, otherwise EY would have not issued an unqualified audit opinion. In addition, EY also compiled a list of smaller deviations and all deviations in excess of €90,000 have been discussed with the Supervisory Board.

Mark Jan Moolenaar then explains the key audit matters: the first one is valuation of contract assets and liabilities, which includes also revenue recognition. It's a similar key audit matter as in prior year. This relates to the valuation of the projects, which is based on progress on the hours incurred in relation to the total hours estimated for the project. It also includes significant estimates around those production hours, cost estimates, as well as claims and contingencies. The related balance sheet positions are €30 million debt and €70 million credit, whereas the total revenue amounts to €325 million and already mentioned by management, the largest projects during 2019 were Seamade, Borssele, as well as Triton Knoll. Implementation of IFRS 16 is a new key audit matter in 2019 as it was a significant change in the regulations, which had quite an impact on Sif. The impact of the implementation, 1<sup>st</sup> January 2019 resulted in a €38 million contract asset and lease liability, which was added by €24 million as a result of the investments in a new lease contract concluded in 2019.

Mark Jan Moolenaar confirmed that the estimates of management, based on the information that was available to EY, are in line with what EY consider reasonable in the business that Sif operates in.

And that, Based upon EY's audit, EY have been able to issue an unqualified audit opinion, which is also included in the financial statements. Mark Jan Moolenaar confirms that EY have sufficient audit evidence in their files, which support their audit opinion and that the audit opinion is in line with IFRS, as adopted by the EU, as well as with Dutch law requirements.

André Goedée explains that Sif has received 7 questions from the Dutch Association of Shareholders that relate to what EY have included in their presentation.

Mark-Jan Moolenaar discusses the different questions. The first question relates to the fact that EY changed the materiality metrics from profit before tax in prior years to contribution in 2019. Mark Jan Moolenaar explains that in 2018 EY indeed used profit before tax. Since 2018 was a loss-making year, EY used the four-years average. For 2019 EY opted for application of the materiality on the basis of performance by Sif over 2019 only, whereby EY considered contribution as a KPI, key performance indicator. Management in their presentations also uses this KPI.

Question 2: did the higher materiality level have any impact on the design or the planning of EY's audit, as well as the execution of specific audit procedures. Mark Jan Moolenaar explains that the materiality level in 2018 was relatively low if compared to 2017 and before. It could be and it is logical that the materiality that EY applies increases soon as operational activities and results of Sif improve. The audit plan and procedures have not changed as the impact of the increase in materiality is relatively limited and EY has applied the same audit plan if compared to 2018.

Question 3 relates to performance materiality and whether EY has used that in their audit and, if so, how high that materiality was. Mark Jan Moolenaar explains what EY does in their audit. EY reports errors to the supervisory board that are lower than the €1.8 million of planning materiality that EY uses. As already mentioned EY reports all amounts in excess of €90,000 to the supervisory board and to management.

Question 4 relates to unpredictability and the way that EY applies that in their audit. Mark Jan Moolenaar explains that unpredictability is always a main concern or a main topic in audits. Detailed test procedures are based upon selections made by EY before entering Sif locations and sometimes when present at Sif locations. As EY determines those selections, Sif is not aware of the specific elements and therefore EY can guarantee unpredictability in audit procedures.

Question 5 relates to the way that EY addressed management assumptions related to claims and contingencies. EY's audit approach has not changed compared to prior years.

Also for 2019, EY has used a substantive audit approach, whereby a lot of attention is paid to the evaluation of the contractual arrangements with customers, testing of management estimates and the challenging of all the facts and circumstances that underlie the assumptions of management of Sif.

Question 6 relates to the absence of an internal audit department at Sif and EY's position on that. Mark Jan Moolenaar explains that EY directs their position on this issue to the Supervisory Board and to the Executive Board.

The 7th question relates to the absence of an internal audit function and any possible impact on EY's audit procedures over 2019 and whether that could be quantified in time and in additional activities. Mark Jan Moolenaar answers that the impact is limited since in all cases (internal audit function or no such function) EY would perform detailed, substantive test procedures with regard to the estimates and assumptions of management, especially in light of the business activities and the projects of Sif.

André Goedée explains that the financial statements 2019 are included in the annual report 2019, as published on the Sif website and that pursuant to article 30.5 of the company's articles of association; he now requests the general meeting of shareholders to adopt the financial

statements. André Goedée then summarizes the voting results on the resolution on the adoption of the financial statements 2019. The number of votes in favour cast via the portal are 18,874,437, which represents 99.98% of the votes. The number of votes against cast via the portal are 451, which represent 0.01%. The number of abstentions cast via the portal are 676 and that represents 0.01%. There are no votes cast at this meeting and with that being 100% of the votes, the Chairman concluded that the resolution is adopted.

He then moved to agenda item 4.

#### **4. Discharge of Executive and Supervisory Boards**

##### **a. Discharge of the Executive Board.**

This item relates to the resolution pursuant to article 25.1 of the company's articles of association to discharge the members of the executive board for the liability for their management in the year 2019. This discharge from liability relates to the management conducted for 2019 and as far as known from the annual report 2019 and other information made available to the general meeting of shareholders.

There were no questions on this agenda item and André Goedée subsequently informed the meeting of the voting results of the resolution to discharge the members of the executive board of Sif from liability for their management in the 2019 financial year. The number of votes in favour cast via the portal are 18,873,447, which represents 99.99% of the votes and the number of votes against cast via the portal are 2,117, which represents 0.01%. The number of abstentions cast via the portal are zero. There are no votes cast at this meeting. Totalling 100%, the resolution is herewith adopted and we move to agenda item 4b.

##### **b. Discharge of the Supervisory Board.**

This agenda item relates to the resolution pursuant to article 25.1 of the company's articles of association, to discharge the members of the supervisory board from liability for their supervision in the 2019 financial year. This discharge from liability relates to the supervision conducted for 2019 as far as known from the annual report 2019 and other information made available to the general meeting of shareholders.

As there were no questions, André Goedée informed the meeting of the voting results on the resolution to discharge the members of the supervisory board of Sif from liability for their supervision in the 2019 financial year. The number of votes in favour cast via the portal at 18,873,447, which is 99.99% of the votes. The number of votes against cast via the portal are 2,117, which represents 0.01%. There are no abstentions cast via the portal. There were no votes cast at the meeting and together that represents 100% of the votes and the Chairman concluded that the resolution is herewith adopted.

He then moved on to agenda item 5.

#### **5. appointment of a member of the Supervisory Board**

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In accordance with the rotation schedule, Peter Gerretse is due to step down on the close of this meeting. Peter Gerretse has stated that he wishes to be considered for reappointment. André Goedée explains that Peter Gerretse has relative and relevant expertise and experience in international business-to-business, project management, industrial production and production automation. Peter Gerretse does not hold any shares in Sif Holding NV and he received an annual fixed remuneration of €45,000, exclusive of travel and accommodation expenses.

The Sif works council and the general meeting of shareholders are not exercising their right of recommendation for the vacancy that arises on Peter Gerretse's stepping down. The supervisory board nominates Peter Gerretse for reappointment to the supervisory board of Sif Holding NV. The Chairman establishes that no declarations of objection against the candidature of Peter Gerretse have been issued and adds that the supervisory board is very pleased with the very professional and experience contribution of Peter in the past four years.

Asked by VEB, Peter Gerretse explains why he would like to be reappointed and what his experience in the past four years with Sif has been that provides him the additional motivation to continue. Peter Gerretse explains that when he was asked to join the supervisory board of Sif in the autumn of 2015, he started with visiting the facility in Roermond and having several discussions within the company. He was impressed, not only by the huge products but especially by the specialist knowledge and the long-term experience of this company but also by the hands-on, results-oriented, family type of culture and the fact that the company is operating in a developing field of offshore wind was an additional motivation. Peter Gerretse only wanted to join the supervisory board if he had something to add and he thinks that he has experience which can be of value to Sif. He would be very happy to continue as a member of the supervisory board for the coming years.

André Goedée then informed the meeting of the voting results for this resolution to reappoint Peter Gerretse as a member of the supervisory board for a four-year period. The number of votes in favour cast via the portal are 18,679,956, which represents 99% of the votes. The number of votes against cast via the portal are 195,608, which represents 1%. The number of abstentions cast via the portal are zero. There are no votes cast at this meeting. Altogether, this represents 100% of the votes and the Chairman concluded that this resolution is adopted and congratulated Peter Gerretse on his reappointment.

On that note, the Chairman moved on to the next agenda item.

## **6. appointment of the auditor of the company for the period 2020 up and including 2022.**

The supervisory board proposes, on the recommendation of its audit committee, that Ernst & Young Accountants LLP, named EY, be appointed external auditor of the company and to entrust EY with the audit of the annual report and the financial statements for the years 2020, 2021 and 2022. This proposal follows an evaluation of the services provided by and the performance of EY in previous audits, which yielded a favourable outcome. It is proposed that the current appointment of EY be extended for a three-year period to provide for continuity and consistency in the services provided for the external audit and with due regard for the effectiveness and the efficiency of audits in previous years, as well as for the amounts of the audit fees and the reliability of the officers. EY was appointed external auditor of Sif in 2007

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and of Sif Holding NV at the time of the IPO in 2016. Mark-Jan Moolenaar bore the ultimate responsibility for the audits in previous years on behalf of EY but René Frentz who was on the call and introduced himself to the meeting will replace him:

André Goedée memorized the professional and agreeable cooperation with Mark-Jan over the years, expressed the Board's gratefulness to Mark-Jan Moolenaar for his services, and wished him every success with his following assignments.

André Goedée informed the meeting of the voting results on the resolution for the appointment of EY as the auditor for the years 2020, 2021 and 2022. The number of votes in favour cast via the portal are 18,503,940, which represents 98%. The number of votes against cast via the portal are 371,624, which is representing 2% of the votes. There are no abstentions cast via the portal and there were no votes cast at the meeting. Altogether, this represents 100% and the Chairman concluded that the resolution was adopted and EY is appointed auditor of Sif Holding for the years 2020, 2021 and 2022.

The Chairman then moved on to agenda item 7.

## **7. adoption of the remuneration policy.**

The Chairman invited the chairman of the remuneration committee, Peter Gerretse, to introduce this item. Peter Gerretse explains that the current remuneration policy dates from Sif's IPO in 2016 and that in 2017, this remuneration policy was supplemented with a long-term incentive plan for members of the executive board. The supervisory board, with its remuneration committee, proposed to replace this plan with a remuneration policy that is based on the prevailing policy, which is brought in line with the provisions of the new Shareholder Rights Directive, as implemented in Dutch law. The works council rendered its advice on 19<sup>th</sup> March 2020. This advice is published in the documents for this meeting.

The Works Council advised positive, with two conditions and two recommendations. The Supervisory Board has agreed to the conditions, which read as follows. One is that the works council is kept informed on the benchmark studies, as these will be performed from 2020 onwards and secondly, that any performance criteria communicated in the future, proactively or otherwise, are shared with the works council.

The works council also made two recommendations. The first one is to ensure that the pay ratio does not exceed the current level and keep this within the bandwidth of 6.8–8.9, as prevailing in the 2017–2019 period. Peter Gerretse explains that the supervisory board does not regard the pay ratio range proposed by the works council as a provision that belongs in a policy; the policy prescribes that there must be alignment between the remuneration of the executive board and the workforce. Describing this alignment in a pay ratio spread in a policy could have an undesirable impact on future decisions, for example when setting remuneration in line with the market for the purposes of the appointment or retention of members of the executive board. The Supervisory Board's opinion is that the works council range is a reasonable spread for the current structure, certainly when bearing in mind that the Sif pay ratio has remained well within this range for many years. Therefore, applying this spread is not a problem at present. The Supervisory Board regards this spread as reasonable in the current conditions and market dynamics and will follow it without prescribing this in a policy.

The second recommendation is to maintain a balance between short-term and long-term remuneration that tips toward long-term remuneration. At the moment the long-term incentive is 20% of basic salary on award. This is in line with the smaller listed company market. Whether this incentive is also 20% of the basic salary at the time of payment depends on price development. The Supervisory Board will certainly examine this recommendation, although its inclusion in the policy is complicated by an uncertainty in the longer-term remuneration at the time of payment. Peter Gerretse explains that the text that was presented to the meeting is identical with the text submitted to the works council and on which the works council rendered its positive opinion. The supervisory board accepts the works council conditions and takes heed of their recommendations, although these will primarily be reflected in the annual remuneration reports.

Peter Gerretse explains that there are five questions of the VEB concerning the remuneration policy. Peter Gerretse will combine the first three questions for answering. The first question is that 'Within the remuneration policy, the short-term incentive is, for 60%, dependent on the achievement of the following criteria: contribution, EBIT and result of capital employed. Are there any other financial criteria that supervisory boards may use in the future and when will the supervisory board communicate these other criteria?' The second question is: 'What are the personal targets for the executive board for the year 2020?' And the third question: 'Will Sif comply with the requirements of the new shareholder directive and as a result, communicate individual financial and non-financial targets and results for the executive board?'

Peter Gerretse answers that the financial targets, as mentioned in the policy, are the most important ones and that Sif may add other targets in any specific year, like net debt or working capital. At this moment, we cannot disclose individual (commercially sensitive) targets and results taking into account that we are active in a niche market with a very small number of competitors.

To the next question if the Supervisory Board can explain why the supervisory board has chosen for this relationship between short-term and long-term incentive, especially since the Works Council has advised to change this relationship in favour of the long-term incentive Peter Gerretse answers that in 2016, the remuneration policy was approved by the shareholders meeting with, at that moment, only a short-term incentive. In 2017, the shareholders approved and added a long-term incentive plan. In the proposed policy, long-term performance shares are awarded and, although at award date the long-term incentive represents 20% of basic salary, it may differ at the pay-out date. As a result, the exact relation between short-term and long-term incentives is not clear yet. Peter Gerretse adds that the importance of a long-term vision for the company is fully supported by the Supervisory Board and the Supervisory Board will evaluate if we should adjust the remuneration policy concerning the relationship between short-term and long-term incentives, taking into account your remarks and also taking into account the recommendation of the Works Council.

To the final question by VEB, why the Supervisory Board has chosen to use performance share units for LTIP, instead of ordinary shares, Peter Gerretse answers that the policy allows for an award in shares or in performance share units. The Supervisory Board at this moment prefers the more straightforward method of performance share units. At this moment, Sif does not see any additional advantages of awarding shares instead of performance share units.

André Goedée then states that the association of shareholders VEB has requested him to read a voting statement during the meeting. This consists of two items, first the Dutch Association of Shareholders mentions that they value a well-balanced remuneration policy. They think that the balance between the short and the long-term components of the variable pay need to be a crucial part of the remuneration policy and in the opinion of the Association of Shareholders, this particular fact is not sufficiently covered by the Sif remuneration policy.

Second remark is that the Association of Shareholders VEB think that there is a disbalance between the variable pay and the interests of shareholders. VEB consider it important that, when the shareholders have a negative result, this also applies to the variable pay of the management. VEB reiterate their preference for an award of Sif shares after three years of performance and that after award, these shareholders have a lock-up for a number of years.

André Goedée continues reminding the meeting that this resolution, in contrast to all other items voted on today, requires a majority of 75% of the votes cast at this meeting to adopt the policy. He then informed the meeting of the voting results for this resolution to adopt the proposed remuneration policy. The number of votes in favour cast via the portal are 16,024,387, which represents 84.9% of the votes and the number of votes against cast via the portal are 2,851,177, which represents 15.1% of the votes. There are no abstentions cast via the portal, there are no votes cast at this meeting. Representing 100% of the votes, André Goedée concludes that this resolution is adopted and moves on to item 8 of the agenda.

## **8. authorisation of the Executive Board**

The authorisation of the executive board to acquire and issue shares, or rights to subscribe for shares in the capital of the company and to restrict or exclude pre-emptive rights specified in the articles of association. There are two separate subjects.

- a. the authority to acquire shares in the capital of the company.

This resolution grants the executive board the authority for the period of 18 months from 14<sup>th</sup> May 2020 onwards and with the approval of the supervisory board, to acquire shares in the capital of the company, other than for no consideration, including by means of derivatives, stock exchange transactions, private transactions and block trades, etcetera. The authority of the executive board to acquire shares in the capital of the company is subject to a maximum of 10% of the issued and payed-up capital of Sif on 14<sup>th</sup> May 2020 and at a price between the nominal value of the share and 110% of the average closing price on the last five stock exchange trading days prior to the execution of shares in the capital of the company. The resolution replaces the authority of the executive board granted to the executive board on 3<sup>rd</sup> May 2019.

André Goedée then informs the meeting of the voting results on the resolution to grant the authority to acquire shares in the capital of Sif Holding NV. The number of votes in favour cast via the portal are 18,875,111 and this represents 100% of the votes. There are 450 votes for abstention cast via the portal, which is close to 0%. The number of votes against cast via the portal is 3, which also is considered 0%. Reaching 100% of the votes, the resolution is adopted.

André Goedée moves on with item 8b on the agenda

- b. authority to issue and to grant the right to subscribe for shares.

This agenda item relates to the resolution to renew the authority of the executive board to issue shares in the capital of Sif, or to grant rights to subscribe for shares in the capital of Sif for a period of 18 months from 14<sup>th</sup> May 2020 onwards and with approval of the Supervisory Board. This authority, however, is limited to 5% of the issued and paid-up capital on 14<sup>th</sup> May 2020 and an additional 5% of the issued and paid-up capital on 14<sup>th</sup> of 2020, in connection with acquisitions, mergers, demergers or strategic alliances.

André Goedée informs the meeting on the voting results for the resolution to renew the authority of the Executive Board to issue shares or to grant rights to subscribe for shares. The number of votes in favour cast via the portal are 18,870,798, which is 99.97% of the votes and the number of votes against cast via the portal are 4,763, which is 0.3%. There are 3 abstentions cast via the portal. The number of votes cast at the meeting are zero. Altogether, this is 100% of the votes, whereby the resolution is adopted.

- c. authority to restrict or exclude statutory pre-emptive rights of the shareholders.

This agenda item relates to the resolution to renew the authority of the executive to restrict or exclude pre-emptive rights of shareholders and it is proposed that this authority be renewed for a period of 18 months from 14<sup>th</sup> May 2020 and requires the approval of the Supervisory Board. André Goedée informs the meeting of the voting results for the resolution to grant the authority of the Executive Board to restrict or exclude the pre-emptive rights of shareholders. The number of votes in favour cast via the portal are 18,870,798, which is 99.97% and the number of votes against cast via the portal are 4,766, which is equal to 0.3% of the votes. There are no abstentions cast via the portal. There are no votes cast at the meeting. The number of votes ends up to be 100%, which makes the Chairman to conclude that the resolution is adopted.

The Chairman concludes that that brings the meeting to the last agenda item.

## **9. Any other business and close**

The Chairman offers the opportunity to ask any additional question before closing of the meeting

In the absence of further questions, André Goedée thanked everyone listening or dialing in. He subsequently closed the meeting wishing everyone good health in this COVID outbreak.

Roermond, June 2020

Chairman André Goedée

Secretary Fons van Lith