June 2024

Ballast Nedam CSR Policy 2024-2026

Targets and activities to advance Ballast Nedam's CSR ambitions



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1 Introduction



Because of this ambition and the increased importance of ESG-related legislation, such as CSRD and the EU Taxonomy, we have chosen to renew our current policy for 2022-2024 in an early stage. With this CSR policy 2024-2026 we work towards alignment, with the applicable EU legislation and directives. It provides a framework through which everyone in our organisation can contribute and will help us to make a tangible impact in the realm of sustainability. We will monitor and evaluate our progress on a regular basis and increase our efforts together where necessary.

The selection of topics of this CSR policy is the outcome of a broad and detailed analysis of our impact including a dialogue with a myriad of relevant stakeholders. For this analysis, we looked at ESG-topics from two perspectives. Firstly, by looking at what influence we have with our activities on our environment (insideout). Secondly, by looking at which ESG-topics will impact our activities (outside-in). This has given us additional insights through which we can further improve our policies and strengthen our company. For each topic we describe the context, our vision and ambition, our targets and our actions to achieve them. At the back of this document you will find a complete list of all targets we have set ourselves for the short and medium term.

Per January 2024 Rönesans Endustri Tesisleri A.S. (RET) is included into the Ballast Nedam organisation, which will influence the scope of our ESG topics and related activities. We will incorporate RET into our CSR processes and reporting, and align RET with the overarching Ballast Nedam CSR ambitions, targets and actions as much as possible in the coming period. Once this process is completed, RET will be included in an updated version of this CSR policy.

On behalf of the Board of Management I would like to thank everyone for the steps we have already taken and I hope we will put in our maximum efforts in achieving our objectives.

Atilla Kemal Sağlam, CEO Ballast Nedam

2 Our vision on ESG

With an imminent urgency to reduce our global footprint and preserve our planet, we need to take responsibility as a business to protect and improve our living environment. Building a sustainable living environment is our ultimate goal and it is what we literally do every day. We offer solutions to everyday societal and environmental needs: we work on building a better sustainable energy system by contributing to the energy transition, we improve wellbeing for living and working by offering urban development and construction projects, we contribute to better water supply and water resilience with our water protection and purification solutions, we participate in industrial transitions to gradually change towards industrial renewals, and we enhance mobility and logistics with our infrastructure solutions. We do that, alongside running a financially healthy and stable company. To achieve this, we have identified CSR as one of our four overarching ambitions, next to Employer of choice, Operational excellence and Financial stability¹. With this reiteration and update of our CSR policy, we are confident that we can further advance our performance on Environmental, Social and Governance topics, whilst increasing and securing our compliance with relevant guidelines and legislations. Ballast Nedam continues to endorse many certifications, standards and code of conducts.

Environment	Social	Governance
CO ₂ -performance ladder	Social Culture Ladder	ISO 37001 ²
Groene Koers	NEN-ISO 14001	
Emissieloos Network Infra	NEN-ISO 26001	
BREEAM	Governance Code Veiligheid in de Bouw (GCVB)	
LEED	Bewuste Bouwers	

² Ballast Nedam Infra Projects and Ballast Nedam International will go for this certification in 2024

¹www.ballast-nedam.nl/media/kuwbxk0g/annual-report-ballast-nedam-2023.pdf

3 Stakeholder- & Materiality analysis

Introduction

To deliver sustainable outcomes we need to understand thoroughly how our activities interact with the context we are working in. We have an impact on our environment (inside-out), but the changing environment will influence our activities as well (outside-in). Together with relevant experts and our internal and external



stakeholders we have analysed a broad range of ESG-topics and viewed them from both perspectives. This 'double materiality analysis' Is based on requirements set forth by the EU directive CSRD and forms the starting point of our renewed CSR policy. In this chapter we will briefly describe our process and the outcomes of this analysis.

Process

The double materiality analysis, including the stakeholder dialogue, was done in four steps. The start was setting up a broad list of topics and the outcome is our ambitions, objectives, targets, approach and governance for all selected topics. ESG developments and the ever-changing operating context of our company demands a continuous process of stakeholder engagement and context analysis. It will allow us to update and strengthen our approach and maintain our lean and resilient business attitude.

Figure 2: Double materiality process

1. Longlist of topics

- Analysis of sustainable context and peers.
- Internal discussion with Business Units and staff.
- Comparing outcomes with what is discussed in the media.

2. Stakeholder dialogue

- Internal interviews and workshops with general foremen, project directors, new hires, staff, management and directors.
- External interviews with clients, shareholders, investors, banks, assurance companies, NGO's, branch organizations and JV partners.

3. Final list of topics

- Analysis of outcomes of all interviews.
- Selection of material topics by Board of Management, Director CSR, Head of Reporting.

4. Analysis & action plan

- Impact, Risk & Opportunity analysis (IRO).
- Setting ambitions, objectives, targets, KPI's and approach & governance.

Outcomes

Scoring selected topics

The 14 selected topics were first scored and then plotted by the scale, scope and irremediability of their impact on the relevant external stakeholders. Thereafter they were categorized by their score on impact and financial materiality score and plotted in each of the four categories: Informative, Financial, Impact and Double (Figure 3).

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Impact materiality

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Selected topics

The material topics in the 'Impact' and 'Double' quadrant demand extra focus and form the start of this document.

Extra topics

We have added a few topics, like Responsible Business Conduct (RBC), Quality assurance & quality control and Digital Transformation & Innovation (DTI) from the informative quadrant. They are not material on itself, but they provide the necessary conditions for other topics to be successful and are therefore relevant for this policy. Further we added Biodiversity, because this topic is becoming more and more important for our sector. We will keep this on our agenda to stay involved and take actions at an early stage.



Figure 3: Double materiality impact

L. Cybersecurity

- M. Responsible Business Conduct
- N. Contract & Risk management

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Financial materiality

Topics outside the CSR scope

The material topics Financial Stability and Project management & Control are already being covered at the relevant departments outside of the CSR scope. Therefore, they are not covered in this document. To keep these topics aligned, the content owners within the organization of these topics will regularly work together with Corporate Reporting, Risk Management and the IT department. The topic Contract & Risk management is an important part of Project management & control and is becoming more and more import. In the future materiality assessment we will discuss this topic in more detail with all stakeholders and provide additional focus.





Contributing to SDG's and IFC

We contribute to several Sustainable Development Goals (SDG's) and International Finance Corporation performance standards (IFC). With our projects we are building resilient and sustainable infrastructure and housing, promote inclusive and sustainable industrialisation and foster innovation (SDG 9 and 11)

📄 Environmental

<u>Decarbonisation</u> relates to SDG 7 and 13: taking action to combat climate change and ensuring access to affordable, reliable, sustainable and modern energy for all. Also to IFC criteria on Resource Efficiency and Pollution Prevention (performance standard 3) and ESRS E1 from the CSRD.

<u>Circularity</u> relates to SDG 12: ensuring sustainable consumption and production patterns, to IFC criteria on Resource Efficiency and Pollution Prevention (performance standard 3) and ESRS E5 from the CSRD.

<u>Biodiversity</u> relates to SDG 15: protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Also to IFC criteria on Resource Efficiency and Pollution Prevention (performance standard 3) and ESRS E4 from the CSRD.

Social

<u>Health & Safety</u>, relates to SGD 8: promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, to IFC criteria on Labour and Working conditions (performance standard 2) and ESRS S1 from the CSRD.

<u>Human Resources</u>, relates to SDG 8: employee recruitment, career planning, engagement and retention and also relates to the IFC criteria on Labour and Working conditions and ESRS S1 from the CSRD.

Governance

<u>Governance</u> encompasses Responsible Business Conduct, Quality Assurance, and DTI, all of which acts as an enabler for all selected SDG's and is directly related to ESRS G1 from the CSRD.

Figure 4: Overview of ESG-topics and contribution to SDG's and IFC



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4 Environment

4.1 Decarbonisation

Introduction

Climate change presents us with short-, medium and long-term effects. Through the Paris Climate Agreement many countries committed themselves to keep the projected temperature rise well below 2 degrees³. The European Union turned this agreement into regulation via the Green Deal, which sets the goals of reducing our carbon emissions with 55% in 2030 (fit for 55) and becoming climate neutral in 2050⁴. In the CSRD this topic is addressed in ESRS E1.

The construction industry needs to contribute to these objectives and reduce its CO_2 emissions. A potent example of this is that more and more cities are requiring to keep emissionintense, heavy equipment, outside city limits. Additionally, there is an increasing ask by clients to use more sustainable materials and last, but not least, there is an ever-growing demand for (Near) Zero Emission Buildings.

CO₂ emissions are defined by three scopes. Scope 1 emissions are our direct emissions caused by the consumption of natural gas, diesel and other fuels. Scope 2 emissions are our indirect emissions caused by the use of electricity and district heating. Scope 3 emissions are emissions in our up- and downstream value chains. Business travel, consisting of passenger transport with private cars during working hours and flight movements fall under category 6 within scope 3 emissions according to the Green House Gas (GHG) Protocol. However, in accordance with the CO_2 Performance Ladder we include this in our own footprint (scope 1 and 2) instead⁵.

³ www.un.org/en/climatechange/paris-agreement

⁴ www.commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

⁵ Since we are certified according to the CO₂ performance ladder, we decided to follow their approach



Figure 5: Footprint: Scope 1 and 2 including Business Travel



Vision and ambition

Current developments are pushing us to speed up the conversion to more emission-free equipment, use less carbon intensive (primary) construction materials and look for new and improved ways of reducing the use of fossil fuels whilst generating as much renewable electricity as we can through the deployment of solar panels and wind turbines.

100% CO2 reduction by 2030

Ballast Nedam has been reporting its own direct and indirect CO_2 emissions since 2008, and has been certified according to the CO_2 Performance Ladder in 2012, making a distinction in four categories: Offices, Construction sites, Production locations and Mobility, supplemented by 'business travel' (Figure 5). In all four categories we have set out a vision and strategy that leads to zero CO_2 emissions in 2030 for both scope 1 and 2 for all Dutch activities of Ballast Nedam. There where it is not possible to reach zero emissions, we will offset the remaining CO_2 emissions from 2030 onwards.

In the last two years we have significantly expanded our foreign activities and unfortunately it is not possible to work on a Zero emission or energy neutral strategy in all countries where we are active. In the places where we are active, there is often no (green) electricity available on our construction site, or far too little and not stable. For this reason, we have set separated objectives for our international activities. For our foreign activities, we determine a vision and strategy per country or per project that we will incorporate/include in the project management plan.

Energy neutral by 2040

Furthermore, Ballast Nedam has the ambition to be energy neutral by 2040. This means that we generate all the energy we need ourselves through our own solar panels and wind turbines. In this way we contribute substantially to the transition to a more sustainable energy system with less CO_2 emissions.

In 2022 we set up a Virtual Power Plant (VPP). In our VPP we generate renewable energy that we allocate on a quarterly hour basis to our own energy use. As a result, we truly generate our own power in a sustainable way and we are less dependent on the energy market because less volume of electricity has to be bought and sold.

Scope 3 ambition

In addition, we have developed a separate vision on our scope 3 activities, both upand downstream. We will establish a wellsubstantiated baseline and will reduce our impact by focussing on emissions of purchased goods for the upstream and energy consumption of our sold products for the downstream.

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Did you know ...?

On 1 January 2023 we started supplying the excess power from our solar roofs in Leerdam and Almere to Ballast Nedam's head office in Nieuwegein, the location of Hoco Beton in Weert and the laboratory of DIBEC in Leerdam.

KPI's and targets

We have set two main goals aimed towards alignment with the Paris Climate Agreement scenario of halting the increase in the global average temperature well below 2°C above preindustrial levels:

- We will reduce our CO₂ intensity in scopes 1 and 2 for all our Dutch activities with 100% by 2030. The reduction in the intermediate years is expressed as a percentage reduction compared to reference year 2019. The reduction target for 2025 is 56%, which means a CO₂ intensity of 10,1 tonCO₂eq/€million⁶. For the International activities we aim to apply reduction activities fitting to the local operating context
- We have set the target to be energy neutral by 2040 and contribute to the transition to a more sustainable energy system with less CO₂ emissions.

We are ambitious with these objectives. For this, it is crucial that low emission equipment becomes available and the electricity network will be able to cope with the extra power use. At the moment, our targets are generally comparable to those of our sector peers and we see ourselves as middle ground (average rate) in terms of reducing CO₂ emissions. However, our ambition is to challenge ourselves constantly to become a more and more sustainable company that is fit for the future. With the KPI's, a big step is taken in this direction and in the coming years we will look at where adjustment is necessary or desired.

Table 1: Decarbonisation targets										
Target	ESRS code	Result 2023	2024	2025	2026	2030				
CO₂ emission scope 1, 2 and 3 * (tonneCO ₂ eq)	E1-6	-	-	TBD	TBD	TBD				
CO₂ intensity scope 1 and 2** (tonneCO ₂ eq / €mln revenue)	E1-6	13.4	-	10.1	-	0				
Energy intensity scope 1 and 2* (MWh / €mIn revenue)	E1-5	-	-	TBD	TBD	TBD				
Self-generated renewable power (% of total power use)	E1-5	11.8%	15%	25%	30%	40%				

*Exact targets will be determined soon ** Including business travel

⁶ This reduction target includes Ballast Nedam International Projects (based on year-end 2023). Considering the projected

growth scenario of our international activities, this value for CO₂ intensity might change as a result of setting a new baseline.

Actions Scope 1 & 2

Ballast Nedam has already taken major steps regarding CO_2 reduction. Compared to 2019, we have achieved a CO_2 reduction (up till 2023) of more than 40% following a myriad of actions. Our fleet (mobility) and diesel usage on the construction sites form the largest part of the remaining CO_2 emissions. Together, these two are responsible for more than 83% of Ballast Nedam's Scope 1 and 2 CO_2 emissions. For reducing the direct and indirect CO_2 emissions we take the following actions in our four categories.



Offices

In 2020, Ballast Nedam signed the Paris Proof commitment and has been reporting on it annually since then. We have made the commitment that all our own office buildings as well as the office buildings under our control will be Paris Proof by 2040. All offices are currently already supplied with green electricity and from 1 January 2024 the offices will be largely supplied with their own generated electricity through directly connected solar panels or through the VPP. In addition, our aim is for offices to be off gas by 2030 at the latest and connected to district heating or provide some form of electric heating.

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Did you know...?

For a Paris-proof aligned sustainable energy supply, an office building will be allowed to use only 50 kWh per square meter per year in 2040.

This means that buildings need to reduce their energy demand with two thirds of the current average.

And the final one third we still use, must be sustainable generated energy, for example from solar and wind energy.

Construction sites

We aim for fully CO_2 neutral construction sites in 2030. Therefore we take actions in three fields:

- Zero emission equipment. This implies continuing our steps in electrification of our current diesel powered equipment. For all investments in equipment, the electrical options are explicitly taken into account in the final investment decision. With regard to further electrification, Ballast Nedam has set at least the following ambition unless there are valid reasons that this is not possible in practice:
 - Small equipment (up to 56 kW) emission-free from 2025
 - Medium heavy equipment (56-130 kW) emission-free from 2028
 - Heavy equipment (130-560 kW)
 emission-free from 2030
 - Very heavy equipment (>560 kW) emission-free from 2035

Where investments in emission-free equipment are not possible we encourage the use of HVO fuels and CO_2 emissions will be compensated from 2030 onwards.

Did you know ...?

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The following types of equipment are examples per category:

- **Small:** mobile excavators up to 9 tons, shovels, small loaders, compactors, hand tools.
- Medium-Heavy: cranes and mobile excavators from 9 up to 25 tons, asphalt rollers, asphalt spreading machines, demolition hammers.
- **Heavy:** crawler cranes, trucks, mobile excavators from 25 to 50 tons.
- Very heavy: heavy duty foundation equipment (piling rigs), crane ships, powerpacks.
- 2. Sustainable Energy

All Dutch construction sites are off gas and from 2025 only a heat pump or other form of electric heating will be used for heating. All Dutch construction sites are already supplied with green electricity. In the coming years, we will investigate the possibilities for expanding the VPP with connections to construction sites. As such we will meet our own electricity needs as much as possible.

3. Charging infrastructure

With the electrification of our mobility and machines, charging will become more and more important. At the same time there is net congestion in the Netherlands, so new grid connections are not always easy to get. We will start as early as possible to get a new grid connection at every construction site. When this is not possible we will try to connect to an existing connection nearby. The final solution can be a portable renewable solution, like hydrogen generators.

Production locations

The production locations will largely meet their own power needs in 2030 or will be provided by the VPP. With regard to gas consumption the focus is to reduce the usage of gas firstly and secondly to examine the possibilities of mixing with hydrogen. After which a complete switch to hydrogen appears to be a realistic option in the long term.

Mobility

By 2030, our company car fleet will be emissionfree. From 2024 only electric variants of passenger lease cars will be ordered, resulting in a fully electric car fleet the latest by 2028. With regards to our commercial vehicle fleet, we will still order diesel vans until the end of 2024, as electric cannot yet meet the necessary specifications everywhere. From 2025, only electric vans will be ordered as it is expected that development will be far enough advanced by then. We encourage the use of HVO in the intermediate period and monitor this at the quarterly meetings.



Actions Scope 3

Together with our supply chain partners, we aim to set an ambitious but well-informed target for scope 3 CO_2 reduction by 2030. However, to formulate this reduction target, we will first need to establish an accurate baseline in 2024. For reducing the CO_2 emissions caused by the activities we carry out and organize (scope 3) we take the following actions.

<u>Upstream</u>

Upstream emissions arise from activities earlier in the value chain and are categorized in 8 categories (Figure 7). We will focus on the emissions of our purchased goods from both suppliers and subcontractors (category 1) by collecting the embodied carbon data via the legally mandatory MPG-calculation (ECI; Environmental Cost Indicators) for all housing and building-related projects. For the Infra projects we will measure the scope 3 emissions of purchased goods via the MKI-calculation (MKI; Milieu Kosten Indicator) which is already requested by our clients. For all other cases where we do not have MPG or MKI(ECI) data, we will use the spend based method. We also take into account the necessary transports to and from the construction site as well as the consumption of fuels by these subcontractors and suppliers on our construction sites (category 3 en 4). In addition, we already have data for categories 6 (Business transport) and 7 (Commuting) and we are working with our waste partners on data for category 5 (Waste production). The other categories are not taken into account for the time being and are not seen as decisive.

From 2025 onwards, we aim for our own development projects to comply with the Paris Proof material-related CO_2 emission limit values (Embodied Carbon). This means that the CO_2 impact of the construction process and the use of materials for new constructions is taken into account.

<u>Downstream</u>

Downstream emissions arise mostly from the energy consumption of our sold products (category 11). For the housing and buildingrelated projects, we will collect all NZEB (Nearly Zero Energy Buildings = BENG) calculations, in order to achieve a measurable average. All land-based developed homes will have a primary fossil energy consumption of ≤0 kwh/m2/year (NZEB/BENG 2 = 0). For the infrastructure projects, we will limit ourselves to measuring the energy consumption of tunnels and locks delivered by us and where the energy consumption can be clearly linked to our design choices. Besides we will collect the energy consumption of our PPP (DBFMO) projects where we are responsible for the operation for several years.

4.2 Circularity

The built environment has a significant impact on our planet's natural resources. Construction materials and products represent about 50% of all raw materials extracted from the earth's crust. Furthermore, construction and demolition activities represent 35% of all waste generated in Europe⁷.

⁷ European Circular Economy Stakeholder Platform (2022). "What role do secondary materials play in new constructions and in buildings renovation?".

The transition towards a circular economy is visible through increased legislation and initiatives. Like new EU legislation, various national circularity initiatives with sector peers⁸ and the Dutch Circular Economy 2050 programme. This movement was given shape in the construction industry through the sector-wide group "Transitieagenda Circulaire Economie" to define circular construction. The increasingly turbulent prices of virgin raw materials further stimulate the transition towards circularity. In the CSRD this topic is addressed in ESRS E5.

Vision and ambition

We have a direct impact on the advancement of circularity through the sourcing of materials and the way in which we manage our waste streams. Ballast Nedam actively participates in sector groups to develop the advancement of circular solutions within our construction projects. In 2023, we started to map our risks and opportunities regarding resource inflows and resource outflows to support the protection of our natural environment.

Resource inflows

We need many materials for the construction of infrastructure, housing and building related projects (resource inflows). We believe that working in a circular way helps to tackle further depletion of the earth, specifically by developing and realising projects in such a way that all materials and raw materials are reusable and waste generation is prevented.

Circularity centres on the principle that today's products are tomorrow's raw materials, and that there is no such thing as waste. In the coming period, Ballast Nedam will gain insight in the material inflow (in percentage and weight of biobased, secondary reused or recycled components) on a number of representative new construction projects in order to be able to determine a reference situation. We carried out pilots on several projects in 2023 to determine the circularity index and the testing of various tools, like Madaster and the Building Circularity Index. The inclusion of circular alternatives in client specifications has been gradually increasing.⁹ Ballast Nedam responds to this by proactively engaging stakeholders across the sector, e.g., clients, architects, and design engineers, and pushing for circular alternatives whenever these are possible.

Did you know ...?

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Resource Inflow Is a term for curbing the amount of materials supplied to, and used in, our construction projects.

For all applied products in our construction projects, we have to indicate the total weight and the percentage of primary, recycled, reused and bio-based materials that have been used.

⁸ Such as the Dutch Green Building Council working groups on Circularity.

⁹ ING N.V. (2023): think.ing.com/downloads/pdf/article/sinking-circular-foundations-in-construction-industry

Our vision and ambition are based on this, focusing on four themes:

- <u>Dismantlement and adaptation</u>: Designing and constructing to make dismantlement and adaptation possible so that materials can be reused to a high standard.
- 2. <u>Reused and recycled materials:</u> Harvesting and using reusable and recycled materials in buildings and infrastructure to reduce the use of new raw materials.
- <u>Bio-based materials:</u> Using bio-based materials that are derived from raw material sources that can grow back without depleting the ecosystem in question, to increase circularity.
- <u>Non-toxic materials</u>: Making the reuse of materials possible by not using materials that are toxic, contaminated, mixed with other materials in an unfavourable way, or 'soiled' when previously used.

When we broaden our view and look to other sectors to cooperate, our opportunities increase. We will be able to use outflows of other industries as inflow for our projects. At the same time, it will be possible to utilize synergy benefits, such as using rest heat or reducing energy use.

Resource outflows

Attention for, and reduction of, the resource outflow starts by thinking about the final phase of the life cycle of structures right at the start of a project. We consider waste to be a result of design, purchasing and implementation choices. In the coming period, Ballast Nedam will welcome its supply chain partners to jointly meet these challenges, by entering into dialogue with the waste processing partners on all projects and jointly drawing up a waste management plan for the project.

The aim of the waste management plan is to initially collect as many residual materials as possible separately and return them to the supplier and, where this is not possible, to have the waste disposed of separately as much as possible. We report on the waste separation per project in several categories. At a minimum, a distinction is made between hazardous and non-hazardous waste and the percentage of separation for reuse and recycling. In addition, we will ask our waste processors to report how the waste has been processed and disposed.



Did you know ...?

Resource outflow is used to monitor the process of curbing the amounts of (construction level) waste, and stimulate re-use and recycling of materials.

We measure our resource outflows by applying working closely with waste management partners.

KPI's and targets

Our two main goals are:

- our construction activities will be 50% circular¹⁰ in 2030, either at production (inflow) or at end of life (outflow).
- our construction sites will be almost wastefree in 2030, through responsible use, waste separation on the construction site and finally, through processing and further sorting by our waste partners.

Circular materials

Our primary approach in measuring the proportion of circular materials is through the Dutch environmental cost indicators (MPG and MKI), which determines material-related environmental impact, and through the Building Circularity index.

To achieve our 2030 target for the use of circular materials, we will make this objective SMART in 2024 by:

- Reporting the environmental costs (MPG/ MKI) of all significant Dutch construction and in-house development projects and thus determine a reference value for future objectives.
- Having all Dutch business units determine the reference value for the circularity index in 2024 through one or more of their chosen representative projects, as a pilot for future target development.
- Reducing the use of toxic and polluting materials in accordance with applicable (EU) standards and directives.

 For our foreign activities, we determine a vision and strategy per country or per project that we will incorporate/include in the project management plan.

Biobased materials

Next to recycled and reused materials we aim to work with biobased materials when suitable and financially attainable. Biobased materials are derived from raw material sources that can grow back without depleting the ecosystem in question. Therefore we see biobased materials as part of circularity. It is important that these materials are sourced from sustainably managed sources and do not harm the local nature or biodiversity. By using the BCI calculation (Building Circularity Index), we will provide insight into the percentage of biobased materials in the projects.

Waste-free construction sites

To achieve our goal of a waste-free construction site we have set a 75% separation target for our business units untill 2030. For over a decade, Ballast Nedam has been actively monitoring and reporting the amount of waste generated and the degree of separation of our waste for all our locations. Particularly for our construction sites, the percentage of construction and demolition waste (CDW) is separately reported. Each project defines a target separation percentage at the start, keeping the overall corporate target in mind. The percentage depends on the scope of work, the materials used, and the available space on the construction site for waste separation.

For Ballast Nedam as a whole, the 2023 target (KPI) for separation was 75% (100% minus CDW and commercial waste) at the construction site, and 94% including post-separation. The results for 2023 were 75.6% and 93.2%. In the context of our goals, the figures for 2023 show a substantial improvement compared to 2022 and are in line with the targets. There are some business units which will require additional attention for waste separation in 2024 in order to reach our targets in 2030.

Table 2: Circularity targets								
Target	ESRS code	Result 2023	2024	2025	2026	2030		
Waste intensity* (tonne / €mln revenue)	-	25.1	20.7	19.6	16.4	5		
Waste separation rate construction site** (%)	-	75%	75%	75%	75%	75%		
Report the material-related environmental costs (MPG/MKI) of all significant construction and in-house development projects and thus determine a reference value for future objectives	-	-	Average MPG/MKI	-	-	-		
Determine the reference value for the circularity index in 2024	-	-	% circularity index	-	-	-		

*Base year is average of 2021-2023 **All waste minus CDW and commercial waste ***This includes Ballast Nedam International Projects

Actions

Resource inflows

We will measure our material use by implementing the BCI tool. This tool is related to the MPG-calculations and with it we can calculate the weight of all material used for our projects. We will start monitoring our resource inflows and determine the reference value for the circularity index in 2024.

Resource outflows

The KPI's for 2024 and 2025 are a reduction in the amount of waste per € million turnover of minus 5% and minus 10% respectively, compared to the average over the last three years, with an unchanged separation rate of 75%***. We intend to achieve this target by entering into a dialogue with suppliers and subcontractors about taking back residual materials, separation at source and the reduction of single-use packaging materials. This leads, for example, to agreements with suppliers about recovering, reducing, or changing packaging materials.

4.3 Biodiversity

Introduction

Biodiversity has been a matter of concern for years. Following the Conference of the Parties (COP15) to the Convention on Biological Diversity in 2022 and the second part of COP 15 in 2023, the following priorities for biodiversity are clear¹¹:

- Adopting a fair and comprehensive framework with adequate resources for implementation.
- Setting clear targets to address threats such as overexploitation, pollution, fragmentation, and unsustainable agriculture.
- Safeguarding the rights and roles of indigenous peoples as custodians of nature.
- Financing biodiversity and aligning financial flows with nature to promote sustainable investments and discourage harmful ones.

These priorities cascade down into both the EU and Dutch contexts. This means that the

conservation, protection and/or restoration of biodiversity is starting to take centre stage in both the EU as well as The Netherlands (e.g., through the EU's Biodiversity Strategy or the Dutch Environmental Planning Act). In the CSRD this topic is addressed at ESRS E4.

Vision and ambition

At Ballast Nedam, we understand that our actions directly and indirectly impact ecosystems, communities, and future generations.

- Through its project development activities, Ballast Nedam has a direct impact on biodiversity with land-use change from agricultural to residential being the most pertinent area of impact.
- Through its other project activities (e.g., the construction of new buildings/houses/ infrastructure/windfarms) the impact Ballast Nedam has on biodiversity is of an indirect nature.

Ballast Nedam realises that biodiversity is not just a buzzword and we have incorporated biodiversity into our corporate social responsibility policy for a long time. Our ambition is to work towards a world in which every area development or individual project strengthens the local biological diversity, with the ultimate goal of halting the decline in biodiversity.

We aim to directly address biodiversity through the incorporation of biodiversity enhancing measures (such as bird boxes, wadi's etc.) in our development activities and to indirectly address it through the effective management of our Scope 3 decarbonization ambitions and activities related to advancing the circular economy. Both of these will ultimately lead to more efficient supply chains, less (virgin) material use and, by extension, a curbing of biodiversity loss (less raw material extraction, means less harm to landscapes).

KPI's and targets

We motivate ourself and our customers by presenting nature-inclusive measures for our projects. We monitor the amount of measures that we eventually apply per project and set ourself as a target to apply multiple measures on every project on average.

Table 3: Biodiversity targets									
Target	Result 2023	2024	2025	2026	2030				
Average number of applied nature- inclusive measures per project (#)	-	-	3	3	3				

Actions

When working on area developments, we use nature-inclusive design principles (Figure 8) as much as possible and we seek to cooperate with nature and environmental federations and/or the Dutch bird protection society (Vogelbescherming). We are looking into realising pollinator strips and insect hotels as well as integrating bricks for birds and bats into the façades of homes. Two to three nesting boxes per house for species that are strongly associated with human habitation, such as bats, common swifts, and house sparrows, seem feasible. It is also important that the vegetation in public areas is adapted to create an optimal living environment for these animals. In recent years, we have gained experience with this and in the coming year we will monitor the number of nature-inclusive measures applied per project.



Figure 8: Nature inclusive measures



5 Social



Introduction

It is crucial for us that everyone who works for and with Ballast Nedam returns home healthy after work. Every day. Achieving this is an important, but not an easy task. We see that the number of severe and fatal incidents are increasing across the construction sector in the Netherlands after a period of decline. At the same time, general acceptance of HSE risks is decreasing, understanding for (severe) incidents is wavering and there is more focus on our mental health next to physical safety.

Legislation in the field of Health and Safety is becoming stronger. The Dutch government aims for zero work-related deaths by 2040 with the help of fines and rewards and requires construction companies to increase their HSE performance. Dutch Labour Authority's investigations are now performed by Ballast Nedam itself and an overall Build Environment Safety Coordinator will be active on our projects. In the near future EU legislation (CSRD) brings more transparency, reporting requirements and focus. In the CSRD this topic is addressed in ESRS S1.

Together, this strengthens our commitment to create a strong safety culture and to further expand our investigations and reporting on these aspects.

Vision & ambition

Safety is our promise. A promise to everyone who works for and with Ballast Nedam that we guarantee their safety at all times working at Ballast Nedam. Safety is also a promise to their family and loved ones to get them home safely at the end of the day. It is our obligation to challenge and improve ourselves every day in achieving higher safety standards. After all, people are the most important part of our organisation and it is our main priority to keep them safe and engaged, allowing them to play their crucial part in securing future revenues, and ensuring business continuity.

In 2020 Ballast Nedam decided to radically change its approach on Health and Safety. A shift was made to focus primarily on our Health and Safety culture, supported by a structured management system: our Take Care program. This program is a continuous learning and improvement process that continuously create a safer, more open and healthier working environment. We have created support for this program by involving our colleagues in the development of new initiatives, inspiring them, giving them insight and making them part of our safety movement. We encourage everyone in the broadest sense to be alert, to take action, and to address each other about safe and unsafe situations. We strongly believe in the power of good exemplary behaviour and "personal leadership in safety". This will get and keep this

safety movement going. It is our ambition that everyone has an intrinsic safety attitude, also when no one is looking. That employees are not only concerned with their own safety but take care of their colleagues the same way they would for their families, with a real, effective practical approach. Work safely; return home safe and sound. Always. Everywhere. Everyone.

KPI's and targets

Through our efforts, we have been able to substantially decrease the number of accidents as well as the number of restricted working hours related to them. But we will continue to improve by setting realistic targets and monitoring our performance. Achievable yet challenging targets, to stimulate us to improve instead of under-reporting their incidents. Besides the KPI's stated below, we are preparing to measure KPI's for work-related ill health as part of our mental health & wellbeing program.

Table 4: Health & Safety targets									
Target	ESRS code	Result 2023	2024	2025	2026	2030			
Fatal incidents (#)	S1-14	0	0	0	0	0			
Lifechanging incidents injuries, trauma, and occupational diseases (#)	-	0	0	0	0	0			
Injury Frequency* (IF)	S1-14	≤ 3.5	≤ 3.1	≤ 2.6	≤ 2.5	≤ 2.0			
Total Recordable Incidents Frequency Rate** (TRIFR)	-	≤ 1.5	≤ 1.3	≤ 1.1	≤ 1.0	≤ 0.8			
Total number of the (re)trained persons (#)	-	-	150	200	200	200			
Safety Walk & Talk each senior leader (#/year)	-	-	4	4	4	4			
Workplace Mantal Health & Wellbeing Assessment	-	-	Early adopter BU'S	First mover BU's	Followers BU's	Followers BU's			

*IF is incidents number of lost-time accidents per 1,000,000 hours worked (VCA) incl. subcontractors.

**TRIFR is all accidents resulting in absenteeism, medical treatment and accidents resulting in replacement work per 200.000 worked hours (OSHA) incl. subcontractors (Total Recordable Incident Frequency Rate).

Actions

Ballast Nedam will take a more active approach in onboarding our employees, partners and subcontractors and train all workers. An important part of this is growing towards a 'Culture of Care' and thereby realising a change in behaviour with regard to recognising and correctly assessing (in particular not underestimating) risks. We put extra focus on our main risks: lifting of building components and materials, collision hazards, hazardous substances, falls from heights and the dangers of electricity.

We draw continuously attention to health and safety during our annual safety day, our Take Care quarterly themes, safety alerts, toolboxes and by developing this skill through various working methods. We measure this by means of the number of safety observations made with the CARE app.

Incident Review Panel (IRP)

IRP was set up in 2021 to discuss serious (near) accidents and learn within and between the Business Units. The IRP is led by the Board of Management representative to further increase its involvement. We will continue to follow up on high potential and lost-time incidents by an IRP

and share the lessons learned through Safety Alerts. We have trained our HSE colleagues in the basics of incident investigation with a special focus on good preparation of an investigation and supporting IRP meetings effectively. We will further professionalise the HSE community in supporting management in leading the IRP sessions by organising a follow-up moment in 2024 to reflect and learn from each other's experiences. Ambition for 2025-2026 is to further professionalize our incident investigation approach and skills by selecting a standard investigation method. We conduct all accident investigations with the premise that we want to understand what made certain choices logical for the people involved at the time, instead of focusing on the choices made themselves and condemning them.

CARE app and the central incident registration system

The CARE app improves communication and follow-up of safety observations with own employees and subcontractors. With our central incident registration system we can follow-up actions and generate detailed and accurate reports at different aggregation levels. In the near future, the incident database will allow us to report in more detail and to perform trend analyses, with a number of 'leading indicators' alongside the 'lagging indicators'. The CARE app also contains some additional functionalities, including a link to a database with information about working safely with hazardous substances (Toxic), a digital version of our HSE pocket booklet, and the last-minute risk assessment. We are also developing a new HSE dashboard to have real time insight into our HSE performance. This is planned to be introduced in 2024, next to ongoing implementation of the tools within the Business Units.

Construction sector collaboration

To ensure broad improvements to the safety culture, Ballast Nedam joined forces with a number of leading construction companies, clients and consultancy firms. Under the Safety in Construction Governance Code (GCVB) we work together and help each other to continuously improve. The Safety Culture Ladder (SCL) is a tool introduced by the GCVB to measure and improve the safety culture, awareness, attitudes and behaviour in companies and its suppliers. In the upcoming years more Business Units will follow to achieve level 4 of the SCL. We continue to share experiences and best practices in ENCORD (European Network of Construction Companies for Research & Development) council meetings and working group meetings. In 2024, approaches will be discussed and developed on how to successfully apply artificial intelligence in the construction industry for safety aspects.

Safety in Procurement (ViA)

We include safety awareness as an obligation for our subcontractors. This joint agreement from the CGCVB is called Safety in Procurement (ViA). Certification is required for contractors, and clients to create a common and unambiguous approach for the entire value chain. Our evaluation of all Dutch contracts for 2022 showed an overall 42% of contracts that met this requirement, about the average of companies that signed the GCVB. In the upcoming years we will raise the minimal level from step 2 to step 3 on the Safety Culture Ladder and have more certified supply chain partners.

Take care Safety Training

We rolled out trainings in safety awareness for operational line managers, in particular how to manage the teams on the construction site, provide feedback and how the human brain works in making safe or unsafe decisions. Next to this we created eight other Take Care - Brain Based Safety training courses for different target groups including colleagues in the design and work preparation phase and partners/ subcontractors. From 2024 and further we will roll out these trainings increasingly.

The Take Care leadership training is a permanent part of the Take Care program. New employees can be trained and follow-up sessions (as a refresher) can be planned for new employees. More and more effort is being made in the preparation of projects to prevent incidents during implementation and during management and maintenance (Asset Management). Our goal is to intrinsically implement safety aspects in the chosen working methods from the beginning. The training courses teach us to supervise a safe environment in which employees want to, and are able to, adopt a critical attitude and speak up about risks and opportunities.

Take care Safety walk & talk

In 2024 the Take care – Safety walk & talk will be introduced. This safety behaviour audit is a safety round at the workplace/project in which managers observe how employees perform their work and have an open conversation about it. The Take Care Safety Walk & Talk promotes the dialogue about safety in practice and offers managers the perfect opportunity to show their involvement and hear ideas from employees about what is going well and what can be improved. Via a train the trainer session HSE colleagues can introduce the Take Care safety walk & talk and train the managers within their business unit themselves. After a period of implementation, a trend analysis will be made to identify structural improvements.

Mental health & wellbeing

A positive work experience is correlated with Health and Safety. To enhance employee satisfaction, improve productivity and prevent employee burnout, we will take a holistic approach towards our employees mental health and wellbeing, creating a work environment where everyone feels safe to speak up, address concerns, and learn from successes and failures. In 2024 we will organise workshops and perform 'Mental health & wellbeing assessments' with and for our employees. The outcome of the assessments will be used to identify actions that can further improve the mental health and wellbeing of our employees.

5.2 Human Resources, people first Introduction

Our success as a company is built on our people. It is through their expertise, teamwork and drive to learn and grow that we succeed time and again in what we do for our clients and the people we build for. In order to continue to do what we do best, we need people with an entrepreneurial mindset, a can do mentality and who are eager to take on a new challenge.

Attracting and retaining talented and skilled people therefore remains crucial for our current business and our future growth demands. This requires us to get and stay connected with our people, know what drives them and facilitate them to achieve business and personal goals, now and in the future. In this digital and remote era we have a responsibility to ensure our people are staying connected. Connected with each other and connected with the company. We want to know how our people are really doing and to understand what drives them and if they are fit and employable for the long term. Our people are our main asset. We put our people first in all we do to be able to run a successful business. In the CSRD this topic is addressed in ESRS S1.

Vision & ambition

It is Ballast Nedam's ambition to build a sustainable living environment characterised by health and well-being. In order to reach this ambition we encourage our people to perform to their best abilities every day, to stay connected to their teams and clients and to be open to learn and grow together. We believe these are the foundations of success that people want to be part of. In return we're offering a place to work that is inviting, where there's room for development, that values a healthy work - life balance and where everyone acknowledges we always work as one team; regardless of people's backgrounds and professions. We cherish the diversity in our organization because it brings in new views and perspectives and helps us adapt and grow every day. We treat everyone as equal and give everyone the same opportunities. We put people first.

We have set ourselves three main goals: to ensure that Ballast Nedam has sufficient gualified workforce, that our people are, and will remain, productive and employable and that we foster a healthy and welcoming work environment. These are the conditions in order to be a winning team, for now and in the future. Human resources aims for supporting our people in their development, grow and learning journey to be able to add value to the teams we work in. As well it is the task to support managers of Ballast Nedam to create the conditions for an attractive, safe and motivating working environment, set up a clear organisation, design state of art processes and systems and to deliver high quality service with a personal touch to all our colleagues whenever they're faced with an HR related matter or question.

We want our business and our people to grow. We are investing in fostering and growing our existing workforce. In addition, we always have a strong focus on attracting new talent. With our knowledge about our people's skills, development needs and career ambitions, we create internal opportunities for personal and professional growth and above all; a feeling of (job)security for our people. It is important to emphasize that we do not only focus on vertical (upwards) growth, but are also stimulating lateral career moves. Facilitating a tailor made career path in our company that works well for our people, is our main tool to contribute to employee development, engagement and a happier and healthier organization.

KPI's and targets

Fortunately, we have a great qualified workforce with motivated people that are doing their best every day. We prefer to set ourselves targets that support and are focused on continuously improving our organizational culture and the working environment that we offer to our people.

		Table 5: HR ta	argets			
Target	ESRS code	Result 2023	2024	2025	2026	2030
Employee Net Promotor Score (eNPS)	-	-	Setting baseline	+5%	+10%	TBD
Part of workforce that annually transfers to another position internally (%)	-	9%	10%	12%	15%	20%
Percentage of internships that lead to employement (%)	-	10%	10%	12%	15%	20%
Diversity M/F ratio in management (%)	S1-9	12%	15%	18%	20%	30%
Sick leave rate (%) - Total - UTA - CAO	-	4.5%	≤4.0% ≤3.0% ≤7.0%	≤3.7% ≤2.7% ≤6.5%	≤3.5% ≤2.5% ≤6.0%	≤3.0% ≤2.5% ≤5.0%

Actions

Employee Value Proposition

Our Employee Value Proposition (EVP) is aimed at catching the attention of potential candidates and connect with them and fostering the engagement of our people. Our EVP helps us to understand what we stand for and what we offer. We tell about what it is like to be a real "BN'er" (Ballast Nedam Employee). In 2024 we will launch the EVP with the slogan 'Our challenge, your playing field' tailored to the diversity of our business.

We need new talent to join us and at the same time nourish and retain our existing colleagues. In order to understand how we can better tailor the working environment and conditions in such a way that they meet our people's needs we will start by measuring our employee Net Promotor Score (eNPS) amongst additional engagement related matters in 2024. Once we have established a solid baseline score we will focus on a year over year positive engagement score, starting with 5% improvement in 2025. Assuming we have established an environment for our people where they feel safe to speak up, voicing ideas and providing us with valuable feedback is our main aim at the beginning. We then actively work to use the results in our improvement processes.

Challenge to improve

Our organisational values are focused on people and relationships, taking ownership and learning, adapting and growing as a team and as individuals. These values are guiding us in our day to day interactions with our customers and our people.



At Ballast Nedam we believe in the power of good exemplary behaviour in which everyone acts according to these core values. Not only from our leaders in our organisation, but from every single person working with us. It is only through this mindset that we can create an environment where people flourish and feel well. We want people to be inspired and motivated to get the best out of themselves and each other. Therefore open, respectful and transparent communication and feedback practices are crucial. Leadership is key to guiding and developing our people. Yet, we firmly believe it is not just up to management to give feedback and recognition. We are actively inviting our people to challenge us as an organization as well so we can improve together. We challenge to improve.

Performance is measured and recorded in a system that supports the performance conversations between employees and their managers. Performance also has a close link with recognition. We will continue to collect best practices, team and individual achievements so we can share these stories in order to inspire others. Besides storytelling we will also continue to formally recognize our people when appropriate. We stimulate recognition events, whether big (like our annual Ballast Nedam Excellence Awards) or small (complimenting someone in a sunrise meeting at a jobsite). Good performance is telling us that our people are capable and engaged.

Conditions to learn and grow

Through our daily management interactions and appraisal model we have created a solid understanding of the drivers and ambitions of our people. In the upcoming years we will document it in a structured way so it will help us to refine our strategic workforce planning. We are stimulating internal mobility, personal and professional growth by ensuring that annually at least 10% of our employees will go through a lateral or vertical job change. Also we continue focussing on creating opportunities for interns at all levels, and will activity measure how successful we are in retaining them.

We believe diversity in leadership is meaningful as it brings in different views and perspectives and helps us adapt and grow every day. We target to boost female leadership figures, by showcasing a variety of examples to attract more women to work for us and become leaders for the future. We want our people to have access to learning opportunities and training materials at all times. This so they can initiate learning by themselves. Also we want to offer more proactive learning opportunities to help accelerate professional growth and team effectiveness in our organization, in line with our strategic workforce planning strategies. In 2024 we will start by implementing a Learning Management System so we have the right technology in place to help us achieve this goal. Dedicated Learning & Development resources in our company will drive this initiative forward and will use it to monitor and manage the use of trainings by our employees.

Employee wellbeing

Measuring our employee Net Promotor Score (eNPS) and other engagement related matters will help us focus on the right topics that drive overall wellbeing in our organisation. It is our role and responsibility to help our people from starting their career up to reaching their retirement age in good spirit and a healthy and safe manner. An employment at Ballast Nedam means a partnership; we are in this journey together and each party has their own contributions to make in order to make this partnership work.

We closely monitor the wellbeing of our people by means of sick leave assessment, PAGO/DIA and PMO and by understanding individual needs and ambitions through management attention. We have implemented a new Occupational Healthcare Provider in 2024 so we're better equipped to address health related absenteeism through a more personal approach. This, in combination with training activities and awareness campaigns, should help us to drive our current illness rates down to the set targets. Also Human Resources will partner with our HSE organisation in order to jointly create awareness and improve conditions around mental health and wellbeing in our organisation.

With up to 5 different generations working at our company our own people form a great source of inspiration and learning. Not only for us but also for each other. By creating more awareness on the generational differences in our working environment we want to actively connect people from different generations and stimulate cross – generational learning and innovation. Young BN is an internal employee organization founded and run by a couple dedicated young Ballast Nedam employees aged <30 yrs. We will engage with Young BN in order to generate ideas and ultimately an action plan on how we can effectively address this topic in our organization.

General

Due to the diverse nature of our business activities, Ballast Nedam is ensuring we stay fully compliant with the 4 different Collective Agreements that are in place in the sectors we operate in. We stimulate an open dialogue and solid relationship with the various Workers Councils and employee representative bodies within our company as their input is key and valuable for us in decision making and policy development. We have created and implemented our own code of conduct. This set of rules outline how we deal with each other and our environment. It outlines what we accept and what not when it comes to behaviours and integrity. We've set high standards for ourselves, people and everyone we work with and we expect them to act in accordance with this Code of Conduct. Failure to comply can lead to sanctions. Our internal Compliance Officer is there to help and protect our people in case they encounter a situation that is not in line with Code of Conduct.



6 Governance

6.1 Responsible Business Conduct Introduction

The release of a wide range of ESG legislations and associated directives over the past years, introduced increased and specific requirements related to an organisations business conduct. As a result, the spotlight is increasingly on safeguarding social sustainability¹² and deploying due diligence¹³ activities to analyse, identify and mitigate risks in relation to:

- Human- and Worker rights
- Bribery & Anti-Corruption
- Taxation
- Fair Competition

At projects in the construction and infrastructure sector suppliers, employees and subcontractors are often only engaged and present for a part of the project's duration. Main contractors are in this situation subject to specific laws and regulations. Their scope is expanded and the burden of proof is shifted to downstream supply chain actors such as Ballast Nedam and its sector peers. As guidance on how to interpret the new requirements is currently limited, Ballast Nedam, together with its sector peers, is in the process of clarifying how to secure compliance. As a result, our ambitions and target setting are currently geared towards analysing our operating context from a social perspective, and identifying associated (due diligence) risks and actions. We feel this is crucial and will enable us to formulate specific policy interventions dedicated to safeguarding social sustainability and further improving business conduct. In the CSRD this topic is addressed in ESRS G1.

Vision and ambition

At Ballast Nedam, we are committed to being a responsible corporate citizen, ensuring that our business operations contribute positively to society and the environment. Our vision is to lead by example in sustainable and ethical practices, fostering long-term value for our stakeholders and the communities in which we operate.

Control, transparency and consistency are fundamental to business processes across all sections of the Ballast Nedam organization. These also form the basis of our Code of Conduct and its various sub codes. This will continue to be the norm as we strive to deploy additional due diligence activities and policy interventions that will enable us to hold

 $^{^{\}mbox{\tiny 12}}$ Through Minimum Social Safeguard criteria included in the EU Taxonomy Regulation

¹³ Through specific due diligence requirements included in the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD)

employees, supply chain workers, and suppliers alike, even better accountable for their actions and behaviours.

KPI's, targets and related actions

When analysing the various guidelines, principles and conventions related to social sustainability and due diligence, referred to in the EU Taxonomy Regulation and CSRD, the four core topics mentioned in the introduction stand out. For this reason, we will subdivide our targets, KPI's¹⁴ and actions to match these topics.

You will notice that targets in this section do not contain a specific timeline. The exact requirements with regards to responsible business conduct are still in development¹⁵ and the construction sector is still discussing the implications.

Human- and Worker rights

- Stakeholder engagement session with (internal and/or external) subject matter experts on human- and labour rights with the aim of identifying areas of risk.
- Assess alignment with OECD¹⁶ and UNGP¹⁷ requirements (Human- and Worker rights).
- Assess risks and identify policy interventions to mitigate risks and secure compliance.
- Implement policy interventions required¹⁸ to secure compliance.
- Update Code of Conduct and Internal (QA/QC) Audit plans to reflect policy interventions needed for compliance.

Bribery and Anti-Corruption

- Secure ISO 37001 certification¹⁹ for Anti-Bribery Management Systems.
- Perform an assessment of alignment with OECD and UNGP requirements related to Bribery and Anti-Corruption.

- Ensure that the Whistleblower/speak up-tool is available for externals.
- Create further awareness through additional and enhanced trainings and/or e-learnings.
- Update Code of Conduct and Internal (QA/QC) Audit plans to reflect policy interventions needed.

Taxation

 Assessment of alignment with OECD and UNGP requirements related to Taxation.²⁰

Fair Competition

 Stakeholder engagement session with (internal and/or external) representatives from relevant (in terms of equipment and materials sourced) suppliers with the aim of identifying areas of risk.

¹⁴ Given that the activities are mostly of a qualitative nature, no numerical KPI's are included

- ¹⁵ Such as the Corporate Sustainability Due Diligence Directive or CSDDD
- ¹⁶ Organization for Economic Cooperation and Development
- ¹⁷ United Nations Guiding Principles
- ¹⁸ Our approach to policy interventions is that these need to be compliance driven so that we do not overburden the organization
- ¹⁹ For the BU's Ballast Nedam International Projects and Ballast Nedam Infra Projects
- ²⁰ Most likely, Taxation is not a relevant topic for the BN operating context

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- Investigate the possibility of using supplier controversy screening by ESG rating agencies with the aim of identifying areas of risk.
- Analyse whether any financial or in-kind political contributions are taking place within Ballast Nedam (this is a recurring activity).
- Perform an assessment of alignment with OECD and UNGP requirements related to Fair Competition.
- Update Code of Conduct and Internal (QA/QC) Audit plans to reflect policy interventions needed.

6.2 Quality assurance & quality control Introduction

The quality of our work is crucial and tells us much about how well we are "in control" of our projects. Managing projects with even more reliable metrics can provide valuable insights in potential savings. Not just in terms of direct costs but also in terms of reputation. A number of relevant developments influence the way we do business and approach quality. These are among others: 1. Quality Assurance Act.

Assessment of quality is shifting from the municipality to the independent quality assurance officer with more focus for quality inspections on construction sites. The liability of the contractor is expanded meaning the contractor remains liable even if defects are not discovered upon delivery. The contractor has an information obligation and must keep files (demonstrability) during all phases of the project.

 Failure costs of rework activities. Gaining internal insights following market studies (ABN Amro/Nyenrode) indicating costs are substantial. Based on these reports the possible failure costs are substantial. As a result it is important that more insights on failure costs become available throughout the organization. However, the definition setting, registrations in various systems, data quality and traceability of rework invoicing, creates challenges.



3. Bouwpas.

Is currently being implemented in the organisation. This is important as faulty implementation leads to risks for penalties by government.

4. Certification.

More needs from Business Units for company certificates (for example: Cybersecurity, Antibribery) to demonstrate compliance with requirements.

5. Dashboarding.

Management review and quarterly report info generated by PowerBi provides valuable insights and allow for data driven interventions.

Vision and ambition

Working with many stakeholders on often complex projects requires special collaboration and teamwork skills. The foundation is to build trust. That's why we earn the trust of our customers (internally and externally) by being honest, consistent and doing what we promise the best way possible. When we deliver projects, we want to create the best value for our clients. To do this, we need to optimise what we do, at minimum meet the demands of our clients and in general perform better than our competition. This means raising our performance to the highest level. By applying standardization and repetition in building methods (in line with the corporate strategy) we aim to deliver the best value for our clients while limiting the costs of failure. We strive to do the right things right the first time and to be able to do it again and again. We facilitate and strengthen our value by being a learning organization to continuously improve our working method.

It is our ambition to have (actual) insight in failure costs and to use this information to reduce it in collaboration with our Business Partners.

KPI's and targets

We closely monitor the rework activities/quality performance at our projects to improve our way of working and quality of our products and services to get the best value for our clients. Our related targets are:

Table 6: Quality assurance & quality control targets								
Target	2024	2025	2026					
Client impression (survey score)	≥ 7.5	≥7.5	≥ 7.5					
Client complaints (#)	0	0	0					
Average handover points (# per new constructed home)	≤ 5	≤ 4	≤ 3					
Average handover points (# per 1.000 m2utility construction)	Monitor to collect data	Target to be deter- mined	Target to be deter- mined					
Amount of guarantee complaints	Being monitored							
Average handling time guarantee complaints (#days)	42	35	28					
Direct costs for solving guarantee complaints	Being monitored							
Percentage of non- conformances with registration of direct costs (>€100,-)	75%	100%	100%					

Actions

<u>Step 1</u>

Creating insight and reliable information: To create this insight we need to monitor and increase registration of rework activities. To increase the reliability the registrations should include information such as type of activity, root cause, causing party and (standardized) costs.

<u>Step 2</u>

Increasing efficiency, reducing direct failure costs: by analysing rework activities and determining corrective actions to reduce the risks of re-occurrence. Also, by working together with Business partners (suppliers and subcontractors), implementing lessons learned and making sure these are combined with knowledge sharing through training/webinars and solid product understanding. Finally, it is important to set targets for improvement. One way would be to incorporate percentage for reducing direct failure costs in business plans.

6.3 Digital Transformation & Innovation Introduction

The construction industry is undergoing a (digital) transformation towards a more efficient and sustainable industry. Partly due to the emergence of new technologies such as Artificial Intelligence (AI), this transformation has accelerated in the past year.

Vision & ambition

We are committed to creating a safe and sustainable living and working environment by embracing the power of digitization and innovation. This vision goes beyond simply increasing efficiency; it is about creating a future in which we can respond flexibly to changes in the market and inspire and connect our colleagues and customers.

Accelerating digitization in the construction industry opens the door to numerous opportunities. It enables us to streamline processes, combine and analyse company-wide information storms, better utilize resources, spot new business opportunities and anticipate future needs. We believe this is just the beginning of our digital transformation. Innovation is an ongoing process in which we strive to keep evolving. Our ambition is to deeply integrate digitization into all our business processes, both for our primary business processes and secondary business processes. We are determined to create a digital, sustainable and inspiring future in the construction industry.

KPI's and targets

In 2024 we will focus on the following components that will contribute to more digitized construction sites, more efficient work processes and increase learning capability within Ballast Nedam.

Common Data Environment (CDE) - The common data environment has been set up and more and more data streams are being merged. In the coming period much attention will be paid to the further linking of data streams from the various Business Units and projects, which will enable the convenient use of dashboards with, for example, PowerBI.

- Artificial Intelligence (AI) Partly due to the emergence of new technologies such as Artificial Intelligence (AI), digital transformation has gained momentum over the past year. However, some caution is warranted when it comes to the hype surrounding AI. Balancing humans and machines, understanding technology and leaving routine tasks to machines are key to optimally implementing AI within our organization. Since we are at the beginning of the AI era, standardization is a key focus. The more predictable and consistent our data, the better AI can perform and predict future results. In 2024, we will focus on successfully implementing various AI use cases within our own secure environments in conjunction with the Common Data Environment (CDE).
- BIM (Building Information Modelling)
 4D/5D Development in BIM 4D (planning) and 5D (costs) allows us to compare the forecast with the actual realized planning and costs related to a specific activity. The use of software programs such as Dalux and Autodesk Construction Cloud, among others,

contributes to the fact that the BIM models are becoming more and more the centre of our projects and it is integrated into our daily working method in the office and on the construction site. In 2023, a BIM Objects library has been established that allows for the rapid sharing of already existing models.

- **Project management tools** - Project management tools are essential for effective execution of our projects. In recent times, these tools are increasingly evolving into communication platforms between different aspects within the project. These tools improve communication, facilitate collaboration between team members and departments resulting in better risk management. They also provide structured documentation and analysis capabilities for project progress. In the coming period, we will be delving further into the project management tools and supporting the organization in their implementation. We therefore see the project management tools as crucial to the growth of our organization. Robotic Process Automation (RPA) - Many
- of our daily tasks are administrative and

repetitive. With RPA, we can automate these tasks, reducing the administrative burden on our employees. It also allows employees to focus on more interesting or motivating tasks and allows us to reduce operational costs. In 2023, we focused on getting the first RPA processes operational for the CFD department and the primary construction process. Several RPA processes are now operational and we are busy rolling out new optimizations at various Business Units.

 Equipment management with sensor technology - There is increasing demand for data from our equipment. For example, emissions, running hours, locations, etc.
 Monitoring this data with sensors creates various opportunities for improving efficiency, (maintenance) planning and safety. Together with the Top Sector Logistics, we have started equipping dozens of mobile equipment, whose data is available live in our systems via an API. We expect a further rollout of this system in the coming years.

Table 7: Digital transformation & innovation targets							
Target	Result 2023	2024	2025	2026	2030		
Linking new strategically important data streams to the CDE (#)		3					
Implement AI within operations (#)		3					
Implement RPA within BUs and/or staff departments (#)		4					
Digital transformations pilots (#)		6					
Digital transformation business cases with different BU's (#)		4					
Al training for employees		Develop					
ROI Dashboards and reports of innovations (€ cost savings)		TBD					
Collaborations/partnerships external organizations (#)		3					
Collaborations University/college (#)		2					
Partnerships (#)		1					
Successful employee pilots (#)		2					
Internal innovation events (#)		2					
Newsletters (#)		6					

Actions

Our goal is to support our organization to deliver safe, sustainable, high-quality projects and services that uphold our core values through a holistic approach with technology as the driving force. We strive to share innovations and knowledge and experiences, connect business units and bring new ideas and technologies from the market. Here we focus on four different themes: Advanced Construction Methods, Automation & Robotics, Data, Digitization & Analysis and Sustainability & Products. In this way, we can conduct structured pilots and collaborations with stakeholders and continue to use the latest technologies to strengthen our operations.

By end of 2023, we already made great strides in using technological innovations. We have deployed both software-based (e.g., Autodesk Construction Cloud & Dalux) and hardwarebased solutions (e.g., the masonry robot). Moreover, we have conducted pilots with new technologies, e.g. asset monitoring for tracking our tools where location, consumption, running hours and emissions were monitored. We are also increasingly applying modular construction, where digital preparation is crucial. We see robotisation in construction as a strategic choice to work both more efficiently and sustainably. Collecting data using sensors, among other things, is central to our future plans, with the Common Data Environment and data science an integral part of our approach.

We are determined to keep up with this technological shift and continue to inspire our projects and clients.







7 Annex: Summary Table KPI's

Table 1: Decarbonisation targets									
Target	ESRS code	Result 2023	2024	2025	2026	2030			
CO₂ emission scope 1, 2 and 3* (tonneCO ₂ eq)	E1-6	-	-	TBD	TBD	TBD			
CO₂ intensity scope 1 and 2** (tonneCO ₂ eq / €mln revenue)	E1-6	13.4	-	10.1	-	0			
Energy intensity scope 1 and 2* (MWh / €mIn revenue)	E1-5	-	-	TBD	TBD	TBD			
Self-generated renewable power (% of total power use)	E1-5	11.8%	15%	25%	30%	40%			

*Exact targets will be determined soon

**Including business travel

Table 2: Circularity targets									
Target	ESRS code	Result 2023	2024	2025	2026	2030			
Waste intensity* (tonne / €mln revenue)	-	25.1	20.7	19.6	16.4	5			
Waste separation rate construction site** (%)	-	75%	75%	75%	75%	75%			
Report the material-related environmental costs (MPG/MKI) of all significant construction and in-house development projects and thus determine a reference value for future objectives	-	-	Average MPG/MKI	-	-	-			
Determine the reference value for the circularity index in 2024	-	-	% circularity index	-	-	-			

Table 3: Biodiversity targets									
Target	Result 2023	2024	2025	2026	2030				
Average number of applied nature- inclusive measures per project (#)	-	-	3	3	3				

*Base year is average of 2021-2023 **All waste minus CDW and commercial waste ***This includes Ballast Nedam International Projects

Table 4: Health & Safety targets						
Target	ESRS code	Result 2023	2024	2025	2026	2030
Fatal incidents (#)	S1-14	0	0	0	0	0
Lifechanging incidents injuries, trauma, and occupational diseases (#)	-	0	0	0	0	0
Injury Frequency* (IF)	S1-14	≤ 3.5	≤ 3.1	≤ 2.6	≤ 2.5	≤ 2.0
Total Recordable Incidents Frequency Rate** (TRIFR)	-	≤ 1.5	≤ 1.3	≤ 1.1	≤ 1.0	≤ 0.8
Total number of the (re)trained persons (#)	-	-	150	200	200	200
Safety Walk & Talk each senior leader (#/year)	-	-	4	4	4	4
Workplace Mantal Health & Wellbeing Assessment	-	-	Early adopter BU'S	First mover BU's	Followers BU's	Followers BU's

*IF is incidents number of lost-time accidents per 1,000,000 hours worked (VCA) incl. subcontractors.

**TRIFR is all accidents resulting in absenteeism, medical treatment and accidents resulting in replacement work per 200.000 worked hours (OSHA) incl. subcontractors (Total Recordable Incident Frequency Rate).

		Table 5: HR targets				т	
Target	ESRS code	Result 2023	2024	2025	2026	2030	Targe
Employee Net Promotor Score (eNPS)	-	-	Setting baseline	+5%	+10%	TBD	Clier (surv
Part of workforce that annually transfers to another position internally	-	9%	10%	12%	15%	20%	Clien (#) Aver
(%) Percentage of internships that	-	10%	10%	12%	15%	20%	point (# pe cons
(%) Diversity M/F ratio in management	51-9	12%	15%	18%	20%	30%	Aver point (# pe
(%)					2073		Amo
Sick leave rate (%)	-	4.5%	4.0%	7 70/	7 50/	7.00/	com
- Iotai - UTA - CAO			≤4.0% ≤3.0% ≤7.0%	≤3.7% ≤2.7% ≤6.5%	≤3.5% ≤2.5% ≤6.0%	≤3.0% ≤2.5% ≤5.0%	Aver time com (#day

Table 6: Quality assurance & quality control targets				
Target	2024	2025	2026	
Client impression (survey score)	≥ 7.5	≥ 7.5	≥7.5	
Client complaints (#)	0	0	0	
Average handover points (# per new constructed home)	≤ 5	≤ 4	≤ 3	
Average handover points (# per 1.000 m2utility construction)	Monitor to collect data	Target to be deter- mined	Target to be deter- mined	
Amount of guarantee complaints	Being monitored			
Average handling time guarantee complaints (#days)	42	35	28	
Direct costs for solving guarantee complaints	Being monitored			
Percentage of non- conformances with registration of direct costs (>€100)	75%	100%	100%	

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Target	Result 2023	2024	2025
Linking new strategically important data streams to the CDE (#)		3	
Implement AI within operations (#)		3	
Implement RPA within BUs and/or staff departments (#)		4	
Digital transformations pilots (#)		6	
Digital transformation business cases with different BU's (#)		4	
Al training for employees		Develop	
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Collaborations/partnerships external organizations (#)		3	
Collaborations University/college (#)		2	
Partnerships (#)		1	
Successful employee pilots (#)		2	
Internal innovation events (#)		2	
Newsletters (#)		6	

Table 7: Digital transformation & innovation targets

2026

2030

8 Glossary

Defined term	Definition	Defined term	Definition
Accidents	An incident that results in injury or ill health is often referred to as an 'accident'	CSRD	This term stands for Corporate Sustainability Reporting Directive (EU 2022/2464), in which disclosure requirements of non-financial information were strengthened to include
Adaptation	Adjustment of the design to be able to adapt in the future to environmental challenges (e.g. in the case of circular economy, the ability to adapt the building for a different use rather than demolish the building.		more environmental, social and governance disclosures. Guidance to these disclosures is recorded in the ESRS requirements (EU 2023/2772).
		Dismantlement	Disassembly to support recirculation of materials,
Bio-based Materials	Also known a 'renewable' resources, materials that are		components and products in practice after first use.
	ecological cycles or agricultural processes, so that the services provided by these, and other linked resources are not endangered and remain available for the next generation.	Embodied carbon	Embodied carbon—also known as embodied greenhouse gas (GHG) emissions—refers to the amount of GHG emissions associated with upstream—extraction, production, transport, and manufacturing—stages of a product's life.
Carbon (CO2) intensity	Intensity targets are formulated as ratios of GHG emissions relative to a unit of physical activity or economic output (such as sales).	Environmental Cost Indicator (ECI)	The Environmental Cost Indicator (ECI) unites relevant environmental impacts into a single score of environmental costs. In the Netherlands expressed in the MPG or 'Milieu
Circularity	Practices, principles, and actions in which the value of		Prestatie Gebouwen'.
Climate Neutral	maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimizing waste and the release of hazardous substances at all stages of their life cycle, including through the application of the waste hierarchy. Undertaking's targets, actions, and resources such as reducing its GHG emissions with regard to the objective of	EU Taxonomy	The EU Taxonomy is a classification system that helps companies and investors identify "environmentally sustainable" economic activities to make sustainable investment decisions. Environmentally sustainable economic activities are described as those which "make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards."
	limiting global warming to 1.5°C.		
		Natural resources	Natural assets (raw materials) occurring in nature that can be used for economic production or consumption.



Defined term	Definition	Defined term	Definition	
Near Zero Emission Building	It means that all new buildings – as of 2020 - must have	Resource inflows	Resource that enters the undertaking's facilities.	
	covered largely by onsite and nearby renewable energy sources.	Resource outflows	Resource that leaves the undertaking's facilities.	
Paris Climate Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.	Safeguarding	Prevention that activity involves negative impacts on human rights including labour rights, corrupt practices, or are linked to non-compliance with letter or spirit of tax laws or anti-competitive practices.	
	average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."	Upstream and downstream value chain (scope 3)	Value chain includes actors upstream and downstream from the undertaking. Actors upstream from the undertaking (e.g., suppliers) provide products or services that are used in the development of the undertaking's products or	
Paris Proof Aligned	s Proof Aligned Targets, measures, or actions in line with the Paris Agreement of limiting of global warming to 1.5°C.		services. Entities downstream from the undertaking (e.g., distributors, customers) receive products or services from the undertaking.	
Raw materials (virgin & secondary)	Primary or secondary material that is used to produce a product. Virgin material or primary material comes from mining, and secondary materials are from materials	Waste (hazardous & non- hazardous)	'waste' means any substance or object which the holder discards or intends or is required to discard;	
	are reprocessed into products, materials, or substances whether for the original or other purposes.	Waste intensity	A metric providing the relationship between tonnes of waste and a unit of activity (products, sales, etc.) created.	
Renewable electricity	Electricity generated from renewable non-fossil sources, primarily wind, solar (solar thermal and solar photovoltaic).	Waste separation (rate)	Waste is separately collected if technically, environmentally and economically practicable, before undergoing recovery	
Renewable energy	Energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas. This energy can be turned into electricity		recovery potential to deliver the best overall environmental outcome.	

or otherwise used.