

Annual Report Ballast Nedam 2022



Ballast Nedam

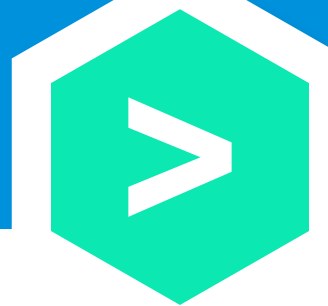


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Introduction

2022: a focus on operational excellence

The year 2022 can be characterised by growth as a result of seizing entrepreneurial opportunities and a strong focus on operational excellence. We are passionate about finding solutions and shaping our business to meet the needs of our clients and align with market conditions.

As I write about business performance, my thoughts are with all the people affected by the earthquakes in Turkey and Syria. Many of our colleagues have friends and family in the region, where there is unimaginable devastation. Our hearts go out to all those affected, and we are proud that our Turkish parent company Rönesans Holding A.Ş. is providing an incredible amount of help in the region, offering resources including machinery, shelter, people, food and all kinds of first aid materials.

The situation reminds us once again that everything in life becomes insignificant when we lose our health and safety. Our well-being is our highest goal and remains our top priority. That's why we launched our new safety campaign in 2022: Take Care. With this campaign, we focus on showing genuine care for each other. We challenge and empower each other to act responsibly and to improve safety in the workplace. The campaign is fully visible on Ballast Nedam's construction sites and offices with posters and banners featuring our own colleagues. Through regular discussions and toolboxes on safety, we stay alert and we continuously improve our safe working practices. As a result, our people go to work healthy in the morning and come home safe in the evening.

About our industry

Even though the sector is looking for ways to industrialise construction, it is still a labour-, energy-, and resource intensive industry where margins are low and the rewards and risks can be unbalanced. This is why you have to love this industry to be successful in it, and only through hard, diligent work you can make a profit.

We are working hard to refine our processes, make them leaner and develop repetitive construction methods, but it is impossible to fine-tune all processes to the smallest detail to get the same results over and over again as in a factory setting. Next to the demands related to construction methods, developments in the sustainability domain also continue to challenge us. Corporate sustainability has gained unprecedented momentum following the



upcoming legislative requirements associated with the EU's Green Deal. Climate change is forcing our sector to move towards low or zero-carbon alternatives, and the ongoing global depletion of natural resources puts pressure on the availability and affordability of raw materials, nudging us towards a more circular and nature-inclusive way of working. As a result, it influences the way we plan, execute and manage our projects. It is forcing us to continuously be aware of how our ambitions have an effect on the world around us.

Construction is mainly a service business, and our core values and the sense of ownership embedded in our teams define the success of our projects. That is why everything we do is based on our people. We trust each other, we embrace challenges, we celebrate our successes and we learn from our mistakes together.

Looking back at 2022, the importance of this becomes even clearer. We want to recognise how hard our teams worked to deliver the wind turbine project in Maasvlakte 2 after we returned to the renewable energy market. How we won the tender for the A27 project, enabling us to create a future landmark project with our partners. We made great strides in the delivery of major projects such as CoolTower and Tower Ten WTC Amsterdam. Our regional companies

also pushed the boundaries of their organisations to grow, securing prestigious projects such as Hyde Park in Hoofddorp. Meanwhile, our international teams grew and developed to deliver challenging projects all over the world such as the Hemmathagama water supply project in Sri Lanka. We worked together with our new family members Willems Bouwbedrijf and Mouwrik Waardenburg to support and help each other, and we thought outside the box to invest in sustainability and innovation, including robots, unique materials and electrification. And finally, how we improved and adapted our strategy in order to remain healthy and profitable.

Business units strengthen each other

Ballast Nedam has many business units, each with its own culture and strengths. We see the holding structure as a platform that acts as an enabler for all our companies. We want to preserve their culture and simultaneously allow them to stretch themselves to a point beyond what they thought was possible. You can see them as communities that help and complement each other.

Of course, being part of this larger community requires a hands-on entrepreneurial spirit, full transparency and trust, and strict financial and risk management practices. With the acquisition of road construction company





Mouwrik Waardenburg in the Netherlands and healthcare construction specialist Avenue Building Company Ltd. in the United Kingdom, we continued to expand our company in 2022.

Financial results 2022

Ballast Nedam continued to grow with a healthy operating performance. Our revenue increased by 37% from €1,041.5 million in 2021 to € 1,430.8 million in 2022. The activities of Ballast Nedam are supported by sustainable demand for residential and non-residential buildings, infrastructure improvements and the energy transition. EBITDA amounted to €54.2 million (2021: €42.9 million). Ballast Nedam has a well-diversified project portfolio and the vast majority of the Business Units are positively contributing to the financial performance. 2022 also presented us with challenges and the financial performance includes the deteriorated result from some large construction projects in the Netherlands which could be characterized by an asymmetrical risk and reward balance which resulted in project cost overruns for these projects. One of the major projects is the well-known project in Zuidbroek. On 7 January 2023, Air Products sent a termination letter for the contract with Ballast Nedam Industriebouw for the subcontracted works regarding the nitrogen facility Zuidbroek. Ballast Nedam firmly believes that the

termination announced by Air Products does not have any effect and is unlawful. We recognise the social importance of this project and continue our discussion with Air Products in an attempt to reach an amicable agreement on all claims and disputes to enable us to complete our part of the project scope.

Ballast Nedam's working capital ratio is 1.2 (2021: ratio 1.3) and company's cash position at year-end amounted to €171.0 million (2021: €252.8 million). The solvency ratio of 24.9% (2021: ratio 24.3%) matches the level of our best years. Our order book of € 1.4 billion (2021: € 1.7 billion) is at a good level and we continue to focus on acquiring projects with a symmetric balance between risk and reward.

Reflecting

The year 2022 also presented us with new challenges that kept us on our toes. Global issues such as the nitrogen crisis, the geopolitical conflicts in Eastern Europe, the shortage of staff and high inflation rates create uncertainty for our entire industry. At Ballast Nedam, these matters have also affected our profitability and operations. We cannot precisely predict its future impact and we continue to keep a close eye on these developments.

Highlights

It was an exceptionally good year for Ballast Nedam International Projects. We started projects in Guinea and Luxembourg and continued our work in Sri Lanka and Sint Maarten. In the coming years, we will focus mainly on projects in Africa, the Caribbean and the Nordic countries. Internationally, we continue to take on large and complex construction projects that match our global resources and execution capabilities.

With the energy transition in full swing, we are proud to be back in the wind energy market. In 2021, we started two new wind turbine installation projects: Windpark Maasvlakte 2 and Windplanblauw. In 2022, Windpark Maasvlakte 2 was completed, and the work on Windplanblauw is proceeding well, focussing to achieve its milestones in 2023. Windpark Maasvlakte 2 is a real highlight in our portfolio, as the wind turbines on the soft sea wall have a foundation with monopiles. This is a first for the wind sector, as it is the first time a wind turbine was founded on a monopile on land.

Outlook: towards a sustainable and profitable future

In 2023, we started our revised strategy for our construction activities in the Netherlands, which responds to the current market and better matches our capabilities.



In this adjusted strategy for the Netherlands, we focus on projects that are well-developed and repetitive in terms of construction methods, where our expertise can be (re) applied and risks can be better managed. We will continue to carry out large projects in the Netherlands, as long as they comply with our strategy. In line with our decentralised organisation, at the beginning of 2023 we decided to execute all our future building construction projects within our regional companies and wind down the central business unit Ballast Nedam Building Projects. We will relocate our people within our business units as much as we can and focus on regional growth with possible strategic acquisitions.

This important decision in our company strengthens our decentralised operating model and further empowers our regional business units. It enables us to better commit to operational excellence with our long-term partners – delivering what we promise, on budget and on time. As we anticipate limited growth in the market in the coming years, operational excellence is of the utmost importance to prepare our company for the next phase of future growth. It will help us improve our operations and manage risks, in order to remain the healthy and profitable company we are today.

Ballast Nedam has been in business for over 145 years. With this heritage as a foundation and a responsibility, we are making decisions that will make our company both financially strong, meanwhile being responsible to the environment we work and live in.

We have evolved into a company with health and safety at its core. We have organised our business units with a structured and focused product-market mix, even though this means letting go of some opportunities that do not fit into our strategy.

We are focusing on operational excellence and lean and resilient business units. Our teams are better integrated than ever before and our core values are more deeply embedded in our organisation. With this foundation, we continue to work towards a sustainable and profitable future.

A. Kemal Sağlam, CEO Ballast Nedam



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Chapter 1

Profile of Ballast Nedam



1.1 Who we are

1.1.1 We are Ballast Nedam

Ballast Nedam was founded in 1877. We have a long history of carrying out construction activities, later supplemented by urban development and heavy industries. As a company, we have experienced many changes, both in the (international) market and in the company on our journey to becoming the well-known construction and development company we are today. Our international presence is part of our DNA, and we continue to focus on national and international growth markets.

See figure 1 ‘History overview Ballast Nedam’ on the next page.

Purpose

Our purpose is to build a safe and sustainable living environment characterised by health, comfort and well-being. Ultimately, quality of life is what matters most. Constructing buildings, highways, bridges, offices and houses all contribute to the emotional and social needs of the people that live here and abroad and stimulate their well-being. Safety and security are the foundation of these needs.

As a company, we need to keep the end-users’ needs in mind throughout the entire value chain and ask ourselves whether we are creating enough – and the right kind of – value. On this journey, we need and want to continuously challenge ourselves to improve. Every day, we focus on learning, adapting to new circumstances and developing. We focus on improving ourselves, the added value we create for clients, and the well-being of our surroundings. Our dedicated and skilled staff are the foundation of our ability to achieve our goals.





Figure 1 History overview Ballast Nedam

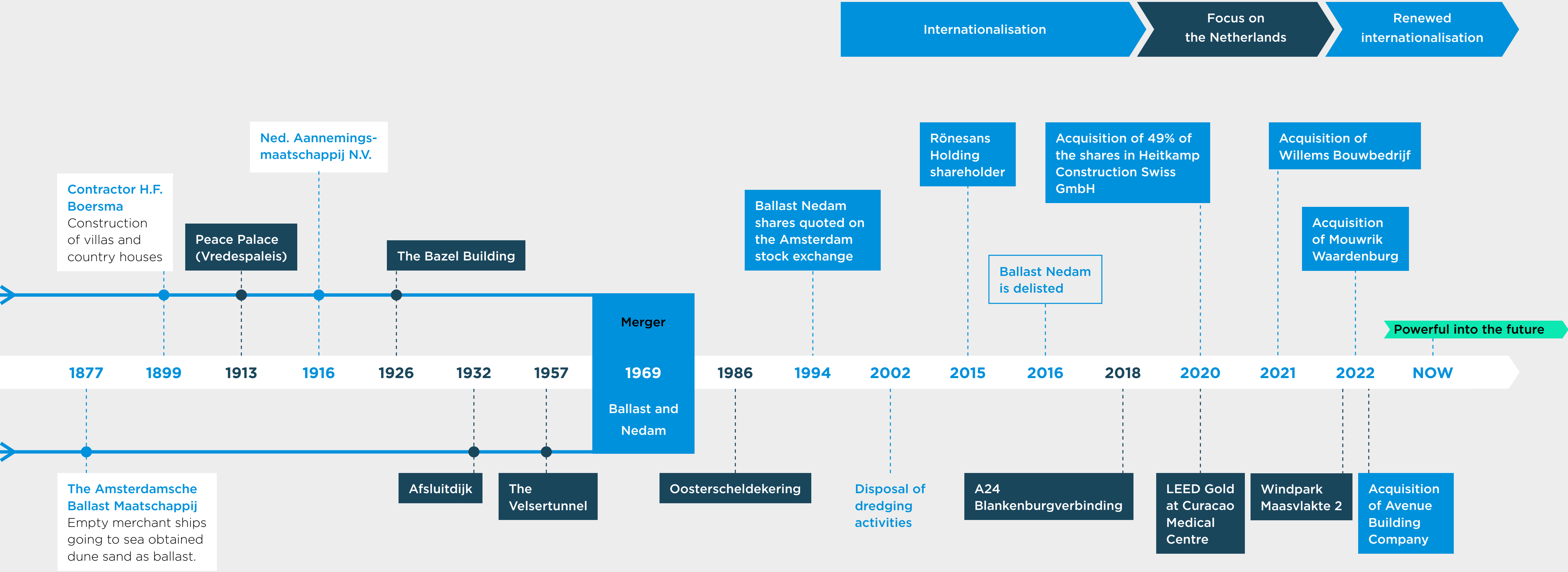


Figure 2 Our organisational values

1.1.2 Organisation values

Our company culture is a combination of local, national and international influences and is driven by our core company values. They define our personal and corporate behaviour and how we engage and cooperate with our stakeholders. They represent the behaviour which clients and partners can expect when they collaborate with us and for which we can be held accountable.

1.1.3 Ambitions

Everything we do should contribute to our purpose of building a safe and sustainable living environment characterised by health, comfort and well-being. This is why we focus on adding value for our different stakeholders: internally and externally. Based on our stakeholder analysis (see 1.4 ‘Stakeholder engagement & Materiality’). We have identified four overarching ambitions, coherent goals, strategy pillars and accompanying themes (see figure 3 ‘Overview of ambitions, goals, strategy and themes’ on the next page). How we achieve these ambitions is explained in chapters 2-8.

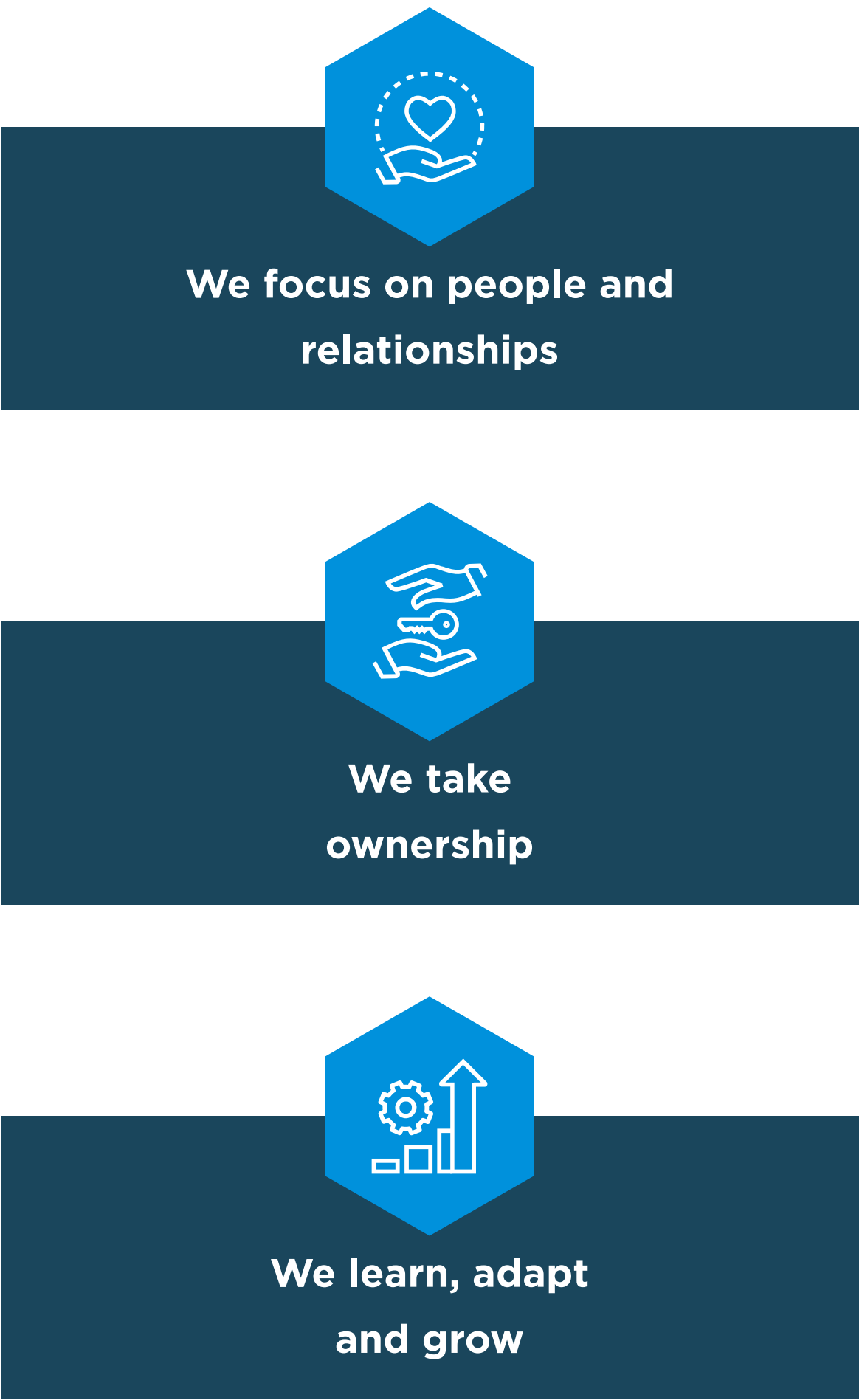


Figure 3 Overview of ambitions, goals, strategy and themes

Our purpose is to build a safe and sustainable living environment characterised by health and well-being.

Ambition	 Employer of choice	 Operational excellence	 Corporate Social Responsibility	 Financial stability
	<ul style="list-style-type: none"> Sufficient qualified workforce Productivity and employability Healthy and welcoming work environment 	<ul style="list-style-type: none"> Quality Reliability and control Efficiency 	<ul style="list-style-type: none"> Health, safety and well-being Sustainability Social return 	<ul style="list-style-type: none"> Balanced risk management Healthy, sustainable and profitable growth
	<ul style="list-style-type: none"> Employee value proposition Performance culture Conditions to learn and grow Personal care 	<ul style="list-style-type: none"> Standardisation and repetition Learning organisation Innovation and digitalisation 	<ul style="list-style-type: none"> Safety awareness and behaviour Reducing negative impact on climate change and supporting nature Good employment practises 	<ul style="list-style-type: none"> Selective tendering and risk management Specialised product market combinations International expansion
	<ul style="list-style-type: none"> Diversity and Inclusion 	<ul style="list-style-type: none"> Stakeholder management Quality 	<ul style="list-style-type: none"> Climate change Circularity Waste Biodiversity Supply chain responsibility Safety 	<ul style="list-style-type: none"> Finance Integrity and compliance
	<ul style="list-style-type: none"> Human resources (7) 	<ul style="list-style-type: none"> Stakeholder analysis (1) Innovation and digitalisation (8) 	<ul style="list-style-type: none"> Sustainability (5) Health, safety and the environment (6) 	<ul style="list-style-type: none"> Risk management and Compliance (3) Profile of Ballast Nedam (1) Financial Results (2)



Employer of choice

In this challenging labour market and with a scarcity of qualified talent, it is of the utmost importance to attract and retain employees. We are aware that our dedicated and skilled staff enable us to achieve our ambitions. They are our greatest asset.

Employee turnover was higher in 2022 than in 2021. However, we were able to attract sufficient new employees, resulting in a slight increase of our total headcount. To remain an employer of choice, our ambition is to have a qualified workforce, to stimulate productivity and employability and to create a healthy and welcoming work environment. As job satisfaction entails many aspects, we want employees to be able to excel in their jobs, explore career opportunities, have the freedom to be creative and feel recognised for that. We invested significantly in training and career development, employee wellbeing and leadership development. Our staff displays a high level of ownership, entrepreneurship and commitment to results. The possibilities Ballast Nedam creates for this purpose are unique.

Strategy

Offering an attractive employee value proposition

To remain an employer of choice we outline the variety of our businesses, our entrepreneurial spirit, opportunities for growth and our core values in our employee value proposition as reflected in our employer branding and management practices.

Fostering a culture of performance

Our identity is driven by entrepreneurship and getting the job done for our clients. We aim to provide a work environment where people are encouraged to take initiative, give and receive feedback and feel that they can co-create their own and the company's success. This requires autonomy, teamwork and inspirational leadership to enable our people to achieve success and confidently take on challenges. This also fits well with one of our organisation's important values: 'ownership'. We encourage people to take responsibility and act as the reliable partner we are known to be.





Creating the conditions where people can learn, adapt and grow

People who work with us will find that our performance culture offers great possibilities to grow and, in many cases, take on more responsibility and develop their careers. Personal development is important, as well as acquiring and sharing knowledge. Management's task is to create the conditions where people can excel and to recognise and reward good performance. This requires clear goals and career paths, personalised training programmes, competitive rewards and knowledge sharing.

Stimulating personal care

Good health and well-being starts with a healthy work environment. This includes physical and social safety, appreciation and an inspiring culture. Care for people will ultimately be the key success factor in stimulating well-being. As a company, we initiate health programmes, social events and celebrations and coaching programmes to support this. Each Business Unit organises annual prevention, vitality and safety days as well as preventive medical examination days. Last year almost 400 colleagues did a periodic health check (PAGO). Diversity and inclusion is another cornerstone of our healthy working environment, with an increasing number of women in our workforce.

Operational excellence

When we deliver projects, we want to create the best value for our clients. To do this, we need to optimise what we offer, at minimum meet the demands of our clients and even present them value engineering proposals to help with their business cases and in general perform even better than our competition. This means raising our performance to the highest level in terms of quality, pricing and on-time delivery. In other words: doing what we promise in the best way possible. Creating value therefore means focusing on quality, controlling our processes and increasing our efficiency.

By our focus on the quality of our work we have managed to reduce the average number of handover points per new constructed home in the regional Business Units. Where this was measured, in 2020, the average of handover points was more than 11 per newly constructed home. Last year, in 2022, the average was reduced to less than 5 handover points per newly constructed home in the same Business Units at the projects where this was measured.

In addition to offering high standards of performance, we pay equal attention to the softer aspects of collaboration.

We believe that close, personal and easy collaboration, a shared solution-driven focus, transparency and open communication are important to ensure client satisfaction.

Strategy

Standardisation and repetition

Efficiency requires standardisation and control. We closely monitor and evaluate our internal processes to optimise our performance. This applies to the entire value chain, as we are all part of a large ecosystem. This also includes selecting projects that have repetitive components, processes and work methods. Taking on one-off projects that are unique is very challenging for the whole construction ecosystem and often inefficient and expensive. Instead, repetitive processes and work methods increase our ability to capture knowledge, educate our people and increase our level of expertise, contributing to higher quality.

Learning organisation

Our corporate slogan is: Challenge to Improve, which underlines our ambition to learn, adapt and grow every day. This is something we strongly believe in and is in line with our entrepreneurial mindset. This requires us to learn together as an organisation. In line with this, we are harnessing each Business Unit's expertise. We will focus even more on Business Unit collaboration, so we can learn



from each other's best practices. We will also place greater emphasis on improving the retention of knowledge and experience.

Innovation and digitalisation

We use innovation and digitalisation to engage in new techniques, and we use data and efficiency to further improve our business operation. Being up to date on the latest techniques enables us to meet our clients' needs even better. We see innovation and digitalisation as enablers to achieve our goals concerning efficiency, quality, control and sustainability.

Corporate Social Responsibility

Our projects aim to create high living standards, which is why we are aware of the impact that our operations have on our environment. We need to consider and care for the environment we operate in and preserve as much of our nature as possible. Likewise, Ballast Nedam is aware of and takes its responsibility towards our internal and external stakeholders, society and the environment.

Creating a safe working environment is a top priority. We have made the promise to our staff and all subcontractors that they will return home safely every day. We need to do everything in our power to keep that promise.

Every year, we will increase the level of sustainability in the execution of our projects and in our corporate business operations by focussing on reducing our CO₂ footprint. Ballast Nedam shows considerable progress in sustainability and is well on its way to becoming CO₂ neutral by 2030. This is an extremely ambitious yet fundamental objective. The CO₂ emissions of the business activities decreased by over 40% compared to the reference year 2019. This decrease is the result of strong turnover growth in combination with only a limited increase in our project-related CO₂ emissions as a result of various CO₂ reduction measures. Ballast Nedam's ambition is to generate all the energy we need ourselves sustainably by 2040.

When we look specifically at CO₂ emissions of houses sold by Ballast Nedam Development we see a decrease of up to 69% for specific projects. This is related to the energy and environmental performance of the property.

Social return is another vital goal in our organisation, although the levels of social return vary considerably between our business units. We believe we can do better in the coming years, for example by being responsible, fair and accepting to each other, as well as sharing positive impacts. This will ultimately enhance well-being (see chapter 7 Human Resources).

Strategy

Safety awareness & behaviour

The key to success in safety awareness and behaviour is for colleagues to be genuinely involved and care for each other. We launched a new safety campaign which we branded as 'Take Care' to improve safety awareness and increase supportive behaviour. It focuses on taking care of each other as the basis for positive change. We stand together for our safety and do our utmost to protect ourselves and others. Together, we take ownership to ensure that everyone returns home safe and healthy every day. Everyone's personal safety leadership, hazard recognition and intervention are needed. We invite people to have an open dialogue, one that is personal and includes everyone. Take action to care. Always. Everywhere. Everyone.

Caring for nature and reducing the negative impact on climate change

We seek solutions to increase our positive impact and reduce our negative impact. In our projects, we focus on CO₂ reduction, circularity and reducing waste. We are using secondary and biobased materials and stimulating biodiversity and biodiversity recovery. We are also increasing our participation in renewable energy and bringing in our expertise into the energy transition market. We invest in the use of electrical machinery and sustainable



materials, further limiting the use of fossil fuels. This includes expanding our own energy-generating capacity through solar and wind energy. Indeed, we increased our efforts to generate our own green energy by investing in solar panels in order to use green energy in our own business operations. Our own construction sites, concrete production halls and office locations will run on it. We also invest in nature-inclusive construction that makes us more resistant to the effects of climate change and contributes directly to biodiversity. This is not only good for our nature, but also for our own health and well-being.

Good employment practises

None of our company's accomplishments would have been possible without our skilled and dedicated people. The shortage of staff in the industry motivates us to pay even more attention to our employees and to appreciate them. Competitive compensation, a strong focus on personal growth, diversity and individual care are key factors for maintaining healthy, happy and qualified employees.

Financial stability

For the past few years, during COVID-19, it was our resilience and flexibility that helped us to adapt to changing circumstances. External market conditions still require us to

be extremely flexible. Inflation, environmental challenges, shortages in the labour market, legislation and energy supply security motivate us to find new solutions for managing a changing environment. Our entrepreneurial mindset helps us to continue to explore new opportunities and take on new challenges.

We believe in healthy, sustainable and profitable growth that is parallel with our business profile and capacity. International growth is part of this ambition. There are many opportunities abroad and we still benefit from our strong international resources and reputation.

We are also experiencing challenges in managing risks as there are imbalanced risk and profit profiles in some of the construction projects. In general, prices are not covering high risks in complex and unique structures. This is an unhealthy situation that is ultimately negative for the entire value chain in the construction industry: contractors, subcontractors, suppliers, clients and end users. As a company, we will be focusing on managing risks better.

Strategy

Selective tendering and balanced risk management

Analysis has shown that one-off projects are more likely to

make a loss as they have a lower degree of repetitiveness. Compared to one-off projects, repetitive projects or projects with repetitive components will enable us to learn, to preserve knowledge and reuse the lessons learnt for future projects. This will increase the efficiency of people and processes. In the future, we will therefore bid more selectively on these types of projects and focus primarily on projects with repetitive components. Using different contract types is also part of selective tendering, which will help us to manage risks better.

One example is working with the government's newly developed two-stage contracts, which in itself is a risk mitigation development in the (infrastructure) market. An important feature of a two-stage project is that parties only make price agreements for high-risk components in the design process when those risks can be better estimated. In general, problems are caused by having to determine the price at a moment in time (during the tender) when much is still uncertain or unclear. The tender process aims to select a partner mainly on qualitative aspects.

This partner should be capable of managing the two-stage contract in combination with the relevant expertise required for the scope of the project. The risky part of the project



will then be priced according to the two-stage approach after the contract has been awarded. Ballast Nedam is now active in two-stage contracts for the A73 Swalmen and Roertunnel project and our new A27 Everdingen-Hooipolder project.

In the future we will continue to take on challenging projects but with a stricter selection policy.

Increased focus on specialised product-market combinations

We will increase our focus on specialised product-market combinations. This means we will differentiate in the market on specific niches that are close to market. These concepts have proven to be successful in the past and still are. We are exploring new growth markets, such as the energy transition market, which includes wind energy (nearshore and offshore), solar energy, as well as distribution and transmission networks. Examples are the Windplanblauw project, in which we are replacing 28 outdated wind turbines with 24 modern and powerful turbines. For the Maasvlakte 2 Wind Park project, we have installed 22 turbine foundations by using a unique monopile concept at the shoreline. We also provided the wind farm cabling and the connection to the transformer house. With Ballast

Nedam Energy we are working on a number of tenders for 2023, in which we will focus on civil activities for energy networks. We are looking into the switch gear and substation market and explore new possibilities to see if we can add value.

International expansion

We will continue to explore opportunities outside the Netherlands. Internationally, we have a strong reputation based on our long history of carrying out projects abroad. We foresee international potential mainly in infrastructure, and specifically in civil (marine) infrastructure including ports, bridges, tunnels and water treatment/distribution projects.

This year, Ballast Nedam International Projects acquired the contract for construction of a new headquarter building of the European Investment Bank in Luxembourg (joint venture with Rizzani de Eccher) and the contract for construction of five new bridges in Guinea-Conakry. Ongoing projects are the water treatment plant in Sri Lanka and the terminal renewal of St Maarten airport. We have ambition to expand further in Africa, the Caribbean and the Nordics.

1.1.4 Organisational structure

Ballast Nedam is proud to be part of the Rönensans Group since 2015. The immediate parent company is Renaissance Construction B.V. and the ultimate parent company is Rönensans Holding A.Ş., Turkey. Being part of this strong, international company offers stability, added value on specific themes and security. It reinforces our international stature and global presence. Our operations are organised into two main divisions: Ballast Nedam Construction and Ballast Nedam Development.

Ballast Nedam Construction

Ballast Nedam Construction is Ballast Nedam's largest division with 1,748 employees. Ballast Nedam Construction focuses on the successful acquisition and execution of complex and integrated infrastructure, residential, commercial, utility and industrial projects. It operates locally, nationally and internationally. Our construction division has specific expertise in car parks, integrated tunnelling, offshore wind farms, road construction and special foundation solutions. We also have expertise in transformation, renovation and restauration modular construction and concrete solutions. Our many years of experience in residential construction through Heddes Bouw & Ontwikkeling, Laudy Bouw & Ontwikkeling,



Ballast Nedam Zuid and Ballast Nedam West are also an important part of this division. Last year we acquired Willems Bouwbedrijf and in March 2022, Mouwrik Waardenburg was added to the portfolio of Ballast Nedam Road Specialties. We have also acquired Avenue Building Company Ltd. The company is specialised in healthcare construction projects in the UK, realising, among other things, high-end diagnostic centres, single mammography units and the renovation of hospital departments. Long-term project financing (concessions) and asset management of our PPP portfolio, both in buildings and infrastructure, are also included in this division, as are our production companies Hoco and Haitsma Beton. Ballast Nedam Industriebouw delivers projects for industrial clients in the petrochemical, oil and gas, steel, food and energy sectors. It has extensive experience in specialised civil engineering and mechanical installations.

Ballast Nedam Development

Ballast Nedam Development's ambition is to develop appealing living and working environments in urban areas. It creates integrated, sustainable, creative and high-profile solutions for residential environments. This is achieved by investing, managing and developing both public and private projects, in a sustainable manner that often goes beyond the requirements of law and legislation.

Operational business units

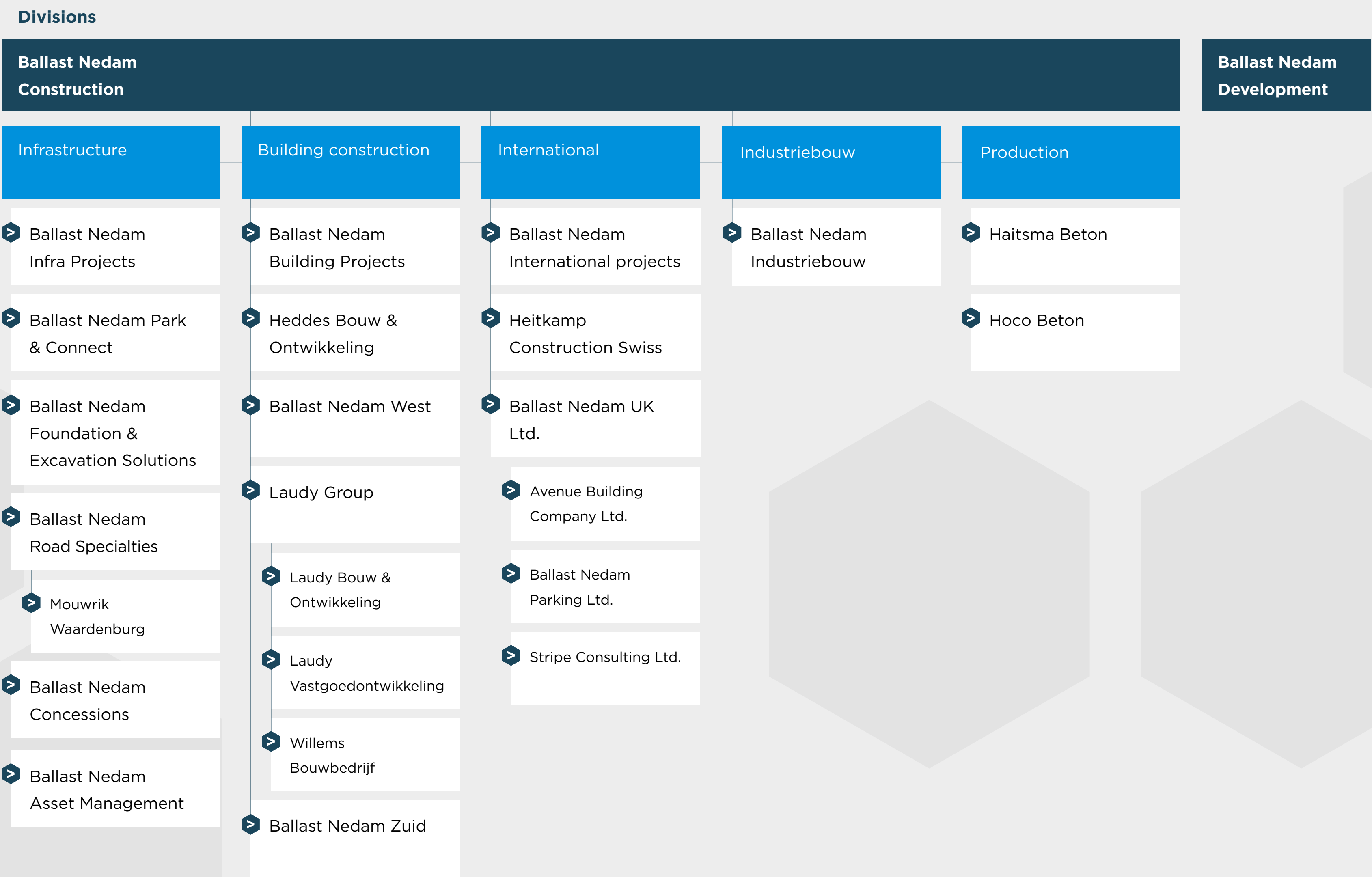
We encourage high levels of autonomy and entrepreneurship in our operational business units. Our regional business units operate as separate companies. They are close to the markets and accessible to their clients and partners. Their way of working, sense of ownership and entrepreneurship within the regions has proven highly successful. They have a thorough understanding of their clients' needs and are thus able to maintain a high standard of client satisfaction.

The overview of our organisational units is summarised in figure 4.





Figure 4 Organisational units





1.2 What we do

1.2.1 Scope

We build sustainable landmarks in the Netherlands and abroad. Throughout the Netherlands, our expertise is visible everywhere: in buildings, bridges, houses, roads, tunnels, ports, hospitals, hotels and university buildings. Moreover, our work helps to improve well-being in all areas of society, including living, working, leisure and mobility. Our main business focuses on our home country. At the same time, we continue to explore international opportunities. This reflects our identity as a Dutch construction and development company with an international focus and overseas experience. Countries in which we currently operate are the Netherlands, Belgium, Luxembourg, Germany, the United Kingdom, Switzerland, Turkey, Sri Lanka, Sint Maarten, Tanzania and Guinea-Conakry.

In the Netherlands, we are located throughout the country. See figure 5 ‘Ballast Nedam locations’ on the next page. Our international presence is shown in figure 6 ‘International presence’ on page 22.

↓ Project Construction of Princess Amalia Harbour quays



Figure 5 Ballast Nedam locations

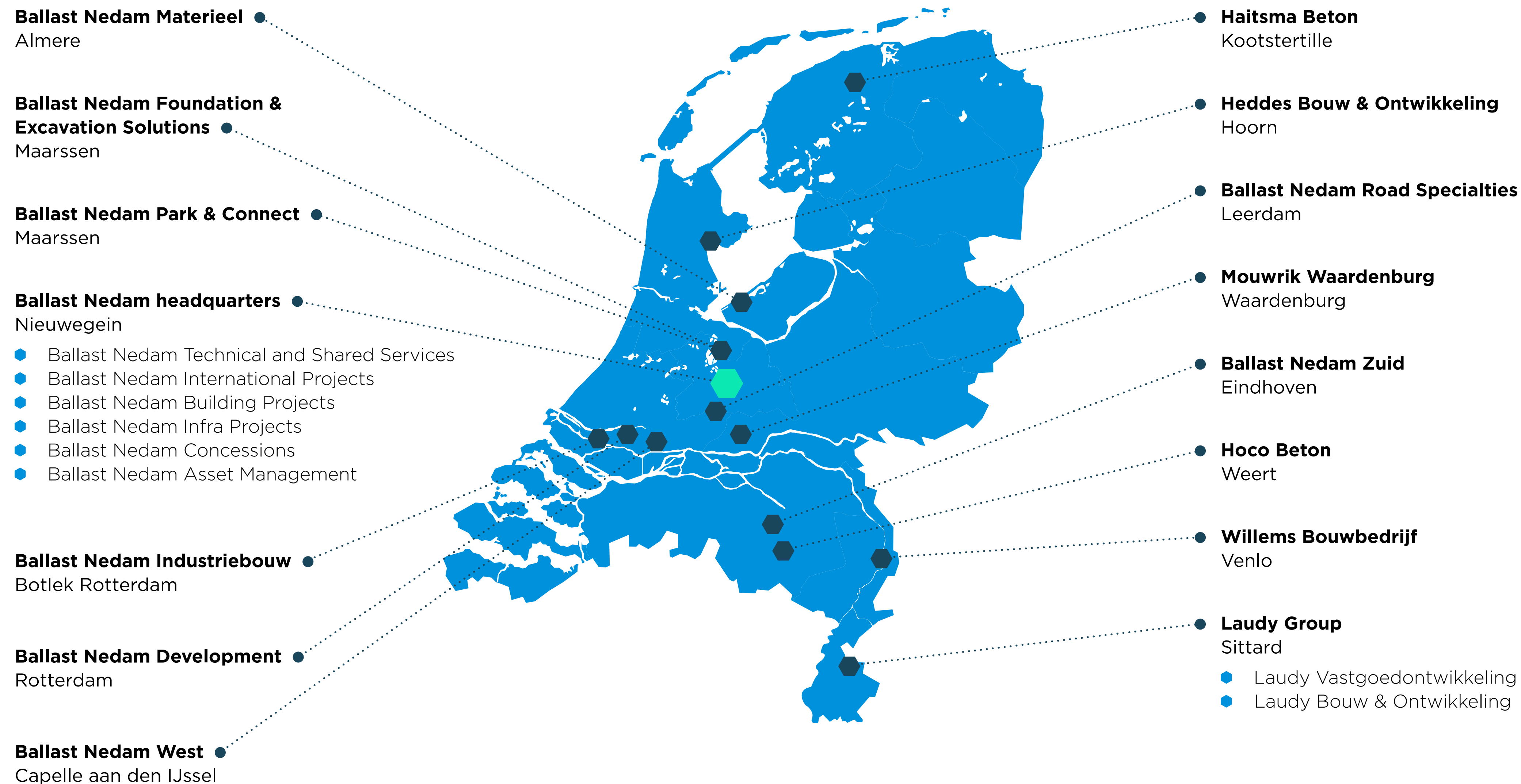




Figure 6 International presence (offices and/or projects)

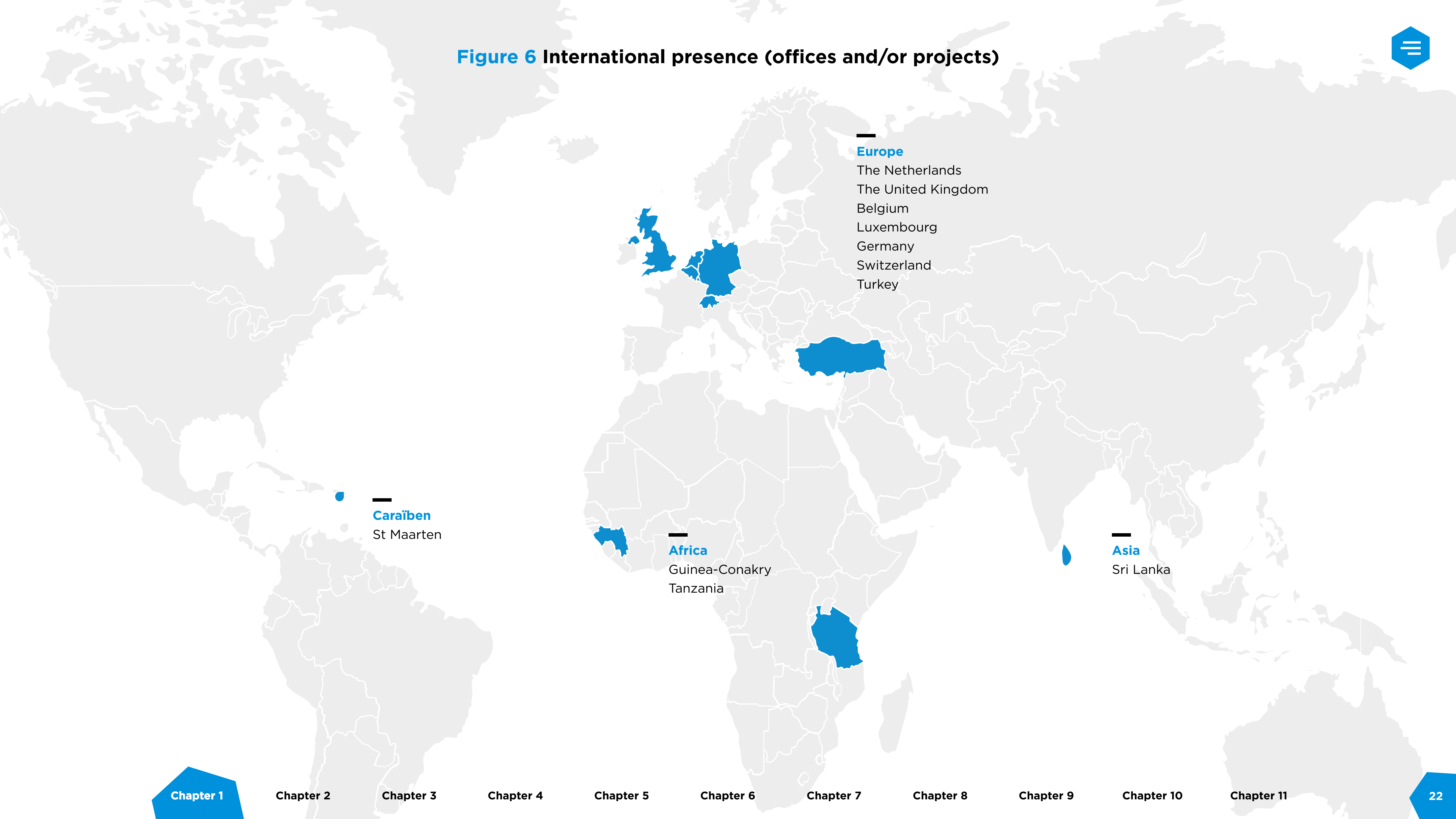


Figure 7 Expertise

1.2.2 Projects

Our projects are our business cards. They are the result of an integrated approach that combines knowledge, experience, dedication and cooperation. What we build ranges from small-scale local projects to large complex projects of national importance. These projects are executed by our regional, national and international business units.

The Quality Assurance Act is due to come into effect next year, which will change the quality assurance system in the Netherlands. Ballast Nedam is not waiting for the Quality Assurance Act for Construction to improve the quality of our projects and its demonstrability. We are continuously working to improve the quality of our work. To prepare our organisation for the Quality Assurance Act, we are carrying out pilot projects. In 2022, we carried out pilots on six construction projects. The pilot projects are being evaluated and we will use the outcome to improve further in the coming year. We plan to continue with additional pilots in early 2023.

1.2.3 Expertise

Every project requires a different approach and has its unique elements in terms of expertise. Our teams, working in each of these areas of expertise, have their distinctive





qualities and experience to meet the demands of our stakeholders. An overview of Ballast Nedam's expertise is summarised on the previous page (see figure 7 'Expertise').

1.3 The world we operate in

Global influences play an important role in our business operations. There is an urgent need for us all to take immediate action to preserve our environment and find solutions to manage our energy consumption. The geopolitical situation in Eastern Europe, global supply cost increases and time-delays in material deliveries have certainly impacted our business. Also, the shortage in the labour market is making it harder to hire qualified staff. In addition, cost fluctuations, as well as nitrogen legislation, are delaying tenders, especially for large (infrastructure) projects.

Navigating these troubled waters requires a flexible and resilient organisation, as well as a suitable strategy of diversification and specialisation in terms of regions, clients and types of projects. Managing and optimising the entire value chain are vital in these challenging conditions.

Sustainability & Energy

In 2050, our cities and municipalities must be CO₂-neutral, climate-adaptive and as circular as possible. This has been laid down in various covenants, including the Paris Climate Agreement. We are therefore committed to creating a healthy, liveable, energy-neutral, circular, nature-inclusive building environment. Due to the demand for healthy, future-proof materials and construction methods, sustainability has become an integral part of Ballast Nedam's business, our focus areas, our decision-making, our choice of materials and our working methods. Examples include an increased focus on prefab, modular and circular construction, the use of secondary, biobased materials and digitalisation of the building process. In addition, we have made substantial investments in expanding our energy-generating capacity through solar energy. We installed 4049 solar panels on our offices and construction sites in 2022. The total capacity of the newly installed solar panels was 1,630,000 watt-peak.

Nitrogen

The nitrogen discussion reached a climax in 2022. To preserve nature, we need to substantially reduce our nitrogen emissions. The impact of this legislation resulted in heavy protests and outrage among those who have been hit hardest by this legislation, especially farmers.

Initially, it seemed as if the construction industry would be able to deal with these consequences quite well due to the construction exemption. On 2 November 2022, however, the Council of State's ruling in the Porthos case turned back the temporary exemption for nitrogen emissions from construction work.

With the construction exemption, nitrogen emissions during the construction and demolition phase of projects did not have to be counted in the permit application, only the emissions in the operational phase of a new road or building. With the new ruling, low nitrogen emissions must therefore be eliminated or compensated as well, according to the administrative court (Dutch Council of State).

This new nitrogen ruling ensures that the legal framework for granting permits for construction projects will be changed immediately. For each new project, it will be necessary to calculate and demonstrate that the construction phase will not contribute to an increase in nitrogen emissions in a Natura 2000 area. This is expected to increase costs and significantly delay the granting of permits.



In general, the decision of the Dutch Council of State represents a change in the law, which in itself will require the municipal departments responsible for issuing permits to adapt to the ‘new reality’. There’s also likely to be a lack of computing capacity at the permitting authorities and a dependence of external engineering and consulting firms. This was already the case before the ruling and now also the construction phase is to be reviewed, with even more calculations to be made. This all may result in possible delays of receiving permits. The coming year will hopefully bring more clarity on how this will work in practice.

To determine the consequences for Ballast Nedam, we conducted a survey in 2022 among all business units. The conclusion was that the nitrogen ruling will have limited financial impact on Ballast Nedam in 2023 as most of the turnover has already been secured. However, from 2024 and onwards, there could potentially be uncertainty.

We expect that there will be fewer tenders in the market due to clients who cannot get a building permit for their projects. We also expect tenders to be delayed due to the need for upfront nitrogen calculations to demonstrate that both construction and operation will not increase nitrogen emissions in Natura 2000 areas.

Overall, we are adjusting our business operations to reduce our nitrogen levels by adapting our equipment and transport during the construction phase.

Energy transition

A development we are closely monitoring is the need for energy security and the possible effects this will have on sustainability and costs. While investments in sustainable energy accelerated as a result of increasing fossil fuel prices, there are also new European plans for investments in fossil fuels to secure energy for the coming years.

Regardless of this, at Ballast Nedam we remain dedicated to strengthening our commitment towards solar and wind energy. Ballast Nedam has been involved in major wind farm projects, such as Windplanblauw and Maasvlakte 2.

Housing & urban development

By 2030, the government aims to build 900,000 new houses in the Netherlands to keep pace with a growing population and number of households and migration. There are many challenges, including higher construction costs and rising interest rates. This puts further pressure on affordable housing solutions. The biggest challenges seem to be the scarcity of urban development space and slow permit processes. Even though there is a large willingness to develop and construct houses, the overall process

from tender and buy to build and deliver is too long. Our Business Units Ballast Nedam Development, Heddes Bouw & Ontwikkeling, Laudy Bouw & Ontwikkeling, Ballast Nedam Zuid and Ballast Nedam West focus on alleviating the housing shortage. They do this by building as many houses as possible, provided permits are granted and procedures are accelerated by authorities. The scarcity of available building space remains a challenge, especially in light of the proposed nitrogen measures. Government policy and management are needed to designate large-scale rural locations to support the housing supply.

Solutions are also sought in alternative construction methods such as modular building concepts. Ursem Modular Building Systems, part of Heddes Bouw & Ontwikkeling, is one of the most advanced modular manufacturers in Europe. It makes ready-to-use construction products in an industrial manner which are offered to the market in the form of apartments, hotel rooms and bathrooms. This way, they offer progressive and high-quality solutions for clients. The products are produced in a controlled environment and assembled quickly and easily on site. In addition to increased efficiency, a shorter construction time and consistent quality, this method of construction also yields benefits in terms of sustainability. PuurThuys is another example by



Ballast Nedam Zuid and Laudy Bouw & Ontwikkeling. The PuurThuis residential concept can be used both in filling expansion areas with new construction and in challenging redevelopment projects.

Cost increases and shortages of products

The geopolitical conflicts in Eastern Europe and the prolonged impact of COVID-19 drove up the price of raw materials and caused occasional supply shortages in 2022. Ballast Nedam also experienced the negative effects: it put tremendous pressure on costs and timely deliveries throughout our business. This impact was somewhat offset by long-term supply partnerships.

The prices fluctuate substantially, which has resulted in a great deal of uncertainty and made it difficult to ensure fair pricing for new projects. The real estate project Koningin Julianaplein in The Hague was cancelled because we could not reach an agreement on the price risk indexation mechanism. As a company, we can manage certain levels of price fluctuations, but after certain limits we need the security of cost indexation, otherwise risks are too high and unmanageable.

Ballast Nedam will continue to maintain a dialogue with its partners in the supply chain and work with them to manage the challenges of price increases to ensure continuation of cooperation and performance on its project sites. The estimated uncertainty regarding the remaining costs to complete a project is now significantly higher.

Labour shortages

Just like 2021, in 2022 there was a substantial imbalance between people seeking jobs in this market and demand in the construction business. The shortage of high-quality, skilled staff has increased as a direct result of COVID-19, aging and digitalisation. There is a growing shortage of technical staff, and we need all stakeholders to promote technical education at a very young age. In line with our ambition to have high-quality, healthy and satisfied staff, we are looking for skilled personnel on all levels. In our company, we have seen higher turnover in some positions. This obviously impacts knowledge retention at our organisation, but, on the other hand, it has the positive effect that the new people we hire bring fresh ideas and creative thinking to the organisation. We are experiencing more extensive recruitment processes as well as salary increases due to inflation and the tight labour market.

Being an employer of choice is very important. We not only focus on attracting new staff but, more importantly, we are committed to keeping the staff healthy and satisfied. We are conducting employment research in 2022 and 2023, and put special emphasis on learning programmes and leadership skills.

Our Works Council keeps us on our toes. It serves as the voice of our organisation. We apply our motto, 'Challenge to Improve' to ourselves: as people and as an organisation. This requires a safe and open culture where feedback is fully accepted and seen as a chance to learn and grow. Our high levels of autonomy, control and opportunities for people to develop themselves, are our most distinguishing value to our employees.

Digitalisation and innovation

Digitalisation and innovation have become an integral part of our daily business. The acceleration of digitalisation and innovation in the sector is driven by an ongoing tendency towards the use of modular and prefab building applications and the introduction of emerging new technologies, such as robotics, virtual reality, artificial intelligence (AI), Building Information Modelling, the

Internet of Things and digital twin technology. These developments are helping the sector to increase productivity, to cut costs, to meet market demand, to engage employees, to attract new talent and to build new partnerships. Digitalisation and sustainability often go hand in hand. Our digital solutions support our sustainable measures, like dashboarding and the possibility to monitor and respond.

We are continuously investing in and improving our operational excellence by adopting these emerging technologies. For example, we are making major progress with techniques such as automation and robotics, advanced building methods, data management and analytics. We are using the retrieved information to monitor achievements and to guarantee high-quality standards for our clients.

↓ Bricklaying robot applies mortar





1.4 Stakeholder engagement & Materiality (Material Topics)

A solid approach to stakeholder engagement strengthens our beliefs that the topics we focus on in our Annual Report are indeed relevant for the context Ballast Nedam operates in. This chapter will take a closer look at our stakeholder community and how we determine, organise and manage our material topics.

1.4.1 Our stakeholders

Internal

Employees

Our human capital consists of ambitious and talented people. In 2022, we employed 1,936 people. Besides that, we also used the skills and services of self-employed workers. Their drive, experience and high level of knowledge and expertise help us to complete our clients' assignments. We offer high levels of responsibility. Also, thanks to the international influences in our organisation, we have a highly diverse workforce. This makes it easier for us to operate successfully on the world stage by leveraging our network and expertise.

Rönesans Holding

Rönesans Holding is one of our internal stakeholders. Rönesans Holding supports our company and makes our scope broader in terms of access to a larger network, supply chain, knowledge and experience.

External

Clients and potential clients

Our clients operate in the public, semi-public and private domains. We focus on existing and potentially new business-to-business clients and end users in the urban development business. Because our area of expertise is so diverse, so are our clients. Our projects are usually initiated by the government, private developers and our internal development division.

Potential employees

We are pleased to see that our innovative projects, entrepreneurial culture and international character make Ballast Nedam an attractive employer with the relevant target groups. Indeed, our employees value the opportunities for training and career development we offer them. At Ballast Nedam, young people are given the chance

to grow into positions of high responsibility. We also focus on securing our talent base for the future. We firmly believe in the value of having strong leaders in the right positions.

Society

As a company, we have an obligation to take responsibility for our society. Increasingly, we are introducing measures to contribute to a sustainable, safe and healthy future. This is reflected in our company themes, as shown in chapters 5 through 8.

Governmental, provincial and municipal authorities

Ballast Nedam is subject to licensing and permitting requirements and to a variety of laws and regulations. We enter into dialogue with the authorities where possible and follow legislative and regulatory initiatives. We also support local governments in their sustainability ambition and to keep polluting equipment out of our cities. Based on the Paris Climate Agreement, the central government and local authorities have drawn up their own ambitions, which are reflected in the projects outlined in invitations to tender.



Partners

We tender for large projects, both in terms of size and complexity. It is common practice in the (Dutch) construction industry to execute these kinds of projects with partners, either in consortia or in joint ventures. These partners can be competitors, suppliers, financial institutions and other parties. We benefit from their know-how, expertise, experience, network and/or financial capital. Our nominated subcontractors are also our partners. Together, we strive continuously to improve our performance.

Suppliers

The Dutch construction market is highly competitive. Ballast Nedam has a solid network of partnerships in this market and is keen to invest more in these relationships. We do this by setting up chain initiatives and working together on more efficient and sustainable production. In addition, Ballast Nedam also benefits from its international supply chain. This enables us to offer the right materials that take sustainability, cost and on-time delivery into consideration. Our global company helps us to access international suppliers and import products from other countries.

Financial institutions

To execute our projects, we require different forms of financing, such as lines of credit and bank guarantees.

Ballast Nedam has relationships with a number of financiers who provide both project and corporate financing. The role and importance of financiers as a stakeholder is changing and increasing rapidly. As a result of new (EU) regulations, financing companies (especially those listed on stock exchanges such as banks) are required to show that their financing portfolios are driving responsible investments. As a result, they become increasingly critical of ESG performance and are walking the talk by limiting the possibility to secure funding for companies and projects that do not display sufficient ESG ambition.

Insurance companies

We need insurance coverage to prevent financial losses and liability during the construction and use of buildings and infrastructure works. As a result of the new (EU) regulations, the construction sector is transitioning towards more environmentally sustainable, socially fair and circular business models. These affect how the sector is perceived by insurance companies and is leading to a re-evaluation of liability coverage (e.g. building with wood instead of concrete, though this has its own set of risks). We will continue to inform and work with insurance companies to support a smooth transition.

1.4.2 Our approach to materiality

The basic concept of materiality rests on the premise that companies should focus on those topics that have a significant and substantial impact on their ability to do business and influence stakeholder value (the impact a topic has on the company). However, as a result of stakeholder demands and driven by rapidly evolving sustainability standard setting (such as the European Sustainability Reporting Standards, part of the Corporate Sustainability Reporting Directive), companies are required to also assess the impact of their activities on material topics. This concept is known as double materiality.

At Ballast Nedam, we acknowledge the importance of the double materiality concept and are currently in the process of executing a new double materiality assessment in line with the requirements of the Global Reporting Initiative (please see GRI content index in annex 1). The decision was made to report with reference to GRI for this 2022 Annual Report, as we believe this best prepares us for the upcoming European Sustainability Reporting Standards (ESRS's). These will most likely become mandatory for us per January 2026 when the Corporate Sustainability Reporting Directive (CSRD) comes into effect.

Figure 8 Materiality analysis












We will further strengthen our approach by continually engaging our stakeholders throughout the year, allowing us to remain even better informed of relevant developments in material topics. This will enable us to respond quicker. The results of this materiality assessment will not only be used to inform and strengthen our ESG reporting, it will also form one of the backbones of our renewed CSR policy, which contains the ambitions, goals and performance indicators needed to further advance the subject within Ballast Nedam (please also see chapters 5, 6, 7 and 8).

Because we are still in the process of executing the aforementioned approach, and because we believe it is better to be thorough than to quickly tick a box, for the current Annual Report we will stick to the material topics that we identified and selected in our previous materiality assessment. This specific materiality assessment was based on external stakeholder interviews combined with internal expertise on the subject matter. Based on this input, we selected several material topics deemed to be most relevant to Ballast Nedam’s operating context. The figure on the right shows our materiality matrix with our priority topics highlighted in green. These topics are considered to be material.





The table on the right provides a quick reference to where more information on each material topic can be found throughout this Annual Report. This report presents both quantitative and qualitative data for the calendar year 2022. These reference chapters / segments will also outline specific information on why we feel the topic is important to us, how it influences our operating context, what our (planned) approach is in terms of ambitions and goals, and whether we are on track or require (policy) intervention(s) to secure these ambitions and goals.

Material topic	Associated Sustainable Development Goal	Associated GRI disclosure	Reference chapter and paragraph	Page
Due diligence	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (SDG 16, target 16.6 and 16.7)	GRI 2: General disclosures	Corporate governance	Page 60 
Child and forced labour		GRI 2: General disclosures	Risk management	Page 48 
Anti-corruption		GRI 2: General disclosures	Risk management	Page 48 
Fair competition		GRI 2: General disclosures	Risk management	Page 48 
Promoting social responsibility in the value chain	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8, target 8.8) Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development (SDG 17, target 17.7) Ensure healthy lives and promote well-being for all at all ages (SDG 3)	GRI 2: General disclosures	Health, safety and the environment, Health and safety in the supply chain	Page 91 
Conditions of work and social protection (position of subcontractors/living conditions)		GRI 2: General disclosures	Health, safety and the environment, Health and safety in the supply chain	Page 91 
Health and safety at work		GRI 403 – 1 / 2 / 3 / 4 / 5 / 6 / 7 / 8	Health, safety and the environment, Health and safety at Ballast Nedam	Page 91 
Sustainable resource use	Ensure sustainable consumption and production patterns (SDG 12, targets 12.2, 12.5, 12.6 and 12.7)	GRI 304 – 2 GRI 306 – 1 / 2 / 3 / 4 / 5	Sustainability, Circularity, waste and pollution prevention, Biodiversity	Page 71 
Climate change mitigation/adaption		GRI 305 – 1 / 2 / 3 / 4 / 5	Sustainability, Climate change	Page 71 
Sustainable consumption (energy efficiency of constructions)		GRI 302 – 1 / 2 / 3 / 4 / 5	Sustainability, Climate change	Page 71 
Protection of the environment, biodiversity and restoration of natural habitats (nitrogen deposition)		GRI 304 – 2	Sustainability, Climate change, Biodiversity	Page 71 



Based on the above table and material topics, Ballast Nedam's CSR priority areas, which are addressed in separate chapters of this Annual Report, are as follows:

Sustainability (chapter 5):

A material priority area including the topics of climate change, circularity, waste and supply chain responsibility.

Health, safety and the environment (chapter 6):

A material priority area including the topics of health and safety at Ballast Nedam as well as in the supply chain.

Human resources (chapter 7):

A material priority area including the topics of recruitment and retention, diversity and inclusion and training and development.

Digital transformation and innovation (chapter 8):

As an enabling priority area, advancement on digital and innovation is a vital precondition to support efficient and effective management of Ballast Nedam's material priority areas.

1.4.3 How do our material topics relate to the UN SDGs?

At Ballast Nedam, we not only value a professional way of working but also one that is future proof. That is why we embrace and support the United Nations Sustainable Development Goals (SDGs) and incorporated them into our sustainability strategy and associated KPIs.

Even though we value each SDG, we are able to contribute and affect some more than others. As a result, we focus on the following SDGs:

- ◆ Good health and well-being (SDG 3)
- ◆ Responsible consumption and production (SDG 12)
- ◆ Industry, innovation and infrastructure (SDG 9)

Successfully impacting these goals, in turn, will enable us to substantially contribute to:

- ◆ Sustainable cities and communities (SDG 11)

Obviously, we cannot manage to achieve this in isolation. Therefore, to recognise the need for extensive (sector) collaboration, we feel partnerships are important and best captured in:

- ◆ Securing partnerships for the goals (SDG 17)

The SDGs mentioned above were shortlisted as part of the process of drafting our current CSR policy. However, as mentioned earlier on in this chapter, we are in the process of re-evaluating our CSR policy. This is likely to lead to a re-evaluation of the SDG priority goals as well. Indeed, as it turns out, we are already addressing additional SDG goals through our current activities. Please refer to the table on the previous page to see how each of the material topics, addressed in this Annual Report, relate to the specific SDGs (including those that are currently not part of the CSR policy).

1.4.4 The IFC standards

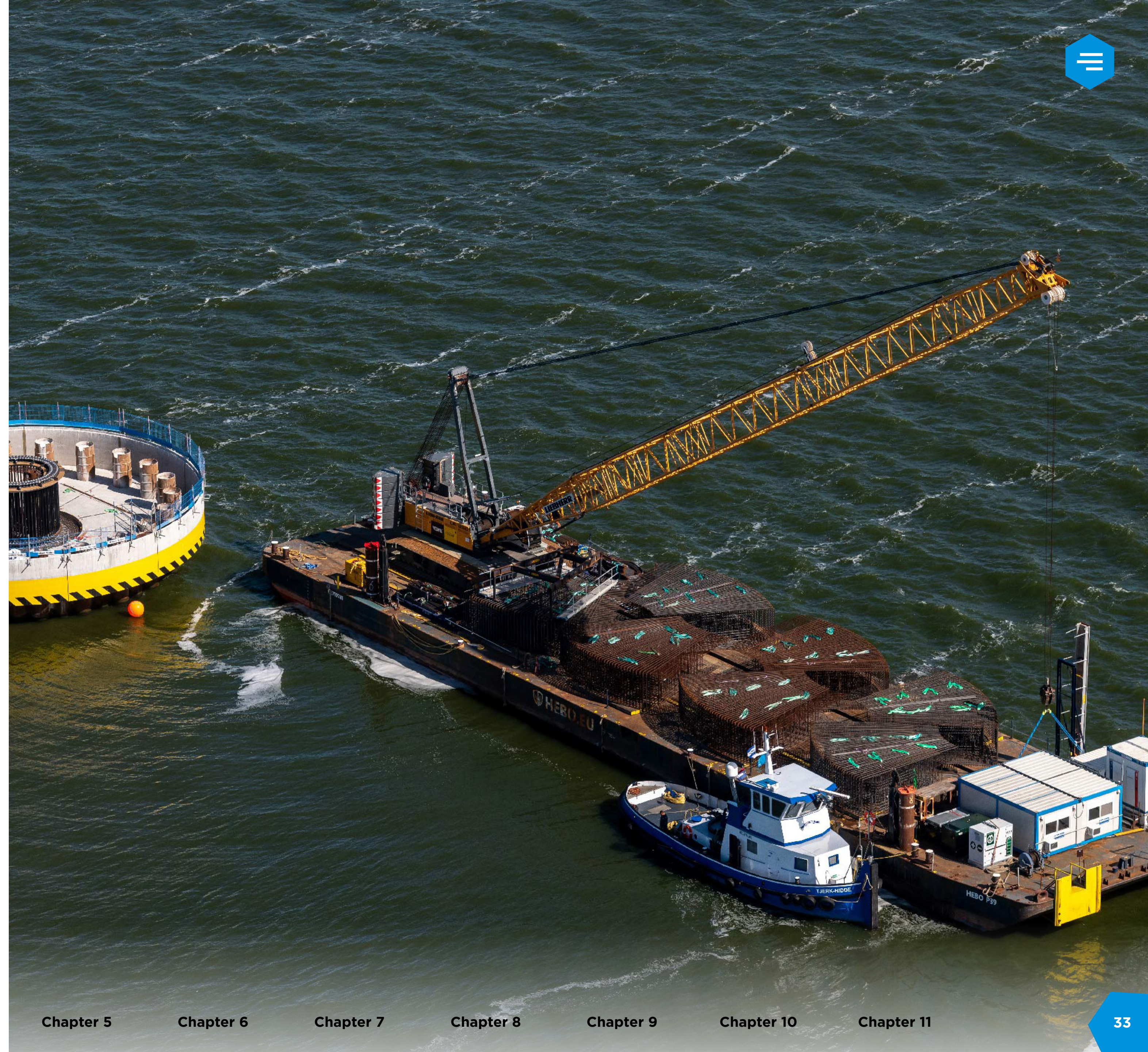
Ballast Nedam also engages in international projects. Even though these projects make up a relatively small portion of our portfolio, we are equally committed to making a positive contribution in these projects as well.

Therefore, we have endorsed the IFC standards of the World Bank Group. These standards advance economic development and improve the lives of people by encouraging the growth of the private sector in developing countries. These improvements are achieved by creating new markets, mobilising other investors, and sharing expertise, which in turn, should create more jobs and improve living standards, especially for the poor and vulnerable. In addition, these improvements contribute to the World Bank's goals of ending extreme poverty and boosting shared prosperity.

When it comes to Ballast Nedam's international projects, the following IFC Performance Standards (PS) are also important, in addition to the SDGs stated above:

- Community health, safety and security (PS4)
- Land acquisition and involuntary resettlement (PS5)
- Biodiversity conservation/sustainable management of living natural resources (PS6)
- Indigenous peoples/cultural heritage (PS7 and PS8)

↓ Project Windplanblauw in IJsselmeer



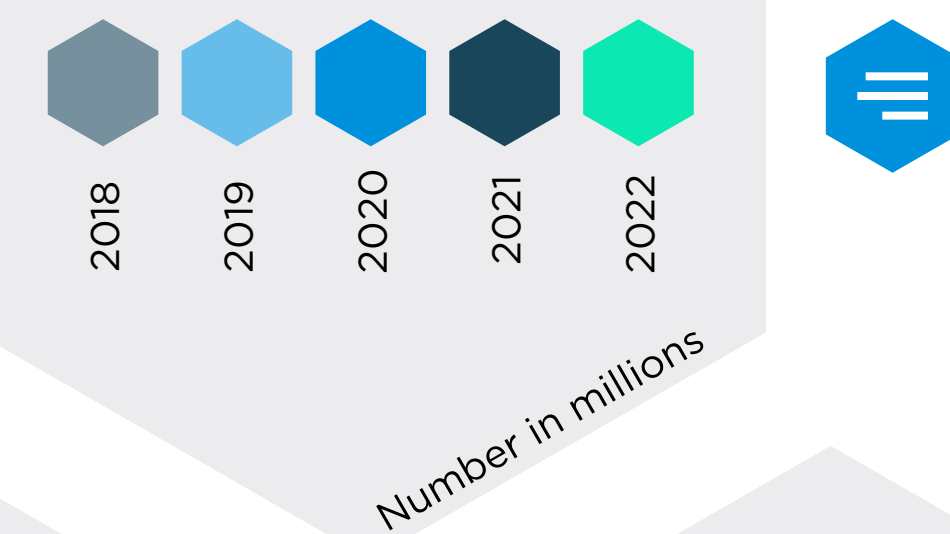


Chapter 2

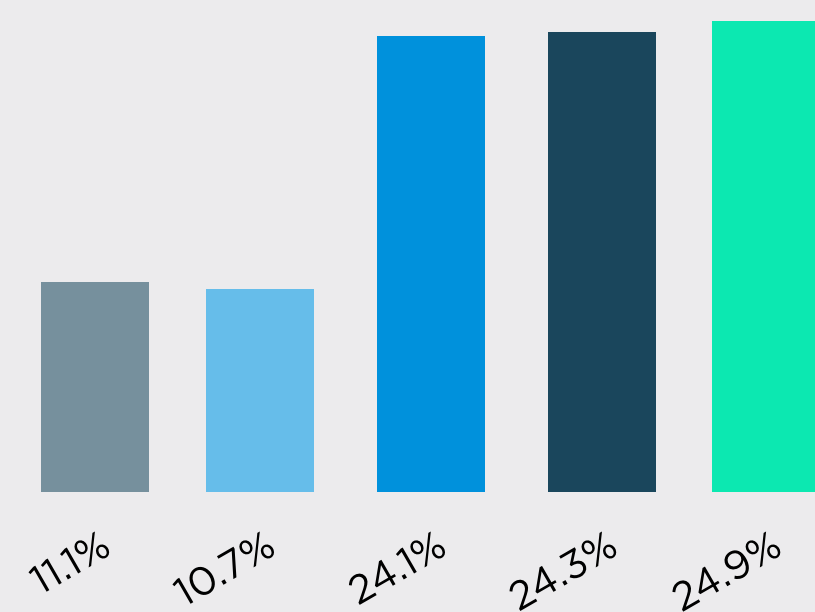
Business Review



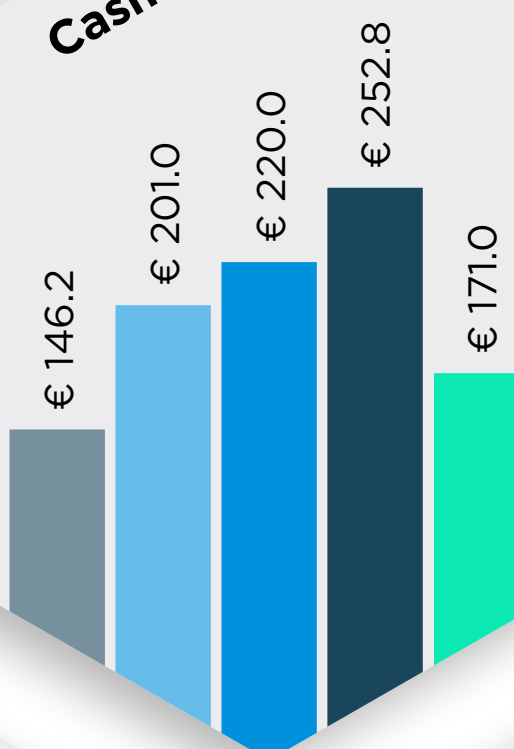
Figure 9 Financial highlights 2022



Solvability



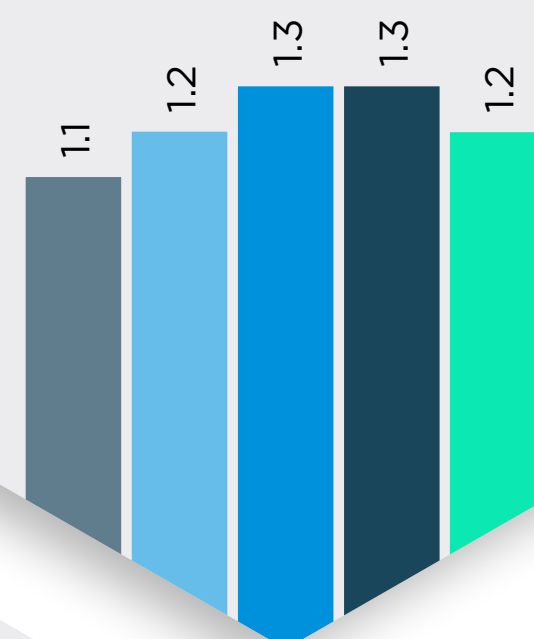
Cash



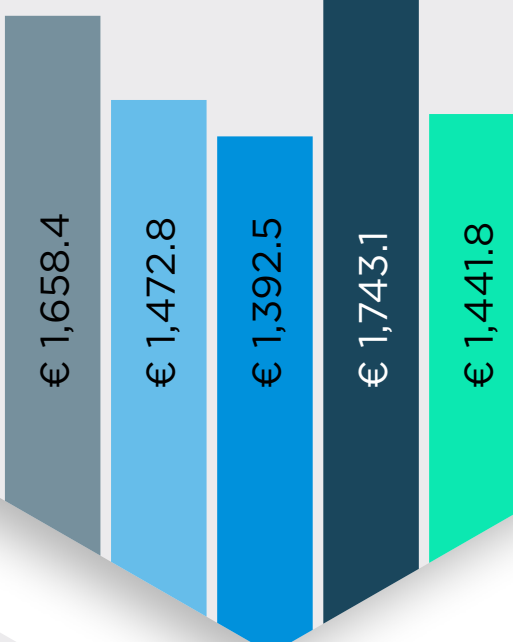
EBITDA



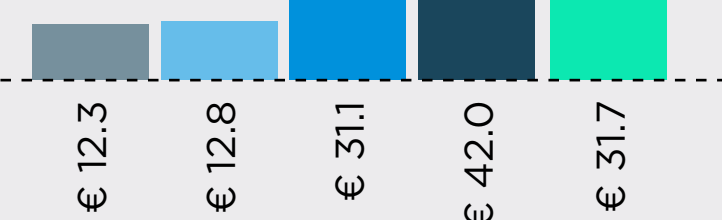
Current ratio



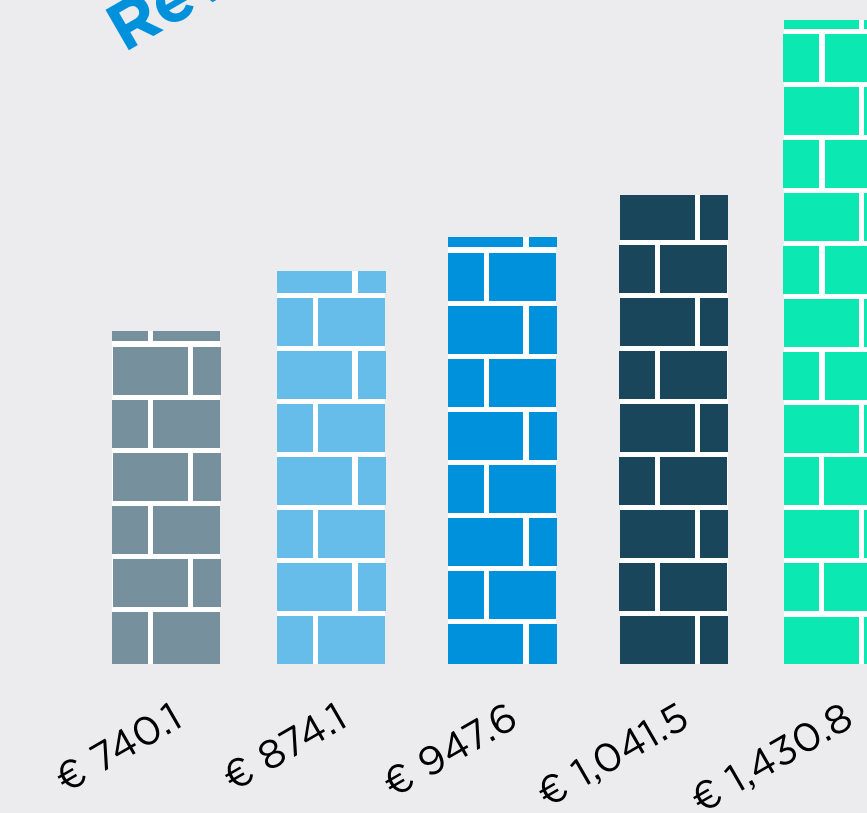
Order book



Net result



Revenue





2.1 Financial Results

2.1.1 Revenue

Our revenue increased in 2022 from €1,041.5 million to €1,430.8 million. This growth exceeds the expectations of our Business Plan. Revenue generated by joint ventures in 2022 amounted to €128.2 million (2021: 134.2 million). This is equivalent to €1,559.0 million (2021: €1,175.7 million) in total revenue for the company if all joint ventures were consolidated proportionally. The activities of Ballast Nedam are supported by the sustainable demand for new homes, infrastructure improvements and the energy transition.

Revenue from Construction activities – meaning building and infrastructural works – amounted to €678.6 million (2021: €529.7 million) and €552.4 million (2021: €302.7 million), respectively. Total revenue from Construction activities in the Netherlands was €1,134.3 million (2021: €754.9 million). The revenue of Ballast Nedam Development was €107.8 million (2021: €116.8 million), which reflects the general and positive trends in the housing market. Ballast Nedam Industriebouw, with its extensive experience in specialised civil works and mechanical installations, generated a revenue of €174.4 million (2021: € 127.1 million). The revenue from services rendered of €10.8 million (2021: €10.7 million) is mainly related to maintenance services. The trading and other revenue of €16.6 million

(2021: €22.6 million) relate to revenues from rentals of equipment, tender cooperation fees, buying and selling of construction materials and lease income from investment property. Ballast Nedam group (‘Ballast Nedam N.V. and its subsidiaries’) remains firmly focused on enhancing its project portfolio and continued healthy growth in the coming years (given ordinary market circumstances).

2.1.2 Results for the year

Ballast Nedam continued its strategy of running a healthy company by continuously striving for operational excellence. As a result, the company generated an income from operating activities in 2022 (including results from joint ventures) of €36.5 million (2021: €31.7 million). The company has a healthy EBITDA of €54.2 million (2021: €42.9 million) and the net result before tax was €29.8 million (2021: €27.5 million). The net result for the year was €31.7 million (2021: €42.0 million), which represents 2.2% of revenue (2021: 4.0%).

Ballast Nedam has a well-diversified project portfolio and the vast majority of the Business Units are positively contributing to the net result for the year. The financial performance includes the deteriorated result from some large construction projects in the Netherlands which were impacted by cost overruns due to an asymmetrical risk

and reward balance. In addition, the received termination letter from Air-Products on the 7 January 2023 in respect to the subcontracted works regarding the nitrogen facility Zuidbroek, of which Ballast Nedam strongly believes that the termination announced by Air Products does not have any effect and is unlawful, had an adverse effect on the financial performance.

2.1.3 Order book

Ballast Nedam has a strong order book of €1.4 billion (2021: €1.7 billion). This results in an order book to revenue ratio of 1.0 (2021: 1.6). The order book contains multiple noteworthy new and existing projects. These range from small to large-sized, covering many of our expertise. The order book highlights are described in section 2.2.

2.1.4 Shareholders’ equity and cash flow

This year, shareholders’ equity increased from €209.5 million to €249.7 million. This was mainly due to our net profit for the year. This year’s solvency ratio is comparable to that of some of our best performance years, coming to 24.9% (2021: 24.3%). Cash flow from operating activities was negative at €76.5 million (2021: €16.7 million, positive) as a result of timing difference in the cash in and outflow based on the phases in a project and pre-financing positions of some large construction projects with a

deteriorated result. Out-going net cash flow from investing activities was negative, at €23.5 million (2021: €9.5 million, negative) which includes the investments in property plant and equipment and investment properties.

The positive cash flow from financing activities totalling €18.2 million is mainly the result of net cash flow from borrowings €36.1 million. This resulted in a net negative cash flow for 2022 of €81.8 million, compared to the positive €32.8 million cash flow of 2021.

2.1.5 Assets and liabilities

Total assets amounted to €1,004.8 million (2021: €861.0 million). The total assets position includes cash position of €171.0 million (2021: €252.8 million), intangible assets €20.7 million (2021: €16.8 million) and deferred tax assets €31.6 million (2021: €28.6 million). The working capital ratio of Ballast Nedam is 1.2 (2021: 1.3). Capital employed increased from €346.3 million to €394.7 million.

2.2 Project highlights

◆ Feringa Building | Groningen | Ballast Nedam Building Projects

Ballast Nedam constructs 64,000 m² new building for the Faculty of Science and Engineering, containing several different laboratories and education rooms. The façade and atrium roof for phase 1 of the project are all complete, revealing the beautiful appearance of the building.

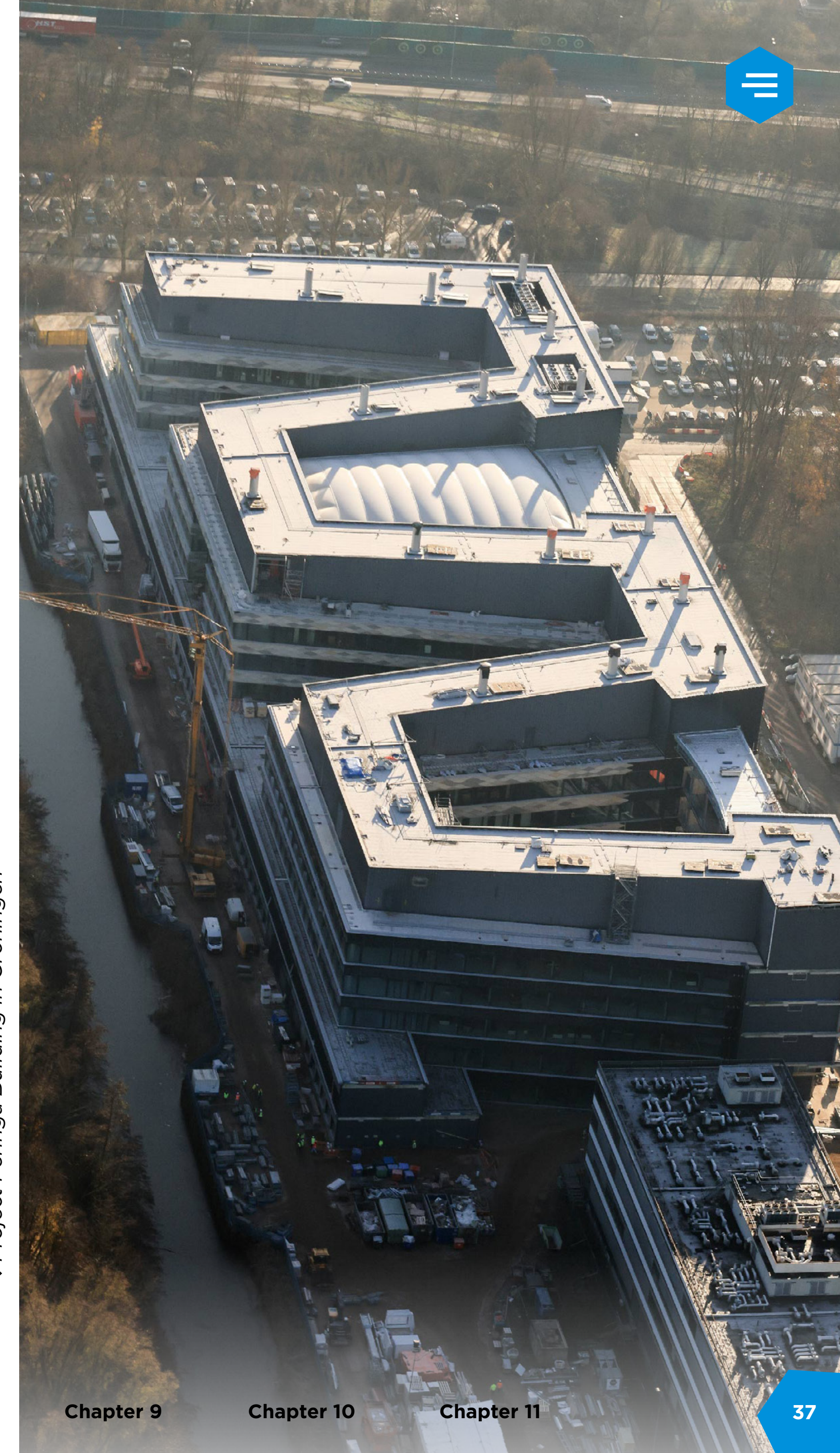
◆ The CoolTower | Rotterdam | Ballast Nedam Building Projects

The CoolTower is one of the highest residential towers in Rotterdam measuring 154 m and consisting of 282 luxury apartments with balconies. The gradual handover of the apartments has been completed in January 2023, including the adjoining elevated carpark.

◆ Tower Ten WTC | Amsterdam | Ballast Nedam Building Projects

Tower Ten WTC Amsterdam is a major expansion and renovation project and a complex assignment. Additional floors have been constructed on top of the existing office tower and further extensions connected to adjoining structures. In 2022, Tower Ten was near completion, and the floor area has been handed over for a final fit-out and operational use.

↓ Project Feringa Building in Groningen





◆ **Galaxy Tower | Utrecht | Ballast Nedam Building Projects**

On 17 February 2023, Ballast Nedam Bouw & Ontwikkeling Speciale Projecten B.V. terminated the contract with De Lelie Vastgoed B.V. for the construction of the Galaxy Tower. The termination by Ballast Nedam Bouw & Ontwikkeling Speciale Projecten followed after sending multiple notices of defaults and attempts to reach an amicable agreement on all claims and disputes.

◆ **Cartesius | Utrecht | Ballast Nedam Development**

The land transfer of Cartesius Utrecht has now taken place, so the zoning plan is irrevocable, marking a major milestone in this development project. Once completed, the vast, mixed-use urban development of Cartesius Utrecht will comprise approximately 3,000 residential units, including commercial and public spaces in which people can live longer, happy and healthy lives.

◆ **Peperkliplocatie | Schiedam | Ballast Nedam Development**

Ballast Nedam Development won the tender to redevelop the Peperklip location into a mixed use development that will become the new heart of the neighbourhood in Schiedam. It consists of a new school, sports hall, social and commercial space and approximately 150 residential units.

◆ **Neste Oil/Technip | Maasvlakte| Ballast Nedam Industriebouw**

Neste is investing in a biofuel factory at the Maasvlakte in Rotterdam. Ballast Nedam Industriebouw is responsible for all the civil works. The Waste Water Treatment is a greenfield project and the Renewable Jet Fuel (Sustainable Aviation Fuel) is in a brownfield environment. Furthermore, Ballast Nedam Industriebouw is responsible for building the guardhouse and several substations including the installations.

◆ **Shell Red2Green | Rotterdam | Ballast Nedam Industriebouw**

Ballast Nedam Industriebouw is constructing a factory that will produce biofuel for the aviation industry. This new facility is an important step to meet internationally binding emissions reduction targets. The project team is building the foundations and a quay wall (approximately 620 metres long) and is also pulling 400 km of cables.

◆ **A24 Blankenburgverbinding | Rotterdam | Ballast Nedam Infra Projects**

Construction of the two tunnel elements of the Maasdeltatunnel has been completed. Both elements are ready to be immersed and installed. Furthermore, we widened the A20 to three lanes in both directions, installed almost three kilometres of noise barriers and completed the first underpass at Vlaardingen junction.

For the Hollandtunnel, we poured the last underwater concrete, finished the tunnel roof and started with the Tunnel Technical Installations.

◆ **Construction of Princess Amalia Harbour quays | Maasvlakte | Ballast Nedam Infra Projects**

With 2,300 foundation piles and 700 combi-wall piles, Ballast Nedam Infra Projects and partners are building the extension of the Princess Amaliahaven. The project involves 2.4 kilometres of intelligent quay wall extension. In 2022 we were able to build 32 of the 80 deep-sea quay wall trenches.

◆ **Replacement and renovation project A73 tunnels | Roermond area | Ballast Nedam Infra Projects**

Ballast Nedam and Croonwolter&dros will conduct the replacement and renovation of the Roertunnel and the Swalmen tunnel. We are also responsible for the long-term maintenance of the tunnel. This project is one of the first Dutch projects using the two-stage approach. This means there is an additional stage where we work together on the design and construction planning, risk mitigation measures and pricing.

◆ **Windpark Maasvlakte 2 | Maasvlakte | Ballast Nedam Infra Projects**

On the hard and soft sea defences of the Rotterdam Port area, we have installed 22 turbine foundations for Windpark Maasvlakte 2. For the wind turbines on

the soft sea defences, we used a foundation with a monopile, which is unique in Europe. In total, the 22 turbines produce 416 GWh a year.

◆ **Windplanblauw | Swifterbant | Ballast Nedam Infra Projects**

Ballast Nedam is working on the nearshore scope of the Windplanblauw project. A project in which we contribute to the energy transition and are replacing 28 obsolete wind turbines with 24 modern and powerful turbines. We have almost finished the first turbine foundations and are preparing the cable works in order to start the turbine installation, operations and power supply in 2023.

◆ **Five bridges project | Guinee | Ballast Nedam International Projects**

Improved access to urban areas, greater economic opportunities for the inhabitants and faster routes to hospitals and other facilities: these are some of the aims of the Five Bridges project in Conakry, the busy capital of Guinea. Ballast Nedam is building five bridges and 12 kilometres of road surface together with Dutch companies, Dijkstraal International, Invest International and the governments of the Netherlands and Guinea.

◆ **New headquarters of EIB | Luxembourg | Ballast Nedam International Projects**

In 2022, Ballast Nedam signed the contract to build the

new headquarters of the European Investment Bank (EIB) in Luxembourg. Ballast Nedam realises this project jointly with Rizzani De Eccher. The project covers an overall surface of 63,680 m², accommodating 1,500 work stations. The new building consists of a podium and a tower of 21 floors.

◆ **Water supply Hemmathagama | Sri Lanka | Ballast Nedam International Projects**

We are working on a major water purification project in Sri Lanka that will provide clean drinking water for 17,000 families. Our teams have completed the seventh (and final) reservoir, and are finalising the water treatment plant and the pipe laying. The water purification plant will have a capacity of 21,000 m³ of water per day.

◆ **Gerda Tarobrug (Brug 2125) | Amsterdam | Ballast Nedam Park & Connect**

This bridge in Amsterdam forms the southern connection between Centrumeiland and Strandeiland. The components in this project are standardised and prefabricated to the greatest extent possible. Building steel-concrete integrated structures are a rarity in the Netherlands, so we are proud of the successful implementation.

◆ **Bicycle fastlane Tilburg | Rijen | Ballast Nedam Road Specialties**

↓ Project Noordeindseweg in Delft





Ballast Nedam completed the fast lane for bicycles with a total length of 10.2 km. The project is part of the fast lane Tilburg-Breda, which provides a fast link to travel between the cities by bike. Ballast Nedam constructed 3 new roundabouts, 1 new 20 meter bridge and almost 10 km of red-coloured asphalt bicycle path.

◆ **N781 Ede - Wageningen | province Gelderland | Ballast Nedam Road Specialties**

During a period of two weeks, a total length of 5 km of a road surface was replaced by a new layer of porous asphalt (ZOAB), and all road markings were replaced by Ballast Nedam's own marking specialists. All works were performed during nightly road closures so traffic could continue to use the N781 during the day.

◆ **Noordeindseweg | Delft | Ballast Nedam Road Specialties**

Together with the municipality of Delft, TNO, Freesmij and our own research department Dibec, Ballast Nedam completed the heavy maintenance works based on the principals of maximum circularity and sustainability. By milling the existing pavement and the foundation on-site and adding a binder, the construction was upgraded with minimal transports and thus CO₂. 90% of the materials was reused in the project.

◆ **King's Park | Zoetermeer | Ballast Nedam West**
Ballast Nedam West is part of the development

consortium MLK, which has successfully developed and constructed 218 new homes. Large areas are designed as a park with lots of trees, plants, water and playing facilities for children. All new homes are sustainable and energy sufficient. The first houses and apartments will be handed over in the first quarter of 2023.

◆ **Poortmeesters Nieuw Delft | Delft | Ballast Nedam West & Ballast Nedam Development**

The delivery of 114 sustainable homes connected by the biggest climate-neutral shared courtyard garden began in 2022. Poortmeesters is part of a major urban development project comprising 1,500 residential units located where the former railroad ran, which divided the city in half for many years.

◆ **Tuinbuurt Vrijlandt | Rotterdam | Ballast Nedam West & Ballast Nedam Development**

The sale of the last subplan of 61 zero energy residential units started in 2022. The total plan consist of 290 zero energy houses and apartments. The project focuses on the design principles of the garden cities and is inspired by the science of the Blue Zones where people live longer, happier and healthier lives.

◆ **EGW'60 project | Geldrop | Ballast Nedam Zuid**

A consortium consisting of Ballast Nedam Zuid and three other contractors is renovating 1,200 houses for Woonbedrijf foundation Eindhoven. The consortium

enhances the isolation grade of the external walls and roof and replaces the roofs, bathrooms, kitchens and toilet facilities. The residents will not have to be relocated, which is a considerable challenge. After the renovation, the consortium will build another 5,000 houses.

◆ **De Streek | Etten-Leur | Ballast Nedam Zuid**

BPD has commissioned Ballast Nedam Zuid to realise a lively, low-traffic, courtyard-style neighbourhood consisting of 50 houses located along the edge of a woodlands area. The houses are all fitted with the latest thermal heat pumps, solar panels and an intelligent heat recovery central ventilation system.

◆ **Van Abbemuseum | Eindhoven | Ballast Nedam Zuid**

Ballast Nedam Zuid is part of the !MPULS consortium, which has renovated the monumental roof of the Van Abbemuseum. The museum has now been sustainably enhanced with well insulated HR++ glass panels. The renovation of the Van Abbemuseum is part of Eindhoven municipality's SVGG project, with the goal of achieving 100% sustainable and emission-free public buildings by 2025.

◆ **Oostzijderpark | Zaandam | Heddes Bouw & Ontwikkeling & Ballast Nedam Development**

Project Oostzijderpark consists of a tower with 171 apartments, catering space and a parking garage, and

the construction of 24 houses. Sustainability is reflected in the reuse of materials, solar panels on the site unit and a Greener battery pack in the start-up phase of construction.

◆ **(Y)ours Leidse Schans | Leiden | Heddes Bouw & Ontwikkeling & Ballast Nedam Development**

The residential student campus (Y)ours was officially completed in 2022 and the public spaces were transferred to the municipality. With 1,900 sustainable residential units for students and commercial spaces this successful development is unique in both size and sustainability ambitions.

◆ **Park MORE | Leiden | Heddes Bouw & Ontwikkeling & Ballast Nedam Development**

Park MORE consists of the realisation of 703 independent student residences, communal areas and facilities spread over two buildings totalling approx. 23,000 m². On the construction site, the use of 'darklight LED luminaires' saves 73% energy in lighting the construction site.

◆ **Cooling and freezing terminal | Moerdijk | Haitsma Beton**

Haitsma Beton developed a new type of beam for the mezzanine floor in the shipping area – the N-beam. It combines a large span with an exceptionally permissible load of 35 kN/m², so that heavy scaffolding can be placed on it and forklift trucks can drive over it. 101

N-beams were delivered with a span of 17 metres and a height of 1.22 metres.

◆ **N307 Roggebot | Kampen | Haitsma Beton**

For the new Roggebot bridge, 16 box girders were installed with a length of 61 metres and a weight of 240 metric tons each. In addition, a total of 51 HIP (I-profile) girders of 54 metres and 34 metres have been installed. The last beams were mounted in November 2022.

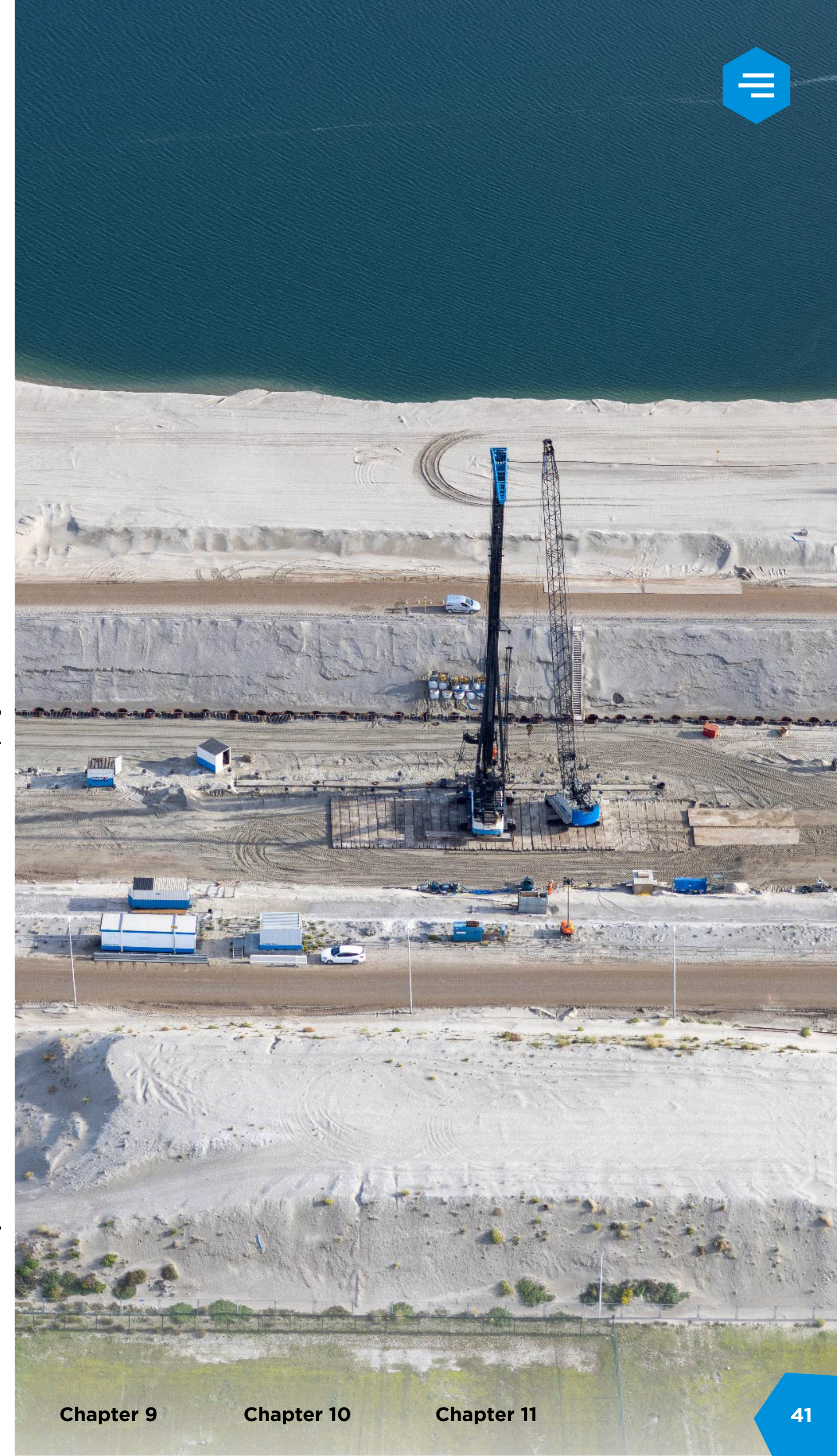
◆ **Stadium SC Cambuur | Leeuwarden | Haitsma Beton**

The new stadium has 15,000 seats and Haitsma Beton is supplying almost the complete concrete shell, with grandstand elements, load-bearing beams and columns and the necessary piles. Haitsma Beton has great experience with stadium construction and already supplied concrete elements for the ADO Den Haag stadium, Johan Cruyff ArenA, Signal Iduna Park Dortmund and TT Assen.

◆ **Brandberg Tunnel | Winden im Elztal (D) | Heitkamp Construction Swiss**

The 881 metre-long Brandberg Tunnel is a road tunnel which was built using the drill and blast method to relieve the city centre from heavy traffic. Ballast Nedam carried out the underwater excavation and underwater concrete works for the ramp structure. The remaining main contract was awarded to a joint venture including Heitkamp Construction Swiss.

↓ Project Construction of Princess Amalia Harbour quays





◆ **Safety tunnel | Kerenzerberg | Glarus North (CH) | Heitkamp Construction Swiss**

September 2022 marked the breakthrough of the new 5,250 metre-long safety tunnel through the Kerenzerberg. It lies parallel to the eponymous Kerenzerberg highway tunnel and was excavated with a hard rock tunnel boring machine. The project will be completed in mid-2024 and is constructed by Heitkamp Construction Swiss GmbH and its joint venture partners.

◆ **Tunnel Renovation for Rhaetian Railway | Arosa (CH) | Heitkamp Construction Swiss**

Located in the Swiss ski resort Arosa, the regional Rhaetian railway tunnel passes under a hotel as well as public roads. After widening the tunnel with conventional tunnelling methods and renovating it, the tunnel accommodates escape routes and additional communication, lighting and electrical facilities can be installed. The work was completed six months ahead of schedule.

◆ **Christus Koningskerk Heerlen | Heerlen | Laudy Bouw & Ontwikkeling**

This church is being repurposed by Laudy Bouw & Ontwikkeling as a regional archive repository with offices for the employees of the Rijckheyt archive of Historisch Goud. The façades are being consolidated, and the centre of the church accommodates the

archive depots, a study room, a room for lectures and exhibitions and a catering facility.

◆ **Groene Loper | Maastricht | Laudy Bouw & Ontwikkeling & Ballast Nedam Development**

In this urban development with over 1,175 residential units, the sale and construction of multiple subplans in the south part called ‘Le Sud’ started in 2022.

This part of the development contains homes, an apartment tower, care homes and commercial space. The highest part of the construction is at the north part.

◆ **Promenadepark | Heerlen | Laudy Bouw & Ontwikkeling**

Together with our client VOC, architects and a construction company, we have developed the PromenadePark project into a feasible and executable plan. We are currently working on phase 1 of PromenadePark Heerlen, constructing 44 new apartments with 1 commercial space. In total, approximately 98 apartments and town houses will be built in a new green environment.

2.3 Outlook for 2023

At Ballast Nedam, we will continue to challenge ourselves to improve in 2023. All our activities will support this goal.

2.3.1 Markets and businesses

We believe in healthy, sustainable and profitable growth that fit together with our business profile and capacity. We are confident in our internal strengths and capabilities. We actively evaluate our own performance as part of our ongoing commitment to improve our business, add value for our clients and protect the environment. We expect limited growth in the market in the coming years, therefore operational excellence is of the utmost importance to prepare for the next phase of future growth. We will increase our focus on projects that are repetitive in terms of process building methods, where expertise and methods can be (re)implemented and risks can be better managed. We will still carry out large projects, as long as the repetitive nature allows us to pass on our knowledge and expertise. We are also committed to improving project margins by focusing on a strong order book through selective and strategic tendering, as well as through our belief in comfort and convenience in our way of working during projects.



The Business Units Ballast Nedam Development, Heddes Bouw & Ontwikkeling, Laudy Bouw & Ontwikkeling, Ballast Nedam Zuid and Ballast Nedam West will continue to focus to positively contribute to the ambitions in the Dutch housing market. Another area of focus is specialised product-market combinations. These concepts have proven to be successful in the past and still are. This includes growth markets, such as the energy transition market for wind energy, solar energy as well as distribution and transmission networks. The acquisition of Willems Bouwbedrijf, Mouwrik Waardenburg and Avenue Building Company are all specialised companies which reinforce our position in the market as well.

International growth is also part of this ambition. There are many opportunities abroad, and we foresee opportunities in infrastructure, ports, bridges and tunnelling. We continue to benefit from our strong international resources and reputation.

2.3.2 Human capital

In the coming years, we expect the volume of construction activity to stabilize after years of rapid growth. We expect our headcount to remain stable, as well as employee turnover. Our people remain key factors in our success by

maintaining the right mindset, knowledge and attitude. The focus on the health and well-being of our employees will be a top priority for years to come. We want our people and teams to excel and continue to make sustainable contributions to the success of our company, while enabling them to achieve their ambitions.

Therefore, improvement as a company means staying connected with target audiences in the labour market, assessing and developing the talents of our employees, while ensuring a healthy and engaging workplace. We will do this by focusing on our employer value proposition, creating challenging assignments, investing in training and fostering an open and engaging culture. With our many nationalities and our investment in social return in our company, we strive to be a diverse and inclusive company for all our employees. We will continue to invest in our employee value proposition for specific target groups. We will do this by intelligently combining market and employee data and by using more sophisticated referral and employer branding techniques in which our own employees are our key ambassadors. We will also continue to actively engage scholars and students for internships and invest in alternative channels to meet recruitment needs.

2.3.3 Financing

Ballast Nedam is financially healthy and prepared to face future challenges in the construction industry. Ballast Nedam has relationships with a number of financiers who provide both project and corporate financing. These financial institutions, as a result of new environmental regulations, are increasingly focused on ESG responsible investments and show a more proactive interest in our ESG commitments. With our healthy financial structure and evolving ESG ambitions, we are confident to manage our financing arrangements effectively by maintaining the long-term relationship with these financial institutions. More information regarding financing is included in section 3.3.3.

2.3.4 Investments

The solvency ratio of 24.9% provides Ballast Nedam with an excellent position to support future expansion and investments. In addition to organic growth, there are also opportunities for continued growth in national and/or international acquisitions of companies and projects. Also, this could consist of investments in (real estate) development.

The focus on sustainability, risk reduction and control has increased the demand for digitalisation and technological developments. Investments were made and are planned for the use of modular and prefab building applications and the use of new technologies (robotics, virtual reality, 3D laser scanning, artificial intelligence and the Internet of Things). Building Information Modelling (BIM), data management and digital asset management are solutions for this demand.

Furthermore, we have made investments and plan to make more in research and development, including sustainable and innovative materials, research into different mixtures and alternative raw materials for concrete, and the electrification of our equipment.

↓ Project Jonas



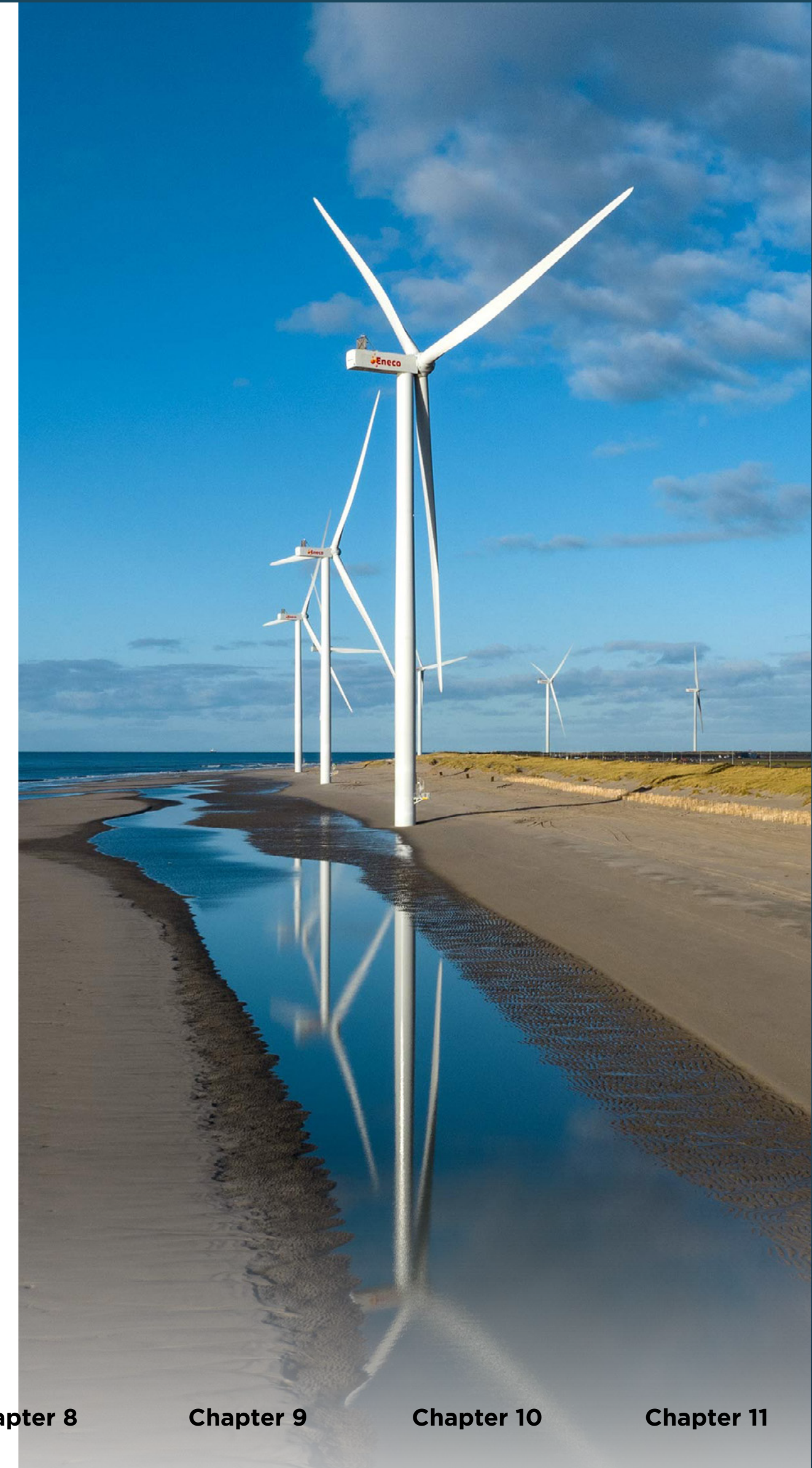
Business case

Wind energy: crucial to the energy transition

Climate goals call for a rapid transition from fossil fuels to renewable energy. But solar panels alone are not enough. We also need other sustainable energy sources, such as wind energy. That is why Ballast Nedam is focusing on the construction of wind parks in the coming years.

The challenge

The aim of the Paris Climate Agreement is to limit global warming to well below 2 degrees Celsius and thus halt climate change. To achieve this, the European Union must be climate neutral by 2050. Naturally, Ballast Nedam recognises the importance of achieving these climate targets. We want to be CO₂ neutral by 2030 and energy neutral by 2040. Wind energy is indispensable for the necessary transition from a fossil fuel-based society to one driven by sustainable energy. It is a relatively cheap source of energy that is available in abundance in the Netherlands, where the wind blows relatively often. However, wind



turbines on land (onshore) often meet with resistance from local residents, and placing wind turbines on the high seas (offshore) is relatively expensive. That is why we want to focus on constructing wind farms just off the coast (nearshore), such as Windplanblauw IJsselmeer, which is under construction, and Windpark Maasvlakte 2 in Rotterdam, which was completed in early 2023.

Our vision

Ballast Nedam specialises in the design and construction of wind turbine foundations and wind park cabling, particularly at nearshore locations. ‘Nearshore locations often have limited water depth and the wind turbines are in the surf. This requires specific knowledge, which we have in-house,’ says Bramske van Beijma, director CSR and digitalisation at Ballast Nedam. For the Maasvlakte 2 project, Ballast Nedam was commissioned by Eneco to provide the foundations, the connection to the purchase station and the cabling. The wind farm has 22 wind turbines and generates over 400 GWh of green electricity annually. “This kind of wind energy project is incredibly important because we need all forms of renewable energy to meet the climate targets.” Bramske says Ballast Nedam

↓ Project Windpark Maasvlakte 2



started a ‘virtual power plant’ pilot in 2022. In this pilot, energy from the solar panels on the company’s sites in Leerdam and Almere will be transmitted to the head office in Nieuwegein, among other locations. “If this pilot goes well, we will introduce it in more places. In addition to solar energy, we also want to start using wind energy from our own wind turbines to power our offices, project sites and construction equipment. Eventually, we want to become our own sustainable energy supplier.”

In practice

Rijkswaterstaat is the client for the Maasvlakte 2 project. It owns the seawall and will purchase all of the electricity for 25 years. “We have placed 10 wind turbine foundations on the beach and 12 on the dike. The turbines on the beach alternate between being in the sand and in the water, depending on the tide. The foundations consist of monopiles, an offshore foundation technique that we used for the first time for foundations on land,” says Jan de Vries, business developer and project manager at Ballast Nedam. “A big advantage is that a monopile is only five metres in diameter and can be installed in six hours, whereas the concrete foundation normally used for onshore wind turbines has a diameter of about 25 metres. Moreover, it can easily take six to eight weeks to dig and pour the concrete. So a monopile has less impact on the shore and causes less disruption.” The Maasvlakte 2 project was completed in a short time, on schedule and within budget. According to Jan, this was due to good preparation and smooth cooperation with Eneco. “That is why it is especially nice that we won the Rönensans Excellence Award for the best teamwork for this project.”





Chapter 3

Risk Management





3.1 Vision and ambition risk management

We continuously strive to improve our ability to manage and control risk, and thereby maximise the value we create. By improving our operational excellence and implementing such risk management policies, Ballast Nedam aims to reduce risk to an acceptable level while achieving the company's strategic objectives. A healthy balance between growth opportunities and their associated risk ensures long-term business sustainability. The likelihood of these risks occurring and negatively affecting business continuity must be avoided at all costs.

3.1.1 Ambitions

The complex construction sector in which we operate requires effective risk management procedures. Based on the risks we identify, we determine our risk appetite and the likelihood of these risks occurring. We also take the potential impact of these risks into account. Indeed, we consider risk management to be a core competence that must be embedded in all of our projects: both in projects we carry out ourselves and in partnership with others. The Group applies various methodologies commonly used in the construction and infrastructure sectors, which also makes it possible to communicate about risk management and risk response with stakeholders in the chain.

Our ambition is to maintain open and transparent relationships with clients and stakeholders that are founded on integrity and strong business ethics – relationships in which both parties comply with the laws and regulations that frame individual responsibilities.

The main risk areas identified and assessed by Ballast Nedam are classified according to the management model developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These are divided into the following categories: strategic, operational, financial and compliance. For the main risks identified, we take risk appetite, the likelihood of these risks occurring and the potential impact of these risks, into account.

Strategic risks

The objective of strategic risk management is to manage and control market risk exposure. The construction market is highly competitive and subject to fluctuating economic circumstances resulting from macroeconomic and political developments. We aim to keep this exposure within acceptable parameters, while optimising return. The company has a medium strategic risk appetite and focuses on balancing profitable growth opportunities and strategic risks.

Operational risks

Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the running of each project. The company has a low operational risk appetite and aims to minimise risk to maintain the quality of its projects. Ballast Nedam also aims to create a proactive and people-first safety culture to maintain operational excellence in managing project risk from acquisition to execution, and to ensure appropriate control.

Financial risks

Ballast Nedam faces financial risks related to treasury, working capital management, accounting and reporting, for which the risk appetite is low. Ballast Nedam focuses on maintaining a solid financial position and accurate reporting. The objectives of Ballast Nedam's Treasury department are to create and maintain the best possible financial conditions for operating activities and to ensure access to the financial markets.

Compliance risks

These risks cover unanticipated failures to implement, or comply with, appropriate laws, regulations, policies and procedures. The company has a very low compliance



risk appetite and is committed to full compliance with relevant laws, regulations and the Ballast Nedam Code of Conduct. Ballast Nedam maintains a zero-tolerance policy for activities that are not compliant with the Ballast Nedam Code of Conduct or applicable laws and regulations.

3.2 Risk control process and risk mitigation

This section outlines the structure of the risk control process within Ballast Nedam and how risks are mitigated. Every individual working within Ballast Nedam's value chain must be aware of the risks and opportunities that may arise during business activities and respond according to the organisation's risk policy and risk appetite. This involves communicating with and training relevant individuals and remaining aware of project risk profiles. We employ the 'three lines of defence' model as a basis for managing risk across our operations.

3.2.1 First line: Ballast Nedam's people, operating processes and decision-making committees

A bottom-up approach to risk control

Project managers are responsible for managing risks and compliance matters related to their projects. They identify,

quantify, analyse, prioritise and control these risks. To support the project manager in this task, risk managers are appointed within Ballast Nedam's projects.

Use of support functions

The following support functions contribute to general measures to mitigate risk exposure within the business.

Lawyers and contract managers

To maintain appropriate control of contractual risks, contract managers and lawyers are employed by the business units and at headquarters. They are involved during the tender and the execution phases. Lawyers and/or contract managers may join project teams for large or particularly complex projects. If specialised knowledge and experience is required but not available in-house, we work with external parties.

Insurance

The Insurance department safeguards the insurance interests of Ballast Nedam in the implementation of projects during the tender and the execution phases. It also raises awareness in the business units of the benefits and necessity of insurance, and the importance of identifying risk areas.

Compliance

Compliance officers provide support in managing compliance and integrity risks. Strong business ethics and individual integrity are at the core of all Ballast Nedam's activities, as well as our relationships with stakeholders. At Ballast Nedam, we know that the only way to nurture long-lasting relationships is by conducting our business ethically, responsibly and with integrity. Ballast Nedam works to continually foster awareness among employees, as we believe it is the responsibility of the individual to do the right thing, even when no one is watching. We take this position to address issues with transparency and openness. This helps to protect our brand and reputation for excellence. We remain committed to these values and expect the same of our employees, clients, partners, suppliers and subcontractors.

Health, safety and environment

Our Health, Safety and Environmental (HSE) policies contribute to mitigating risk during the implementation and execution of projects. Ballast Nedam's HSE policy is aimed at creating a proactive and people-first safety culture of care. This HSE policy is laid out in an HSE vision, along with Principles, Commitments and Zero Tolerance Rules. For each project we undertake, business units are asked



to prepare tailored HSE plans. Chapter 6 identifies the ways in which Ballast Nedam works to continually achieve and maintain a high level of safety awareness among employees and partners.

ICT cybersecurity and business interruption

The ICT department plays a vital role in safeguarding business processes and data protection. All business units make extensive use of the ICT infrastructure and ICT information systems, and these are built on tried-and-tested technologies. By implementing these technologies, Ballast Nedam ensures maximum uniformity across business units to prevent disruptions, including data manipulation through cyberattacks.

Procurement

Ballast Nedam's procurement processes help guarantee economic value and quality when securing suppliers and subcontractors. They also act as a control mechanism to monitor cost efficiency and to help prevent possible conflicts of interest.

Treasury

The Treasury department plays an important role in managing financial risks such as credit risk, liquidity risk, exchange risk, interest risk and capital risk.

The department is responsible for negotiating and securing financing agreements for Ballast Nedam.

Payments by Ballast Nedam are made and monitored centrally by the Treasury department. The divisions and their business units also provide a periodic liquidity forecast at project level, which is assessed by the Treasury department on a consolidated level.

Use of support instruments

To maintain appropriate risk controls, Ballast Nedam uses various systems and instruments geared to the specific requirements of operating companies, projects and multiple risk domains. These systems and instruments include:

- ◆ Monitoring progress in the fields of finance, operations and risk control. This involves drawing up periodic management reports in accordance with established reporting and accounting instructions applicable to the Group.
- ◆ Divisions and their business units monitoring liquidity requirements weekly via a central cash management system.
- ◆ Divisions and their business units reporting on financial performance by using a central reporting system.

Involvement of the Tender Committee

In accordance with the Company's tender policy, projects are generally submitted to the Tender Committee for approval, depending on their size and risk profile. Projects that require submission for approval to the Tender Committee include: those with an increased risk profile, those whose contract value exceeds certain thresholds, international projects, those for which certain types of bank guarantees or other collateral are required and those for which contract liabilities are not capped.

The Tender Committee has an extensive risk register, and its assessment covers matters such as the return risk ratio, capital requirement, ability of the proposed team to execute the project, health and safety aspects, cash flow, legal aspects, foreign currency, tax, labour law requirements and political aspects.

The composition of the relevant Tender Committee differs and depends on the size and risk profile of the tender at hand. For larger projects or ones with a higher risk profile, the full Board of Management constitutes the Tender Committee (plus certain other individuals as further explained below), and matters may even be escalated to a tender committee within Rönensans Holding. For smaller projects, i.e. ones with a lower risk profile, the Tender

Committee consists of one or more members of the Board of Management. In addition to members of the Board of Management, members of the Management Support Office (with knowledge on operational and financial aspects of projects) are also part of the Tender Committee and – depending on the topic at hand – other participants will be invited as well, such as legal counsel, contract managers or insurance employees.

3.2.2 Second line: monitoring

Board of Management and internal authorisations required

The Board of Management is involved in business operations. The Group has adopted an internal authorisation matrix that requires submission of several items at different stages of a project (from tender to execution and for support functions). This allows the Board of Management to monitor important developments and influence transactions in the Group's overall strategy and policy.

Business control and finance

The way Ballast Nedam carries out its financial reporting enables management to periodically monitor the achievement of strategic, CSR-related and financial objectives while also improving the predictability of costs and income. Risk is also covered by the reporting format,





both at project level and across the organisation. The departments responsible for business control and reporting compare and evaluate risk assessments across the financial reports of the various business units.

Operational risk department

The operational risk management department, based at Ballast Nedam's headquarters, is dedicated to supporting project teams in assessing and monitoring risk. Ballast Nedam devotes considerable attention to knowledge-sharing based on past learnings.

3.2.3 Third line: the Supervisory Board and the Audit Committee

The Supervisory Board and the Audit Committee

The Audit Committee is responsible for the supervision of the Board of Management, with respect to the operation of the internal risk management and control systems, including compliance. Ballast Nedam's risk profile and the internal risk management and control systems are discussed at meetings of the Supervisory Board and the Audit Committee. The Group's financial state of affairs and audit findings are also discussed in these meetings. The activities of the Supervisory Board and the Audit Committee are described in section 4.1.

3.3 Relevant risks and measures

Under the supervision of the Audit Committee and the Supervisory Board, the Board of Management is responsible for establishing and overseeing the company's risk profile. Several risk areas and measures have been identified as serving the strategic objectives of Ballast Nedam.

3.3.1 Strategic risks and measures

Economic conditions in the market

Ballast Nedam still primarily depends on the Dutch market, and, within this market, on public sector clients, semi-public sector clients and private investors.

The market in which Ballast Nedam operates is subject to macroeconomic volatility, and it is affected by government plans, legislation and regulations (e.g. the Porthos case), geopolitical events and the impact of an energy transition accelerated by climate change (among other factors).

The Board of Management strives to obtain the best and most relevant information to support the assessment of economic conditions in the market, and inform the implementation of appropriate measures in response. This ultimately supports Ballast Nedam's strategy of preserving the health of its business, maintaining a robust order book,

employing qualified people, and ensuring growth in revenue and operational excellence.

Market demand

The Group stays in close contact with its clients, including those in the public sector. This market is highly competitive and increasingly pursues integrated contract types in which a single supplier is responsible for design, construction, financing, maintenance and management. This can lead to an imbalanced risk and profit profile, about which discussions have been held over the last several years. As a result, we have redefined responsibilities and updated risk allocation on more complex projects. Over time, projects have become increasingly complex in terms of the breadth and diversity of knowledge and technology they demand. Additional market risks include the availability of qualified people with technical expertise, the pressure placed on some parts of the supply chain, and the availability of services and materials (which also includes price risks).

The Board of Management steers and closely monitors market demands and the progress of strategic activities. Ballast Nedam controls supply chain risk by monitoring service and material prices more frequently, increasing its focus on some parts of the supply chain by securing



liabilities at an early stage in the project cycle, and, where possible, reaching an agreement with clients on price compensation.

3.3.2 Operational risks and measures

Project contracting and execution

The most common type of project contract at Ballast Nedam is a fixed-price contract. As a result, contract price must account for virtually all operational risks, as well as cost risks associated with the procurement of materials and subcontractor services. Additionally, contracts include milestones – and may also include associated penalty clauses if the milestones are not achieved within an allotted time frame. Failing to address operational risks properly can lead to inconsistent project results. To monitor operational project risks, Ballast Nedam has implemented the following measures:

- Tender gate procedures
- An enhanced risk policy, including risk profile monitoring
- Indexation clauses in contracts (particularly regarding labour and material prices)
- Standardised procurement processes and ICT to support the best return on services in terms of price and quality
- Ongoing education and training of staff
- Contract management and clearly worded contract clauses regarding the risks, obligations and

responsibilities incurred by parties to the contract

- Implementation of proven technology across various aspects of a project (i.e. project methodology – to both avoid mishaps and recommend possible ICT solutions)
- A strict project monitoring system
- Strengthened partnerships with Group partners and subcontractors
- Back-to-back transfer of the Group's risks to its suppliers and subcontractors
- Knowledge management aimed at transferring knowledge gained to future tenders and projects
- Claim and legal procedures for use in court and in arbitral proceedings

Health, safety and environment

Health, safety and environment is a risk category that receives a great deal of attention at Ballast Nedam, all the way up to the Board of Management. The Group's people are its capital, and they represent an asset we work hard to protect because we care for them.

This is why Ballast Nedam continues to take measures to ensure the appropriate management of health, safety and environmental risks. Safety training is provided to ensure a high level of safety awareness. Managers are also trained to lead by example when it comes to safety protocol.

Various HSE officers are appointed within the business and on specific projects to execute safety audits, which help provide clarity and improve conditions.

Throughout the year, the Group's HSE programming reinforces a commitment to mitigating safety risks. Further details of safety control measures across the value chain can be found in Chapter 6.

ICT and cybersecurity

Major ICT risks include the preservation of ICT infrastructure and information systems, with viruses and attacks on large volumes of data being examples of specific threats. Disruption of the authorisation policy also represents a considerable risk to data protection.

The main components of the various control measures are:

- Internally developed codes: Code of Conduct ICT facilities and ICT Information Security Code.
- Procedures: Role-based access control procedure, Change management procedure and ICT readiness for business continuity procedure
- Authentication access measures, including multi-factor authentication
- Firewall technology, patch management and dual datacentre design



- Promote cybersecurity awareness by internal publications within the organisation
- Audits to identify vulnerabilities

3.3.3 Financial risks and measures

Credit risk

Ballast Nedam's credit policy is designed to minimise credit risk. Creditworthiness assessments are carried out on all clients that require credit. Ballast Nedam uses prepayments, guarantees and collateral (rights of retention) on projects already underway to limit credit risk on instalments and trade receivables. See also section 9.6.29 on financial risk management.

Liquidity risk

Ballast Nedam manages liquidity by ensuring that the Group possesses sufficient liquidity – under both normal and stressed conditions – to meet all liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. Ballast Nedam controls liquidity risk through periodic cash-flow forecasts, followed by commensurate corrective measures and monitoring.

Ballast Nedam also has long-term access to bank guarantees and bonding facilities with various financial

institutions and group companies. Periodic forecasts assess the continued availability of guarantee facilities based on both current tenders and possible discharge from current bank guarantees. Forecasts on access to guarantee facilities indicate Ballast Nedam's continued ability to issue guarantees in the ordinary course of business.

Exchange risk

Foreign currency risk most directly impacts Ballast Nedam through impact on revenue, project operating costs, loans and investments held in currencies other than Ballast Nedam's functional currency. This is a low-concern risk, as the majority of our activities take place in countries where the euro is the functional currency, or where local currencies have a low level of volatility against the euro. Forward exchange contracts with banks may be entered into to hedge transaction risk on cash flows generated by ordinary business activities.

Interest risk

Interest risk relates to limiting the impact of interest rate changes on Ballast Nedam's results. Ballast Nedam has interest rate swap and interest rate cap agreements in place to limit exposure to interest rate risks.

Capital risk

Ballast Nedam aims to ensure an optimal capital structure with sufficient availability of credit, which enables the company to continue as a going concern to provide returns for the shareholder and benefits for other stakeholders. To maintain or adjust the capital structure, the Group may sell assets to reduce debt, obtain new loans to increase debt and adjust the amount of return capital to shareholders.

See also section 9.6.29 on financial risk management.

3.3.4 Compliance and integrity risks and measures

Upholding and promoting integrity is key. Insufficient control can lead to – among other undesirable outcomes – reputational damage, significant fines and criminal prosecution. Compliance means complying with all legislation, regulations and corporate values. Managing these risks is a high priority because they directly impact the reputation and integrity of the Group.

It is common practice in the construction and infrastructure sector to work on large-scale projects with employees and subcontractors who are only present for a portion of a project's duration. When outsourcing services and



employing temporary staff, the main contractor is subject to specific laws and regulations. This is also reflected in Ballast Nedam's Code of Conduct for Subcontractors and Suppliers ('Ballast Nedam CoC Subcontractors and Suppliers').

Control, transparency and consistency are fundamental to normal business processes across all sections of Ballast Nedam's organisation. Indeed, they are the basis of our Code of Conduct and its sub-codes. This enables the Group to hold every employee in the value chain accountable for their actions and behaviour. Creating awareness about different risks – including but not limited to safety, privacy, unacceptable behaviour, fraud, anti-money laundering, bribery, child labour and agents – helps mitigate these risks.

Various measures are in place to mitigate compliance risk. For example, we have a decentralised team of compliance officers who are aware of compliance risks and who can be approached by Ballast Nedam's employees. Other measures include the Ballast Nedam Code of Conduct (BeNWiser), which can be found on our website and on our intranet, and related sub-codes, managerial regulations that explicitly include an obligation to comply with applicable legislation and regulations, an internal authorisation matrix, a third-party screening process, a gift and invitations registration process and an internal reporting policy/'Speak Up' line.

The integrated approach and responsibilities are safeguarded in the three lines of defence:

First line

Those tasked with (project) management and control are responsible for:

- ensuring compliance in their own processes;
- analysing compliance risks and implementing and embedding risk-reducing measures, such as training; and
- driving successful performance management (determining culture and behaviour).

Second line

Chief Compliance Officer, QA/QC, HSE, Legal, Contract Management, HRM, and other departments are responsible for:

- mapping, analysing and monitoring Ballast Nedam's compliance risks;
- assisting, supporting and advising management in meeting compliance responsibilities;
- advising staff on their (personal) compliance obligations; and
- monitoring the implementation of compliance policies.

Third line

Internal control department is responsible for:

- performing audits, including compliance audits, based on the results of the compliance risk analyses, management reports, evaluations, and other signals and triggers.

Management is responsible for compliance. The ultimate joint responsibility for compliance rests with the Board of Management. Within the business units, each manager is responsible and accountable for compliance within his or her operating unit. The Group's Chief Compliance Officer is responsible for central compliance control, and this individual reports directly and regularly to the Board of Management, the Supervisory Board and the Audit Committee.

Communicating critical concerns

The Internal Reporting Policy (whistle-blower policy) describes how stakeholders can report any (suspicion of) critical concerns or grievances. This policy can be found on Ballast Nedam's website and the intranet. This policy aims to provide protection to people who report a critical concern. Critical concerns or grievances can be conveyed either verbally or in writing. There are multiple ways of making a report of critical concerns or grievances, for



example via a (line) manager, via email, anonymously via the Speak Up line or externally to a relevant authority.

Ballast Nedam evaluates the information provided by the whistle-blower and try to verify the information. The evaluation will be carried out, depending on the nature of the report and the investigation, by the Compliance Department and/or the Internal Audit Department. In the interest of the investigation, the Compliance Department or the Internal Audit Department, as the case may be, may involve other specialised functions such as the Legal, Finance or IT department to assist with the investigation.

The Chief Compliance Officer keeps a report and incident register and regularly provides this to the Board of Management and the Supervisory Board of the Group.

Risks relating to third parties abroad

When working abroad, or in joint ventures or partner structures, project-based risk assessments ensure sufficient attention is paid to the local culture, laws and potential risks in a specific country or with a particular partner. Working abroad can also mean working with external agents and

consultancies, which can pose the risk of corruption. Ballast Nedam mitigates these risks through an agent procedure (including a ‘Know Your Customer’ procedure) and agent agreements that clearly state what is expected from agents, in accordance with the Ballast Nedam Code of Conduct and with relevant laws and regulations.

OECD and ILO principles

Ballast Nedam embraces the Organisation for Economic Co-operation and Development’s (OECD) Guidelines for Multinational Enterprises (MNE), and the International Labour Organisation’s (ILO) Declaration on Fundamental Principles and Rights at Work. We also require our subcontractors and suppliers to comply with these guidelines and principles, as stipulated in the Ballast Nedam CoC Subcontractors and Suppliers. They are all expected to work in accordance with applicable laws and regulations concerning remuneration and working hours. In-house departments including Legal, Human Resources, Procurement, Finance and Compliance all play an important role in monitoring compliance with relevant laws and regulations.





General Data Protection

Ballast Nedam takes the regulation of General Data Protection seriously, especially as a means of safeguarding individual privacy. We are committed to guaranteeing the privacy and safety of all our stakeholders' data. We promote awareness of the importance of safeguarding privacy by distributing informational documents and organising training activities in data privacy, all of which are available on Ballast Nedam's intranet and website. Other examples include the Code of Conduct, 'BeNWiser', the Code of Conduct ICT facilities, our privacy policy, privacy statement, introductory training and compliance e-learning modalities.

Access to our ICT systems and technical infrastructure adheres to strict protocols implemented by our ICT department. All use of ICT facilities must conform to the Code of Conduct ICT facilities.

Ballast Nedam also has a data breach protocol, in accordance with General Data Protection legislation. This document describes the procedure used for (the presumption of) a security or data breach within Ballast Nedam. In 2022, there were no data breaches that the group had to inform the Dutch Data Protection authority about.

3.4 The year 2022 and outlook

In 2022, one of the main risks affecting the economic growth and overall situation in the construction market was geopolitical instability, which drove prices up and put pressure on supply chains. The economic uncertainty has also had an adverse effect on consumer confidence and the entrepreneurial climate. In addition to the economic headwinds, the shortage on the labour market continues as well.

The Board of Management aims to obtain the best and most relevant information to support the assessment of economic conditions in the market so appropriate measures can be taken in response. We monitor the effects of our measures in our periodic review of the performance of our business units and individual projects. In the coming years, we will continue to improve our risk management protocol, especially as it adds value for clients, while always working to deliver a solid order book and maintain a healthy outlook for project opportunities. We believe that risk management must be part of every employee's day-to-day approach to work.

Strategic risks: Nitrogen emissions

Unfortunately, in 2022, policy solutions to solve the nitrogen problem were not forthcoming, and the ruling in

the Porthos case increases the uncertainty in the market. Considering the ruling was announced in the fourth quarter and mostly ongoing projects already have permits, some of which are irrevocable, the impact on the 2022 result has been limited. Ballast Nedam does recognise that nitrogen will delay and reduce project volumes in the market. This could put more pressure on price levels in upcoming tenders and make it more difficult for companies to secure revenue. Governmental organisations, in particular, are reluctant to issue new tenders, which is expected to impact the composition and size of our order book, especially for infrastructure projects. We completed a company-wide risk assessment of the expected impact on our business and will continue to monitor this periodically in 2023 and assess whether further actions are required. Measures to lower the nitrogen emissions of our projects include investments in sustainable equipment and materials and non-financial project reporting, including CO₂ and circularity.

Strategic risks: Supply chain and inflation

In 2022, geopolitical events in Eastern Europe continued to impact global market conditions and put pressure on global supply chains. This includes factors beyond our control such as volatility in the commodities markets and material prices, government-imposed trade barriers and energy policies.



Ballast Nedam actively addresses the pressure that is being exerted on parts of the supply chain, especially regarding the increasing risks associated with the price of services and materials, by identifying liabilities at an early stage in a project cycle and by agreeing on price compensation with clients where possible. Other measures include collaborating with preferred subcontractors and embedding the risk in the tender phase. However, excessive price increases and sector-wide pressure across the supply chain have the potential to impact individual projects.

Operational risks: Project contracting and execution

In 2022, the result of complex and integrated projects adversely affected Ballast Nedam’s results. We revised our strategy for our activities in the Netherlands to respond to the current market and better match our own expertise. We will increase our focus on projects that are repetitive in terms of process building methods, where expertise and methods can be (re)implemented, and risks can be better managed. We still carry out large projects, as long as the repetitive nature allows us to pass on our knowledge and expertise.

In the coming years, we will continue to improve our risk management protocol, especially as it contributes to add value for clients, while always working to deliver a solid order book and a healthy outlook for project opportunities.

Operational risks: Health, safety and environmental

It is our obligation to provide a safe work environment for all employees working at Ballast Nedam. We aspire to be injury-free, which is why it is important to be aware of high-risk labour activities, and to reduce or eliminate safety risks wherever possible. In 2022, Ballast Nedam had no fatal accidents and no severe environmental incidents were reported. Throughout 2022, all incidents were thoroughly investigated by root cause analysis, after which measures were taken to prevent such accidents from happening again.

We continue to shift our approach to risk management from a preventative to a proactive (resilient) one. By continuously working to build on this model, we aim to integrate behaviour-based safety into our organisational DNA, alongside operational controls. One area of continued focus in 2023 will be training middle management in safety

protocol, leadership and intervention, as we aim to make our culture of safety more behaviour-based.

Compliance risks: non-compliance with laws and regulations

In 2022, several individual investigations were dealt with and completed on an individual case-by-case basis. No legal action was taken concerning corruption, bribery or anti-competitive behaviour. None of these cases were considered as significant to the Group.

Ballast Nedam will continue to raise awareness about the importance of strong business ethics and individual integrity for all employees, suppliers, subcontractors and other stakeholders. We, along with our stakeholders, remain committed to mitigating all compliance risks and preventing situations of non-compliance by adhering to all laws and regulations.



Chapter 4

Corporate Governance



4.1 Management and control structure

4.1.1 Introduction

Governance at Ballast Nedam is based on a limited structure regime. Ballast Nedam has a Supervisory Board and a Board of Management. The Board of Management requires Supervisory Board approval for certain important decisions. The Board of Management also requires the approval of the General Meeting for, among other things, important changes in the identity or character of the company or the business. The remuneration of members of the Supervisory Board (if any) and the Board of Management is commensurate with their terms of office (see section 9.6.32 for further details). The remuneration of members of the Board of Management consists of a fixed salary component and a variable, discretionary bonus component, which also depends on key performance indicators (KPIs), some of which are related to CSR matters.

4.1.2 Managerial and legal structure

Ballast Nedam's managerial structure is composed of two divisions: Ballast Nedam Construction and Ballast Nedam Development (see section 1.1.4 'Organisational structure' for more information). The Ballast Nedam Construction division is subdivided into several business units, which represent specific capabilities or regional presences. In addition, Ballast Nedam's organisation includes several

shared services that support the various business units, such as Health, Safety and Environment (HSE), Quality Assurance and Quality Control (QAQC), Human Resources, Insurance, Legal, CSR and Compliance.

Each holding company has several direct and indirect subsidiaries, joint operations, associates and joint ventures. For more information about the direct and indirect subsidiaries, please see section 9.6.32 for an 'Overview of joint operations,' and section 9.6.32 for an 'Overview of associates and joint ventures.' A full list of the subsidiaries included in the consolidation has been filed with the Trade Register at the offices of the Dutch Chamber of Commerce in Utrecht.

4.1.3 Board of Management

The Board of Management manages the company and is responsible for the Group's objectives, strategy and policy, as well as all results obtained. The Board considers the interests of the company and its stakeholders when adopting its resolutions.

The General Meeting appoints members of the Board of Management, whether or not upon nomination by the Supervisory Board. Also, the General Meeting may suspend or dismiss members of the Board of Management.

If it intends to remove a member of the Board of Management from office, the General Meeting will give the member the opportunity to account for themselves to the General Meeting.

The Board of Management Regulations contain further rules on the allocation of tasks and working methods of the Board of Management and on its dealings with the Supervisory Board, the General Meeting, the Central Works Council and the independent auditor. These regulations can be found at www.ballast-nedam.com.

The Board of Management consists of a group of five individuals. Until 4 May 2022, there were seven members on the Board of Management. Two members resigned on that date: Mr C. Düzyol and Mr Ö. Canbaş. Mr Canbaş became a Supervisory Board member as of that date (see below) and Mr Düzyol wished to focus on his other roles.

The members of the Board of Management were highly involved this year in managing and guiding the company's operational processes, productivity and main focus areas. The composition of the Board of Management is as follows:



Board of Management



A.K. Sağlam (Chief Executive Officer)

Mr Atilla Kemal Sağlam was born in 1978. He is a Turkish national and resident of the Netherlands. Mr Sağlam was appointed Chief Executive Officer of Ballast Nedam's Construction division as of 1 September 2019 and Chief Executive Officer of Ballast Nedam N.V. as of 7 August 2020. He is responsible for the operations of all the business units within Construction, the organisation of departments, as well as the establishment of new markets in line with Ballast Nedam's strategy. Mr Sağlam joined Rönesans in 2008 and worked in various positions within Rönesans Holding in Turkey and abroad. He is an electrical and electronics engineer, graduated from the Middle East Technical University in 1999 and completed his MBA degree in 2001. On 2 March 2020, the General Meeting appointed Mr Sağlam to the Board of Management for an indefinite term of office.



S.R. Lefevre

Mr Sander Lefevre was born in 1973. He is a Dutch national. As a member of the Board of Management, Mr Lefevre focuses primarily on construction and infrastructure activities. He has held several management positions within Ballast Nedam since 2006, including Director of Ballast Nedam Infra. After obtaining his master's degree in civil engineering at the Delft University of Technology, Mr Lefevre began his career in 1998 as project manager at Royal HaskoningDHV. Mr Lefevre was first appointed to the Board of Management for a four-year term on 17 May 2016. On 19 March 2020, the term was converted into an indefinite term of office.



O.P. Padberg

Mr Olav Padberg was born in 1972. He is a Dutch national. Within the Board of Management, Mr Padberg is responsible for, among other things, compliance, insurance and legal matters concerning Ballast Nedam as a whole. Mr Padberg started his career at Ballast Nedam in 2007. In 2011, he was appointed Legal Director of Ballast Nedam N.V and Compliance Officer of the Ballast Nedam Pension Fund. Mr Padberg received his master's degree in law from Erasmus University Rotterdam. In the General Meeting of 23 June 2017, Mr Padberg was appointed to the Board of Management for an indefinite term of office.



H. Koçak (Chief Financial Officer)

Mr Hayrettin Koçak was born in 1981. He is a Turkish national and resident of the Netherlands. Mr Koçak was appointed Chief Financial Officer (CFO) as of 2 January 2017. He focuses on finance matters insofar as they relate to Ballast Nedam as a whole, with the financial control and financial services departments reporting to him.

Moreover, Mr Koçak has been CFO of the Construction division since 2016. Before joining Ballast Nedam, Mr Koçak was the CFO of Renaissance Construction in Russia. He received his degree in economics from the Middle East Technical University in Ankara in 2004. In the General Meeting of 23 June 2017, Mr Koçak was appointed to the Board of Management for an indefinite term of office.



E. van Zuthem

Mr Eric van Zuthem was born in 1968. He is a Dutch national. Within the Board of Management, Mr van Zuthem is responsible for the business units Ballast Nedam Building Projects, Ballast Nedam International and Ballast Nedam Parking in the United Kingdom. He completed his civil engineering degree at the University of New Hampshire, USA.

Before joining Ballast Nedam, Mr Van Zuthem was a management board member of Royal BAM Group and the CEO of BAM International. As of 10 January 2022, he was appointed to the Board of Management for an indefinite term of office.



4.1.4 Tender Committees

As explained in chapter 3, projects are generally discussed and approved by a Tender Committee. The composition of the relevant Tender Committee differs and depends on the size and risk profile of the tender at hand. For larger projects or ones with a higher risk profile, the full Board of Management constitutes the Tender Committee (plus certain other individuals as further explained below), and matters may even be escalated to a tender committee within Rönensans Holding. For smaller projects, i.e. ones with a lower risk profile, the Tender Committee consists of one or more members of the Board of Management. In addition to members of the Board of Management, members of the Management Support Office (with knowledge of the operational and financial aspects of projects) are also part of the Tender Committee and – depending on the topic at hand – other participants will be invited as well, such as legal counsel, contract managers or insurance employees.

4.1.5 Supervisory Board

The Supervisory Board supervises the policy of the Board of Management and the affairs of the company and its business, and supports the Board of Management with advice. The Supervisory Board performs its tasks keeping the interests of Ballast Nedam N.V. and the associated

business in mind. The Board of Management shall inform the Supervisory Board at least once a year in writing of the main features of the strategic policy, as well as the general and financial risks and management and control systems of the Company, which include strategy and policies in the field of CSR. In practice, the Board of Management does this during every meeting of the Supervisory Board, but it also updates individual members of the Supervisory Board bilaterally outside of formal meetings.

The General Meeting determines the number of members on the Supervisory Board, which has a minimum of three seats. In principle, the General Meeting appoints the members upon nomination by the Supervisory Board. For one third of the members, the Supervisory Board shall nominate a person recommended by the company's Central Works Council (representing the interests of the employees), unless the Supervisory Board objects to the recommendation because there are doubts regarding the person's ability to perform the duties of a Supervisory Board member or because, if the appointment is made as recommended, the Supervisory Board will not be duly composed. A member of the Supervisory Board cannot be (a) an employee of the company, (b) an employee of a dependent company, (c) a board member or employee





of a worker's organisation which is usually involved in determining the terms of employment of persons referred to under (a) and (b).

The Supervisory Board determines a profile for its size and composition, taking into account the nature of the enterprise of Ballast Nedam, its activities and the desired expertise and background of the members of the Supervisory Board. Various factors are taken into account in the selection of potential new members of the Supervisory Board, including gender, knowledge of the Dutch and international construction sector, the Dutch political landscape and financial experience and background.

As described elsewhere in this Annual Report, Ballast Nedam is a proud member of the Rönesans Holding group, a family company. Currently two out of three Supervisory Board members also hold management and supervisory positions with other related parties. Pursuant to Ballast

Nedam's articles of association, a Supervisory Board member shall not take part in a discussion and/or decision-making on a subject or transaction in relation to which that member has a direct or indirect personal interest that conflicts with the interest of the company and its business enterprise. If in such event a resolution cannot be adopted by the Supervisory Board, then it will be adopted by the General Meeting.

The General Meeting may abandon its confidence in the Supervisory Board after following the appropriate statutory procedure and the company's articles of association.

The Supervisory Board consists of three members: Ms. İ. Ilıcak Kayaalp, Mr Ö. Canbaş and Mr P.R.H.M. van der Linden. Until 4 May 2022, Messrs Oral (1974), Baki (1975), Arslan (1966) and Eryiğit (1975) were members of the Supervisory Board as well.



Ms İ. Ilıcak Kayaalp (Chairperson)

Ms İpek Ilıcak Kayaalp was born in 1978. She is a Turkish national. After working in the private sector as a finance professional, she joined the family business to add her experience and knowledge in 2006 as the Head of Treasury. Since 2014, she has acted as Chairperson of the Board of Directors of Rönesans Holding A.Ş. She also is a member of the Executive Board of various subsidiaries of the Rönesans Group and a member of the Rönesans Education Foundation. She was first appointed to the Supervisory Board of Ballast Nedam in 2015 for a four-year term, which was extended in November 2019. In April 2021 she shortly left her role as Chairperson, to return again on 4 May 2022. She was appointed for a four-year term.

Mr Ö. Canbaş

Mr Özgür Canbaş was born in 1973. He is a Turkish national. Mr Canbaş joined Rönesans in 2009. He serves as a board member at Rönesans Holding A.Ş. and several other companies within the Rönesans Holding Group. Mr Canbaş was a member of the Board of Management of Ballast Nedam from 2017 until 4 May 2022. On that date, he resigned as member of the Board of Management and was appointed to the Supervisory Board for a four-year term. His current term of office ends on 4 May 2026. Mr Canbaş is the sole member of the Audit Committee.

Mr P.R.H.M. van der Linden

Mr René van der Linden was born in 1943. He is a Dutch national. Ballast Nedam's Central Works Council has used its statutory, strengthened right of recommendation to nominate Mr Van der Linden to the Supervisory Board. He has extensive political experience and was a member of the First Chamber of the Dutch Parliament (1999-2015) and its chairman (2009-2011). He is currently a member of the Supervisory Board of Eureko Sigorta and holds various other positions at for profit and non-profit organisations. Mr Van der Linden was appointed to the Supervisory Board of Ballast Nedam on 26 February 2018, initially for a two-year term, which was subsequently extended. His current term of office ends on 26 February 2024.



4.1.6 Audit Committee

The Supervisory Board, within its field of responsibilities, established an Audit Committee which prepares the Supervisory Board for decision-making and advises the Supervisory Board on certain topics.

4.1.7 General Meeting

Rönesans Holding A.Ş., via Renaissance Construction B.V. as direct shareholder, has control of and holds 100% of the shares in Ballast Nedam N.V.

4.1.8 The diversity policy with regard to the composition of the Board of Management, Supervisory Board and senior management

Ballast Nedam's diversity policy is characterised by the pursuit of a broad representation of diverse employees at all levels of the company. This goes beyond the gender division and also pertains to cultural diversity and personal profile. Diversity ensures balance in teams and decision-making, fosters entrepreneurship and thus contributes to the continuity of the company.

This idea forms the basis of the policy regarding the composition of the Board of Management and the Supervisory Board, as well as the appointment of our business unit and staff directors and their teams, who form the sub-top of our company. This policy is aimed at achieving an optimal composition and at meeting the applicable target figures with regard to the male-female ratio arising from the Act on gender diversity in boards and target figures.

The policy is taken into account when filling vacancies in the Supervisory Board, the Board of Management and the sub-top within our company. If a vacancy arises, the relevant appointing body will assess what specific knowledge, experience and profile is required. All candidates who meet those specific characteristics will be included in the recruitment procedure. Within Ballast Nedam, we apply a target percentage of at least 30% women and at least 30% men for both the Supervisory Board and the Board of Management, insofar as these seats are divided among natural persons. This target figure (for female directors) was achieved for the Supervisory Board

in 2022: one of the three members is female. This was not achieved for the Board of Management, as currently all members in office are currently male. In the case of vacancies – not being reappointments – the Board of Management intends to strive for further diversity in both the experience and competences of board members and in the male-female ratio.

For the appointment of business unit and staff directors and their senior managers, Ballast Nedam applies a target percentage of 20% for the short-term, but the ultimate aim is for 30% of the sub-top to be women by 2030. At present, 9% of the sub-top is woman. The Board of Management intends to strive for further diversity in the male-female distribution when filling vacancies and will take this into account – in case of equal suitability – not only when appointing directors and (senior) managers, but also when filling of all vacancies within the company. Because the male-female ratio will only contribute to the desired diversity, advancement and achievement of the target figures if the intake ratio of women is higher.



4.1.9 Annual report

The members of the Board of Management and the Supervisory Board are required by law to sign the company's annual accounts. They are also involved in reviewing the Annual Report – including the report's CSR and ESG disclosures – as the approval is scheduled in a Supervisory Board meeting attended by the independent auditor. The Audit Committee discusses the Annual Report in more detail with the independent auditor prior to and in preparation of the meeting of the Supervisory Board and shares its findings with the Supervisory Board.

Nieuwegein, 17 March 2023

Board of Management,

A.K. Sağlam

H. Koçak

S.R. Lefevre

O.P. Padberg

E. van Zuthem (appointed on 10 January 2022)

↓ Project Cool Tower





4.2 Independent auditor

The Audit Committee and the Supervisory Board were involved in the appointment of the 2022 external independent auditor. The General Meeting ratified and approved the engagement to PricewaterhouseCoopers Accountants N.V. to conduct an audit of the 2022 financial statements of the company. PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in Turkey is the external independent auditor of Rönesans Holding A.Ş.'s 2022 annual financial statements.

The external independent auditor also attended the meetings of the Audit Committee and the Supervisory Board at which the annual figures were discussed, as well as several other meetings of the Audit Committee and the Supervisory Board. The external independent auditor reports to the Supervisory Board and the Board of Management and ultimately conveys their auditor's opinion to the General Meeting. PricewaterhouseCoopers Accountants N.V. will attend the next Annual General Meeting in which the 2022 financial statements will be discussed.

The Board of Management and the Audit Committee thoroughly assess the performance of the external independent auditor in their various duties at least once every four years.

The General Meeting is informed of the main conclusions of this assessment, for its own assessment of the proposal to appoint an external independent auditor.

4.3 Report of the Supervisory Board

4.3.1 Introduction

The Supervisory Board discussed financial developments during its meetings in 2022. It also reviewed operations within the Group and market trends, using the various management reports and other information as input. Memoranda from the Board of Management were also discussed at the meetings, as were Board of Management decisions requiring the Supervisory Board's approval. Moreover, the Supervisory Board was also kept updated by email and granted approvals for matters in writing. Major subjects in which the Supervisory Board was frequently involved or which the Supervisory Board discussed include the development of financial figures compared to the

business plan, compliance, the status of major ongoing and potential projects, claims and material CSR and ESG matters, which include the consequences or considerations of its decisions on safety, human capital, the environment and other matters. For example, the Supervisory Board highlighted the importance of the health and safety of the Group's employees. It also encouraged the sharing of knowledge and know-how in this respect with Rönesans Holding.

As part of its supervisory duties, the Supervisory Board gives consideration to the achievement of the corporate objectives, the strategy and risks, the purpose and performance of internal risk control, financial reporting, and compliance with legislation and regulations.

Financial reporting was discussed at the Audit Committee meetings in 2022 and 2023. The Audit Committee discussed internal control and financial reporting with the Chief Financial Officer. In addition, the Supervisory Board discussed interim financial figures, the annual financial statements and results of the statutory audit, matters on which the Audit Committee provided advice.



The Supervisory Board obtained regular updates on compliance and fraud assessment related matters from the Board of Management and the Chief Compliance Officer. Supervisory Board members also met individually with members of the Board of Management and other officers and employees to discuss topics and get further updates.

4.3.2 The Audit Committee

Mr Canbaş is the sole member of the Audit Committee. The Audit Committee acquired relevant knowledge and experience of financial matters via various input prepared by, among others, the Board of Management, the Chief Financial Officer, the Chief Compliance Officer and the company's internal control and reporting functions. The Audit Committee held several meetings in 2022 and 2023. The independent auditors were present at most of those meetings.

The subjects the Audit Committee discussed at its meetings include:

- the appointment of the independent auditor;
- the half-yearly and annual financial information;
- the Annual Report;
- the reports and recommendations of the independent auditor; and
- compliance.

The Audit Committee and the Supervisory Board discussed the findings of the independent auditor, the interim observations for 2022 and the follow-up to the findings with the independent auditor.

4.3.3 Financial statements and recommendation to the General Meeting

The Supervisory Board submits the Annual Report for the 2022 financial year to the General Meeting, including the consolidated and company financial statements of Ballast Nedam N.V., as prepared by the Board of Management and approved by the Supervisory Board. The financial statements have been audited by PricewaterhouseCoopers Accountants N.V. The Supervisory Board recommends adopting the financial statements and requests discharge be granted to the members of the Board of Management and of the Supervisory Board for their management and supervision respectively in 2022.

Nieuwegein, 17 March 2023
Supervisory Board,

I. Ilıcak Kayaalp
Ö. Canbaş
P.R.H.M. van der Linden



Chapter 5

Sustainability

Figure 10 Sustainability numbers 1/2

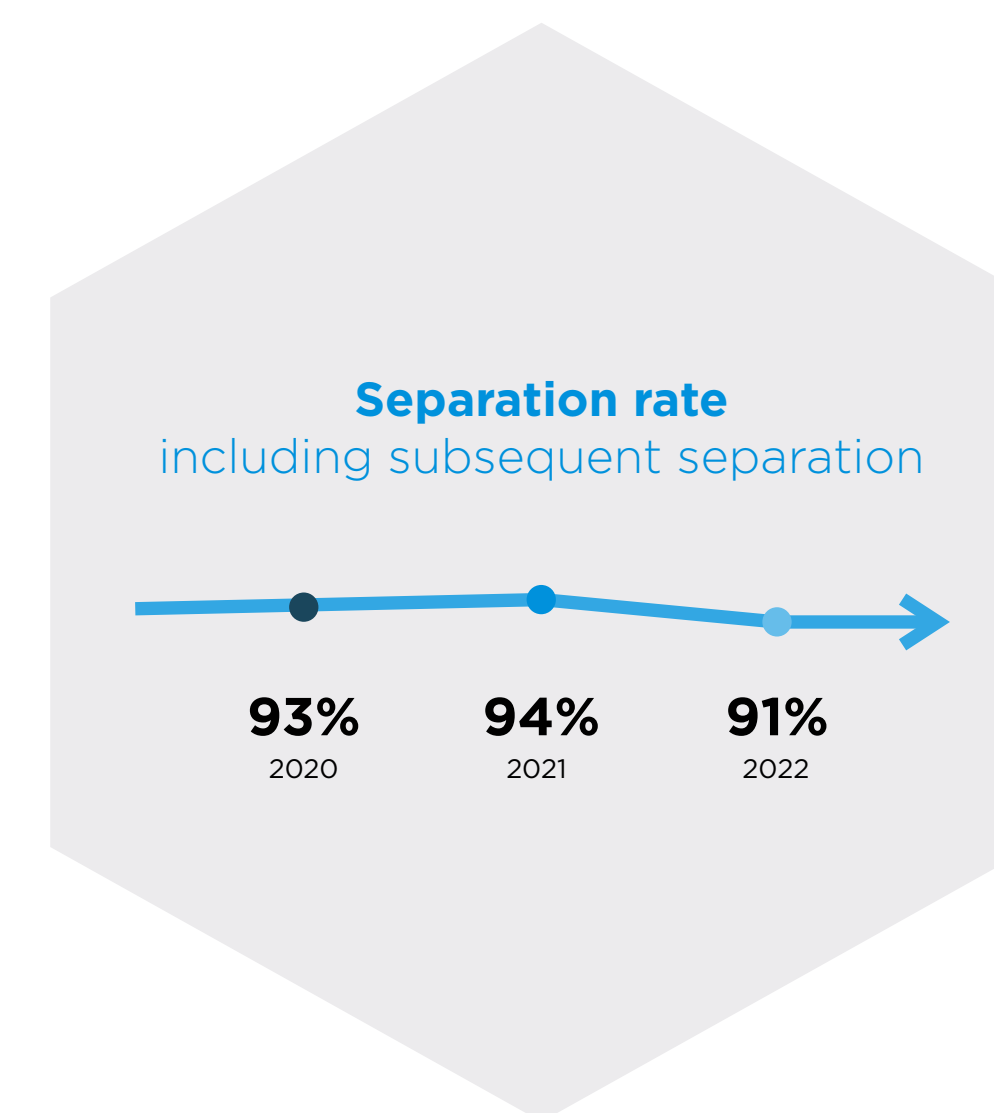
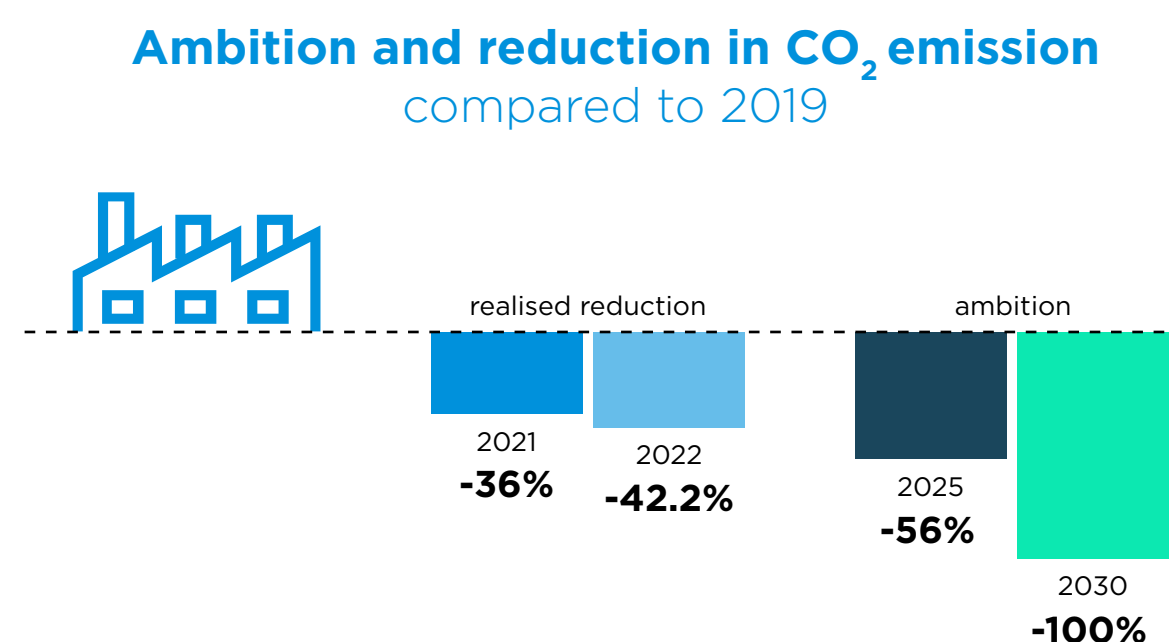
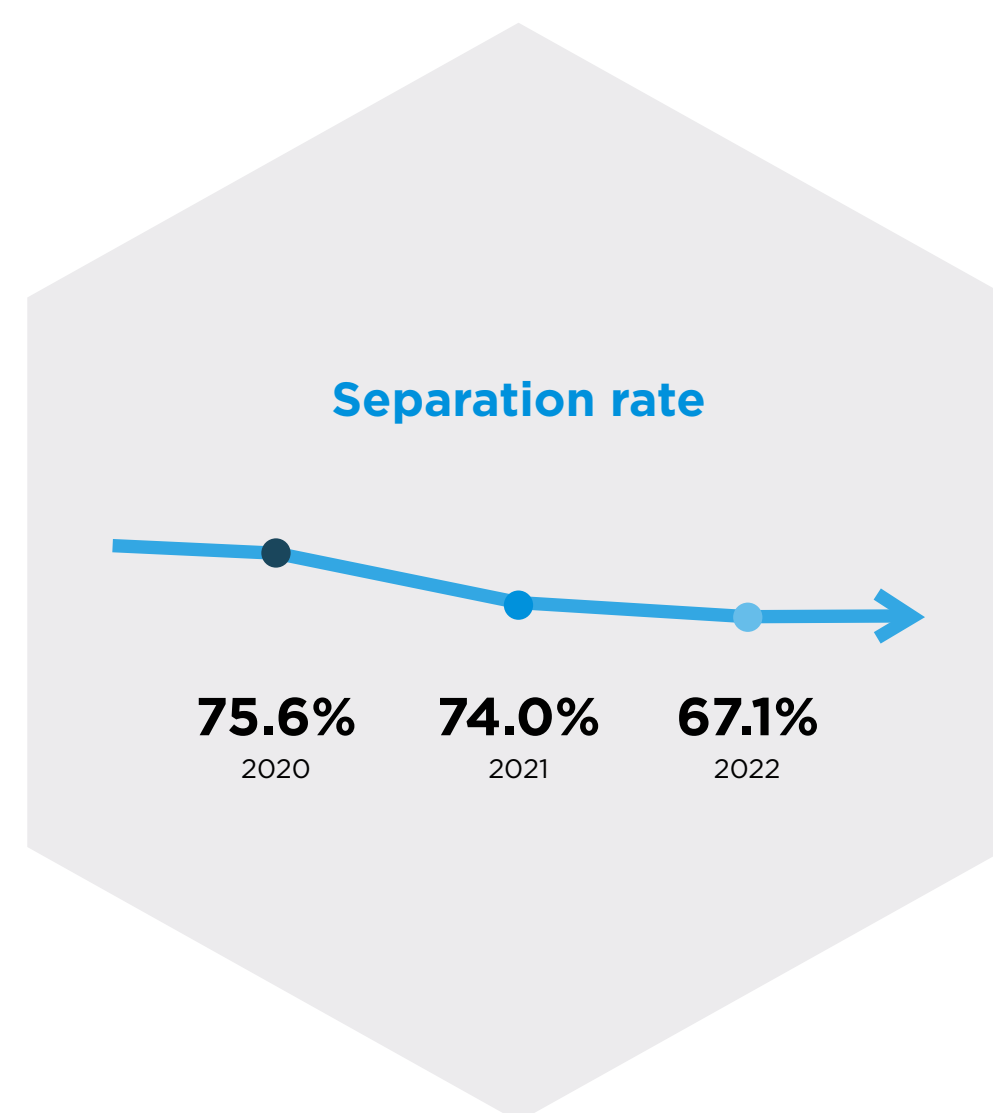
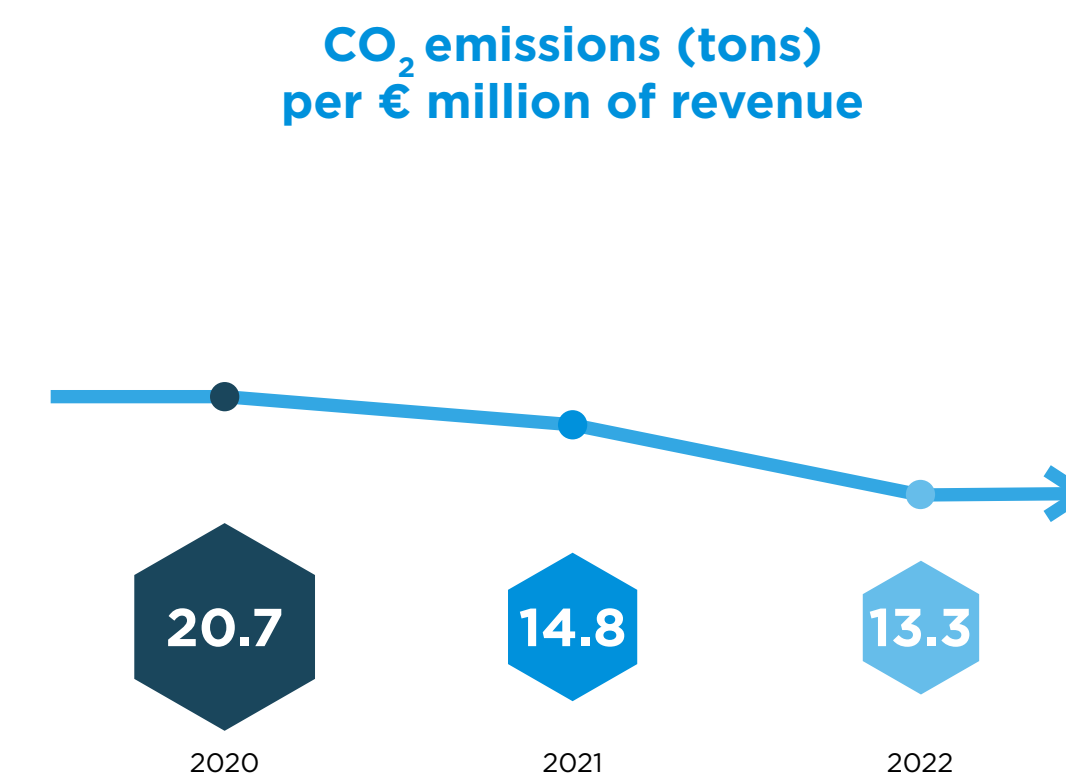
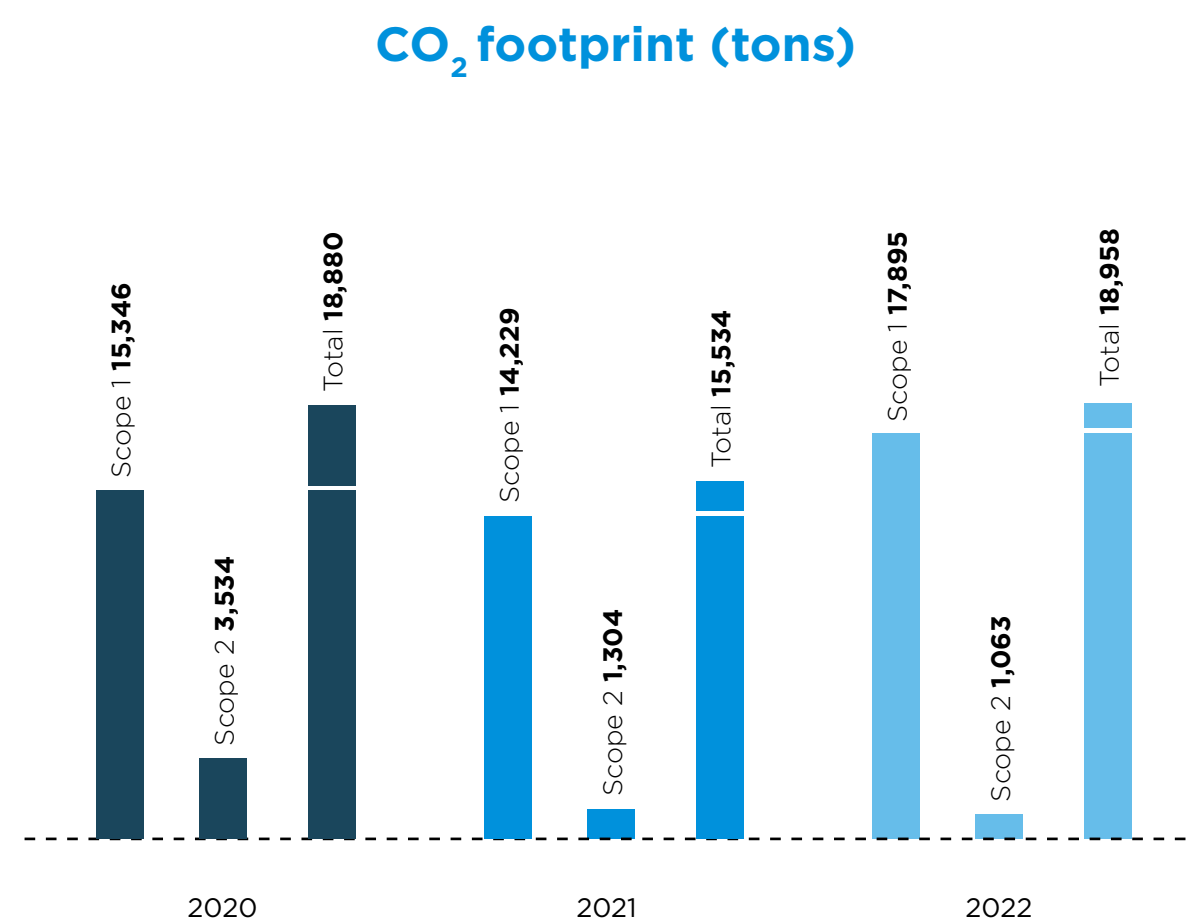
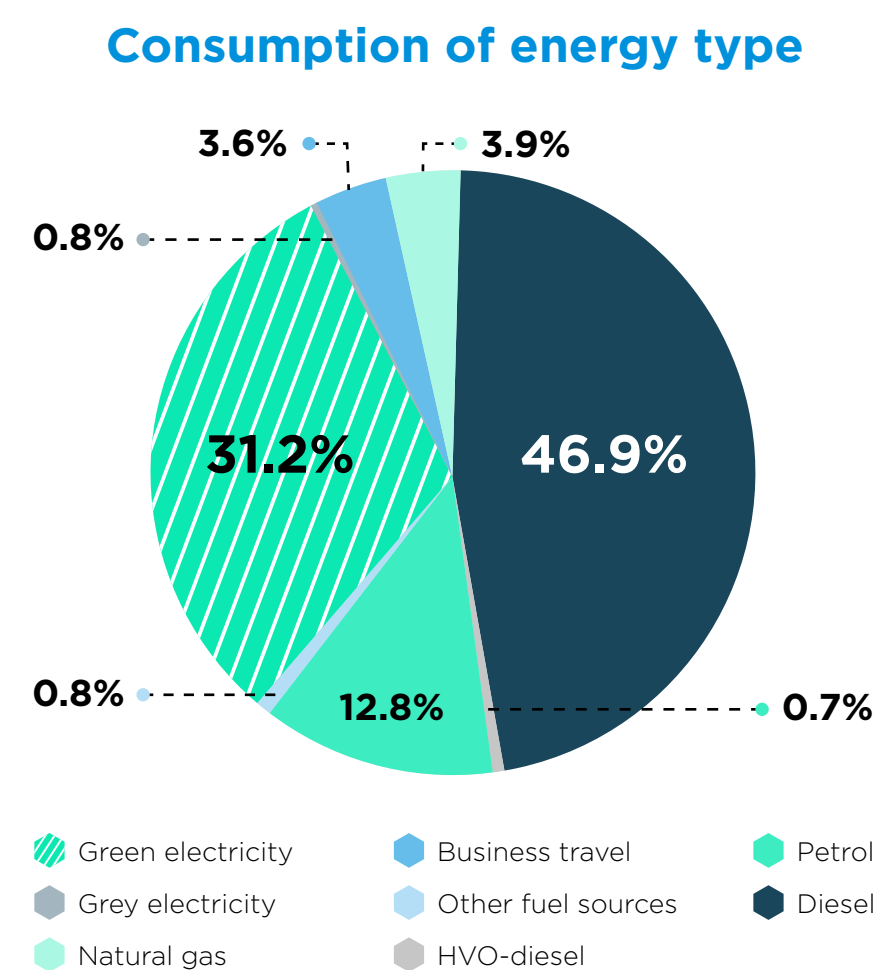
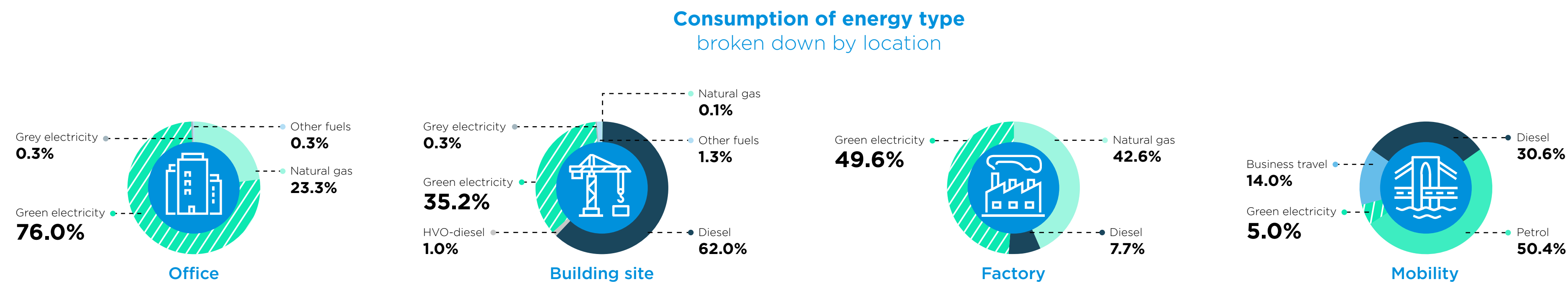
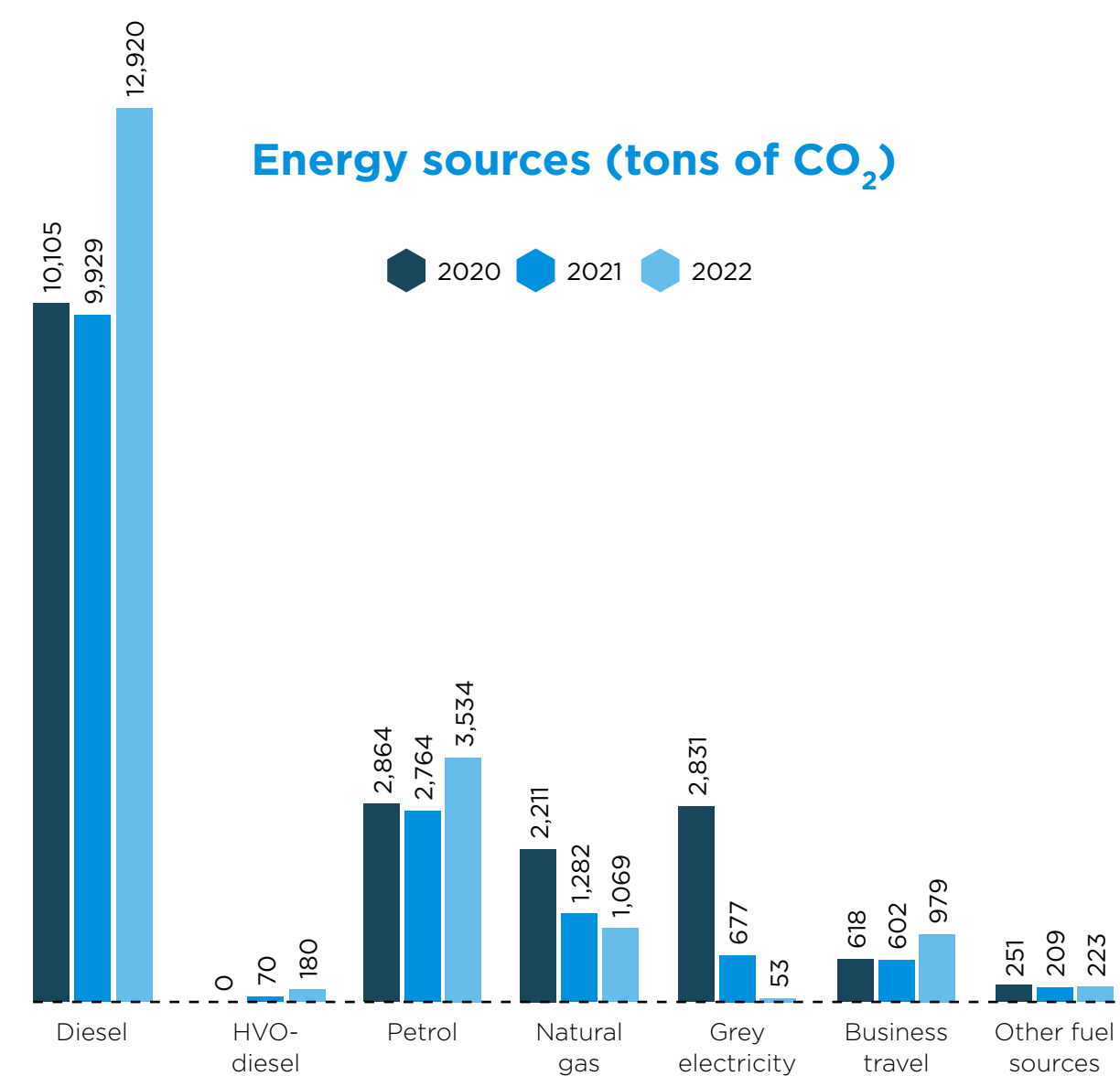


Figure 10 Sustainability numbers 2/2



Energy sources (tons of CO₂)





5.1 Vision and operating context

5.1.1 Sustainability vision

Driven by a number of ambitious international and intergovernmental goals, such as the Paris Climate Agreement and the EU Green Deal, corporate sustainability has gained unprecedented momentum over the past five years.

In the slipstream of these policy objectives and following related stakeholder ambitions and requirements, corporations are increasingly formulating concrete and challenging objectives in relation to environmental, social and governance related topics.¹ The construction sector is no exception and provides corporations such as Ballast Nedam with a specific set of challenges to advance sustainability.

Sustainability objectives are being further substantiated by new² and upcoming³ EU ESG legislation. This legislation is acting as a catalyst for reorienting capital flows towards activities that contribute substantially to ESG impact areas. It will foster transparency, comparability and verifiability of information. Additionally, it will require organisations such as ourself to look beyond their own operating scope and include due diligence actions⁴ for activities in the upstream and downstream supply chain.⁵

Confronted with the emergence of this new ESG reality, our stakeholders are fast becoming aware of important and mandatory (policy) changes and are nudging us towards more concrete and forward-looking ESG ambitions. Clients (mainly in the public sector), investors, financiers and insurers are already showing a more proactive interest in our ESG commitments and the activities undertaken by our sector as a whole.

At Ballast Nedam, we have a CSR policy in place that focuses on dealing with sustainability topics relevant to our operational reality. This policy will be updated in the coming year to include an integrated sustainability and ESG vision, following a renewed internal and external stakeholder dialogue and associated materiality assessment.

5.1.2 Sustainability context

The construction sector is a highly interrelated sector consisting of a broad range of actors, varying from architects, developers, investors and financiers to manufacturers, suppliers, (sub)contractors and users. This complex supply chain entails a number of sustainability-related topics and associated challenges, each requiring a contextualised approach in order to be effectively addressed.

¹ This is known as ESG. While sustainability is the general umbrella term for acting in good conscience, ESG refers to a specific set of criteria that concretise ambitions and, as a result, it removes any ambiguity around the term sustainability

² Such as the EU Taxonomy

³ Such as the Corporate Sustainability Reporting Directive (CSRD)

⁴ Such as those specified in the Corporate Sustainability Due Diligence Directive (CSDDD)

⁵ Often referred to as scope 3



Climate change is forcing our sector to move towards low or zero-carbon alternatives, and this is becoming more urgent as a result of political unrest, which is causing significant shortages in the supply of fossil-based energy. Pursuing available alternatives not only entails cutting back on the use of fossil fuels during the construction phase but also on the use of raw materials. Meanwhile, the immediate effects⁶ of anthropogenic climate change and raw material shortages are already manifesting themselves and are impacting our risk management and the way we work. As a result, more and more players in the construction sector are committing to circularity as well. The ongoing global depletion of natural resources puts pressure on the availability and affordability of raw materials needed for (the composition of) construction materials. It also influences the way we plan, execute and manage our projects as legislation is increasingly forcing us to take stock of where our ambitions overshoot the limitations of our (local) ecosystems.⁷

5.2 Climate change (mitigation and adaptation)

The disappointing results of the UN Climate Change Conference COP27 confirm that the world is not unified yet in the fight against anthropogenic climate change, despite the clear message of the Sixth Assessment Report⁸ of the

Intergovernmental Panel on Climate Change (IPCC): “The cumulative scientific evidence is unequivocal: Climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all.”

Climate change presents us with acute, medium- and long-term risks and challenges that are important to consider. Lower lying areas are already more susceptible to flooding; ecosystems are either degrading or at risk of degradation in the foreseeable future; and longer-term societal collapse awaits highly effected areas as important ecosystem services (such as forests) dissipate. The building and construction sector accounted for 37% of global energy related CO₂ emissions⁹ in 2020, a significant part of which was associated with the day-to-day running of buildings.

Meanwhile, the EU presented it’s ‘fit for 55 plan’, outlining a significant package of climate-related proposals geared to revise and update EU legislation and ensure EU companies can rise to the challenge of curbing CO₂ emissions. It contains, among other things, a legal obligation to reduce CO₂ emissions with at least 55% by 2030. Consequently, the Dutch government, local authorities and other large

customers are working on this challenge by drawing up their own ambitions. We see these ambitions, in turn, reflected in customer requirements and invitations to tender for (large) projects.

5.2.1 Climate change: Goals, ambition and outlook

To contribute to the reduction of carbon emissions, Ballast Nedam already has a number of objectives in place that will help us towards meeting our overall target of being carbon neutral by 2030 and energy neutral by 2040. Energy neutral means generating all the energy we need ourselves in a sustainable way.

⁶ Such as more extreme temperatures, heavy precipitation/flooding and (extreme) drought

⁷ The ongoing nitrogen emissions crisis in the Netherlands is an excellent example

⁸ Source: https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

⁹ Source: https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf.



Figure 11 Metrics and performance

These objectives entail developing activities aimed at further cutting back greenhouse gas emissions (mitigation) and will help us to achieve the emission reduction pathways set out by the IPCC. We are committed to the following goals:

- Making our scope 1 and scope 2 operations completely carbon neutral by 2030.
- Becoming both energy and carbon neutral by 2040.
- Ensure that by 2023 more than 20% of our electricity consumption will come from our own solar panels
- Ensure that as much of our building equipment as possible will be emission free by 2030.
- Only purchase 100% green electricity for all of our electrical connections.
- Compensate for the CO₂ emissions for our flight movements from 2024 onwards.
- Make it mandatory to have a fully zero-emission vehicle fleet (lease cars and company buses) by 2030.

The figure on the right shows our metrics and performance in relation to our goals.

Overview of reduction in CO ₂ emissions	Base year 2019	Results 2021	Objectives 2022	Results 2022	Objectives 2025
CO₂ footprint (scopes 1 and 2 in tonnes)	19,311	15,533		18,958	
CO ₂ footprint (scope 1 in tonnes)	13,747	14,229		17,895	
CO ₂ footprint (scope 2 in tonnes)	5,564	1,304		1,063	
Revenue (€ millions)	839	1,041		1,431	
CO₂ emissions (tonnes) per € million of revenue	23.0	14.9	14.5	13.3	10.1
Percentage relative to reference year	100%	64.8%	63%	57.8%	44%
Reduction relative to reference year		35.2%	37%	42.2%	56%
Percentage of green electricity related to the total amount of electricity purchased		90.6%	100%	99.4%	100%

In order to reduce greenhouse gas emissions, we also need to face the reality that some of the harmful consequences of climate change, such as drought, heavy precipitation and extreme heat, are already visible and are here to stay. As a result, climate-resilient project development is fast becoming a necessity. This is already challenging given the current levels of global warming¹⁰ let alone a scenario where the world faces further increases in warming or even runaway climate change.

For that reason, we will develop climate-risk and vulnerability assessments to identify which climate change-related risks are likely to affect us and how these will impact our activities now and in the (near) future. This, in turn, will allow us to develop concrete objectives so we can adapt our business activities to a changing reality and maintain our relevance as a business.

Furthermore, in line with the upcoming legislation that requires information beyond the scope of our own operations, in the coming year(s) we will actively engage with our upstream and downstream supply chain partners. This will help us develop concrete and ambitious objectives for 2023 and beyond. We will look for ways of reducing energy consumption or making it more sustainable all together. The environmental impact of these services and

products (scope 3) will be determined on the basis of life cycle analyses (LCAs).

Ballast Nedam is certified at level 5, the highest (best-performing) level on the CO₂ Performance Ladder. We are expanding our insight into CO₂ emissions from scopes 1 and 2 to include scope 3, to identify opportunities for reduction of CO₂ emissions in the supply chain.

Our activities in the supply chain will not be limited to preventing scope 3 greenhouse gas emissions but will also cover related areas such as safety, human resources and finances.

CO₂ footprint measurement system and verification

In terms of our CO₂ footprint, Ballast Nedam reports the emissions in scope 1 (natural gas, petrol, CNG, HVO-diesel, LPG and propane) and scope 2 (electricity and terrestrial heat) and business travel, including flight movements. The criteria were established in accordance with SKAO's CO₂ Performance Ladder Handbook 3.1, which is part of the Greenhouse Gas Protocol initiative. Ballast Nedam uses the

¹⁰ Source: https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

↓ Project Floris Nieuw Delft





IFRS demarcation criteria, with participating interests of 50% or higher and consortia being proportionally included in the footprint. If any monthly consumption figures are not known, estimates are made at year-end based on the revenue trend. Ballast Nedam calculates CO₂ emissions on the basis of the conversion factors in SKAO's CO₂ Performance Ladder 3.1. The 2022 verification of the amount and scope of emissions was provided by the external audit company DNV GL.

5.2.2 Climate change: Status and lessons learnt

Emissions and energy

The CO₂ emissions of our business activities show great improvement. Compared to the reference year 2019, Ballast Nedam achieved a CO₂-reduction of 42.2% in 2022. This decrease is the result of our strong growth in turnover and limited increase in our CO₂ emissions on our projects. This is due to the initiatives we introduced in our projects, such as the use of hydrotreated vegetable oil (HVO) in projects and more electric equipment. The electricity we use in the Netherlands is 100% green (with guarantee-of-origin (GoO) certificates for wind energy from the Netherlands). Electricity consumption at all our offices and production locations is also almost 100% (99.4%) green. In addition, the electricity consumption for our electric car fleet is 100% green due to the use of GoOs certificates from our wind turbines.

Ballast Nedam produces its own green electricity at several locations in the Netherlands. In 2022, we fully operationalised the solar roof on Ballast Nedam Materieel's industrial buildings in Almere and Road Specialties in Leerdam, with a total capacity of 1,420 kWp. This addition means that from 2022 we will be able to generate approximately 1.82 GWh per year of sustainable electricity ourselves with our solar panels. A further rollout of solar panels at our real estate locations is planned for 2023, such as the Laudy Bouw & Service location in Sittard.

CO₂-neutral construction sites

The CO₂ emissions from our projects (ton per million euros) decreased by 31.0%. Another reason why we managed to reduce our CO₂ emissions on our construction sites is that we made these sites and the equipment more sustainable.

We will achieve our objective of a CO₂-neutral construction site by 2030 by investing in a sustainable construction chain and equipment, and by developing new initiatives with our partners in projects within De Groene Koers and the ENI (Emission-free Network Infra). Together, we are working on solutions to make this heavier equipment more sustainable, such as sharing knowledge and co-developing guidelines for machine safety for mobile electrical equipment. In addition, the joint focus is on the charging infrastructure for electrical

vehicles and equipment. In 2022, Ballast Nedam invested in zero-emission equipment at various locations, such as:

- More than 50 sustainable mobile side units with an electric heat pump, high insulation, double glazing, pir (passive infra-red sensor) and led lighting
- 50 solar panel frames with 8 x 410 Wp panels for these mobile side units
- 21 mobile charging stations for electric cars for our construction sites.
- More than 100 luminaries LED and a LED light pole of 8.5m tall
- 10 energy monitoring systems
- Fully electric, 80-tonne SANY telescopic crawler crane
- SANY CE1000E crawler crane, Stage V (with electric option)
- Volvo FM full electric truck

Another example of energy savings on the construction site in 2022 is the installation of more than 600 solar panels on the roof of the sheds of various constructions sites. These will help us to supply part of the electricity we consume through self-generated energy.

As part of our effort to make our equipment more sustainable, we have ordered two SANY crawler cranes this year. The 80-tonne telescopic crane is fully electric. Its



much heavier companion is not yet available as an electric variant, and therefore a Stage V has been chosen with the possibility of exchanging it in the future, when available, for a fully electric variant.

We have been working with Van Oord and Hochtief, our consortium partners in the Prinses Amaliahaven project, on an array of solutions to develop the most sustainable and efficient working method possible. In the context of reducing emissions, we use HVO in the construction machinery. This fuel type emits 89% less CO₂ than diesel and emits less particulate matter, nitrogen and sulphur. In addition, we also opted to use electrical equipment, such as the Caterpillar 320 Z line. By recharging this fully electric crane during breaks, it can be used for a full day. In addition, two mobile electric concrete plants are up and running, providing the project with the necessary concrete produced with green electricity and partly from the solar panels on our sites.

To better understand our electricity consumption, we have invested in monitoring systems on our construction sites. We are using the insight gained from these systems to make our projects more sustainable.

Production locations

We have decreased the CO₂ emissions at our concrete production locations Haitsma Beton and Hoco Beton by 43,7% compared to 2019. The decrease is the result of making production methods more sustainable, investing in new installations with regard to heat demand and the purchase of green electricity and solar panels. Haitsma, a 100% subsidiary of Ballast Nedam, is also committed to reducing CO₂ emissions by reusing old bridge girders that have become available and the production of bridge girders with geopolymers without the addition of cement. In 2021, Haitsma started testing geopolymers and it continued to do so in 2022. After almost a year of intensive monitoring and testing, we completed all structural performance tests this summer. The result is promising and will yield valuable information that we can use to design geopolymer concrete structures. These beams reduce CO₂ emissions by more than 50%.

Mobility

After two years of lower CO₂ emissions for mobility, in 2022 they rose again after the COVID-19 measures were lifted and employees started to come back to the office and go to project sites more often. However, the increase was only slight thanks to the marked rise in the number of electric

cars, which run on green electricity. Compared to the base year 2019, mobility decreased by approximately 17.8%. The decrease is entirely attributable to our fleet of vehicles, whereas the number of flight movements remained almost the same in 2022 compared to the base year 2019. In 2022, we completed the major task of replacing a significant part of our fleet. One out of three of our employees voluntarily opted for a fully electric variant.

This substantial electrification of the vehicle fleet contributed significantly to Ballast Nedam's CO₂ reduction in 2022. In the coming years, we will further reduce the carbon emissions of our vehicle fleet with an extensive electrification programme for our passenger cars and commercial vehicles. Moreover, we are considering using HVO in the near future and hydrogen vehicles in a later phase.

Supply chain responsibility (emissions, Scope 3)

Energy savings and CO₂ reduction will not be achieved by focusing only on our organisation's consumption. We will need to work together with our partners in the supply chains as well to find ways to bring consumption down.



A good example of cooperation with the supply chain is the investment in fully electric trucks with our regular transporter (De Bruyn). In 2023, Ballast Nedam companies such as Infra Projects, Foundations and Excavations and Road Specialties will use zero-emission trucks on their projects to transport bulk materials such as asphalt from our own asphalt plants. Together with De Bruyn Transport, Ballast Nedam will operate the first two fully electric trucks in 2023 with the option to expand the collaboration to more electric trucks. These trucks are our first fully electric trucks in heavy duty construction works. With a range of around 300 km fully loaded, bulk materials can be transported to and from Ballast Nedam's projects. The first truck was delivered at the end of 2022 and the second one will follow in Q2 2023.

Our asset management (public-private partnership) projects, such as PI2 Zaanstad, also fall under scope 3. Continuous improvement with regard to the environmental objective (within the framework of our agreement with our client Custodial Institutions Agency – DJI) is of paramount importance to PI2 Zaanstad. Indeed, we are constantly optimising our energy demand in the PI2 Zaanstad project. For example, 86% of the electricity consumption is sustainably generated by our own solar panels and wind

turbines, and we reduced gas consumption by 4.1% in 2022 by replacing two gas-fired ironers with an electric ironer. The ironers are located in one of the work areas, which is set up as a laundry facility and where the linen for PI2 Zaanstad and other institutions is washed. In addition, the temperature control of the air treatment has been adjusted, ensuring more efficient performance of the heat pump. We have also started a project with this client to further reduce gas consumption. Our joint objective is to achieve a 15% reduction in gas consumption by replacing the gas-fired dryers in the laundry with an electric one, for example. In the longer term, there will be opportunities to replace our gas boilers with high-temperature (CO₂) heat pumps. Once this had been done, PI2 Zaanstad will become almost completely gas-free.

We are also replacing and renovating the Roertunnel and Swalmentunnel for our client Rijkswaterstaat, and we are working with our consortium member Croonwolter&Dros to make the Roertunnel and Swalmentunnel in the A73 more sustainable. Both tunnels are major energy consumers. By optimising and reducing energy consumption, we will reduce carbon emissions by at least 21% by 2026, but we are ultimately aiming for a reduction of 30% compared to 2020.

Scope 3 also includes CO₂ emissions from the materials we use to build structures, as well as their use after completion. To achieve reductions here too, Ballast Nedam Development embraced the Paris Proof Whole Life Carbon approach of the Dutch Green Building Council in 2022 and signed the declaration of intent for a built environment that further limits material-related and operational emissions. This approach is necessary because it contributes to further lowering Dutch CO₂ emissions related to materials (embodied carbon), which in turn contributes to a significant portion of the total Dutch CO₂ emissions.

By signing the declaration of intent, we actively support the transition to material-related CO₂-neutral construction. A measure we are undertaking is to examine how the design and choice of materials can help to reduce material-related CO₂ emissions during the construction, use and reuse phase.

5.3 Circularity, waste and pollution prevention

Many materials come into play in infrastructure and real estate projects. Construction is responsible for about 40% of the materials used in the Netherlands. Circularity in the construction sector is therefore an important priority.

We clearly need to be more economical with the available raw materials and to reduce the environmental impact of materials. Indeed, the construction and infrastructure sector are facing an enormous transition. To combat climate change and reduce the burden on our planet, we need to work in a completely different way. The Netherlands is taking this challenge seriously. To that end, the government has launched a programme called Circular Dutch Economy by 2050. In the construction industry, this is being implemented through the Transition Agenda for the Circular Economy. The Transition Team is working with Platform CB'23 on sector-wide agreements on circular construction. The aim is for the construction sector to have reached its transition goals by 2050 so objects can be built, (re)used, maintained and dismantled in a sustainable manner. On the road to a circular economy, we are bidding farewell to the old and working towards the new.

We must ensure that raw materials in the construction chain are preserved as much as possible and that more use is made of biobased materials. Challenges include the scale and availability of circular materials, logistical concerns such as the timely delivery of circular materials, the costs of circular materials and the ability to effectively measure progress and outcomes of circular initiatives and activities.

5.3.1 Circularity: Goals, ambition and outlook

We believe that working in a different way will help us to tackle climate change and avoid the further depletion of our planet's resources. Specifically, we aim to develop and implement projects in such a way that we can reuse all materials and prevent the accumulation of waste. Indeed, our policy is geared towards achieving this. Ballast Nedam's energy policy also aims to make the company's business operations more energy-efficient and more sustainable in the years ahead. Our vision is helping to create a carbon-neutral and circular construction economy.

We can make circular construction a reality 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. Where possible, we make choices that serve to extend the life of materials, elements and even entire buildings/structures. A circular perspective ensures that we not only consider today's benefits and burdens but also those across the entire life cycle.

↓ Remountable parking garage TU Delft





The ambition is for our construction activities to be 50% circular, 100% waste-free and carbon-neutral by 2030. By designing and constructing in such a way that structures can be dismantled and adapted and using reused and recycled materials as much as possible, we can avoid using new raw materials. If any new raw materials are needed, they will be biobased and non-toxic whenever possible.

Circularity centers on the principle that today's products are tomorrow's raw materials, and that there is no such thing as waste. Our vision of circularity builds on this by setting two strategic goals for the year 2030: (1) our construction activities will be 50% circular and (2) our construction sites will be 100% waste-free. We will achieve this by focusing on four themes:

- ◆ **Construction design that makes it possible to dismantle and adapt structures:** By designing and building structures so they can be dismantled and adapted, we ensure that materials can be reused to a high standard. But we also focus on keeping the different storeys of a building separate so their use can be adapted or changed. Prefab and modular construction methods are useful in this respect.

- ◆ **Reusable and recycled materials:** In essence, the circular construction economy is about closing cycles. Waste no more. Harvesting and using reusable and recycled materials in buildings and infrastructure is an indispensable part of this. This is how we prevent the depletion of natural resources and the degradation of ecosystems.
- ◆ **Biobased raw materials:** When there is no other option but to use new raw materials, we source biobased materials to the greatest extent possible. Biobased materials are derived from raw material sources that can grow back without depleting the ecosystem. Wood from sustainably managed forests is a good example.
- ◆ **Non-toxic:** Reusing building materials, elements and products is impossible if these materials are toxic, or if the building materials are contaminated, mixed with other materials in an unfavourable way, or 'soiled' through previous use. Working towards a circular building economy goes hand in hand with promoting clean material flows.

In the context of our targets to have 100% waste-free construction sites and 50% circular construction by 2030, the figures for 2022 show that despite numerous measures, we did not manage to attain our overall targeted waste reduction yet. Certain projects overperformed, while other projects proved to be more challenging.

- ◆ The percentage of construction and demolition waste (CDW) is a measure of the degree to which waste is separated on the construction site. A target separation percentage must be established for each division or project. The percentage can differ per project and depends on the materials used (or required), the available space on the construction site and the scope of the work. The target (KPI) for Ballast Nedam as a whole is a separation percentage of 75% (100% minus CDW and industrial waste) at the construction site and 94% including post-separation for 2022. The results for 2022 are 67.1% and 91%.
- ◆ 100% of the wood used is certified and comes from sustainably managed forests. We achieved this target in 2022.

Other activities to achieve the 2030 targets include:

- No plastic packaging materials on construction and office locations by 2030.
- Ballast Nedam puts circularity into practice by:
 - Developing one project with a 50% lower MPG value than the 2022 standard.
 - Achieving a circularity index of 50% by 2030
 - Reducing the use of toxic substances.

5.3.2 Circularity: Status and learnings

Through our area development projects, we are taking steps towards a climate-positive construction and real estate sector. The largest reduction is due to the construction of energy-neutral buildings. The homes sold by Ballast Nedam Development (42% apartments and 58% ground-access homes) perform average (BENG 2 = 0)¹¹ or better in terms of energy. The average MPG¹² score is at least 30% lower than the legal and regulatory obligation. With regard to the materials used, there is still much to be gained. Projects such as the Nature House (see the section on supply chain responsibility below) and Horizons in Amsterdam show that it is possible to develop carbon-positive buildings.

Ballast Nedam Development will build 126 homes with the sustainable Horizons project in Amsterdam over the coming

years. Sixty-two per cent of the materials in these homes will be biobased and recycled, and at the end of its life, 96% of the residential building will be reusable.

To boost large-scale reuse and to gain practical experience, a number of fellow contractors organised a materials expedition in 2022. In this expedition, the emphasis was on closing cycles in concrete construction projects. This involves both the application of secondary materials in a construction project and the disposal of materials released from a demolition project or storage site. Laudy Bouw & Ontwikkeling participated in this expedition with the demolition of 16 ground-level social housing rental homes in Maastricht. The central question was: how do we promote the exchange of (recycled) products and materials between projects and/or organisations? Despite the many ambitions, the technical possibilities and business cases, which do not necessarily present obstacles, the conclusion is that the actual reuse of products and materials was still rare in the construction sector in 2022.

Through Ballast Nedam Park & Connect projects, we are helping to increase the share of projects that reuse materials. To illustrate, Ballast Nedam Parking and its regular partners recently dismantled three remountable Modupark car parks.

These car parks from The Hague and Amsterdam are ready for assembly in Zwolle and Enschede.

A new circular development is the takeover of the concrete main structure of the Veemarkt car park in Dordrecht. Unlike Modupark, this garage was not designed for reuse. Engineers are working on a plan for a second life for this old car park. Interest in the market for the reuse of these facilities is growing.

Ballast Nedam Connect has been selected to design and construct a concrete bridge at Flora Holland in Aalsmeer. Ballast Nedam Connect and the client – the province of Noord-Holland – are both committed to using circular construction principles and reducing the carbon footprint. At the initiative of Ballast Nedam, discussions are taking place to build the bridge largely according to these principles, using wood instead of concrete, with the smallest possible carbon footprint.

With these two developments, Ballast Nedam Park & Connect is on course for 100% remountable construction in 2030 and reducing the carbon footprint to a minimum.

¹¹ BENG stands for 'almost energy-neutral building'.

¹² MPG stands for environmental performance of buildings'.



In October 2022, Ballast Nedam Development and 85 other organisations, including 30 municipalities and 3 provinces, signed an agreement to make housing more sustainable. The agreement contains ambitious targets promoting stricter standards for construction than the current legal ones so cheaper and more sustainable homes can be built quickly. Together, the signatories form a new Future-Proof Building platform.

The agreement fulfils the need for advances in the field of sustainable construction in terms of circularity, nature-inclusive building, climate adaptation and energy consumption, for example. Future-Proof Building will also be used to share knowledge, thus promoting the wider practice of sustainable building.

Supply chain responsibility

The environmental impact of services and products in Ballast Nedam's supply chain (scope 3, purchase and sale of services and products) is determined on the basis of a life cycle analysis (LCA). As a result, we have become more aware of the influence we have on the supply chain, how to use this influence to reduce CO₂ emissions and how we can work together with supply chain partners. We can use the insight we obtain to support the sustainable ambitions of our clients.

In 2022, several of our projects conducted LCAs, and Ballast Nedam aims to perform more LCAs with our suppliers and subcontractors for even more products. After all, energy savings will not be achieved by focusing only on the organisation's own consumption. We will need to work together with the supply chains in which Ballast Nedam operates to find ways to bring consumption down.

With the Nature House, Ballast Nedam Development challenged the whole of the Netherlands and thus the entire construction chain to come up with proposals for a scalable climate-positive terraced house. The winning design is a climate-positive row house made of straw by Strotec, architects|en|en and Bouwbedrijf Van Herpen. With this initiative, Ballast Nedam Development wants to introduce a new normal for living in the Netherlands and unleash a materials transition. The Nature House meets lofty sustainability ambitions but also takes affordability and scalability into account. The use of prefab straw panels has made it possible to build on a large scale. The house is more than 95% biobased. The house uses, in addition to straw, a residual product from the agricultural sector, a whole range of other biobased materials. This means that the house stores up to 90 tonnes of CO₂.

At the initiative of Laudy Bouw & Ontwikkeling, we have brought together a number of parties in the chain to work with the VANG concept: 'Van Afval Naar Grondstof' ('from waste to raw material'). Laudy Bouw & Ontwikkeling launched the VANG project with BMN Netherlands, Xella Group, ROCKWOOL Netherlands and Steenfabriek Engels Helden. Within a pilot project in Maastricht The Green Avenue (De Groene Loper), we are moving towards 100% circularity and 0% waste making it a highly suitable pilot to apply the VANG concept in a real life supply chain context.

5.4 Biodiversity

Biodiversity is under pressure: hundreds of animal species have disappeared from the Netherlands since 1900. There are fewer and fewer suitable habitats for plants and animals. That is why it is important for every construction project to think about how biodiversity can be preserved, strengthened and/or restored.

Until 2030, the government aims to build 900,000 houses in the Netherlands, an opportunity that must be seized to do the right thing for our future living environment, nature and the climate. We are on the eve of a massive legislative change but also a serious danger that it will fail to be sufficiently nature inclusive. Despite repeated calls from the sector, this law still contains no concrete measures for



nature-inclusive construction. That is why Ballast Nedam Development, as co-initiator, has drawn up and signed a petition calling on the Minister for Housing and Spatial Planning to “Make ‘nature-inclusive building’ mandatory for a healthy living environment for people and nature”. Ballast Nedam Development attaches great importance to this petition because we are convinced that nature-inclusive construction will contribute to area development where people and nature can live together in harmony.

Nature-inclusive construction makes us more resistant to the effects of climate change and makes a direct contribution to biodiversity. This is not only good for nature but also for our health and well-being. Our built and designed living environment will function as an (urban) ecoduct, connecting nature areas in a sustainable way.

5.4.1 Biodiversity: Goals, ambition and outlook

Our area developments have had a major impact on the quality of life. We are contributing in a positive way by integrating nature, biodiversity, sustainable mobility, climate adaptation and a closed raw materials cycle into our projects. Our ambition is to work towards a world in which every area development or development project

strengthens and even adds to biodiversity, with the ultimate goal of restoring the loss of biodiversity. Ballast Nedam Development therefore uses standard nest boxes in ground-level homes, as well as a project-specific package for more biodiversity.

The use of more greenery in urban areas is more than welcome. In the context of biodiversity, in addition to green façades, we will continue to work towards increasing biodiversity by investing in bee fields, installing insect hotels and planting more greenery in neighbourhoods. Indeed, our aim is for 20% of the new façades we develop to be green by 2025. In addition, the use of nest boxes is a standard feature in all ground-level homes developed by Ballast Nedam.

As co-initiator of the aforementioned petition, Ballast Nedam Development has joined forces with governments, the business community, interest groups and politicians to develop a new ‘nature standard’ for new construction. Ballast Nedam Development believes that nature protection and preservation should be a matter of course in all new construction, which is why all our construction projects have been nature-inclusive since 2020. By creating a level

↓ Project A9 Gaasperdammerweg





playing field, we can establish a broad basic quality of nature throughout the Netherlands and improve our living environment on a large scale.

Three measures are central to the new construction:

1. nature in the home;
2. nature on the home; and
3. nature nearby.

5.4.2 Biodiversity: Status and lessons learnt

The area development projects below illustrate that we are actively boosting biodiversity.

The new residential area Hoven van Aarlesche Erven in Best

This development joint venture combines sustainability, well-being and biodiversity. Ballast Nedam and Vogelbescherming Nederland decided to include nesting boxes in the homes. In addition, all new residents receive a ‘bird package’, which they can use to make the garden bird-friendly. Moreover, the neighbourhood organises ‘bird safaris’. A nice addition to the residences in Hoven van Aarlesche Erven is that the storage rooms are fitted with sedum roofs. These roofs, and the green design of the plots and construction of ample public greenery, help to preserve and strengthen biodiversity. Finally, all homes will have a rain barrel that is connected to the rainwater drainage

system, so rainwater can be used to water the plants in the garden. This richness of greenery is the power of the Hoven. We hope that future residents will be inspired to make their garden and home even more sustainable and green.

Area development Cartesius Utrecht

Cartesius Utrecht is opening a nursery for growing trees and plants and reusing existing greenery, which will soon be given a new home in this city district. Indeed, Cartesius will be a new green and healthy urban district with a total of 2,852 homes, the aim of which is to allow people to live longer lives in good health and happiness. Greenery and biodiversity are an important part of this, both before, during and after completion. Trees and smaller greenery, such as shrubs and plants, are often removed to begin excavation works. In the Cartesius Nursery, however, the initiators and area developers Ballast Nedam Development and MRP are giving existing greenery a second life. The trees will be examined to see whether they can be retained and used in the future design of Cartesius Park and/or the Green Loop around Cartesius. Trees will therefore not be cut down unnecessarily, and many will be preserved for the future. Mature greenery in the immediate living environment contributes to lower stress levels and dovetails with the philosophy of the Cartesius area development.

In addition to measures that we take in our own area developments, we also implement measures that promote biodiversity on our construction projects with our clients. For example, on the Jonas project in Amsterdam by Ballast Nedam West, bat habitats of varying sizes have been placed in different wind directions. Nest boxes have also been included for the house sparrow, starling, swift, black redstart, blue tit and great tit, and the vegetation around and on the roof of the building has been adapted to provide more nectar for insects. The location of the plot on the water made it possible to take measures to shape the transition from water to land as gradually as possible within the boundaries of the project. This is a unique point, as only high, hard concrete quays can be found in the vicinity of the plot.

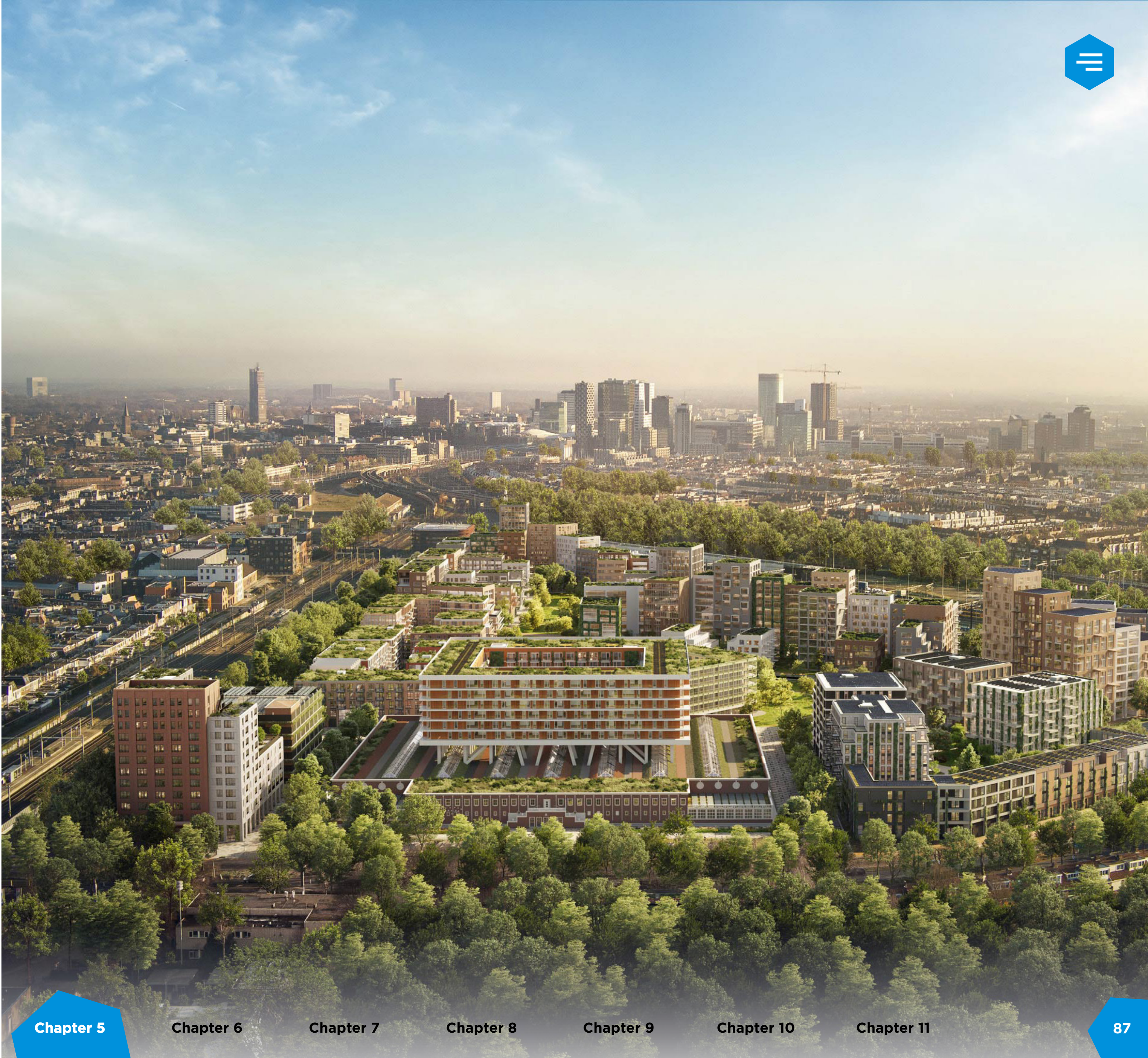
The transition from building to water has been softened by introducing native riparian vegetation with a mixture of species. The private jetties are equipped with underwater artificial mussel reefs: an innovative nature-based solution that improves water quality and makes the underwater environment more varied. To add even more variety to the underwater substrate, it was decided to provide a shore corner with rubble stones, a suitable habitat for the chabot bullhead, a rare fish species under pressure that



can be observed outside the locks of IJburg. To get the sand martin back to IJburg, a nesting facility has been created in the form of a special wall with holes in it, which is integrated into the concrete quay wall. Therefore, despite its urban location and relatively small surface area, the project has a positive impact on the water system and the flora and fauna that use it.

In Heddes Bouw en Ontwikkeling's Hotel Jansen project, sustainable nest boxes have been integrated into the façade for swifts. A peregrine falcon box will be placed on the roof of the hotel. In addition, one or more walls of the building, over a length of at least 20 metres, will be covered with (concrete) mesh, and the bottom edge will be planted with climbing plants to create green walls that can serve as a sleeping or nesting place for songbirds, such as tits. Different types of nest boxes for tits, common redstarts and white wagtails, for example, have also been hung at a fair distance from each other so they are out of each other's sight and close to green elements.

↓ Area development Cartesius Utrecht



Business case

From waste to raw material: 100% waste-free construction by 2030

We are aware of the major impact construction has on nature and the climate. This must and can be done differently. That is why sustainability is high on the agenda at Ballast Nedam, both in the office and on the building site. From solar panels to electrical machines and from circular construction to a waste-free building site.

The challenge

Natural disasters, loss of biodiversity, heat stress. The effects of climate change are becoming increasingly palpable. We can only turn the tide if we all take responsibility. Ballast Nedam feels this responsibility and has set a number of sustainability targets. For instance, we want our construction sites to be CO₂ neutral by 2030 and energy neutral by 2040.



We also want 50% circular and 100% waste-free construction by 2030. To achieve these goals, we try to avoid using new raw materials as much as possible and put all our efforts into reusing and recycling building materials. And if new raw materials are needed, we choose biobased and non-toxic materials wherever possible. Making the construction sector more sustainable requires awareness, behavioural change and innovative ideas. The biggest challenge is in recycling plastics and insulation materials such as extruded polystyrene (XPS). These materials are difficult to recycle and unfortunately still too often end up in the incinerator.

Our vision

You do not need to separate and recycle what does not enter the construction site. “That is why it is important to have good procurement agreements and to rely more on prefabricated construction. It is also important to build detachable structures. That makes it possible to dismantle a building that is set to be demolished so the materials can be reused in another building,” says Judith Doorn, sustainability coordinator at Ballast Nedam. She explains that there will always be waste on a construction site, but the point is to reuse or at least recycle it. From waste to raw material,



in other words. “This is already happening at a larger scale with wood, rubble, plaster and metal, for example. Even leftover sand-lime blocks go back to the factory, where they are made into new sand-lime blocks. There is even a company now that recycles expanded polystyrene insulation, which is a more difficult material to recycle. I think that is a very nice development.” According to Judith, you have no right to exist as a contractor and construction company if you do not keep up with sustainability. “And that is a good thing, because we owe it to nature and to future generations to combat climate change.”

In practice

At De Groene Loper, project VANG (From Waste to Resource) started in October 2022. The project is a collaboration between Laudy Bouw & Ontwikkeling, part of Ballast Nedam, supplier BMN Nederland and producers Xella Group, ROCKWOOL Nederland and Steenfabriek Engels Helden. Project VANG focuses on three major waste streams: sand-lime brick, stone wool and brick. “We bring this waste back to the producer who then recycles it. We also reuse the wooden pallets and recycle the packaging material,” says Leon Verheggen, innovation manager at Laudy Bouw & Ontwikkeling. According to Leon, there is increasing support for projects such as VANG. “That’s great, because sustainability is a collective responsibility of all links in the building chain: from design to production and from assembly to recycling.” Leon emphasises that there is still a world to be gained in terms of waste collection. “If different materials end up together in a waste container, for example, nothing at all can be recycled. Another issue is that there is usually insufficient space to collect all materials separately. Therefore, proper waste management is needed. So the construction industry still has some way to go to achieve our sustainability ambitions. But we are definitely on the right track.”





Chapter 6

Health, safety and the environment



6.1 Health and Safety context and vision

We take seriously our duty to provide a safe working environment for all our employees and partners. To fully and effectively manage safety risks, it is of high criticality that all individuals in our project locations are informed and made familiar with high-risk activities which our employees and partners carry out. Indeed, it is important that all our people know how to use Last Minute Risk Assessment and perform a 'stop the work authority' so they increasingly become more aware and knowledgeable with the tolerable workplace risks, and stop performing in case they sense any imminent danger to performing crew(s), asset, surrounding environments and community members. Our business depends on the good health of our employees, and safety at work is one of the pillars on which Ballast Nedam is founded. To care for our organisation, we must take care of each other as well.

Which is why we all must remain committed to safeguarding correct procedures and ensuring safe working environments. This applies to all employees: from designers to site supervisors, planners to construction site employees, and managers to crane operators. Efficiency and safety go hand in hand at every phase of a project: from the tender and the design stages to execution and completion.

Our reputation for excellence in our work depends on the robustness and effective interaction of our company and project safety processes under a human-inclusive framework.

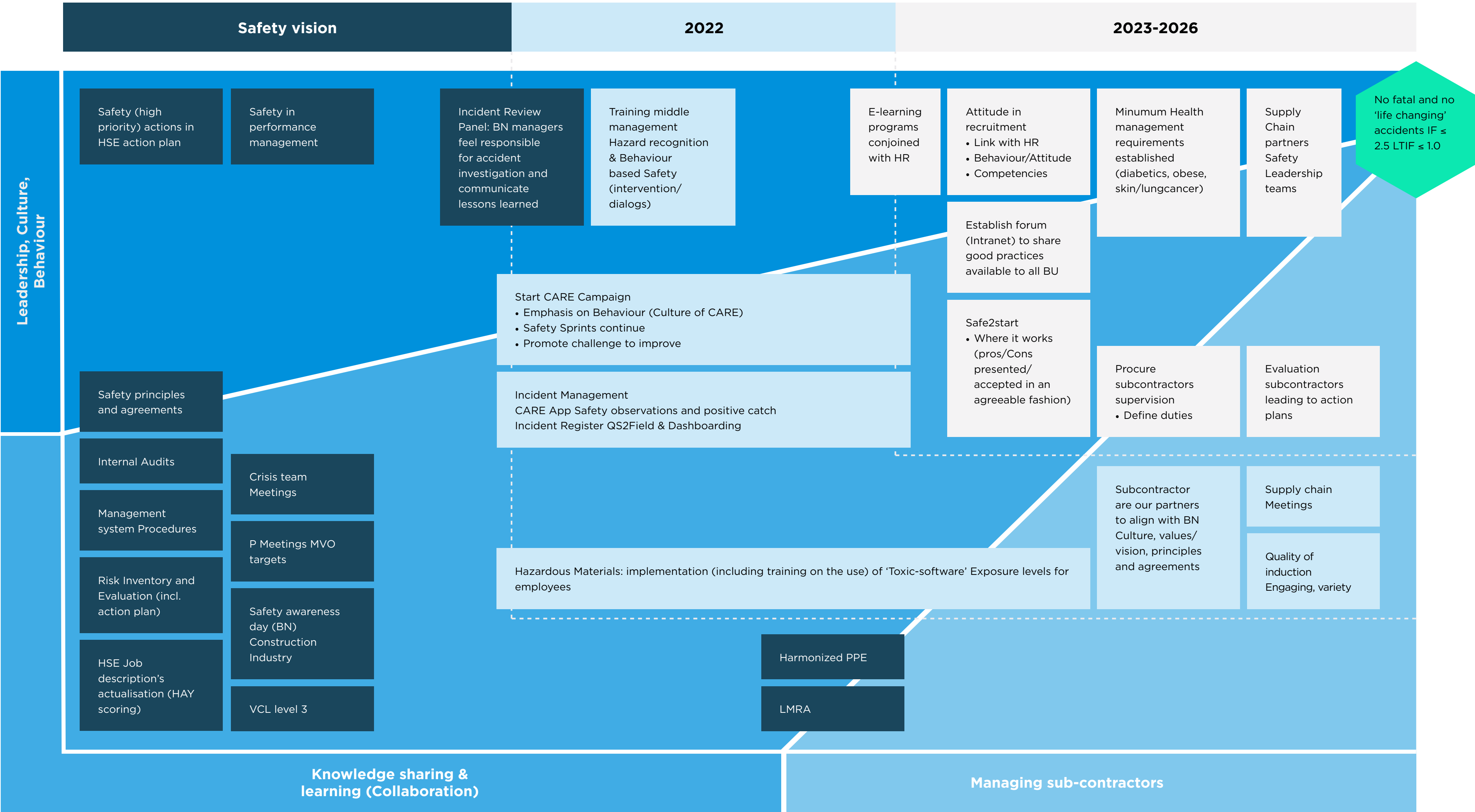
Everyone has a role to play, too. It is up to us to pay close attention to how individuals contribute to overall safety, at every phase of a project and irrespective of role. Each employee is equipped to assess and control risk associated with his or her specific tasks, and act accordingly. At Ballast Nedam, we think of this as 'leadership in safety.' In practice, for example, this means sharing both positive and unsafe observations through the CARE app or operational employees taking part in a Safety Sprint session.

We are committed to ensuring everyone who works on a Ballast Nedam project returns home safely to their loved ones at the end of each day. We aim to achieve this by actively fostering a culture of care and open dialogue. By discussing issues that arise and engaging each other directly, without any fears, we are able to maintain safe a working environment in which a sense of duty and mutual respect is paramount.

**We put people first.
Always. Everywhere.
Everyone.**



Figure 12 HSE Roadmap 2022-2026



6.2 Health and Safety at Ballast Nedam

We work towards achieving our safety ambitions by focusing on three categorical objectives: (1) leadership, culture and behaviour, (2) knowledge-sharing and learning, and (3) managing subcontractors, as illustrated in HSE Roadmap, Figure 12. Focusing on these three categories is part of our transition from a reactive safety culture to a proactive one.

6.2.1 HSE roadmap 2022-2026

Our HSE roadmap takes three main spheres of action into account and develops special focus on:

- Implementing and strengthening the Take Care safety programme to foster a ‘culture of care’ and to facilitate knowledge sharing and learning following incidents, improve the performance of leadership and encourage employees to speak up in order to create a safer and healthier Ballast Nedam.
- Strengthening ownership and accountability across our business units through data-driven management information, uniform data-driven insights and tools, and by facilitating interaction between all business unit stakeholders in order to improve safety.
- Making our culture of safety more ingrained through a behaviour-based safety training programme for middle management that focuses on HSE and includes roles and responsibilities (leading by example) and hazard recognition.

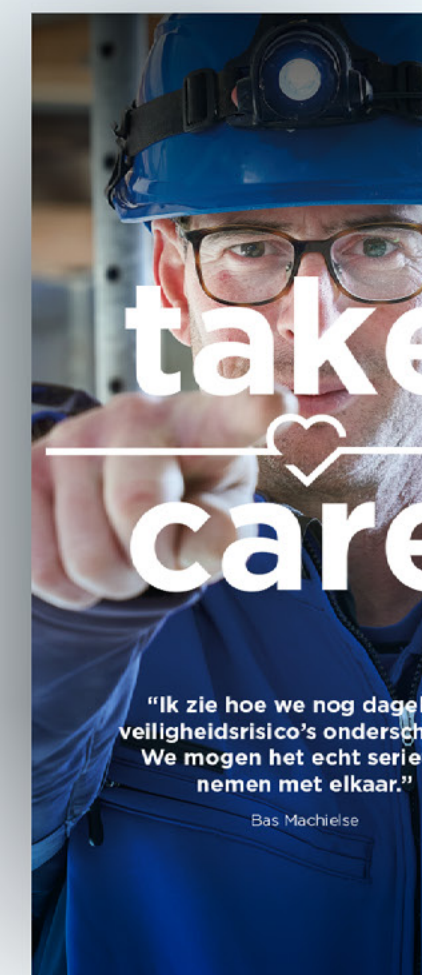
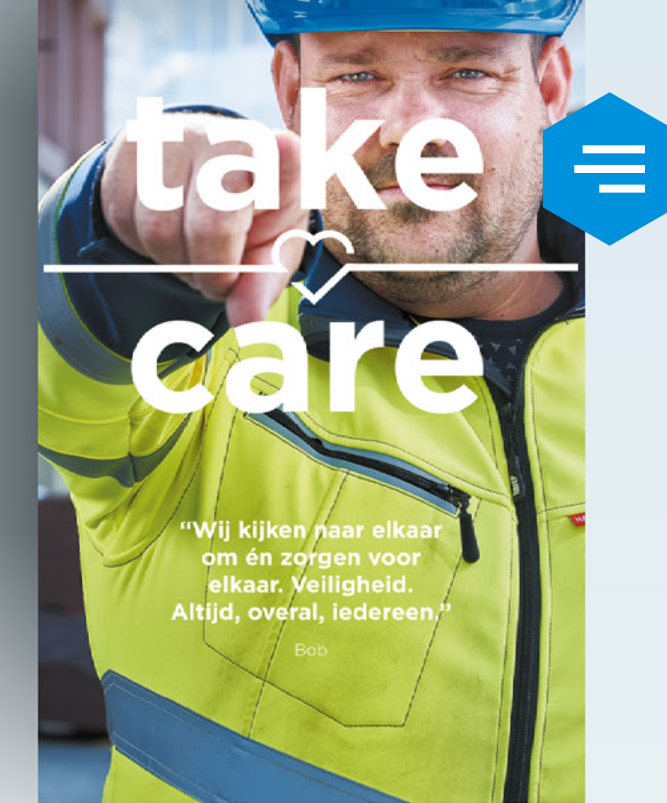
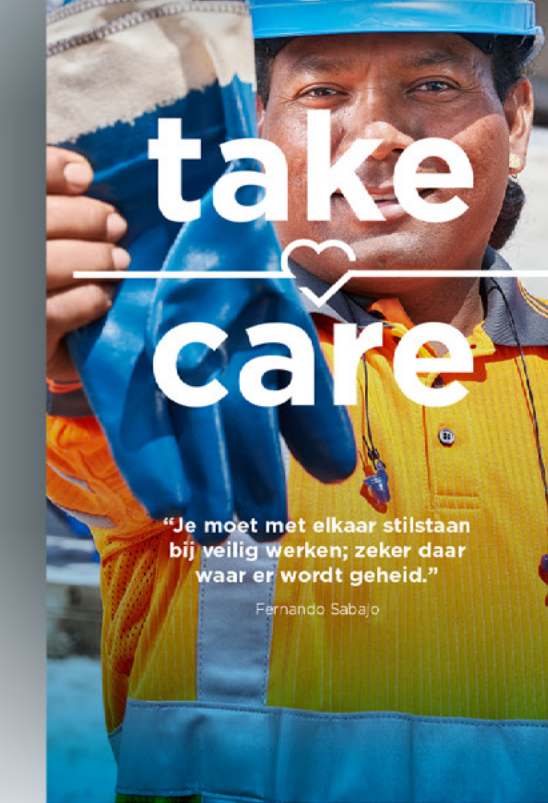
6.2.2 Collaborative effort to improve safety

In 2022, we launched and implemented a renewed safety vision and a safety improvement strategy based on the Take Care programme launched in April 2022. The independent safety awareness audit in 2020 by DEKRA was the basis for this new vision and strategy.

DEKRA carried out a gap analysis and made specific recommendations for improving safety, which consisted of nine areas for improvement. These focused on a new clear safety policy and safety vision committed by Board and Business Unit management, an increased commitment from everyone within our organisation and an increased safety awareness and collaborative step-by-step improvement throughout the entire organisation. Ballast Nedam Construction Site Minimum Rules and Zero Tolerance Policy have been defined along with concretisation of set of guidelines, rules and resources to facilitate safer performance of lifting and hoisting works.

6.2.3 Promoting a culture of care and mutual respect

Another way Ballast Nedam fosters a culture in which all employees work safely on the job is by emphasising personal leadership by each employee. It is crucial that everyone takes initiative, exercises caution, claims responsibility and speaks out when necessary. A culture of duty and mutual



respect allows teams to help one another and learn from any incidents. The Board of Management gave full authority to the Executive Director and HSE team to implement safety improvements, perform incident investigations as well as a stop the work authority when unsafe situations demand it.

6.2.4 Emphasising leadership and commitment across middle and senior management

Safety incidents directly impact those involved, but they also impact families and colleagues that are more indirectly linked. Every party involved in an incident therefore depends on an employer like Ballast Nedam to take the need for a safe working environment seriously. Our clients increasingly select contractors on the basis of workplace safety, and companies are also legally accountable for the safety of their workplaces. At Ballast Nedam, we work to emphasise the crucial role of individual responsibility, and see an increase of leadership and commitment across all levels of middle and senior management as an important next step to ensure this remains the case.

6.2.5 Using Safety Sprints to increase safety awareness

We facilitated Safety Sprint sessions to increase safety awareness and encourage everyone at Ballast Nedam to commit to step-by-step, collaborative improvement. The Safety Sprints are carried out by individual business units,

and involve multiple teams.

A Safety Sprint session consists of the following:

- ◆ A team kicks off a Safety Sprint by setting various goals for the business unit, based on DEKRA's nine areas for improvement;
- ◆ Next, a topic is selected for the team to work on;
- ◆ Results must be delivered within six weeks, so the Safety Sprint must be S.M.A.R.T. and feasible;
- ◆ Every six weeks, a new Safety Sprint team starts a new topic.

The goal of these Safety Sprints is threefold: to achieve results that are noticeable in the short-term, to produce a longer-term trickle down-effect whereby more and more people become involved in the safety moment, and to accustom information exchange, safety debates and brainstorming on the intended improvements to collectively achieve team results.

We will continue to embed our Safety Sprint concept in our organisation by setting up quarterly themes that support continual improvement. We intend to make Safety Sprints a Take Care ritual in our business units and projects. To reinforce this idea, we are training our HSE community at Ballast Nedam not to lead but to facilitate Safety Sprints in the future.



6.2.6 Correctly report and investigate incidents when they do occur

When incidents do occur, we need a comprehensive understanding of how multiple factors contributed to harm and potential harm to prevent future ones from occurring. Our aim is always to prevent incidents from recurring and to become more data-driven in our approach. But a pre-emptive approach like this is only possible if we have a detailed and comprehensive understanding of accidents and incidents across business units.

In 2022, Ballast Nedam launched the CARE application. The CARE app was developed and introduced to enable every individual to report Unsafe Acts, Unsafe Conditions and Positive Observations.

Intent with this development is to enable us as an organisation to learn from our day-to-day HSE issues occurring within project locations. CARE application thereby, represents a pivotal reference point in support of our HSE improvement strategy at all times. CARE application is realising its function by highlighting the mostly encountered Workplace Hazards and Risks, in other terms High Potential SOSes based on factual observation data.

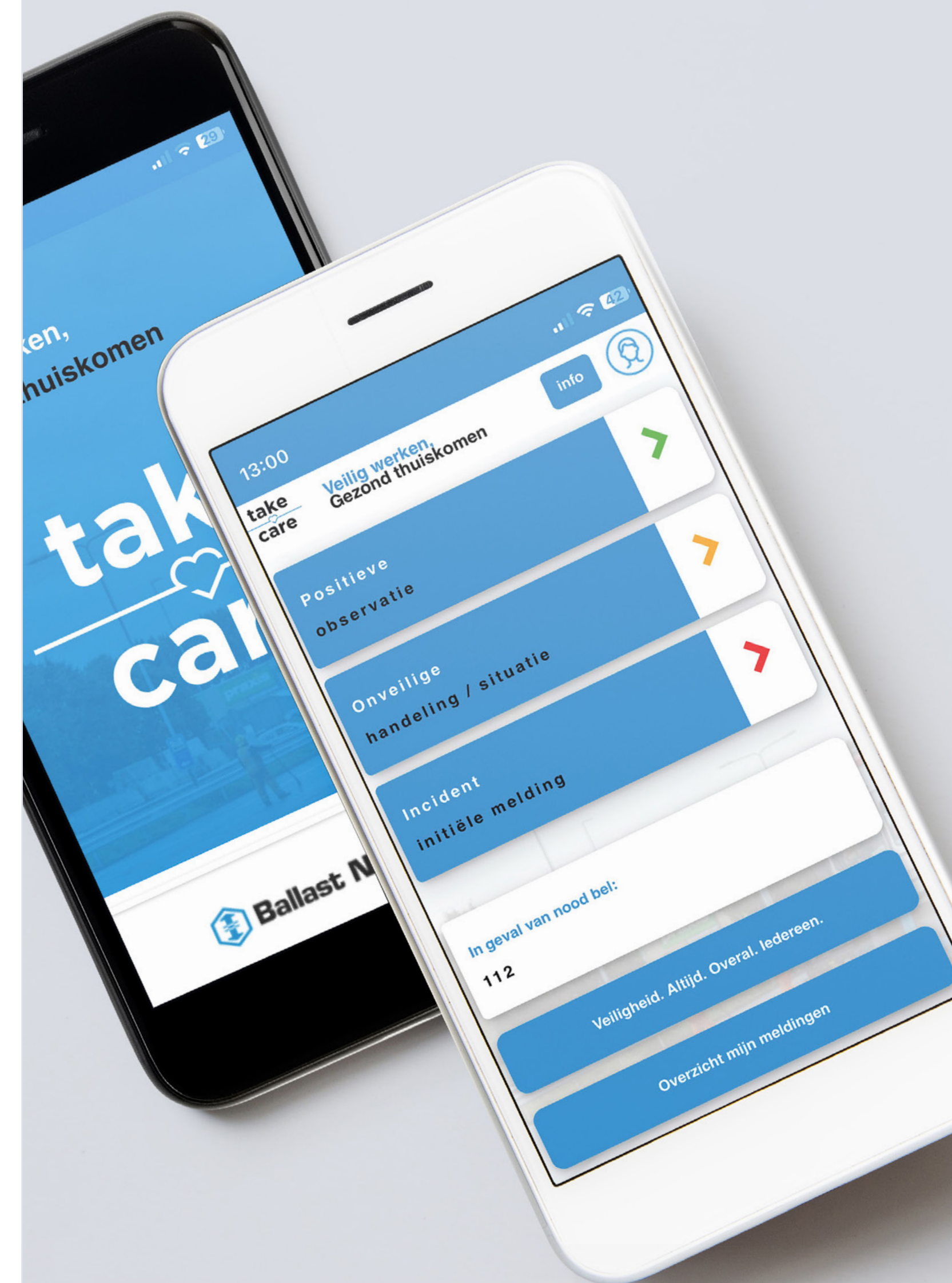
The CARE app makes it possible to report both positive observations as well as unsafe acts and conditions. Incidents can be reported in only six short steps. In addition to the CARE app, Ballast Nedam also introduced a central safety incident registration system. The system makes it possible to register, as well as manage and follow up on, reported safety incidents, positive observations and unsafe situations/acts. This not only makes incident registration more accurate and efficient, but it also makes it possible to generate reports at the holding, business unit and project levels. In the future, the incident database will allow us to report more substantively using several prospective ‘leading indicators,’ in addition to more retrospective ‘lagging indicators’.

6.2.7 Incident Review Panel

This year, we also changed the Incident Review Panel (IRP) by introducing Board attendance and accountability. IRP sessions are organised for lost-time incidents (LTIs) and all other incidents that are labeled as high potential (HiPo).

Goals of the IRP:

- ensure involvement (‘Take Care’ exemplary behavior), encourage and connect with each other;
- accountability to each other;
- reviewing the event/incident;
- maximum learning: ensure effective investigation and follow-up to prevent repetition.





In 2022, the IRP held 28 sessions.

In 2022, we devoted more attention to HiPo incidents. These are incidents that are not always clearly reflected in the statistics, but under slightly different circumstances could have resulted in permanent disability or a fatality. These incidents are discussed during IRP sessions, and they are included in periodic performance reports and announced across the business units via safety alerts. When relevant for other construction companies, we share our lessons learned with the rest of the industry.

Ballast Nedam distributed 21 Safety Alerts in 2022. When an incident occurs, whether a lost-time injury or a HiPo, it is important to share lessons learned to prevent similar incidents from happening again. Business units issue safety alerts that describe the incident itself, measures taken, root cause analyses and lessons learned. By distributing safety alerts, other business units stay informed and are able to take appropriate measures to increase awareness among employees.

6.2.8 Hazardous substances

In addition to incident registration, we also took steps to more effectively set up an inventory of hazardous substances and register them. In 2021, we began the

process of converting the Toxic programme's current license into a corporate one available to all business units within Ballast Nedam. By implementing Toxic at Ballast Nedam, we can more efficiently ensure assurance and compliance with all working conditions legislation when it comes to hazardous substances. By using Toxic, Ballast Nedam can more effectively demonstrate its compliance with the law. In 2022, we trained our HSE community in using the application, created our organisational structure in Toxic and most business units, and our projects started compiling the inventory and registering the hazardous substances used. The next step will be to launch the exposure module, which will enable us to perform exposure assessments that will serve as the basis for determining the right measures to minimise the risks.

6.2.9 Injury frequency results 2022

When it comes to safety in the construction industry, Ballast Nedam applies and adapts international standards and best practices as laid out by our parent company, Rönasans. In 2022, we set an overall injury frequency (IF) target ratio of 4.5 or lower. The IF ratio represents the number of lost-time accidents suffered by both employees and hired staff (including subcontractors) per one million worked hours. Our aim is always for all employees to return home injury-free, and one way we are working to ensure

this is by shifting our approach to risk management from a preventative to a pre-emptive one. By continuously working to build on this model, we aim to integrate behaviour-based safety into our organisational DNA, alongside operational controls.

Our overall injury frequency (IF) for 2022 was 5.5 (2021: 5.7, 2020: 5.0). This figure represents the IF for all employees, direct hires and subcontractors. This means we did not meet our target IF of 4.5. This is partly due to the fact that this year (more so than in previous ones) we invested especially heavily in improved reporting: with the implementation of the IRP, incidents that would have gone unreported in previous years were registered and reported. But based on further internal analysis, the four most significant reasons for failing to meet our IF target are inadequate planning and work preparation, misjudgement of risk, subcontracted workers struggling with training and machinery selection, and competence. One major takeaway is that the more experienced a worker is the less likely an accident will occur. Part of our plan of action for 2023 involves training workers in hazard recognition and intervention. Ballast Nedam will continue to make every effort to reduce the number of incidents, and we will take a more active approach in onboarding our employees, partners and subcontractors. In 2022, there was an increase



in the IF ratio, meaning the absolute number of lost-time incidents increased from 55 in 2021, to 62 in 2022.

In 2022, Ballast Nedam had no fatal accidents. In 2022; 16% of lost-time injuries could have resulted in a permanent disability or fatality under slightly different circumstances (in 2021 this figure was 9%). The number of lost workdays increased from 594 in 2021 to 717 in 2022. Most lost-time injuries in 2022 were specifically hand or finger injuries (25%).

In 2022, no severe environmental incidents were reported. Throughout 2022, all incidents were thoroughly investigated by root cause analyses, after which measures were taken to prevent similar incidents from happening again.

6.3 Health and Safety in the supply chain

6.3.1 Leadership, responsibility and promoting step 3 on the Safety Culture Ladder

As part of our continued effort to improve safety culture, Ballast Nedam has joined forces with a number of other leading companies and clients in construction, infrastructure and technology. Together, we have established a code of conduct called the Governance Code for Safety in the Construction Industry (GCVB). The code

lays out common principles and core values fundamental to workplace safety that aim to harmonise working methods and the use of instruments. Implementation of these strategic aims involves the entire supply chain. Ballast Nedam already actively participates in the Governance Code, and in 2022 we upped our contribution.

In 2022 we held two successful stakeholders GCVB HSE breakfast sessions with representatives of clients and companies that subscribed to the GCVB. Both stakeholder sessions had deep dive sessions covering both the hard (systems and procedures) and the soft sides of safety (deeper layers of behaviour-based safety).

According to the code, the pursuit of a safer sector should not be understood in terms of competition or a legal obligation, but rather as a joint and socially necessary effort that equips us to support one another and remain dedicated to continuous improvement. The Safety Culture Ladder (SCL) is a tool introduced by the GCVB to measure safety awareness, attitude and behaviour within companies, with a strong emphasis on safety culture. The SCL aims to encourage companies and their suppliers to work safely and conscientiously. Accordingly, organisations that maintain higher levels of safety awareness within their organisations ascend to higher rungs on the SCL, which is applicable in all

sectors. At Ballast Nedam, we successfully continued step 3 and finished our GAP analysis and action plan with regards to step 4 of the SCL for proactive business units.

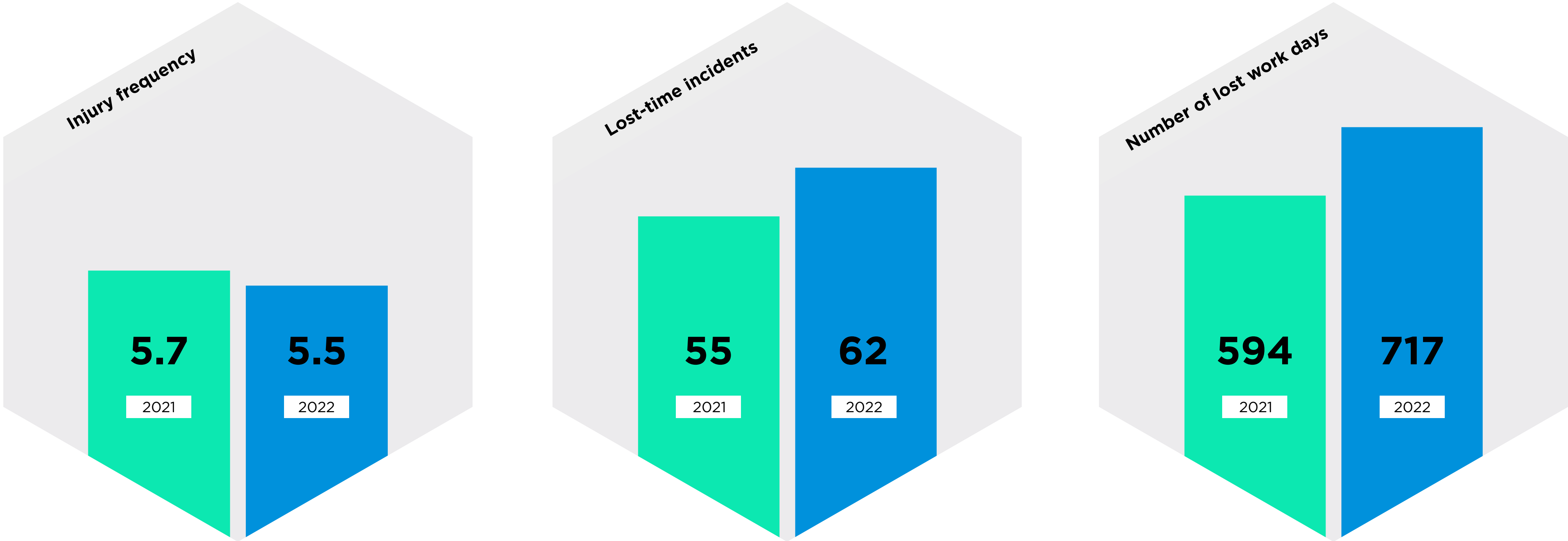
6.3.2 Ensuring safety in the supply chain

At Ballast Nedam, we take the safety of our own employees as seriously as those of our partners, our subcontractors and suppliers. At construction sites, the Group's message to all personnel, including subcontractors, is to 'either work safely or not work at all.' We engage all employees working on our sites in an ongoing dialogue about the Group's safety policy, and we actively ensure that all safety standards are met, in accordance with policy and risk assessments.

We have effectively included explicit safety requirements in all our purchasing conditions, requirements for subcontractors and purchasing contracts. Furthermore, as of 1 January 2022, clients who have signed the GCVB must also include safety awareness in all tenders and contracts. We call this joint agreement Safety in Procurement (ViA). To increase safety awareness among all stakeholders, certification is not only required from contractors: clients must also be certified, and audits of safety protocol are carried out at either a company or project level. This will help standardise a joint and unambiguous approach across the entire sector.



Figure 13 Safety indicators





Ballast Nedam successfully received a renewed certificate for health, safety and environmental standards (ISO14001, ISO 45001 and VCA (Veiligheid Checklist Aannemers)) in 2022, and we made excellent progress on step 3 of the Safety Culture Ladder. We feel confident these successes come as a result of leadership, commitment and responsibility in good collaboration with our supply chain.

6.4 Circularity – Health and safety

We believe there are more benefits than risks. When it is good for circularity, in most cases it also beneficial in terms of health and safety.

Following are some of the benefits:

- ◆ We consider waste to be a result of design, purchasing and implementation decisions and are working towards eliminating waste and using circular materials.
- ◆ We are working towards a waste-free construction site, focusing on eliminating (plastic) packaging materials for single use and avoiding toxic substances (CMR-free buildings).
- ◆ We aim to fight pollution by no longer using any toxic substances.
- ◆ We aim to construct buildings where all the elements can be dismantled and reused where possible.

- ◆ We promote the use of more efficient digital tools, such as BIM, drones, robotics, apps and artificial intelligence.

During 2022, we joined the first physical ENCORD council meeting held since 2019. In this council meeting, we had a workshop on Circularity in Construction. ENCORD's aim is to demonstrate that circularity in construction is not an academic discussion. Ballast Nedam presented the development of Modupark, which demonstrates that circularity and health and safety go hand in hand.

6.5 Outlook on 2023

As we have made clear, Ballast Nedam's goal is to ensure that everyone who works for Ballast Nedam returns home free of injury at the end of the day. One way we are working to achieve this is by shifting our approach to risk management from a preventative to a proactive (resilient) one. By continuously working to build on this model, we aim to integrate behaviour-based safety into our organisational DNA, alongside operational controls.

One area of continued focus in 2023 will be training middle management in safety protocol, leadership and intervention, as we aim to make our safety culture more behaviour-based. We will introduce quarterly themes on

the top risks, and continue to hold Safety Sprint sessions to facilitate interaction and improve safety more generally. Our 'Take Care' safety campaign will help strengthen our overall culture of care and also emphasise shared learning.

We aim to have an HSE dashboard that will support us with trend analysis as we move from primarily lagging safety indicators to leading ones. In the long run, these shifts will support efforts across Ballast Nedam to become more data-driven.

In 2023, we want to further improve our competencies to maximise learning from incidents. As our HSE professionals support the Board of Management in this process, we will train them to perform this role adequately. This training activity will focus on the skills needed to advise on how to design the investigation, how to actually carry out the investigation (as a team) to obtain the right information (fact finding), how to draw conclusions (root causes), how to effectively draw up the final report, and how to present the findings and recommendations to the Board of Management.



Ballast Nedam had an assessment made in the period December 2019–March 2020 with a focus on safety-enabling measures and safety culture. As one of the outcomes of this assessment, Ballast Nedam defined nine focus points through which we want to improve safety and culture. Three years after the original assessment, Ballast wants to understand if all the actions, initiatives and focus points have had the desired impact. As the nine points deal with the attitude and behaviour that impact culture, the focus of the company-wide assessment in 2023 would be on culture only. This assessment will provide an understanding of why the results are what they are (what contributes and leads to these results); how alive and embedded the nine focus points are in the organisation; and what the appropriate next steps should be on the Ballast Nedam Take Care safety journey.



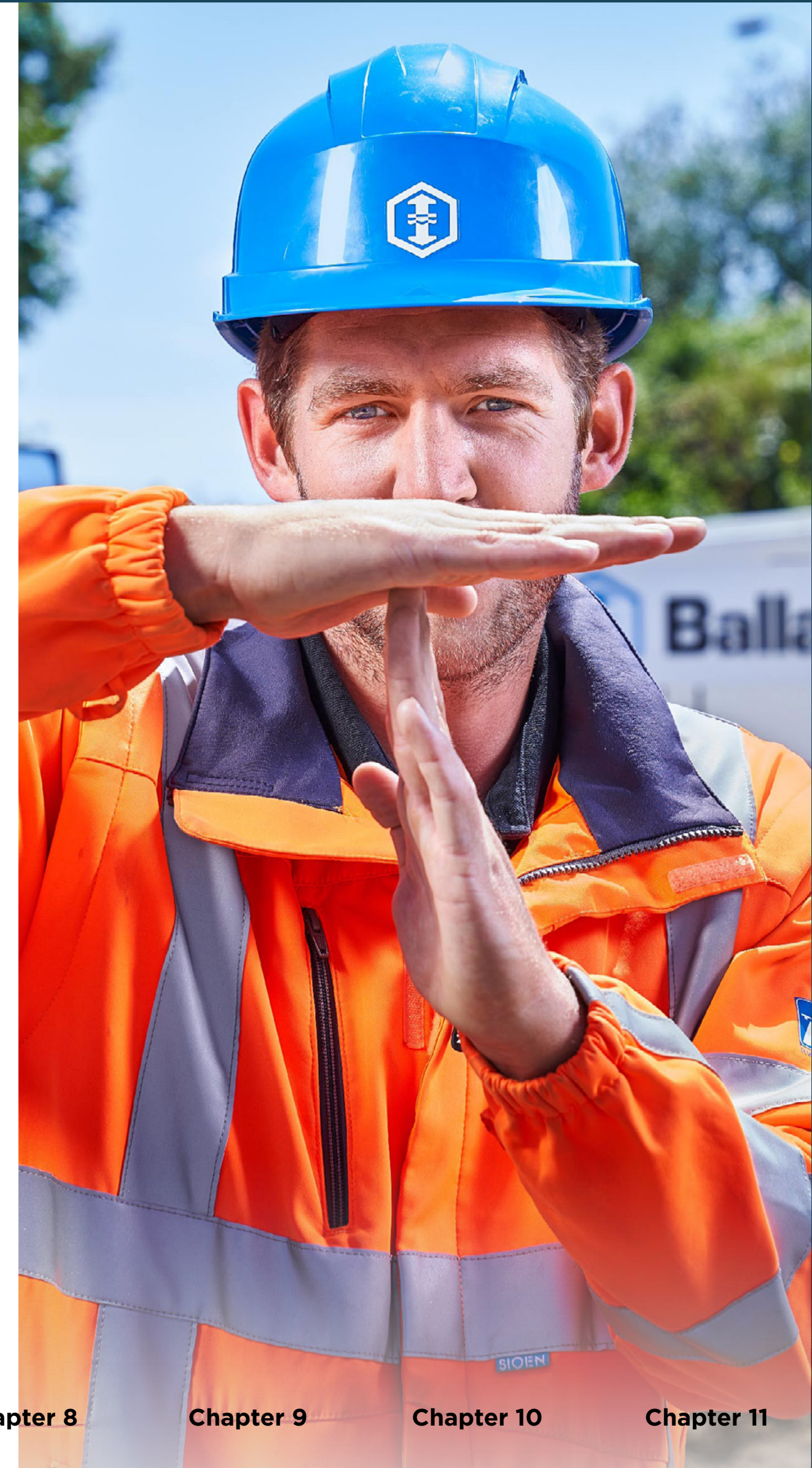
Business case

Take Care: making our work safe together

A tumbling concrete block, unstable scaffolding or a slip with a saw. An accident can happen any time, any place – especially in the construction industry. Ballast Nedam’s Take Care safety programme aims to reduce the number of safety incidents and accidents on construction sites.

The challenge

Our colleagues work on construction sites every day. It is a beautiful and challenging job that unfortunately also involves risks. The Netherlands Labour Authority’s annual Occupational Accident Monitor shows that construction is one of the sectors with the relatively highest number of accidents at work. These accidents obviously have a huge impact on those involved, their families and colleagues. To make matters worse, some of these accidents could have been prevented if more attention had been paid to safety. This is why Ballast Nedam launched the Take Care safety programme in June 2022.



With this programme, we challenge ourselves and our colleagues to look out for each other, take responsibility and call each other to account when necessary. This will help us create greater awareness of safety on the construction site among everyone – from trainees to supervisors. Because we can only make our work safe and ensure that everyone returns home in good health at night if we do it together.

Our vision

In 2020, we mapped out how Ballast Nedam stood on safety. “A key area for improvement was to create a ‘culture of care’. In other words, a culture in which we take care of each other. That was the reason for starting Take Care in 2022,” says Stephen van Bree, Take Care programme manager. The aim of this safety programme is to make people more aware. “Safety is a joint responsibility and concerns everyone. That is why we also made photo posters of our own employees, so these posters are recognisable and personal. We also set up a Take Care leadership programme for managers and developed a Care app, which is now being rolled out in phases. In this app, employees can report incidents and dangerous situations, but also positive observations, such as a safe barrier or a tidy building site. Because a lot is already going well in terms of safety, too, and these are also well worth sharing with colleagues.” Stephen explains that the Take Care programme has no end date. “We have now planted the seed, but a culture change takes time. We will not stop this programme until everyone chooses the safest option by default, even when no one is looking. That should come automatically.”





In practice

Piling is one of the riskiest jobs on a construction site. “As a pile driver, you are actually the eyes of the crane operator, who has to lower the piles into the right place. As a result, you are always under the load, which of course is not without danger,” Peter Groen explains. He has been a site manager at Ballast Nedam Funderingstechnieken for three years and previously worked as a pile driver for 16 years. Peter contributed to the Take Care safety programme. “I am on a poster with a picture and the one-liner: ‘We have to watch each other closely, because we don’t have eyes in the back of our heads.’ For me, that is the essence of working on construction. Group feeling is very important. Everyone has to feel free to say that a situation is unsafe.” According to Peter, this is certainly the case at Ballast Nedam Funderingstechnieken. “The other day I got a call from a colleague who had stopped work because people were working too close to the foundation machines. I went there immediately and only when they had left did we resume work. I think this is a fine example of a good decision by a colleague. Because safety is paramount.”



take care



Chapter 7

Human Resources





7.1 Human Resources context and vision

Our people and culture are critical to making a sustainable impact on the way people live, work and commute. It is through their expertise, teamwork and drive to learn and grow that we succeed in what we do as a company.

Our ambition is to be an employer of choice through the diversity of our businesses and projects, our entrepreneurial spirit providing many opportunities for (career) development and our core values.

Our goals are to attract and retain a sufficient number of qualified people, to stimulate productivity and employability, and to provide a healthy and welcoming working environment. We believe these goals contribute directly to the continuity of our company and well-being of our people.

Our strategy for achieving our goals is to develop our employee value proposition and increase the awareness and willingness of the right people to engage with our company. We focus on our culture of performance, living our core values, encouraging initiative, feedback and recognition. We provide training and development opportunities for all types of employees, specialists and managers. We take the well-being of our people seriously, and this is reflected in

our leadership style, vitality events and attention to work-life balance. As a diverse company, diversity and inclusion comes naturally to us, with increasing number of women in our workforce, equal opportunities and equal pay.

We believe that our inspiring, safe and rewarding working environment will enable us to continue attracting and retaining a diverse workforce of excellent professionals who will ensure the continuity of our business.

7.2 Sufficient qualified workforce: remaining an attractive employer in a challenging labour market

In 2022, the labour market remained challenging. As a result of the shortage of qualified talent, we need to position ourselves in the labour market as a distinct employer to find sufficient new employees to replace those leaving the organisation and to facilitate our growth ambitions.

Employee turnover has increased, probably due to the end of COVID-19 restrictions and uncertainty during the year, and the completion of large projects. However, we succeeded in hiring sufficient numbers of new employees, resulting in a slight increase in our total headcount. We have effectively developed our employee value proposition showcasing the diversity of our businesses,

our entrepreneurial spirit, our growth opportunities and our core values. We are using market intelligence and active employee engagement to drive this proposition. We broaden our pool of potential employees by providing personalised training and development for new employees who may lack certain required expertise but are highly motivated to learn and succeed.

We welcomed many scholars and students for internships. In addition to fulfilling our social responsibility and offering new generations opportunities to learn, this is an effective way to position us as an employer of choice and ensure future recruitment success.

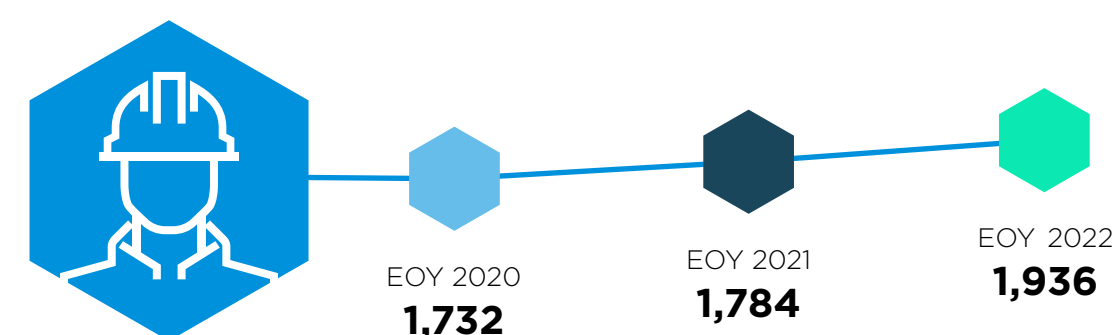
In the coming years, we expect the volume of construction activity to stabilise after years of rapid growth. We expect our headcount to remain stable, as well as employee turnover. This may result in a lower number of vacancies to fill, but the need to continue to invest in employer branding and (campus) recruitment to attract and hire a diverse range of qualified employees remains vital.

We will continue to invest in our employee value proposition for specific target groups. We will do this by intelligently combining market and employee data and by using more sophisticated referral and employer

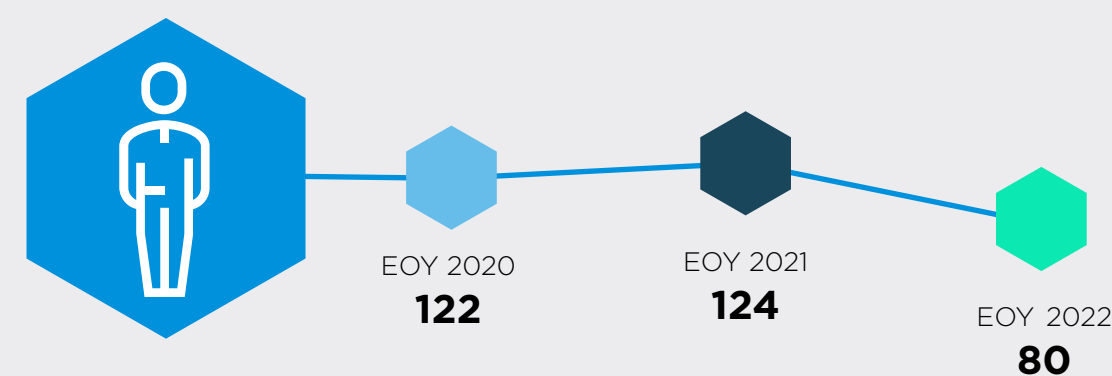
Figure 14 Human resources overview 2022

Headcount

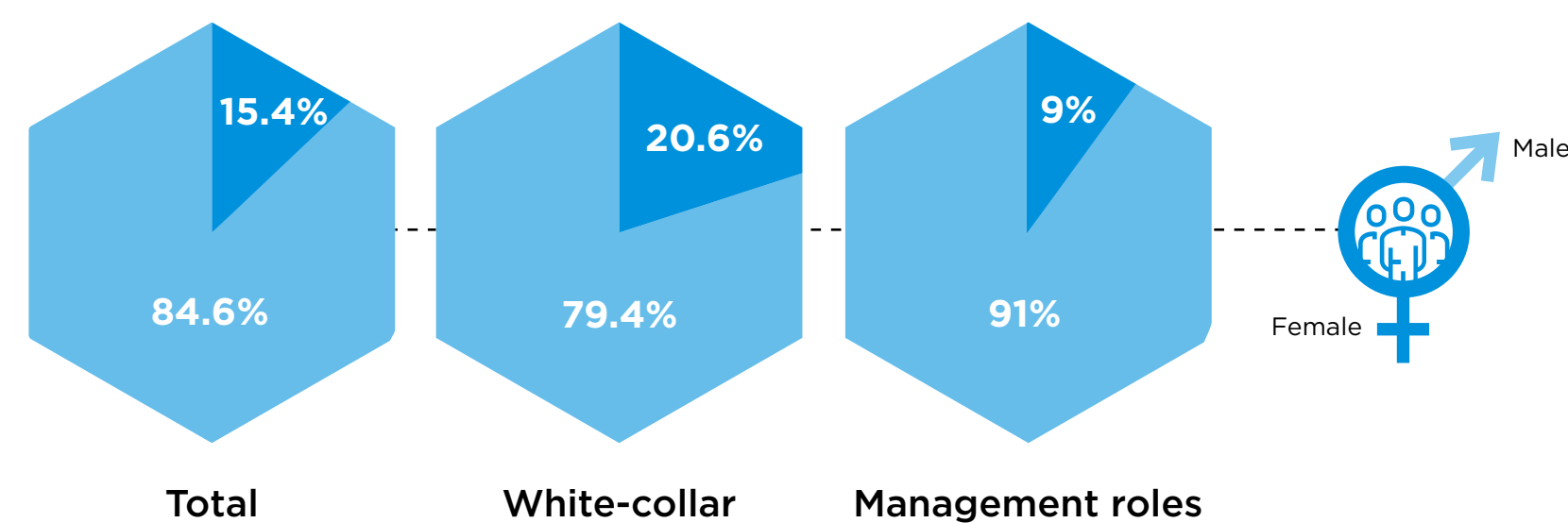
Number of employees



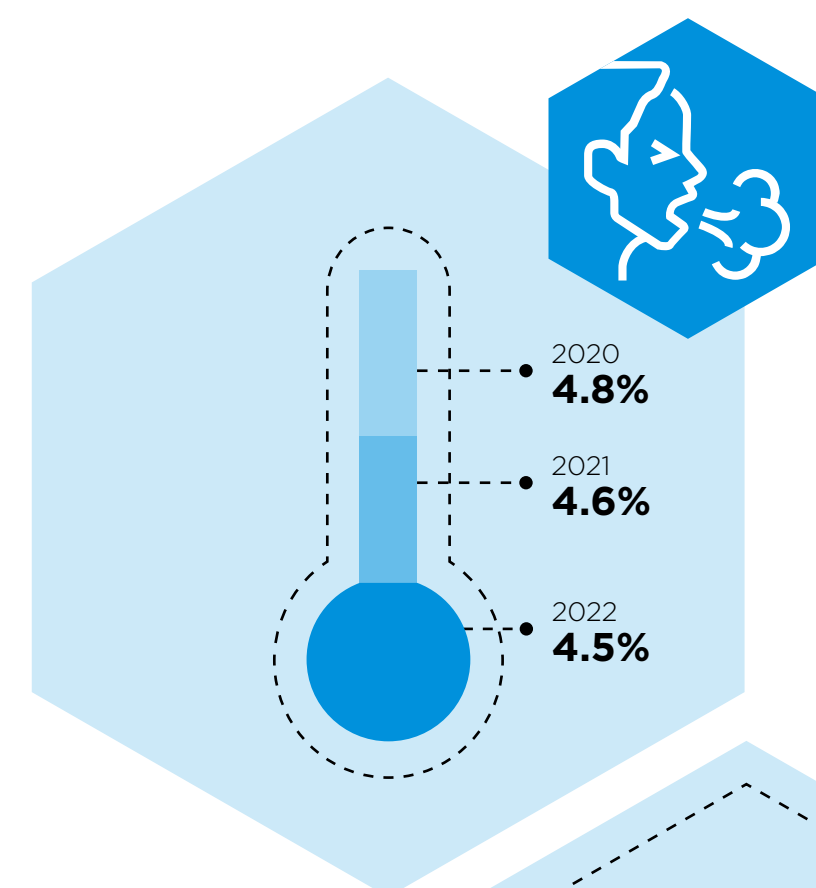
Number of interns



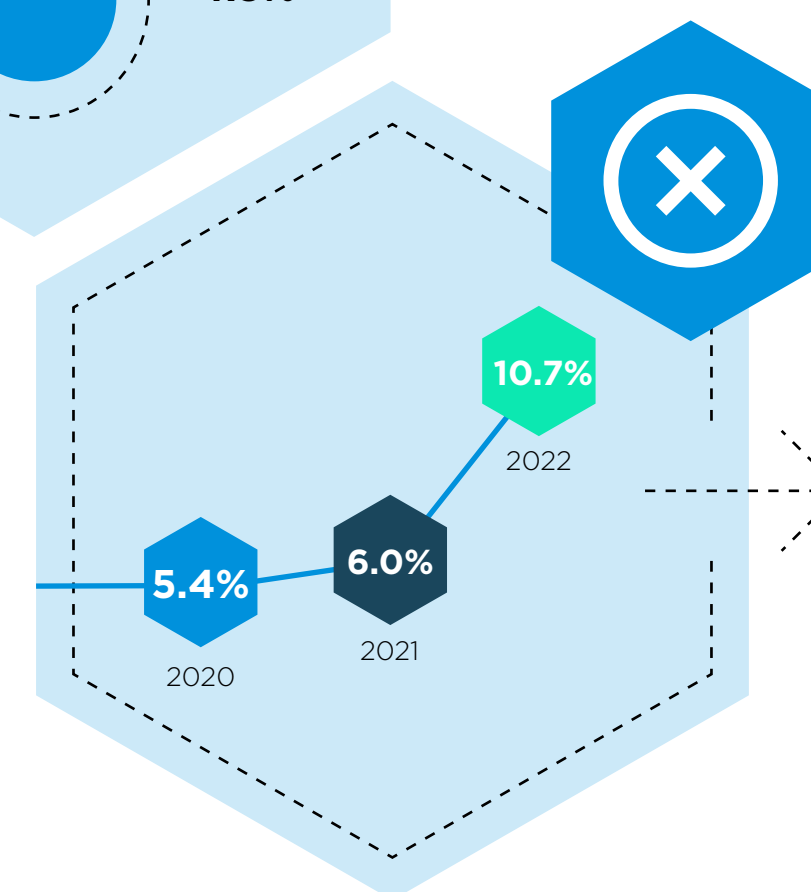
Female employees part of the workforce 2022



Sick leave rate



Voluntary attrition rate



Realised SROI vs. plan

100%
realised vs planned

17
active projects with
social return



branding techniques in which our own employees are our key ambassadors. We will also continue to actively engage scholars and students for internships and invest in alternative channels to meet recruitment needs.

7.3 Productivity and employability: making a sustainable contribution and achieving ambitions

We want our people and teams to excel and continue to make sustainable contributions to the success of our company, while enabling them to achieve their ambitions. We are in a people business, and it is the people that make the difference, not our products and services as such. Our values are the perfect reflection of this belief. In our daily work, we focus on people and relationships, ownership and learning, adapting and growing to deliver for our customers and to achieve our ambitions.

Leadership is key to guiding employees, giving them feedback and recognising their performance. In 2022, we invested more in leadership development in many of our business to ensure managers understand their specific roles and are able to use their people skills effectively. We are using annual appraisals for all employees and witnessing more frequent use of intermediate performance reviews to align goals, evaluate and follow up on personal

and team development. Over time this investment in the needs and ambitions of our people will be a good indicator of our ability to maintain the employability of our workforce. It will also help to retain employees, knowing that personal development, especially for younger generations, is a key driver for choosing an employer.

Our performance culture provides many opportunities to take initiative, give and receive feedback, learn and take on increasing responsibility. We see many people progressing in their careers and receiving promotions, thus creating new opportunities for others. The introduction of job families, which outline job requirements and differentiators, supports the discussion and development of career paths. This covers both professional and management positions within and across disciplines.

In addition to formal routines and training, we value the creation and sharing of knowledge. In 2022, there were many examples of employees taking the initiative to introduce new techniques and innovations, interns doing valuable research and people sharing insights through media and events.

A culture of performance means recognising and rewarding performance. In 2022, we celebrated many individual and team achievements. Special recognition was given to employees with outstanding achievements in areas such as innovation, safety and operations with the Rönensans excellence awards and Ballast Nedam excellence awards. We also organised many social events in our businesses to engage and thank people for being part of our company.

In 2023, we will continue to invest in our approach to performance, development and knowledge sharing with the introduction of a new appraisal system and new learning and development courses and tools. Our training catalogue will be expanded and aligned to our job catalogue and internal requirements.

By placing greater emphasis on succession planning, we expect to create more career opportunities, resulting in higher retention. We will continue to award excellence, while recognising every valuable contribution to our business. We want to ensure that a lack of opportunity to learn and grow is never a main reason for people to leave.

7.4 A healthy and inviting work environment: taking employee well-being seriously

A healthy working environment, care for people and respect for personal preferences and circumstances are what we consider to be modern working conditions. In our industry, physical safety is rightly considered an absolute, something we never take for granted. Social safety and feeling respected and appreciated are issues we often take for granted. But taking them for granted can lead to (mental) absenteeism, loss of job satisfaction and performance issues.

We closely monitor sick leave and its causes. As the COVID-19 epidemic receded, sick leave figures displayed a positive trend as they dropped again. Nevertheless, we want to reduce the number even further. In 2022, we organised many vitality events and health programmes aimed at raising awareness, taking preventive action and promoting return to work. Participation rates were high, and our employees expressed their appreciation for these activities. Coaching is also often used to support (groups of) individuals with their specific needs, such as stopping smoking, financial advice when retiring or mindfulness. And for older construction workers, the Heavy Workers Act is applied where appropriate.

As a diverse company, diversity and inclusion is a natural part of our business in many respects. We support equal rights and opportunities legislation and facilitate people's work-life balance preferences as much as possible to attract and retain employees. We have organised social return work, whether as part of a project or on our own initiative.

Beyond social inclusion, diversity and inclusion is also a business requirement. An increasing influx of women, professionals with different qualifications and experience, and people with a distance to work are vital for the continuity of our businesses. Also the Act on gender diversity in boards requires us to set ambitious goals regarding the male-female ratio in the top and sub top of our management population.

We aim to have 30% of the Supervisory Board, Board of Management and senior management positions to be held by women by 2030 and 30% of our entire population to be female by 2025. To achieve these goals, we need an increasing inflow of female employees each year. We believe that these targets represent the maximum achievable for our industry.





To achieve this, we participated in a well-received media campaign on national television aimed at increasing the percentage of women in the construction sector, for example. We also introduced female-specific branding of vacancies, based on research that shows women are triggered differently than men. In case of equal suitability for a position and team profile allowing for it, female candidates are preferred.

The recruitment of women in 2022 was on target at almost 25% of all new hires, an increase of 5% compared with the previous year, resulting in a slight increase of the overall female/male ratio. The target for the Supervisory Board was met in 2022. However, the Board of Management consists entirely of men, as does the greater part of our business unit management teams. There has been an increase over the past years in the number of female senior managers, however, and we will continue to strive to meet these appropriate and ambitious targets as we recruit new employees.

We will continue to invest in diversity and inclusion. We will invest in social return by engaging with Refugee Talent Hub, among others, to meet our social responsibility. We will facilitate work-life balance, fair rewards, equal pay and recognition as we believe these are key to an engaged and productive workforce. In 2022 over 95 percent of our employees is covered by collective employment agreements. The Heavy Workers Act remains in force until 2025 and will help senior employees to maintain the right work-life balance as they approach retirement.

We have a clear plan of approach to meet the objectives of the Diversity and Equal Opportunity Act. We continue to target female leadership and talent through specific campaigns that explicitly showcase our current female population, career opportunities and benefits that enable a healthy work-life balance.

Business case

Staff wanted: a tight labour market

Research conducted by the Employee Insurance Agency (UWV) shows that all occupational groups are currently facing staff shortages. The consequences are being felt all over the Netherlands. Ballast Nedam is responding by investing in candidates who are not 100% qualified but have enough ambition, talent and eagerness to learn.

The challenge

In 2021, the labour market recovered from the COVID-19 crisis. The number of vacancies increased, while the number of jobseekers continued to fall. As a result, the labour market is currently tighter than ever. This also applies to construction, where there is a shortage of skilled workers, work planners, supervisors and project leaders, among others. Naturally, this is also noticeable at Ballast Nedam. As a construction company, we are fishing in a small candidate pool with many other builders and contractors. So we have to pull out all the stops in the coming years to find and keep enough staff. This means we have to



recruit in a different way, for instance by not focusing on qualifications and work experience. That’s why we’re taking on people who may not have the most suitable education or experience, but who are motivated and feel at home at Ballast Nedam. With customised training, we make sure they still acquire the right knowledge and skills to do their job well.

The vision

Mindset and motivation play an increasingly important role in job applications. “Education or work experience is no longer all-important. We are an entrepreneurial construction company and are looking for people who fit in with that and want to build the future with us. Even if you don’t have the right education, because everything can be learned,” says Willem Turkenburg, director of HR at Ballast Nedam. One advantage of working at Ballast Nedam is the many career and development opportunities. “We like to see employees take advantage of these opportunities,’ he says, ‘but we don’t always take them by the hand. That’s what sets us apart from other construction companies. Ballast Nedam has an open culture with plenty of room for people to take the initiative. Add to the mix interesting



projects and a nice atmosphere and you can understand why people like working for us.” To retain employees, Ballast Nedam invests heavily in training and development. “People want to keep learning throughout their lives. That certainly applies to the youngest generation. That’s why we offer a wide range of education and training courses.” According to Willem, the staff shortage at Ballast Nedam will not worsen in the coming years. “The number of construction projects is stagnating. Moreover, technology is making the construction sector more appealing to young talent, as it makes work more challenging and, in part, less physically demanding.”

In practice

Ballast Nedam’s two concrete factories, Haitsma Beton and Hoco Beton, are also feeling the crunch on the labour market. “Vacancies stay open longer. To still find enough people, we recruit in three ways: through Ballast Nedam’s recruitment department, through our own staff, who receive a bonus if they bring someone in, and through employment agencies,” says Wim Comello, director of Haitsma Beton and Hoco Beton. He says he’s not bothered by the fact that Haitsma is in Friesland and Hoco in Limburg. “It’s difficult for everyone to find staff. There may be less talent available outside the Randstad, but there’s also less competition from other employers.” According to Wim, the most important thing when the labour market is tight is to make sure employees enjoy going to work. “They want to earn money, of course, but above all they want to have a pleasant workplace. That is why we listen carefully to what’s on people’s minds and what could be improved. Think, for example, of using tools to make work less physically demanding or the possibility of taking extra leave. Most employees stay with us for a long time. We have just said goodbye to someone who retired after working here for 32 years. So we seem to be doing well in terms of work satisfaction.”





Chapter 8

Digital transformation and innovation



8.1 Our vision

Driven by the need for increasingly efficient operations and higher customer satisfaction, Ballast Nedam has made digitalisation and innovation top priorities.

Indeed, digitally mature organisations perform better in terms of revenue growth and EBIT.¹³ In addition, they outperform the market in customer experience, attracting new talent, employee engagement, creating new business opportunities and learning capability. Companies that are digital leaders are found to be more profitable than their industry peers. Moreover, the Dutch government aims to build 900,000 new homes before the year 2030, which we believe can only be achieved by using a more innovative construction process.

Therefore, Ballast Nedam wants to become more digitally mature. We see innovation and digitalisation as a continuous process. As shown in our business case, we continue to push the boundaries and create new business opportunities along the way – but we also make well-considered decisions based on the added value of new innovations. Ultimately, we aim to create a safe and sustainable living and working environment by using digitalisation and innovation to stay agile, connect and inspire our colleagues and clients.

8.2 Context

The construction sector is a competitive market. To excel in it, a company needs to maximise the efficiency of its business operations and realign its technological priorities. Even though the sector is in the process of transforming, it is still relatively traditional, so there is a lot to gain through digitalisation. Indeed, in the Netherlands, doing business in this sector is becoming increasingly challenging due to tight margins, the impact of labour shortages, a scarcity of resources, energy efficiency and productivity.¹⁴

Digital maturity in this sector is intimately connected to the challenge of standardising the construction process. Every project involves new, one-off designs, feasibility challenges, logistical issues and general customer demands. Furthermore, construction companies depend on customers, suppliers, and other partners to participate and cooperate in the development. The fact remains that digitalising the construction sector offers significant opportunities for the entire value chain. Not only by improving existing practices, but also by introducing disruptive technologies and tools that can lead to completely new processes, business models, materials and solutions.

The acceleration of digitalisation in the sector is driven by the introduction of emerging technologies, such as robotics, virtual reality, artificial intelligence, the Internet of Things and digital twin technology. These developments are helping the sector to eliminate long-standing inefficiencies and increase productivity.

Increasingly, clients are demanding more digitalisation and data about their projects. They recognise the value of the data created by the contractor and the opportunities these bring to the operations. For instance, our 3D models are being used for building life-cycle management. In addition, clients are pushing for more sustainability in their projects, which can partly be monitored and demonstrated through digitalisation, for example by measuring emissions generated by mobile equipment or the use of a CO₂ dashboard in a project.

¹³ Deloitte. (2020, February 1). digital-diagnostic. Retrieved from kpmg.nl: <https://www2.deloitte.com/content/dam/Deloitte/de/Documents/Deloitte%20Digital%20Maturity%20Index-Survey%202022.pdf>

¹⁴ <https://ec.europa.eu/docsroom/documents/45547/attachments/1/translations/en/renditions/pdf>

In short, digital technologies can help to improve building performance and address issues such as the labour shortage, labour productivity, waste, greenhouse gas emissions, health and societal challenges.¹⁵

8.3 Goals, ambitions and outlook

Our ambition is to accelerate the digitalisation process to help solve existing challenges throughout our business operations. The main drivers are the need to improve productivity, cut costs, meet market demand, engage employees and outperform our competitors. Therefore, as Ballast Nedam, we are investing in our existing systems, new innovative software and hardware, and talented employees. We are exploring innovation outside our own organisation, and we are continuously on the lookout for new and unique ideas in the industry. Our goals, ambitions and choices are based on the outcomes of our pilot projects, and we integrate any knowledge gained into our organisation.

In 2022, we divided the theme of digitalisation and innovation into three major topics: ‘Data, digitalisation and analytics’, ‘Automation and robotics’ and ‘Advanced Building Methods’.

8.4 Data, digitalisation and analytics

We are putting considerable effort into upgrading our existing technical systems, such as document management and Building Information Modelling (BIM) collaboration tools and transforming them into a ‘common data environment’. Step by step, we are moving all our on-premises data sources to the cloud, including the next-generation administrative systems and data analytics. Our aim is to increase data accessibility, security, collaboration and automation in the process.

Internally, the demand for data, digitalisation and analytics is increasing. To expand our business intelligence, we are streamlining data flows and visualising data through dashboarding to provide better insight into business operations and thereby increase responsiveness and decision-making. For our safety and quality registration, we have developed an application called QS2Field. In 2022, we finalised all the basic modules (observations, incidents, workplace inspections, non-conformances and quality

¹⁵ <https://ec.europa.eu/docsroom/documents/45547/attachments/1/translations/en/renditions/pdf>





inspections). The QS2Field application can be used on desktops, laptops, tablets and mobile phones. We are using the QS2Field application to standardise our registrations and create a single source of information that will enable us to learn and adjust faster. Furthermore, lessons learnt, and knowledge management are extremely valuable in our business. By introducing a centralised information platform (KnowMan), we will make this knowledge accessible for all our employees. The next phase in this quest for business intelligence will focus on predictive analytics solutions.

We also use dashboards to make the data for our business reports transparent. Some of these have been developed and are available for our organisation to use, and they will be expanded for our other reports. The information for these dashboards comes from different applications and is stored in our newly built data warehouse. We have built this data warehouse with the aim of guaranteeing data availability and security.

Ballast Nedam has an internal full-service and knowledgeable ICT department that can provide end-to-end solutions for most of our information needs. This enables us to respond relatively fast to emerging digitalisation opportunities.

8.5 Automation and robotics

The construction sector is a labour-intensive industry facing a decline in skilled workers while demand is increasing.¹⁶ Therefore, as already mentioned in our business case, Ballast Nedam is investing in new robotic solutions. Ballast Nedam believes that robotisation can bridge the labour gap, increase productivity, improve working conditions, attract top talent and reduce operational costs.

There are two parallel developments taking place in robotics: physical robotics and virtual robotics. Some of the applications already used by Ballast Nedam fall under physical robotics, such as surveying, precision drilling and brick-laying robots. Virtual robotics includes our artificial workforce developed by the Robotic Process Automation (RPA) team.

Our physical robot solutions have already added significant value. The robotic plotter has drilled more than 280,000 holes in the Maasdelta Tunnel and Holland Tunnel, speeding up the process and saving costs. The bricklaying robot was thoroughly tested and improved in 2022, which has convinced us to invest in two robots that will be taken into production by Heddes and Laudy Bouw & Ontwikkeling.

We expect to have the first bricklaying robots operational by the first quarter of 2023. Furthermore, we will expand the use of current robot solutions in our organisation. As is the case with the robotic plotter for surveying, in 2023 we expect to use this robot in new surveying jobs. In 2023, we also aim to use drone footage for surveying and monitoring construction progress onsite.

Currently, the trend in virtual robotics is to combine the use of several solutions, such as RPA, chatbots, optical character recognition and artificial intelligence. Ballast Nedam believes that virtual robotics can save time, refocus our employees on more interesting tasks and accelerate human achievements. We always combine the relevant techniques to achieve an optimum solution. In 2022, we put considerable effort into creating a backlog of processes suitable for automation in the Project Control, Finance (CFD) and Human Resources departments. Existing RPA processes in Finance and Work preparation are being expanded. Two new processes are under development, and we aim to automate various additional processes in 2023.

¹⁶ <https://www.eib.nl/pdf/Arbeidsmarktrapportage%202021.pdf>



8.6 Advanced Building Methods

Advanced Building Methods include Building Information Modelling and digital twin processes. Nearly all our projects are managed using BIM, which increases efficiency, improves quality and enhances collaboration throughout the construction process. Our 3D models are increasingly the center point of operations. Not only are they used as a visual component but also as a data source for many other potential uses. In 2022, we raised our standards, expanded the use of this technology and piloted several new BIM-related innovations.

In 2022, we piloted 4D and 5D software on the Princess Amaliahaven project to gain more insight into project progress and performance, as well as the gap between planned and delivered work. We can identify precisely how 4D and 5D progress monitoring has added value, which has resulted in more detailed project reporting and enabled us to control the time-to-cost dimension. In 2023, we will use our findings for the in-house development of dashboarding and data restructuring.

Our surveying department (DIBEC) is making scans that are being used in conjunction with our 3D models. They provide a more realistic rendering of the design during the tender phase and can be used for as-build comparison in projects. We are mastering the handling of big data from point clouds and standardising the work processes. Our continued use of point clouds for as-build comparisons will help us to solve one of our key challenges: reducing failure costs. In 2022, we made multiple point cloud scans for the Princess Amaliahaven and Blankenburgverbinding projects.

In 2023, we aim to further develop some of the innovative ideas that are being generated in our organisation. For example, one idea is to use visualisation to enhance feasibility (including logistics) and safety. This entails creating a digital twin by means of a game engine and using it for building and information life-cycle management, and enhancing this complex system of interfaces and the clashes that occur in it. Moreover, we want to improve the quality of the metadata in the models, bring the 3D models onsite through personal smart devices and use the data for progress monitoring. We aim to have a progress and cost dashboard operational for one of our projects in 2023.

8.7 Status and lessons learnt

The investments made in 2022 show that the organisation is fully committed to the digitalisation and innovation process. The digitalised processes and the support of robotics achieved good results in 2022. In the coming years, Ballast Nedam will continue to invest in digitalisation to continuously increase efficiency and transparency. This will lead us to become increasingly mature in the field of digitalisation.

Business case

Robots: the construction workers of the future

Until 2030, the Dutch construction industry will invest some 306 million euros in robots, according to research by ABN AMRO. Moreover, the bank expects the number of construction robots to increase by an average of 14.1% a year. Ballast Nedam is also fully committed to robotics.

The challenge

In the coming years, hundreds of thousands of houses need to be built to meet the high demand. Hundreds of thousands of existing houses must also be made more sustainable as part of the climate goals. At the same time, we have to deal with the nitrogen problem, rising raw material prices and a huge labour shortage. So the construction sector faces enormous challenges. All the more reason for Ballast Nedam to invest heavily in robotics. In 2022, for instance, we drilled 280,000 cuttings and brackets in the underwater concrete floor of the Maas Delta Tunnel and Holland Tunnel using a robot plotter. We also trained



two colleagues as drone pilots, for example to carry out dimensioning via drones. And last but not least, together with developer ROPAX, our subsidiaries Heddes Bouw & Ontwikkeling and Laudy Bouw & Ontwikkeling have developed a smart, sustainable bricklaying robot. This robot works with real bricks instead of stone strips – ensuring high-quality brickwork – and has now started its first job.

Our vision

The benefits of robotisation in construction are great. “With robots, we can work faster and more efficiently. But also more sustainably, because it reduces waste,” says Emile van Zinnicq Bergmann, consultant digitalisation at Ballast Nedam. “Robots also improve our employees’ working conditions. The physical load of a bricklayer, for example, goes down considerably when we use a bricklaying robot. This is because the robot can cover the ground that the bricklayer would normally cover, allowing the bricklayer to focus on more detailed work.” According to Emile, robots also increase the appeal of construction for young talent. “Nowadays, many young people choose a less demanding profession, but when robots take over a large part of the physical labour, it obviously becomes a



different story.” Developments in robotics are moving fast. Emile says Ballast Nedam is actively following these developments. “As a company, you have to keep moving, otherwise you miss the boat. Investing in the development of the bricklaying robot is a good example of this. The number of skilled workers is declining, so we need to come up with a solution, otherwise we’ll soon have a big problem. Anyway, the cooperation between man and machine is becoming increasingly important, as more and more processes are automated. That’s why robots in construction are the future.”

In practice

In late 2021, Ballast Nedam became a launching customer for ROPAX, which developed the first Dutch bricklaying robot. The robot is highly efficient: it does as much work as three bricklayers and saves considerably on mortar usage. Bas Meerwijk is a bricklayer at Heddes Bouw & Ontwikkeling, part of Ballast Nedam, and has tested the robot extensively over the past year. “Every site and every type of construction work is different. That’s why we tested the robot on different masonry patterns and surfaces, such as sandy soil and uneven asphalt. We also tested it with different types of bricks: from exceptionally hard to soft. Based on this, we optimised the robot.” Meanwhile, the production version is ready, so it’s time for the real thing. Starting early 2023, the bricklaying robot will be used on Ballast Nedam West’s Tuinbuurt Vrijlandt project. Bas explains the added value: “Within 15 minutes, the robot measures a façade and knows exactly how to level the masonry, even if the Mast Climbing Platform wobbles. So a façade no longer needs to be physically measured, nor do we need adjustment profiles. The robot’s work is also more sustainable than a bricklayer’s work because it applies the mortar very precisely and doses it correctly. As a result, the robot uses 50% less mortar than a bricklayer.”





Chapter 9

Consolidated Financial Statements



9.1 Consolidated statement of financial position

Amounts expressed in thousands of euro (€)

Assets	Notes	2022	2021
Current Assets		755,195	659,812
Cash and cash equivalents	9.6.3	171,022	252,802
Trade receivables	9.6.4	163,674	122,067
Other short-term receivables	9.6.5	153,837	123,551
Inventories	9.6.6	108,700	78,306
Short-term prepaid expenses	9.6.7	39,671	13,164
Contract assets	9.6.8	118,291	69,922
Non-Current Assets		249,587	201,192
Other long-term receivables	9.6.32	15,149	13,536
Investments accounted for using the equity method	9.6.9	40,932	24,909
Investment properties	9.6.10	71,627	56,525
Property, plants and equipment	9.6.11	45,413	39,822
Right of use assets	9.6.12	24,242	20,994
Intangible assets	9.6.13	20,670	16,801
Deferred tax assets	9.6.14	31,554	28,605
Total assets		1,004,782	861,004

Amounts expressed in thousands of euro (€)

Liabilities	Notes	2022	2021
Current Liabilities		606,269	514,732
Short-term borrowings	9.6.15	15,998	7,683
Current portion of long-term borrowings	9.6.15	42,000	20,000
Lease liabilities	9.6.15	8,762	8,289
Trade payables	9.6.16	253,879	208,183
Other short-term payables	9.6.17	58,416	38,094
Contract liabilities	9.6.8	137,693	151,157
Payables for employee benefits	9.6.18	10,165	9,021
Short-term provisions	9.6.18, 19	43,847	46,401
Other short-term liabilities	9.6.20	35,509	25,904
Non-Current liabilities		148,810	136,736
Long-term borrowings	9.6.15	120,095	114,300
Lease liabilities	9.6.15	15,862	13,125
Other long-term payables	9.6.21	5,830	2,469
Long-term provisions	9.6.18, 19	6,553	6,842
Deferred tax liabilities	9.6.14	470	-
Shareholders' equity		249,703	209,536
Equity attributable to owners of the parent	9.6.22	249,108	208,791
<i>Paid in capital</i>		2,203	2,203
<i>Share premium</i>		393,870	393,870
<i>Accumulated losses</i>		(168,761)	(198,724)
<i>Other reserves</i>		21,796	11,442
Non-Controlling Interests		595	745
Total liabilities and shareholders' equity		1,004,782	861,004



9.2 Consolidated statement of profit and loss

Amounts expressed in thousands of euro (€)

	Notes	2022	2021
Revenue	9.6.23	1,430,763	1,041,471
Cost of Revenue	9.6.24	(1,375,035)	(997,807)
Gross profit		55,728	43,664
General administrative expenses	9.6.25	(34,762)	(31,379)
Other operating income from main activities	9.6.26	5,678	7,003
Fair value gains from investment properties	9.6.10	1,682	5,243
Operating result		28,326	24,531
Share in net result investments valued using equity method	9.6.9	8,172	7,176
Result before finance expenses		36,498	31,707
Financing income	9.6.27	3,001	154
Financing expenses	9.6.27	(9,717)	(4,341)
Result for taxation		29,782	27,520
Current income tax expenses	9.6.28	(585)	(235)
Deferred income tax	9.6.14, 28	2,479	14,692
Net result for the year		31,676	41,977
Attributable to:			
Non-controlling interest		31	217
Owners of the parent		31,645	41,760
Net result for the year		31,676	41,977

9.3 Consolidated statement of comprehensive income

Amounts expressed in thousands of euro (€)

	2022	2021
Net result for the year	31,676	41,977
Other comprehensive income / (expense) net of tax to be reclassified to profit & loss in subsequent periods		
Foreign currency translation reserve	1,519	842
Share of other comprehensive income (and expense) of joint ventures	7,121	(701)
Other comprehensive income for the period, net of tax	8,640	141
Total comprehensive income for the period	40,316	42,118
Attributable to:		
Owners of the parent	40,317	41,857
Non-controlling interest	(1)	261
Total comprehensive income for the period	40,316	42,118

The other comprehensive income does not include tax (2021: € nil).



9.4 Consolidated statement of changes in equity

Amounts expressed in thousands of euro (€)

	Paid in capital	Share Premium	Currency translation reserve	Other reserve	Accumulated losses	Non-controlling Interest	Total
Opening balance 1 January 2021	2,203	393,870	84	6,018	(235,241)	484	167,418
Net result for the year	-	-	-	-	41,760	217	41,977
<i>Change in currency translation reserve</i>	-	-	798	-	-	44	842
<i>Change in legal reserve</i>	-	-	-	(701)	-	-	(701)
Other comprehensive income	-	-	798	(701)	-	44	141
Total comprehensive income	-	-	798	(701)	41,760	261	42,118
Fair value change investment properties	-	-	-	5,243	(5,243)	-	-
Closing balance 31 December 2021	2,203	393,870	882	10,560	(198,724)	745	209,536
Opening balance 1 January 2022	2,203	393,870	882	10,560	(198,724)	745	209,536
Net result for the year	-	-	-	-	31,645	31	31,676
<i>Change in currency translation reserve</i>	-	-	1,551	-	-	(32)	1,519
<i>Change in legal reserve</i>	-	-	-	7,121	-	-	7,121
Other comprehensive income	-	-	1,551	7,121	-	(32)	8,640
Total comprehensive income	-	-	1,551	7,121	31,645	(1)	40,316
Fair value change investment properties	-	-	-	1,682	(1,682)	-	-
Acquisition minority interest	-	-	-	-	-	(149)	(149)
Closing balance 31 December 2022	2,203	393,870	2,433	19,363	(168,761)	595	249,703

For further details on shareholders' equity please see note 9.6.22.



9.5 Consolidated statement of cashflows

Amounts expressed in thousands of euro (€)

	Notes	2022	2021
Cash flow from operating activities			
Net result for the year		31,676	41,977
Adjustments to reconcile net result			
Depreciation and amortisation of non-current assets	9.6.11,12,13	19,463	16,079
(Profit) arising from change in fair value of investment properties	9.6.10	(1,682)	(5,243)
Interest expense	9.6.27	4,412	4,628
(Gain) on disposal of PP&E	9.6.11	(1,020)	(2,540)
(Gain) on disposal investment accounted for using the equity method	9.6.9	(3,512)	(72)
(Income) tax	9.6.14,20,28	(1,894)	(14,457)
Share in profit of investments valued using equity method	9.6.9	(8,172)	(7,176)
Adjustments related to provisions (non-cash)	9.6.4,19	1,570	(909)
Other losses		879	1,077
Movements in working capital			
Movement in inventories	9.6.6	(30,394)	909
Decrease /(increase) in contract assets and liabilities	9.6.8	(65,239)	15,022
(Increase) in receivables	9.6.4	(63,091)	(69,211)
Decrease /(increase) in prepaid expenses	9.6.7	(26,507)	8,615
Increase in other current liabilities		68,313	24,927
Movement in (short-term) provisions and employee benefits	9.6.18	483	2,423
Movement in (short-term) warranty and other provisions (utilisation)	9.6.19	(1,204)	908
Income taxes paid	9.6.28	(585)	(235)
Net cash from (used in) operating activities		(76,504)	16,722

	Notes	2022	2021
Cash flow from investing activities			
Intangible assets			
Investments	9.6.13	(316)	(529)
Acquisitions		(1,199)	-
Property, plants and equipment			
Investments	9.6.11	(12,281)	(9,212)
Income from disposals		1,503	3,475
Financial assets			
Investments		(722)	(4,859)
Income from disposals		4,570	1,003
Dividend received		2,684	8,046
Interest received	9.6.27	1,939	221
Investment properties	9.6.10	(13,420)	(4,092)
Acquisition of subsidiary net of cash	9.6.31	(6,265)	(3,523)
Net cash used in investing activities		(23,507)	(9,470)
Cashflow from financing activities			
Interest paid	9.6.27	(6,351)	(4,849)
Proceeds from borrowings	9.6.15	57,795	98,483
Repayments of borrowings	9.6.15	(21,685)	(58,300)
Lease payments	9.6.15	(11,528)	(9,744)
Net cash from financing activities		18,231	25,590
Net cash change		(81,780)	32,842
Cash at the beginning of the year		252,802	219,960
Cash at the end of the year		171,022	252,802



9.6 Notes to the consolidated financial statements

9.6.1 Organisation and operations of Ballast Nedam

Ballast Nedam N.V. (the ‘company’) is incorporated and domiciled in the Netherlands. The company’s corporate seat is Nieuwegein, the Netherlands, its registered office is at Ringwade 71, Nieuwegein, the Netherlands, and it is registered in the Dutch Trade Register under number 33201106. The immediate parent company is Renaissance Construction B.V. and the ultimate parent company is Rönesans Holding A.Ş., Turkey.

The consolidated financial statements of Ballast Nedam N.V. for the 2022 financial year comprise the parent company Ballast Nedam N.V. and its subsidiaries (‘Ballast Nedam’ or the ‘Group’) and Ballast Nedam’s interest in associates and joint operations.

Ballast Nedam is mainly active in the Netherlands, but also operates in other European countries and executes projects globally. Its core activities include contracting and constructing engineering services on various purpose buildings (mainly residential units and office buildings), industrial projects and infrastructure projects. Ballast Nedam also provides design, construction, maintenance and other projects within the scope of public-private partnership projects. The company’s development group works in synergy with the construction company on most of the above activities.

9.6.2 Basis of presentation of the consolidated financial statements

Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.

The financial statements are prepared on a going concern basis.

The financial statements were authorised for issue by the Board of Management on 17 March 2023. The financial statements were approved and adopted by the General Meeting on 17 March 2023. With reference to the income statement of the company, use has been made of the exemption pursuant to Section 2:402 of the Dutch Civil Code.

Basis of measurement and presentation

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise. Exceptions include investment properties and derivatives measured at fair value. The consolidated financial statements are presented in euro, which is the company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in ‘euro’ (€), which is the Group’s presentation currency.

Assets and liabilities of foreign activities, including goodwill and fair value adjustments arising on acquisitions, denominated in functional currencies other than the euro are translated to the functional currency in euro at the rates of exchange prevailing on the reporting date, with income statement items being translated at the rates approximating the rate of exchange on the transaction date (average rate for the reporting year). Translation differences resulting from the conversion of investments in these foreign activities and the differences between results translated at the average exchange rate



during the year and the exchange rate prevailing on the reporting date, are recognised as a separate item in the consolidated statement of comprehensive income.

Receivables and payables in foreign currencies are translated to the functional currency at the exchange rate prevailing on the reporting date. Transactions in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. The resulting exchange differences are recognised in the statement of profit and loss.

The economy of Turkey was assessed to be hyperinflationary effective 30 June 2022, and hyperinflation accounting has been applied for the Group entity in Turkey, which accounted for EUR 17 million of revenue. The functional currency of the Group entity is adjusted in terms of the measuring unit current at the end of the reporting period. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in OCI. Comparative amounts are not adjusted.

Financing, liquidity and going concern

The existing financing package, consisting of loan agreements with multiple financial institutions amounted to € 111 million (2021: € 111 million), a project financing arrangement of € 45.5 million at year-end 2022 (2021: € 31 million) and loan agreements with related parties of € 21.5 million (2021: nil). An amount of € 58 million will mature on or before 31 December 2023.

The solvency ratio slightly improved compared to previous year and amounts to 24.9% (2021: 24.3%). This is the result of the net profit for the year and the increased amount of assets. Ballast Nedam's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal

and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Ballast Nedam controls the liquidity risk through weekly cashflow forecasting followed by adequate corrective measures and monitoring.

The current cash surplus, strong solvency and the strengthened risk management activities, are expected to provide management with additional flexibility in its operations and execution of its business plans.

Ballast Nedam has access to bank guarantee and bonding facilities with various financial institutions and group companies. These facilities are long-term. Periodically, a forecast is made of the use of the available guarantee facilities. The forecast is based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on this access to guarantee facilities and forecasts, Ballast Nedam expects it will be able to issue guarantees in the ordinary course of business.

Critical accounting judgements and key sources of estimate uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. This includes a framework with respect to the measurement of fair values.

Management judgements regarding the application of EU-IFRS, which have significant consequences for the financial statements and estimates involving an appreciable risk of material change in the following year, are disclosed in the notes. If changes in the

accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. In the current period management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are addressed below):

Contract revenue

The company's core activities include contracting and construction engineering services on various projects. If the company can demonstrate that a performance obligation is satisfied over time revenue is progressively recognised. The progress is measured based on the input method; contract costs incurred to date as a percentage of total forecasted costs. Estimates are an inherent part of the assessment of the project results and actual outcome may deviate from these estimates, specifically for long-term construction contracts.

The level of estimate and uncertainty increases in line with the following factors:

- an agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation;
- a project that is in an early design or implementation stage. When detailing a preliminary or final design, substantial deviations from the preliminary design may arise. This may be because an initial solution turns out in hindsight to be unfeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen. Countless risks may also arise in the implementation phase that are for the account of the contractor. These deviations may be positive or negative;
- the term of the contract is longer and hence the forecast for the ending of the work involves inherently more estimate uncertainties; and

- projects are liable to, additional work, bonuses, penalties and claim situations.

See also note 9.6.8, Contract assets and liabilities and note 9.6.24, Costs of revenue.

The company manages these estimate uncertainties during the year based on experience and risk assessment models, including variance analysis. In 2022, the company continued investing in a number of more robust risk management activities for its more complex projects to enhance its estimate and assessment process. This included independent assessments from the management of the project, which assesses risks and their potential financial impact.

Inherent to the construction industry the company is involved in discussions on the financial settlement of construction projects, including contract variations, the time of completion and the quality level of the work. Most of these discussions are concluded to the satisfaction of all concerned. However, in some cases it is impossible to avoid a discussion ending in legal proceedings.

As mentioned above, when a project is in an early design or implementation stage, the estimate uncertainty is significantly higher. The Group calculates 'the remaining costs to complete on construction projects' through its internally developed projections. Factors such as escalations in material prices, labour costs and other costs are included in these projections based on best estimates as of the balance sheet dates.

Any unanticipated escalation in the subsequent years will require the reassessment of the remaining costs. Due to changes in the scope of construction projects, time lag between the scope changes and costs incurred and realisation of these projects, there could be significant fluctuations in terms of estimated costs between years.



Financial claims that the company has pending against third parties are generally not capitalised unless it is highly probable that the amount in question will be paid. The claim assessment includes factors like the company's ability to influence the outcome, for example court or arbitration decisions, the experience with similar type of contract and the uncertainty about the claim is not expected to be resolved for a long period of time; Similarly, with insurance claims which are only capitalised when its highly probably that the amount recognised will be reimbursed. Due to the inherent uncertainty in project estimates the actual outcome in the upcoming years may deviate from the estimated financial result specifically for major and complex construction contracts.

Land positions

Land positions are acquired for future development purposes and are recognised at the lower of cost and net realisable value. The net realisable value depends on the expected manner and timing of realisation. The net realisable value is the estimated revenue in the normal course of business less the estimated costs of completion and selling. The future cashflows are estimated using scenario and sensitivity analyses. These scenario's include assumptions relating to the future market developments, decisions of governmental, provincial and municipal authorities and interest rates. The present value estimates are based on a discount rate of 7.6%, inflation has not been included for either revenues or costs, indices are only taken into account if contractually agreed and interest is not capitalised. Further explanation is disclosed in note 9.6.6 Inventories.

Investment properties

Investment properties are stated at fair value. An external, independent valuator having appropriately recognised professional qualifications values the investment property at least annually. The independent valuation report was obtained at year end 2022. The method to

determine the fair value is the income capitalisation approach, with the discounted cash flow method used as a second, sense check calculation. The fair value measurement for investment properties has been categorised as a Level 3 fair value. In the valuation approach assumptions are included amongst others on estimated net rental income, investment requirements, inflation and discount rate. See further explanation in disclosed in note 9.6.10 Investment properties.

Deferred tax

Considering the history of losses, deferred tax assets arising from unrecognised pre incorporation profit and cumulative tax losses can only be recognised to the extent that it is probable that future taxable amounts will be available to utilise these losses, in accordance with IAS 12. Management utilises judgement to decide the amount of deferred tax asset recognised due to accumulated losses. The estimates are based on Business Plan forecasts approved by the Board, that support that sufficient taxable profits will be available in the Netherlands that can be utilised towards realising the deferred asset. The forecasts include a 10 year horizon and follows from the Business Plan cycle 2023-2027, extrapolated using growth rates for revenue and profit that take external market data and historical performance into account. No specific tax planning opportunities have been taken into account. A deferred tax position is individually assessed by tax region. See further explanation disclosed in note 9.6.14 Deferred tax assets and liabilities.

Provisions

Provisions for doubtful receivables, onerous contracts and provisions for completed projects, restructuring, warranties, associates and joint ventures are recognised it is probable that an outflow of resources will be required to settle the obligation, the amount can be reliably estimated and, when applicable, when the company has a present legal



or constructive obligation as a result of past events. By their nature, provisions include uncertainty and if the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, which could have an effect on the financial position and results of Ballast Nedam. For additional information concerning provisions, see note 9.6.19.

Provisions for doubtful receivables are determined by applying the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Provisions for onerous contracts are recognized based on the assessment of integral contract costs compared to the total contract revenues. In determining if a contract is onerous, the interaction between loss-making performance obligations and profitable performance obligations is considered. The possible financial risks of claims for completed projects cannot be predicted with certainty however Ballast Nedam believes that based on (external) advisors and information received, the amounts included in the provision are the best estimate. Restructuring provisions include managements best estimate of the future outflow of cash related to the reorganisation plans communicated or implemented before end of the reporting period. The warranty provision represents the present value of the management's best estimate of the future outflow of cash that will be required under Ballast Nedam's warranty programme for construction contracts to resolve the deficiencies which appeared after delivery of the project. In determining the provision Ballast Nedam considers the risks and uncertainties of the underlying events and construction partners concerned.

[Leases](#)

Ballast Nedam has lease agreements for land and buildings, equipment and motor vehicles as disclosed in note 9.6.12. The lease terms in these agreements are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease contracts are typically made for fixed periods but may have extension options. These extension options are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The lease liabilities are measured at the present value of the remaining lease payments, discounted using lessee's weighted average incremental borrowing rate. The weighted average incremental borrowing depends on the nature of the leased assets.

[Adoption of the new and the revised International Financial Reporting Standards](#)

Certain amendments to existing standards and interpretations came into effect on 1 January 2022. Management analysed these amendments and concluded that the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

[Consolidation principles](#)

[Subsidiaries](#)

Subsidiaries are entities in which Ballast Nedam directly or indirectly has control. Control exists if Ballast Nedam has power over the entity, is exposed or has rights to variable returns



because of its involvement with the entity; and can use its power over the entity to affect the size of these returns. These subsidiaries are consolidated in full and minority interests where applicable, are separately disclosed. These entities are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

Predecessor accounting method is applied for acquisitions of subsidiaries under common control within Rönensans Group and interest in the group is prospectively recognised in the financial statements from the date of the transfer. Ballast Nedam recognises the net assets received at their carrying amounts, as reflected in the parent's financial statements.

Associates and joint ventures

An associate is an entity over which Ballast Nedam has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but there is no control or joint control over those associates. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds

the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture. When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Joint operations

Joint operations are joint arrangements whereby Ballast Nedam and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities



relating to the joint operation. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and includes it on a line-by-line basis with corresponding items in the Group's financial statements.

Elimination of transactions for consolidation purposes

Transactions with subsidiaries, associates and entities over which joint control is exercised are determined at arm's length and eliminated in the same way (proportionately) as other intercompany accounts. Unrealised losses are eliminated in the same way, except when there are impairments.

Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition plus the recognised amount of any non-controlling interest in the acquiree. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments of which their maturities are three months or less from date of acquisition and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables, other short-term receivables and other non-current assets

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, Ballast Nedam made use of the simplified approach involving



consistent recognition of an allowance at an amount equal to lifetime expected credit losses. To calculate the expected credit losses Ballast Nedam established a provision matrix which is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract assets and liabilities

Contract assets and liabilities are recognised at cost plus recognised profit (revenue) in proportion to the progress of fulfilling the performance obligation less invoice instalments. Interest is capitalised subject to meeting the conditions for capitalising finance expense. The cost of contract assets and liabilities includes directly attributable indirect costs on the basis of normal production capacity. If applicable the provision of foreseeable project losses are directly recognised as expenses in the period and are included in the other provisions (IFRS 15 requirement).

On the balance sheet, the Group reports the net position of the performance obligation as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profit exceed progress billings; a contract represents a liability where the opposite is the case. Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are included in the cost of contract assets and liabilities if and when Ballast Nedam becomes the sole bidder in contract negotiations. Any preparatory expenses prior to this phase are charged to the income statement. Tendering costs are expensed in the period in which they arise and are not subsequently capitalised if the project is contracted.

Inventories

Inventories (raw materials and semi-finished goods) are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realisable value of inventory is less than cost, the inventory is written down to the net realisable value and the charge is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Finished goods are measured at the lower of cost and net realisable value. The cost of finished goods is based on the first-in, first-out (FIFO) principle. The cost includes interest subject to meeting the conditions for capitalising finance expense. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity.

Land positions are acquired for future development purposes and are recognised at the lower of cost and net realisable value. The net realisable value depends on the expected manner and timing of realisation. The net realisable value is the estimated revenue in the normal course of business less the estimated costs of completion and selling.



The future cashflows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 7,6%. In principle these holdings are not ‘in production’ and development costs are consequently not capitalised. Interest is capitalised subject to meeting the conditions for capitalising finance expense and at the time the land position is actively developed. The associated costs are expensed. Planning permits and building permits are included in landholdings.

Residential units to be sold are stated at the lower of cost and net realisable value. Interest is capitalised subject to meeting the conditions for capitalising finance expense. The cost of residential building projects includes directly attributable indirect costs on the basis of normal production capacity.

Residential units under development where the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and ownership, are recognised under inventories. The revenue and result of the residential units in development are therefore accounted for based on progress of completion which is comparable with revenue from contracts with clients.

Investment properties

Investment properties, which are properties held to earn rents and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. The fair value is calculated as the present value of the estimated future cashflows discounted with the effective interest rate. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise. Investment properties are derecognised when either they have been disposed of or when

the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the change in fair value of investment property, retirement or disposal of an investment property are recognised in profit or loss in the year.

Reclassification to or from investment property are only made when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of transfer. If an owner occupied property is reclassified as investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment up to the date of the reclassification.

Investment property under development

Property that is being constructed for the future use as investment property is accounted for as investment property under development until construction or development is complete, at which time it is reclassified as investment property.

Investment properties under construction are stated at fair value, which reflects market conditions at the balance sheet date. The fair value is calculated as the present value of the estimated future cashflows discounted with the effective interest rate. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.



Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. If applicable, assets are depreciated using the units of production method.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the profit and loss account.

Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, Ballast Nedam assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly;
- the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- the supplier has a substantive substitution right, the asset is not identified;
- the company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- the company has the right to direct use of the asset. The company concludes to have the right of use, when it is predetermined how and for what purpose the company will use the asset. The company has the right to direct use of asset if either:

- the company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate; or
- the company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The company remeasures the right of use asset:

- after netting-off depreciation and reducing impairment losses from right of use asset; and
- adjusted for certain remeasurements of the lease liability recognised at the present value.

Ballast Nedam depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase



option, the company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. At the end of each reporting period, the company reviews if there is any indication for an impairment of right-of-use assets.

At the commencement date, the lease liability is recognised for an amount equal to the present value of the lease payments over the lease term. Lease liabilities include the net present value of the following lease payments, such as:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

The lease liability is subsequently measured based on a process similar to the amortised cost method using the discount rate: the liability is increased by the accrued interests resulting from the discounting of the lease liability, at the beginning of the lease period and less payments made.

The lease liability may be remeasured in the following situations:

- change in the lease term;
- modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option;

- remeasurement linked to the residual value guarantees; and
- adjustment to the rates and indices according to which the rents are calculated when rent adjustments occur.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the company remeasures the lease liability to reflect changes to the lease payments. The company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the



date of the acquisition plus the recognised amount of any non-controlling interest in the acquiree. Goodwill on acquisitions of associates is included in ‘investments in associates’ and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an object include the carrying amount of goodwill relating to the object sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Costs related to the acquisition, other than those associated with the issue of debt or equity securities incurred in connection with the business combination, are expensed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the intangible assets’ estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Acquired computer software licences are shown at historical cost and capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software are recognised as expenses when incurred.

Impairment of tangible, intangible and right-of-use assets other than goodwill

At the end of each reporting period, the Group reviews if there is any indication for an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their



present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

Financial assets are classified as assets that are:

- carried at amortised cost after initial recognition;
- carried at fair value with gains and losses included in the other components of comprehensive income;
- carried at fair value with gains and losses accounted for in profit or loss.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash-flows. The company's main financial assets are: cash and cash equivalents, trade receivables, other receivables, contract assets and other non-current assets (see disclosures in this chapter).

The financial assets are carried at amortised cost since these financial assets are assets with the objective to collect contractual cash flows of the debt instruments and the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount. On initial recognition, the date on which the company commits to purchase or sell the asset, the amount of financial assets is measured at fair value. Subsequently the financial assets are carried at amortised cost using the effective interest method and are subject to impairment. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment losses are recognised in profit or loss in the period they occur. Impairment of financial assets is determined utilising the simplified approach based on the expected lifetime credit losses. Given that there is no significant decline in the credit risk, the credit loss provision continues to be measured at the amount of the lifetime expected credit losses. A financial asset is fully impaired when there is no reasonable expectation of recovering the contractual cash flows. Regarding trade receivables and work in progress assets the simplified approach has been used as, referred to in paragraph 9.6.4 Trade receivables.



The Group's financial assets are held in connection with the receipt of contractual cash flows and only give rise to repayments of principal and interest payments on the outstanding amount.

Financial liabilities at amortised cost

The company's main financial liabilities are trade payables, contract liabilities, lease liabilities, other liabilities and borrowings (see disclosures in this chapter). These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss, and only if the criteria in IFRS 9 are satisfied. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group uses forward currency contracts to manage its exposure to foreign currency risk in forecast transactions and firm commitments. Interest rate swaps and interest rate cap options are used to hedge its exposure to interest rate risks.

Trade and other short-term payables

On initial recognition, trade payables and other payable items are measured at fair value. After initial recognition, trade payables and other payable items are carried at amortised

cost. The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

The receivables and liabilities from income taxes contain claims and obligations from domestic and foreign income tax jurisdictions. These include both the current year and any claims and obligations from previous years. The receivables and liabilities are calculated on the basis of the tax regulations in the respective countries.



Deferred taxes are recognised for all temporary differences, using the liability method, between the valuations of the balance sheet items in the IFRS consolidated financial statements and the respective tax values applicable to the individual group companies. Furthermore, the probable realisable tax benefit from existing loss carry forwards is included in the calculation. Exceptions to this comprehensive tax accrual are differences arising from non-deductible goodwill. Deferred tax assets are only recognised if it is probable that the included tax benefit will be realised. The calculation of the deferred tax is based on the usual income tax rate in the respective country at the time of the expected reversal of the value difference.

Deferred tax liabilities resulting from temporary differences are recognised unless the timing of the reversal of temporary differences within the Group can be determined and it is probable that the temporary differences will be reversed in the foreseeable future due to this influence. Deferred tax assets and liabilities will be set off if there is a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Borrowings

On initial recognition, long-term loans are measured at fair value less attributable transaction costs. Interest-bearing loans are subsequently carried at amortised cost, with any difference between the cost and the amount repayable recognised in the income statement over the term of the loans on the basis of the effective interest method. Borrowing costs are capitalised only when they are attributable to qualifying assets (none in 2021 and 2022).

Pensions

The pension scheme for office staff qualifies as a defined contribution plan. Under this defined contribution plan, the obligations in respect of the defined contributions are recognised as an expense in the income statement when they fall due. Ballast Nedam has no legal or constructive obligations to make further contributions if the pension fund does not hold appropriate assets to pay all employees the benefits relating to employee service in the current and prior periods. Ballast Nedam's building site employees are covered by the compulsory industry-wide pension scheme for the building industry (bpfBOUW). Under IAS 19 this pension scheme is accounted for as a defined contribution scheme. Ballast Nedam pays contributions to administered pension insurance plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Employee benefits other than pensions

Ballast Nedam's net obligation in respect of long-term employee benefits (long-service bonuses, long-term illness), with the exception of pension plans, is the sum of the future benefits that employees have earned in exchange for their services during the period under review and in preceding periods. The liability is discounted to present value, taking into account actuarial assumptions.

Termination benefits are recognised when binding offers are made or restructuring, within the scope of IAS 37, is announced. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value (taking into account actuarial assumptions, when relevant).



Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Equity

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares. Legal reserves are accounted for based on regulations.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Revenue from contracts with customers

The company recognises revenue based on following five step model in IFRS 15, consisting of:

- identification of the contract;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to performance obligations in the contract;
- recognition of revenue.

The company recognises revenue from its customers only when all the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the company can identify each party's rights regarding the goods or services to be transferred;
- the company can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance;
- it is probable that the company will collect the considerations to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probably, an entity shall consider only the customer's ability and intention to pay that amount of considerations when it is due.



Ballast Nedam evaluates if it is possible to account for a contract at the contract level as a single performance obligation or the promises in the contract are distinct and qualify as a separate performance obligation.

The transaction price is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. It includes initial amounts agreed in the contract plus any variation orders in the contract work and variable consideration (like variation orders, claims and bonuses), to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. The transaction price (and any subsequent changes in estimate of the transaction price) is allocated to each separate performance obligation based on the relative stand-alone selling price of each performance obligation. The transaction price is not adjusted for the effects of a significant financing component, since while deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months.

Revenue is recognised as soon as control is transferred to the customer. Control can transfer at a point in time or over time. Construction contracts generally meet the criteria to recognise revenue over time, since the company is building on the land of the client or improving an asset of the customer that the customer controls. Ballast Nedam evaluates for each construction contract whether any of the criteria for recognition of revenue over time are met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The stage of completion on projects is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract, except where this would not be representative of the stage of completion. The stage of completion excludes costs for uninstalled materials and costs that are incurred to fulfil a contract, such as mobilisation costs and costs incurred due to inefficiencies. Costs for mobilisation are recognised as a separate asset if these costs are expected to be recovered; no material mobilisation costs were identified. For performance obligations that are transferred at a point in time, revenues and costs are recognised in profit or loss when the customer receives the ability to direct the use of the asset and substantially obtains all the benefits of it.

Onerous construction contracts

Estimates of project management are used to assess the progress and estimated outcome of a performance obligation. When it becomes probable that the total expected costs to complete all performance obligations in a contract exceed the total transaction price (consideration) of these performance obligations, a loss provision is recognised for the lower of the unavoidable costs and the costs of termination. Loss provisions are separately disclosed as a provision. The provisions show the expected negative result of the contract, based on the progress of the project. In determining the onerous contract provision Ballast Nedam applies for revenue base the 'economic benefits to be received' and for the cost base the unavoidable costs (qualified as integral costs.) The integral costs approach is in line with the IFRS 15 definition regarding costs to fulfil a contract.



Financing components

Ballast Nedam generally does not have any significant contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer, as contractually agreed, exceeds one year. If applicable, the transaction prices are adjusted for the time value of money.

Revenues generated from sale of apartments or residential units

Residential development projects include components such as the sale of land and the realisation of residential buildings. Revenue is recognised as soon as control is transferred to the customer. The revenue from the sale of land is realised at the moment the civil law notary transfers the title, while the revenue from the buildings is realised during the construction period.

The company's construction contracts generally meet the criteria to recognise revenue over time, since the projects are specialised assets which are built specifically for the client and frequently on a customer's site.

Revenue is measured at the transaction price agreed under the contract taking into account the variable considerations. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Rendering of services

In addition to construction Ballast Nedam provides services within the Infrastructure, Building and Development segments. The service revenue arises from maintenance and

other services supplied to infrastructure assets and facilities, which may involve a range of services and processes. The individual services have been determined to be one performance obligation. Ballast Nedam has assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by Ballast Nedam. Revenue therefore continues to be recognised over time in the period in which the services are rendered.

Trading and other revenue

Rental income from equipment

Revenue is measured at the transaction price agreed under the rental contract. Lease income from operating leases where Ballast Nedam is a lessor are recognised in income on a straight-line basis over the lease term. Further details refer to paragraph 9.6.12 Right of use assets.

Rental income from investment properties

Revenue is measured at the transaction price agreed under the rental contract. Rental income generated from real estate development projects are recognised on an accrual basis and included in the accounting period in which the rental services are rendered. Further details refer to paragraph 9.6.12 Right of use assets.

Income from selling of construction equipment and materials

Revenue is recognised when control of the products has transferred, being when the equipment is delivered to the customer, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products in accordance with the sales contract. No significant element of financing is deemed present as the sales are made with a reasonable credit term, which is consistent with market practice.



Contract costs

All costs related to satisfied performance obligations and costs related to inefficiencies (that is, abnormal costs of materials, labour, or other costs to fulfil) are expensed as incurred.

Incremental costs of obtaining a contract are costs that the entity would not have incurred if the contract had not been obtained and are recognised as an asset if they are expected to be recovered. As a practical expedient, costs are expensed as incurred if the amortisation period of the asset that otherwise would have recognised is one year or less.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained (for example, certain bid costs) are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Direct costs of fulfilling a contract are accounted for in accordance with other standards (for example, inventory, intangibles, fixed assets) if they are within the scope of that guidance. Direct costs of fulfilling a contract are capitalised if not within the scope of other standards and if they relate directly to a contract, relate to future performance, and are expected to be recovered under the contract.

Cost of revenue includes, but is not limited to, personnel expenses, raw materials and supplies expenses, worksite expenses, subcontractor expenses, transportation and customs expenses, cost from sale of residential units, consultancy expenses, office administration expenses, flight operations expenses, depreciation and amortisation expenses, insurance expenses, machinery, equipment and other rent expenses, energy and fuel expenses, tax

and legal expenses, travel expenses, cost of goods sold, loss allowance of trade receivables, provision for impairment of inventories, cost of electricity sold, energy transmission and distribution expenses, maintenance and repair expenses, outsourcing expenses, operating expenses, heating expenses, other utilities expenses, etc.

Government grants

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions related to them and that the grants will be received. Grants related to income are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. They are recognised in other income.

Net finance expense

The net financing expense comprises the interest income and expense including those on borrowings calculated using the effective interest method and interest on the lease liability. Gains and losses on exchange are recognised in the income statement in earnings before interest and taxes. Gains or losses on derivative financial instruments are recognised as finance income or expenses.

Income tax expense

Tax is calculated on the result from ordinary operations, allowing for tax-exempt items and based on the applicable tax rates for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the income statement except in relation to items recognised directly in the consolidated statement of comprehensive income.



Deferred tax is recognised using the statement of financial position method for temporary differences between the reported carrying amounts and tax bases of assets and liabilities, and for future carry-forward losses, and is accounted for on the basis of the applicable tax rates for the periods when the temporary differences are expected to be reversed.

Deferred tax assets are recognised at nominal value of the portion that will probably be realised.

Statements of cashflows

Current period statements of cashflows are categorised and reported as operating, investing and financing. Cashflows from operating activities show cashflows provided from the Group's operations.

Cashflows from investing activities summarise the Group's cashflows used in or generated from investing activities (fixed and financial investments). Cashflows from financing activities summarise the Group's cashflows from liabilities and the back payments of these liabilities benefited in financing needs of the Group. Cash and cash equivalents comprise cash on hand and require deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The cashflow statement is prepared utilising the indirect method.

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ('reporting entity').

- a. An individual or a close family member is considered a related party of the reporting entity when the following criteria are met: if a certain individual:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity;
 - iii. is a key management personnel of the reporting entity or a parent company of the reporting entity.
- b. An entity is considered related party of the reporting entity when the following criteria are met:
 - i. if the entity and the reporting entity are within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others);
 - ii. if the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group);
 - iii. if both of the entities are a joint venture of a third party;
 - iv. if one of the entities is a joint venture of a third party while the other entity is a subsidiary of this third party;
 - v. if an entity has plans of post-employment benefits for employees of a reporting entity or a related party of a reporting entity;
 - vi. if the reporting entity has its own plans, sponsor employers are also considered as related parties;



- vii. if the entity is controlled or jointly controlled by an individual defined in the article (a);
- viii. if an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration.

9.6.3 Cash and cash equivalents

The total cash and cash equivalents amounting to € 171.0 million (2021: € 252.8 million) includes € 28.3 million of balances from joint operations (2021: € 22.3 million). The cash and cash equivalents from joint operations are only available in consultation and agreement with the joint operations partners.

9.6.4 Trade receivables

The details of the trade receivables of the Group as at balance sheet dates are as follows:

Current trade receivables	2022	2021
Contract receivables	145,871	97,037
Retention held by clients	9,933	11,512
Trade receivables	8,104	11,956
Trade receivables from related parties	665	2,892
Loss allowance for trade receivables (-)	(899)	(1,330)
Total current trade receivables	163,674	122,067

Contract and trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. These transactions were made on normal commercial terms and conditions. The Group uses prepayments, guarantees and collateral (rights of retention) on projects under construction in order to limit the credit risk on the above categories of instalments and trade receivables. The average collection period is 39 days (2021: 37 days). References are made to note 9.6.32 with respect to receivables from related parties. The nature and level of the risks on trade receivables are disclosed in note 9.6.29.

The aging of overdue receivables is as follows:

Aging of overdue receivables	2022	2021
Overdue by 1-30 days	22,156	9,601
Overdue by 1-3 months	5,401	5,241
Overdue by 3-12 months	17,503	6,634
Overdue by 1-2 years	2,597	3,019
Total overdue receivables	47,657	24,495

Movements on the Group's provision for loss allowance of trade receivables are as at 31 December 2022 and 31 December 2021 as follows:

Movement of loss allowance of trade receivables	2022	2021
Balance at the beginning of the period	(1,330)	(3,105)
Charge for the period	(197)	(559)
Reversal	497	2,105
Collections	124	236
Translation effect	7	(7)
Balance at end of the period	(899)	(1,330)



9.6.5 Other short-term receivables

Non-trade receivables from related parties include receivables from joint ventures and associates. The activities in joint ventures include the assignment and financing of land as well as carrying out construction contracts. In addition, non-trade receivables from related parties include renaissance group companies. These transactions were made on normal commercial terms and conditions. Other receivables include primarily the Group’s share of receivables of partners in the joint operations, totalling € 14,157 thousand (2021: € 11,090 thousand) and funds on an escrow account totalling € 311 thousand (2021: € 4,812 thousand).

Other short-term receivables	2022	2021
Non-trade receivables from related parties	93,345	77,620
VAT receivable	3,791	4,407
Other receivables	56,701	41,524
Total Other short-term receivables	153,837	123,551

9.6.6 Inventories

The accumulated impairment recognised within land to be developed for projects amounts to € 4,934 thousand (2021: € 4,941 thousand). In 2022, no impairment has been recognized (2021: € nil) and € 7 thousand of impairments of land positions have been reversed (2021: € 14 thousand). The allowance for inventories amounts to € 34 thousand (2021: € 34 thousand). The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition.

Inventories	2022	2021
Raw materials	13,221	7,467
Lands to be developed for projects	76,837	59,881
Residential units to be sold	12,853	2,684
Finished goods	5,823	8,308
Allowance for inventory	(34)	(34)
Total inventories	108,700	78,306

9.6.7 Short-term prepaid expenses

Prepaid expenses of the amount of € 39,671 thousand (2021: € 13,164 thousand) are mainly related to the prepayments on projects and the general administrative expenses including insurance and rent costs.

9.6.8 Contract assets and contract liabilities

Contract assets and contract liabilities	2022		
	Contract assets	Contract liabilities	Net position
Cost less provisions for losses and risks, plus profit based on percentage of completion	807,530	948,873	
Less: progress billings	(689,239)	(1,086,566)	
Total	118,291	(137,693)	(19,402)
Contract assets and contract liabilities	2021		
	Contract assets	Contract liabilities	Net position
Cost less provisions for losses and risks, plus profit based on percentage of completion	637,097	644,128	
Less: progress billings	(567,175)	(795,285)	
Total	69,922	(151,157)	(81,235)



The value of contract assets and liabilities is assessed periodically for each project by the project manager and the management of the entity concerned. Estimates are an inherent feature of this process and the assessment is made on the basis of records in project files, cost monitoring, including estimates of financial settlements of projects such as contract variations and claims. It may turn out at a later stage that actual results differ from the estimates. This is particularly relevant for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the closing date. Further consideration about project estimates are included in paragraph 9.6.2.

Contract assets under current assets consists of all construction contracts where the expenses incurred plus the recognised profit, minus the recognised losses, exceed the instalments invoiced. Contract liabilities under current liabilities consist of all construction contracts where the expenses incurred plus the recognised profit, minus the recognised losses, are less than the instalments invoiced.

The contract assets and liabilities predominantly have a term of less than 12 months. The revenue recognised that was included in the contract liability balance at the beginning of the period amounts to € 151,157 thousand.

Transaction price remaining performance obligations

The table below includes revenue expected to be recognised in the future related to performance obligations that are (partially) unsatisfied at the reporting date.

31 December 2022	2023	2024	After 2024	Total
Expected revenue from (partially) unsatisfied performance obligations with original expected duration of > 1 year	869,944	323,050	248,802	1,441,796

31 December 2021	2022	2023	After 2023	Total
Expected revenue from (partially) unsatisfied performance obligations with original expected duration of > 1 year	1,166,524	410,760	165,798	1,743,082

9.6.9 Investments accounted for using the equity method

At 31 December 2022, in the opinion of management, no joint venture is material to the Group. Set out below is the aggregate information to the Group. The net result is composed of profit or loss from continuing operations and is equal to total comprehensive income.

Share in net result investments valued using equity method	2022	2021
Share in net result joint ventures that are not individually material to the Group	5,734	5,400
Share in net result associates that are not individually material to the Group	1,779	750
Share in net result associates without significant influence	659	1,026

Total	8,172	7,176
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Investments accounted for using the equity method	2022	2021
Share in equity joint ventures that are not individually material to the Group	28,291	13,736
Share in equity associates that are not individually material to the Group	8,469	7,340
Share in equity associates without significant influence	4,172	3,833

Total	40,932	24,909
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Set out below is the movement schedule of not individually material joint ventures and associates to the group:

Individual not material joint ventures and associates to the group	2022	2021
Opening balance	24,909	23,588
Share on profit of investments valued using equity method	8,172	7,176
Dividends received	(2,684)	(8,046)
Disposals	(1,058)	(931)
Change in legal reserve	7,121	(701)
Transfer to provision negative joint ventures	557	(1,314)
Funding joint ventures	2,242	4,859
Exchange rate differences	1,673	278
Closing balance	40,932	24,909

9.6.10 Investment properties

Investment properties	2022	2021
Opening balance	50,075	43,330
Investment	6,369	2,792
Change in fair value	381	3,953
Closing balance	56,825	50,075

Investment properties under development	2022	2021
Opening balance	6,450	3,860
Investment	7,051	1,300
Change in fair value	1,301	1,290
Closing balance	14,802	6,450

The net income from operational leases of investment property is limited. Ballast Nedam utilises an external, independent valuator who, having the appropriately recognised professional qualifications, values the investment property at least annually. The independent valuation report was obtained at year-end 2022. The method to determine the fair value which is applied is the income capitalisation approach, with the discounted cash flow method used as a second, sense check calculation. The approach is sensitive to changes in parameters and is subject to numerous variables (positive or negative) like planning permission, market conditions, or delay to start of construction. The fair value measurement for investment properties has been categorised as a Level 3 fair value. The main Level 3 inputs are rental values, square meters, post-tax discount rates (7.6%), inflation rate (2.5% - 2.8%) and internally based budgets based on management's experience and knowledge of property construction and market conditions. A change in construction costs or estimated rental value of $\pm 5.0\%$ results in a change of the fair value of the property with about $\pm 5.0\%$.



9.6.11 Property, plants and equipment

	Buildings	Machinery and equipment	Other tangible assets	Total
Cost				
Closing balance 31 December 2021	47,287	97,167	8,226	152,680
Written off assets out of use	-	-	-	-
Opening balance 1 January 2022	47,287	97,167	8,226	152,680
Additions	1,693	9,875	713	12,281
Disposals	(120)	(5,515)	(59)	(5,694)
Acquisitions	184	738	555	1,477
Closing balance 31 December 2022	49,044	102,265	9,435	160,744
Accumulated depreciation and impairment				
Closing balance 31 December 2021	(30,225)	(76,504)	(6,129)	(112,858)
Written off assets out of use	-	-	-	-
Opening balance 1 January 2022	(30,225)	(76,504)	(6,129)	(112,858)
Cum. depreciation - disposals	120	5,033	58	5,211
Depreciation	(1,375)	(5,551)	(755)	(7,681)
Impairment	-	-	-	-
Exchange rate fluctuations	-	(3)	-	(3)
Closing balance 31 December 2022	(31,480)	(77,025)	(6,826)	(115,331)
Carrying value as of 31 december 2022	17,564	25,240	2,609	45,413

Other tangible assets mainly include lease hold improvements and ICT hardware.

Several property, plants and equipment items are pledged as collateral under the bank loan agreements to an amount of € 20.0 million (2021: € 20.0 million).

	Buildings	Machinery and equipment	Other tangible assets	Total
Cost				
Closing balance 31 December 2020	46,640	110,491	7,217	164,348
Written off assets out of use	-	(17,919)	-	(17,919)
Opening balance 1 January 2021	46,640	92,572	7,217	146,429
Additions	1,337	7,124	751	9,212
Disposals	(690)	(2,691)	(37)	(3,418)
Acquisitions	-	162	295	457
Closing balance 31 December 2021	47,287	97,167	8,226	152,680
Accumulated depreciation and impairment				
Closing balance 31 December 2020	(29,319)	(92,590)	(5,516)	(127,425)
Written off assets out of use	-	17.919	-	17,919
Opening balance 1 January 2021	(29,319)	(74,671)	(5,516)	(109,506)
Cum. depreciation - disposals	472	1,974	37	2,483
Depreciation	(1,378)	(3,813)	(650)	(5,841)
Impairment	-	-	-	-
Exchange rate fluctuations	-	6	-	6
Closing balance 31 December 2021	(30,225)	(76,504)	(6,129)	(112,858)
Carrying value as of 31 december 2021	17,062	20,663	2,097	39,822

The useful lives used in the calculation of depreciation are as follows:

	Useful Life
Buildings	10-30 years
Machinery and equipment	5-20 years
Other tangible assets	2-10 years

From the total depreciation of € 7,681 thousand (2021: € 5,841 thousand) € 6,446 thousand was charged to costs of revenue (2021: € 4,790 thousand) and € 1,235 thousand to general costs (2021: € 1,051 thousand).



9.6.12 Right of use assets

Movement schedule right of use assets:

	Land	Buildings	Machinery and equipment	Motor vehicles	Total
Cost					
Opening balance 1 January 2022	1,088	17,060	8,166	10,022	36,336
Additions	-	3,972	5,154	5,086	14,212
Disposals	-	(74)	(3,742)	(327)	(4,143)
Closing balance 31 December 2022	1,088	20,958	9,578	14,781	46,405
Accumulated depreciation					
Opening balance 1 January 2022	(564)	(7,902)	(3,419)	(3,457)	(15,342)
Disposal	-	58	3,347	258	3,663
Depreciation	(389)	(3,141)	(3,477)	(3,477)	(10,484)
Closing balance 31 December 2022	(953)	(10,985)	(3,549)	(6,676)	(22,163)
Carrying value as of 31 December 2022	135	9,973	6,029	8,105	24,242

	Land	Buildings	Machinery and equipment	Motor vehicles	Total
Cost					
Opening balance 1 January 2021	743	14,982	4,193	10,056	29,974
Additions	345	2,500	4,737	3,925	11,507
Disposals	-	(422)	(764)	(3,959)	(5,145)
Closing balance 31 December 2021	1,088	17,060	8,166	10,022	36,336
Accumulated depreciation					
Opening balance 1 January 2021	(178)	(5,351)	(1,145)	(4,565)	(11,239)
Disposal	-	409	573	3,924	4,906
Depreciation	(386)	(2,960)	(2,847)	(2,816)	(9,009)
Closing balance 31 December 2021	(564)	(7,902)	(3,419)	(3,457)	(15,342)
Carrying value as of 31 December 2021	524	9,158	4,747	6,565	20,994

	Useful Life
Land	3-10 years
Buildings	3-10 years
Machinery and equipment	3-6 years
Motor vehicles	1-5 years

From the total depreciation of € 10,484 thousand (2021: € 9,009 thousand) € 4,429 thousand (2021: € 3,594 thousand) was charged to costs of revenue and € 6,055 thousand (2021: € 5,415 thousand) to general costs. The statement of profit or loss and statement of cashflow shows the following relating to leases:

	2022
Depreciation charge of right-of-use assets	10,484
Interest expense (included in finance cost)	1,003
Cash outflow leases	11,528

	2021
Depreciation charge of right-of-use assets	9,009
Interest expense (included in finance cost)	788
Cash outflow leases	9,744



9.6.13 Intangible assets

	Rights	Other	Goodwill	Total
Cost				
Opening balance 1 January 2022	1,508	9,915	12,606	24,029
Addition	-	316	-	316
Acquisition of subsidiaries	-	2,031	2,992	5,023
Exchange rate fluctuations	-	-	(172)	(172)
Closing balance 31 December 2022	1,508	12,262	15,426	29,196

Accumulated Amortisation				
Opening balance 1 January 2022	(1,411)	(5,817)	-	(7,228)
Amortisation	(19)	(1,279)	-	(1,298)
Closing balance 31 December 2022	(1,430)	(7,096)	-	(8,526)

Carrying balance as of 31 December 2022	78	5,166	15,426	20,670
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	Rights	Other	Goodwill	Total
Cost				
Opening balance 1 January 2021	1,508	6,317	4,056	11,881
Addition	-	529	-	529
Acquisition of subsidiaries	-	3,069	8,311	11,380
Exchange rate fluctuations	-	-	239	239
Closing balance 31 December 2021	1,508	9,915	12,606	24,029

Accumulated Amortisation				
Opening balance 1 January 2021	(1,392)	(4,607)	-	(5,999)
Amortisation	(19)	(1,210)	-	(1,229)
Closing balance 31 December 2021	(1,411)	(5,817)	-	(7,228)

Carrying balance as of 31 December 2021	97	4,098	12,606	16,801
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Rights consist of the founders lounge of Amsterdam Arena in the Netherlands. Other intangible assets consist of computer software and identified intangible assets at the acquisition of Willems Bouw Beheer B.V., Mouwrik Bouw B.V. and ABC Ltd. The useful lives used in the calculation of amortisation for intangible assets are as follows:

	Useful Life
Rights	30 years
Other	3-20 years

The amortisation of € 1,298 thousand was included in the cost of revenue (2021: € 1,229 thousand).

Goodwill

Goodwill is allocated at acquisition date, to the cash-generating units (CGU). An impairment test is performed annually, or earlier if there are indications of impairment. The CGU is the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill relates to 5 entities, of which Willems Bouw Beheer B.V., (€ 9.3 million) is most significant.

The recoverable amount of goodwill for impairment testing purposes is based on a value in use calculation by means of the discounted cash flow method. The method uses cash flow projections based on historical performance and the forecasts which are based on the Business Plan cycle 2023-2027, as approved by the Board, after which a terminal value is used at an average rate of 2%. The key assumptions for the value-in-use calculations are those regarding revenue growth rate, a stable profit before tax margin, pre-tax weighted average cost of capital 8.9%, based on the market participants' view on rates of return required for investments equivalent to those in the company. There are no current or

accumulated impairment losses on goodwill. The impairment test and sensitivity analysis around the key assumptions have indicated sufficient headroom for all CGUs and as such a reasonably possible change in any of the assumptions would not cause the recoverable amount to be less than the carrying value. Based on both quantitative and qualitative factors management has concluded that for those CGUs an impairment is not necessary.

9.6.14 Deferred tax assets and liabilities

The movement in the statement of financial position of the deferred tax assets in as follows:

Deferred tax assets	2022	2021
Opening balance 1 January	28,605	13,913
Recognition of carry-forward losses	6,293	18,717
Realised carry-forward losses	(3,344)	(4,025)
Closing balance 31 December	31,554	28,605

The deferred tax assets to be recovered within and after more than 12 months' amount to € 2.0 million and € 29.6 million respectively. The recognised deferred tax assets relate to the unrecognised pre incorporation profit and tax losses available to the fiscal unity in the Netherlands. The unused tax losses relate to years 2012 up to and including 2017. A relatively small number of mainly large infra projects caused these losses. Ongoing measures are taken to prevent such losses. The recognised tax losses from prior years are infinitely deductible. The Dutch corporate tax rates applicable in 2022 and upcoming years are 25.8%.

A deferred tax asset is recognised to the extent that it is probable, based on Business Plan forecasts approved by the Board, that sufficient taxable profits will be available in the Netherlands that can be utilised towards realising the deferred asset. The forecasts are based on the Business Plan cycle 2023-2027, extrapolated using growth rates for revenue and profit that take external market data and historical performance into account. No specific tax planning opportunities have been taken into account.

The fair value change in Investment Properties in 2022 has not been recognised as a deferred tax liability, since that liability can be set off with carry-forward losses. Consistent with prior years, management has determined that the Dutch tax group has approximately € 366 million of carry-forward losses (2021: approximately € 372 million), for which a deferred tax asset of € 31,554 thousand (2021: € 28,605 thousand) has been recognised. These losses can be carried forward infinitely.

Besides carry-forward losses, Ballast Nedam's Dutch tax group has unrecognised pre-incorporation profit of approximately € 61 million (2021: € 67 million) from foreign permanent establishments which are eligible for set-off to prevent double taxation. In addition, Ballast Nedam still has carry-forward losses in foreign countries which have not been recognised, as is not considered probable they can be utilised.

The deferred tax liability € 470 thousand (2021: nil) relates to tax differences of investments in foreign subsidiaries.



9.6.15 Short- / long-term borrowings

The details and redemption schedule of the borrowings are as follows:

Net debt and cash	2022	2021
Cash and cash equivalents	171,022	252,802
Borrowings - repayable within one year	(47,998)	(27,683)
Borrowings from related parties - repayable within one year	(10,000)	-
Borrowings - repayable after one year	(108,549)	(114,300)
Borrowings from related parties - repayable after one year	(11,546)	-
Lease liabilities - repayable within one year	(8,762)	(8,289)
Lease liabilities - repayable after one year	(15,862)	(13,125)
Net debt and cash	(31,695)	89,405
Cash and cash equivalents	171,022	252,802
Gross debt - fixed interest rates	(179,860)	(145,714)
Gross debt - variable interest rates	(22,857)	(17,683)
Net debt and cash	(31,695)	89,405

	Net assets	Liabilities from financing activities						Total
	Cash and cash equivalents	Lease liabilities - repayable within one year	Lease liabilities - repayable after one year	Borrowings - repayable within one year	Borrowings from related parties - repayable within one year	Borrowings - repayable after one year	Borrowings from related parties - repayable after one year	
Net debt and cash as at 1 January 2021	219,960	(7,184)	(11,949)	(13,300)	-	(88,500)	-	99,027
Cash flow movement	32,842	(1,105)	(1,176)	(14,383)	-	(25,800)	-	(9,622)
Net debt and cash as at 31 December 2021	252,802	(8,289)	(13,125)	(27,683)	-	(114,300)	-	89,405
Net debt and cash as at 1 January 2022	252,802	(8,289)	(13,125)	(27,683)	-	(114,300)	-	89,405
Cash flow movement	(81,780)	(473)	(2,737)	(20,315)	(10,000)	5,751	(11,546)	(121,100)
Net debt and cash as at 31 December 2022	171,022	(8,762)	(15,862)	(47,998)	(10,000)	(108,549)	(11,546)	(31,695)

The applicable margin of the bank loans with a fixed interest rate is between 1.6% and 8.0%. All the loans have fixed interest rates with exemption of loans with a total amount of € 22.9 million. Borrowings to be repaid within one-year amount to € 57,998 thousand. Borrowings to be repaid between 1 and 2 years amount to € 79,690 thousand, borrowings to be repaid between 2 and 3 years amount to € 28,859 thousand, borrowings to be repaid between 3 and 4 years amount to € 11,546 thousand. Non-financial assets amounting to €134,066 thousand (2021: € 96,986 thousand) are pledged as collateral with respect to the bank borrowings.

9.6.16 Trade payables

The details of the trade payables of the Group as at balance sheet dates are as follows:

Trade payables	2022	2021
Trade payables	240,591	198,948
Trade payables to related parties	1,800	794
Retention payables	1,246	978
Other trade payables	10,242	7,463
Total trade payables	253,879	208,183

Average maturity for trade payables is approximately 40 days (31 December 2021: 34 days). Risk characteristics and fair values of trade receivables and trade payables are disclosed in note 9.6.29. These transactions were made on normal commercial terms and conditions.

9.6.17 Other short-term payables

Other short-term payables	2022	2021
Non-trade payables to related parties	22,652	16,780
Other short-term payables	35,764	21,314
Total other short-term payables	58,416	38,094

Non-trade payables to related parties (see note 9.6.32). Other short-term payables include the Group's share of the payables of the partner(s) in the joint operations, total amount € 19,341 thousand (2021: € 9,239 thousand), accruals for invoices to be received € 7,453 thousand (2021: € 6,485 thousand) and other items which are individually immaterial. These transactions were made on normal commercial terms and conditions.

9.6.18 Payables for employee benefits

Short-term payables employee benefits	2022	2021
Salary payable to personnel	168	187
Social security premiums payable	8,120	8,078
Other payables for employee benefits	1,877	756
Total Short-term payables employee benefits	10,165	9,021

Short-term provisions related to employee benefits	2022	2021
Unused vacation pay liability	2,958	3,427
Total Short-term provisions related to employee benefits	2,958	3,427

Long-term provisions related to employee benefits	2022	2021
Jubilee provision	762	1,021
Illness provision	590	604
Total Long-term provisions related to employee benefits	1,352	1,625

Other long-term employee benefits consist of long-term illness and long-service bonuses. The discount rate of the provision for long-term illness and long-service bonuses was 2.3% (2021: 1.5%). In addition, the long-service bonus includes expectation on retention rate of 88% (2021: 94%) and salary increases consistent with collective labour agreements.

Pensions

Ballast Nedam makes contributions to defined benefit schemes as well as defined contribution schemes. The pension schemes in the Netherlands are subject to the regulations as specified in the Pension Act. Due to the Pension Act, the pension plans need to be fully funded and need to be operated outside the company through a separate legal entity.



Several multi-employer funds and insurers operate the various pension plans. Ballast Nedam has no additional responsibilities for the governance of these schemes. The basic pension for every employee is covered by multi-employer funds in which also other companies participate based on legal obligations. These funds have an indexed average salary scheme and are therefore defined benefit schemes. Specifically, these are the industry pension funds for Building & Infra, Concrete Products, Agricultural Machinery Operating and Metal & Technology industries. As these funds are not equipped to provide the required information on the company's proportionate share of pension liabilities and plan assets, the defined benefit plans are accounted for as defined contribution plans. The Group is obliged to pay the predetermined premium for these plans. Ballast Nedam may not reclaim any excess payment and is not obliged to make up any deficit, except by way of the adjustment of future premiums. For employees with salaries exceeding industry pension funds maximum pensionable salaries (top-up arrangement), which are not covered by multi-employer funds, operation and administration are carried out by external parties and relates to defined contribution schemes. The Group has no liabilities with regards to paying premiums for this scheme. With effect from 2006, the defined benefit scheme is closed for new entrants. The build-up of future pension entitlements for these employees is covered by the multi-employer funds or external insurance companies. Defined benefit schemes are closed for future accumulation and index-linked to the industry pension fund for Building & Infra.

The coverage ratio of the industry pension scheme for the building industry (bpfBOUW) is accounted for as a defined contribution pension scheme and was estimated as 131.5% for the year 2022 (2021: 119.3%). The coverage ratio for pension scheme Bpf Betonproductenindustrie also accounted for as a defined contribution pension scheme was estimated as 112.4% for the year 2022 (2021: 110.0%).

9.6.19 Other short-term and long-term provisions

Short-term provisions amount to € 43,847 thousand (2021: €46,401 thousand) and includes € 2,958 thousand (2021: € 3,427 thousand) provisions related to employee benefits (note 9.6.18) and € 40,889 thousand (2021: € 42,974 thousand) short-term provisions. The long-term provisions amount to € 6,553 thousand (2021: € 6,842 thousand) and includes € 1,352 thousand (2021: € 1,625 thousand) provisions related to employee benefits (note 9.6.18) and € 5,201 thousand (2021: €5,217 thousand) long-term provisions.

Short-term provisions	2022	2021
Warranty provisions	4,533	3,646
Provision for joint ventures	3,052	2,495
Provision onerous contracts	24,216	27,976
Restructuring provisions	2,228	2,339
Other short-term provisions	6,860	6,518
Total Short-term provisions	40,889	42,974

Long-term provisions	2022	2021
Warranty provisions	1,908	2,075
Provision onerous contracts	3,293	2,939
Other long-term provisions	-	203
Total Long-term provisions	5,201	5,217

The company expects that all the provisions will be substantively used within one to five years.



Movements of warranty provisions	2022	2021
Opening balance 1 January	5,721	6,875
Transfer from contract liabilities	2,302	1,369
Charge for the year	3,317	1,357
Utilisation	(2,324)	(2,454)
Reversal	(2,575)	(1,426)
Closing balance 31 December	6,441	5,721
< 1 year	4,533	3,646

The provision for warranty claims represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under Ballast Nedam's warranty programme for construction contracts. In 2022, the addition to warranty provisions from completed projects amounted to € 2,302 thousand (2021: € 1,369 thousand). The release amounted to € 2,575 thousand (2021: € 1,426 thousand) and relates to previously completed projects of which the warranty period expired. The warranty costs provided for is partly dependent on the estimated allocation of the claim to the related construction partners. It is expected that most of the warranty costs will occur in the upcoming year.

Movements of other provisions	2022	2021
Opening balance 1 January	6,721	3,173
Reclassification	670	4,495
Charge for the year	988	172
Utilisation	(607)	(360)
Reversal	(912)	(759)
Closing balance 31 December	6,860	6,721
< 1 year	6,860	6,518

The reclassification of € 670 thousand (2021: € 4,495 thousand) consists of a transfer from contract liabilities to provisions. The possible financial risk of the claims cannot be predicted with certainty, however Ballast Nedam believes that based on (external) advisors and information received, the amounts included in the provision are the best estimate. Ballast Nedam also takes into account whether or not financial risks are covered by the insurance policies. The charge for the year of € 988 thousand was included in the statement of profit and loss (2021: € 172 thousand) and refers mainly to claims positions. The utilisation of € 607 thousand (2021: € 360 thousand) relates to the settlement of claims.

Movements of provision for joint ventures	2022	2021
Opening balance 1 January	2,495	3,809
Addition	1,048	352
Utilisation	(491)	(1,666)
Closing balance 31 December	3,052	2,495
< 1 year	3,052	2,495

The provision for joint ventures relates to joint ventures in which Ballast Nedam's share is negative. The increase in this provision in 2022 had mainly to do with losses of joint ventures not fully offset by capital contributions.

Movements of provision onerous contracts	2022	2021
Opening balance 1 January	30,915	16,292
Addition	59,104	49,159
Utilisation	(62,510)	(34,536)
Closing balance 31 December	27,509	30,915
< 1 year	24,216	27,976



The provision is based on estimates from project team to assess the result of a performance obligation and the future progress on the project. If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions in the statement of financial position. In addition, the provision includes amounts for enforceable obligations originating from the period that a contract was still in force.

Movements of restructuring provisions	2022	2021
Opening balance 1 January	2,339	2,902
Reclassification	171	131
Charge for the year	1,134	1,579
Utilisation	(1,416)	(2,273)
Closing balance 31 December	2,228	2,339
< 1 year	2,228	2,339

The charge for the year of € 1,134 thousand is related to the reorganisation, which include costs related to certain staff compensation and restructuring which continued in 2022 (2021: € 1,579 thousand). A provision for reorganisation is only recognised once the decision to execute a reorganisation is concluded and announced.

9.6.20 Other short-term liabilities

Other short-term liabilities	2022	2021
VAT payable	34,224	25,683
Corporate income tax liabilities	1,285	221
Total Other short-term liabilities	35,509	25,904

The corporate income tax liabilities are related to the subsidiaries outside the fiscal unity of Ballast Nedam.

9.6.21 Other long-term payables

Other long-term payables	2022	2021
Non-trade payables to related parties	3,773	-
Other long-term payables	2,057	2,469
Closing balance sheet 31 December	5,830	2,469

9.6.22 Shareholders' equity

The name of shareholder	%	2022	%	2021
Renaissance Construction B.V.	100%	2,203	100%	2,203
Total paid in capital	100%	2,203	100%	2,203

The authorised capital consists of 800,000,000 ordinary shares and amounts to € 8 million. The issued and fully paid share capital consists of 220,299,776 ordinary shares each at a par value of € 0.01.

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.



The other reserves include the legal reserve which are the fair value change in investment properties and the hedging reserve which comprises the cumulative net movement in the fair value of derivative financial instruments from joint ventures.

The Board of Management proposed that the net result for the year will be added to the accumulated losses within the shareholders’ equity. No dividend payment proposed or declared.

9.6.23 Revenue

Revenue	2022	2021
Revenue from construction activities	1,403,341	1,008,150
Revenue from maintenance services	10,777	10,747
Trading and other revenue	16,645	22,574
Total Revenue	1,430,763	1,041,471

The revenues from construction activities are mainly from the execution of projects in residential and non-residential building and mobility. The revenue from Construction activities from stand-alone building and infra works amounts to € 678.6 million (2021: € 529.7 million) and € 552.4 million (2021: € 302.7 million). The total revenue of Ballast Nedam Development is € 107.8 million (2021: € 116.8 million) and Industriebouw realised a revenue of € 174.4 million (2021: € 127.1 million).

The revenue from services rendered is mainly related to maintenance services. The trading and other revenues relate to revenues from rentals of equipment, tender cooperation fees, buying and selling of construction materials and lease income from investment property. The revenue realised in the Netherlands was € 1,346.2 million (2021: € 986.5 million), other European countries € 44.4 million (2021: € 26.0 million) and outside Europe € 40.1 million (2021: € 29.0 million).

The revenue joint ventures realised, accounted for as ‘share on profit / loss of investments valued using equity method’, for the year was € 128.2 million (2021: € 134.2 million) which results in € 1,559.0 million (2021: € 1,175.7 million) total revenue for the company if the joint ventures were consolidated proportionally.

Timing of revenue recognition

The timing of revenue recognition in 2022 and 2021 was as follows:

Timing of revenue recognition	2022	2021
At a point in time	117,769	136,443
Over time	1,312,994	905,028
Total	1,430,763	1,041,471



9.6.24 Cost of Revenue

Cost of revenue	2022	2021
Employee benefit expenses	(156,811)	(139,042)
Raw materials and supplies expenses	(213,647)	(134,633)
Worksite expenses	(43,282)	(32,740)
Subcontractor expenses	(859,810)	(561,406)
Depreciation and amortization expenses	(12,173)	(9,613)
Machinery, equipment and other rent expenses	(63,064)	(67,651)
Cost of goods sold	(5,973)	(3,027)
Other costs of revenue	(20,275)	(49,695)
Total Cost of revenue	(1,375,035)	(997,807)

Employee benefit expenses	2022	2021
Wages and salaries	(127,548)	(113,770)
Social security costs	(18,240)	(15,814)
Pension charges	(11,023)	(9,458)
Total Employee benefit expenses	(156,811)	(139,042)

The average number of FTE is 1,797 (2021: 1,690) of which 39 (2021: 20) are employed abroad. The average number of FTE at the head office is 100 (2021: 98) and in the operational entities is 1,697 (2021: 1,592). The average number of FTE in Building is 687 (2021: 680) and Infra is 789 (2021: 709).

9.6.25 General administrative expenses

Details of general administrative expenses	2022	2021
Employee benefit expenses	(20,827)	(18,942)
Consultancy expenses	(806)	(917)
Depreciation and amortization expenses	(7,290)	(6,466)
Office administration expenses	(2,384)	(2,047)
Rent expenses	(913)	(934)
Representative expenses	(162)	(132)
Transportation and travelling expenses	(586)	(436)
Insurance expenses	(1,330)	(1,260)
Marketing, selling and distribution expenses	(464)	(245)
Total general administrative expenses	(34,762)	(31,379)

Employee benefit expenses	2022	2021
Wages and salaries	(16,940)	(15,500)
Social security costs	(2,423)	(2,154)
Pension charges	(1,464)	(1,288)
Total employee benefit expenses	(20,827)	(18,942)

9.6.26 Other operating income from main activities

The other operating income from main activities was € 5,678 thousand (2021: € 7,003 thousand income) including additions to and reversal of provisions. The total additions to provisions for the year amounts to € 2,576 thousand (2021: € 3,691 thousand) and the release amounts to € 1,748 thousand (2021: € 4,601 thousand). Further details on provisions are included in note 9.6.19 Other short-term and long-term provisions.

Additionally, this includes other operating income and expenses from main activities € 4.2 million (2021: € 4.6 million) and € 1.5 million (2021: € 1.1 million) respectively. The gain on disposal of property and equipment amounted to € 1.0 million (2021: € 2.5 million) and the loss on disposal of property and equipment nil million (2021: € nil million). Other operating income includes gain on disposal of an associate (€ 3.5 million) and multiple small items such as settlement of subcontractors. Other operating expense includes various small costs from multiple business units.

9.6.27 Financing income and expenses

Financing income and expenses	2022	2021
Financing income	1,049	154
Interest expenses	(6,351)	(4,849)
Interest income	890	67
Foreign exchange gain / (loss) from financing activities	(20)	626
(Un)realized results derivatives	1,527	-
Other financial expenses	(3,811)	(185)
Total Financing income and expenses	(6,716)	(4,187)

The interest expenses are charged for interest on the outstanding loans and lease liabilities in 2022 and 2021. Other financial expenses include bank commission expenses and financing expenses for a credit facility. The credit facility qualifies as a mezzanine loan which includes a remuneration component in the form of upside profit sharing (note 9.6.32).

9.6.28 Current income tax expenses

The income tax expenses are related to the entities outside the fiscal unity of Ballast Nedam.

Income tax recognized in profit or loss	2022	2021
Current tax expense	(585)	(235)
Deferred tax income	2,479	14,692
Total Income tax recognized in profit or loss	1,894	14,457

The numerical reconciliation of income tax credit for 2022 and 2021 is included in the table below.

Numerical reconciliation of income tax credit	2022	2021
Result before tax	29,782	27,520
Total	29,782	27,520
Applicable income tax rate	25.8%	25.0%
Tax calculated at Dutch tax rate	7,684	6,880
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Previously unrecognised tax losses used to reduce deferred tax expense	(6,293)	(18,717)
Tax losses set off against taxable income	(3,053)	(2,723)
Different tax rates of subsidiaries operating in other jurisdiction	(232)	103
Income tax credit	(1,894)	(14,457)
Net result	31,676	41,977
Effective tax rate	-6.4%	-52.5%



9.6.29 Financial risk management

General

The Board of Management has the overall responsibility for the establishment and oversight of the company's risk management framework. One component of the overall risk framework is the financial risk; the categories identified and result of the assessment are disclosed in the following paragraphs.

The centralisation of certain accounting activities continued with the improvement of the systems and transaction flow approvals, which strengthen the control environment. The Internal Control department continued implementing a plan to carry out both regular and ad hoc reviews of controls and procedures.

Credit risk

Credit risk is the risk of financial loss to Ballast Nedam if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, receivables from clients and related parties and investments in debt securities.

The key objective of Ballast Nedam's counterparty credit risk management is to minimise the risk of losses as a result of failure of an individual counterparty that could negatively impact the company's results. The carrying amount of financial assets represents the maximum credit exposure. Ballast Nedam actively pursues a policy designed to minimise credit risks. Credit risks consist of the risk that counterparties will not be able to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam uses prepayments, guarantees and collateral (rights of retention) on projects under construction in order to limit the credit risk on instalments and trade receivables.

Our business units periodically measure and analyse the credit risk for trade receivables and contract assets, based on, amongst other things, aging of the outstanding debt and liquidity of the debtor. The aging of receivables will increase for example in circumstances when our clients withhold payments, which are invoiced in line with the agreed payment schedule, due to the fact that the perception on realisation of milestones differ or documentation requirements, even though the client is not disputing the invoice. For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The credit risk of cash and cash equivalents, including bank deposits, is the risk that counter-parties are not able to repay amounts owed to Ballast Nedam. The Group works with banks which have high credit ratings or banks with a lower credit rating if they have a long-term relationship with the Rönnesans Group. The related risk is monitored on an ongoing basis both at local entity and corporate level. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

With regard to trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months as per 1 January 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the clients to settle the receivables. Other receivables and other non-current assets are monitored for expected credit losses. They do not contain impaired assets.



These balances include mainly funding to associates and joint ventures for project developments and loans to Rönasans Group companies.

As at the balance sheet date, there was no concentration of credit risks among debtors for substantial amounts.

Credit risk exposure based on financial instrument categories	Trade receivables		Other receivables and non-current assets		Contract assets	Bank deposits
2022	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at balance sheet date	665	163,009	108,494	56,701	118,291	171,022
Net book value of not due financial assets	665	116,251	108,494	56,701	118,291	171,022
Net book value of assets that are due but not impaired	-	46,758	-	-	-	-
Overdue (gross book value)	-	899	-	-	-	-
Impairment (-)	-	(899)	-	-	-	-

Credit risk exposure based on financial instrument categories	Trade receivables		Other receivables and non-current assets		Contract assets	Bank deposits
2021	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at balance sheet date	2,892	119,175	91,096	41,584	69,922	252,802
Net book value of not due financial assets	2,892	96,010	91,096	41,584	69,922	252,802
Net book value of assets that are due but not impaired	-	23,165	-	-	-	-
Overdue (gross book value)	-	1,330	-	-	-	-
Impairment (-)	-	(1,330)	-	-	-	-

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. The aging schedule of trade receivables including provision is shown in the table below:

Trade receivables	Gross receivables 2022	Provision	Gross receivables 2021	Provision
Not past due	116,916	(18)	98,902	(55)
Past 01-30 days	22,156	(7)	9,601	(9)
Past 31-90 days	5,401	(14)	5,241	(55)
Past 91-364 days	17,503	(280)	6,634	(185)
Past 1-2 years	2,597	(580)	3,019	(1,026)
Total	164,573	(899)	123,397	(1,330)

Liquidity risk

Liquidity risk is the risk that Ballast Nedam will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The existing financing package, consisting of loan agreements with multiple financial institutions amounted to € 111 million (2021: € 111 million), a project financing arrangement of € 45.5 million at year-end 2022 (2021: € 31 million) and loan agreements with related parties of € 21.5 million (2021: nil). An amount of € 58 million will mature on or before 31 December 2023.

The solvency ratio slightly improved compared to previous year and amounts to 24.9% (2021: 24.3%). This is the result of the net profit for the year and the increased amount of assets.



Ballast Nedam's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Ballast Nedam controls the liquidity risk through weekly cashflow forecasting followed by adequate corrective measures and monitoring. The current cash surplus, strong solvency and the strengthened risk management activities, are expected to provide management with additional flexibility in its operations and execution of its business plans.

Ballast Nedam has access to bank guarantee and bonding facilities with various financial institutions and group companies. These facilities are long-term. Periodically, a forecast is made of the use of the available guarantee facilities. The forecast is based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on this access to guarantee facilities and forecasts, Ballast Nedam expects it will be able to issue guarantees in the ordinary course of business.

The statement for <1 year and 1-5 years includes the repayments of matured loans of € 62,962 thousand (2023), € 80,785 thousand (2024), € 29,960 thousand (2025) and € 20,920 thousand (2026).

2022 Due date on agreement	Carrying value	Cash outflows according to agreements	Less than 3 months	3-12 months	1-5 year	More than 5 years
Bank loans (including related parties)	178,093	190,312	11,313	51,543	127,456	-
Trade payables (including related parties)	253,879	253,879	253,879	-	-	-
Contract liabilities	137,693	137,693	137,693	-	-	-
Lease payables	24,624	26,791	2,544	6,367	15,060	2,820
Other payables	64,246	64,246	58,416	-	5,830	-
Total liabilities	658,535	672,921	463,845	57,910	148,346	2,820

2021 Due date on agreement	Carrying value	Cash outflows according to agreements	Less than 3 months	3-12 months	1-5 year	More than 5 years
Bank loans (including related parties)	141,983	150,401	1,021	30,533	118,847	-
Trade payables (including related parties)	208,183	208,183	208,183	-	-	-
Contract liabilities	151,157	151,157	151,157	-	-	-
Lease payables	21,414	23,412	2,473	5,958	11,964	3,017
Other payables	40,563	40,563	38,094	-	2,469	-
Total liabilities	563,300	573,716	400,928	36,491	133,280	3,017

The contractual cashflows that will occur within 3-12 months' amount to € 57,910 thousand, including an amount of € 51,543 thousand of the loans. Regarding the remaining liabilities € 463,845 thousand (including an amount of € 11,313 thousand of the loans) is due within approximately three months (2021: € 400,928 thousand).

Market risk

Exchange risk

Ballast Nedam is primarily exposed to foreign currency risk on revenue, project operating costs, and loans and investments in associates held in currencies other than Ballast Nedam's functional currency. Such risk is very low as the majority of the activities are in countries where the euro is functional currency or local currencies have low volatility against euro.

Forward exchange contracts with highly rated banks may be contracted to hedge the transaction risk on cashflows generated by ordinary business activities. At year-end 2022, Ballast Nedam had one outstanding forward exchange contracts recognised at fair value in the statement of financial position.



Ballast Nedam is exposed to the following foreign currency translation risks in nominal amounts:

€ / foreign currency	2022 average exchange rate	Exchange rate on 31 December 2022	2021 average exchange rate	Exchange rate on 31 December 2021
Exchange rates				
USD	1,049	1,066	1,179	1,132
Foreign currency translation risk USD				
Non-monetary financial assets			-	332
Monetary financial assets			4,721	-
Total assets			4,721	332
Non-monetary other liabilities			-	(8,909)
Trade payables			-	(250)
Total short-term liabilities			-	(9,159)
Net foreign currency asset / (liabilities) position				
			4,721	(8,827)
Monetary items net foreign currency assets / (liabilities)				
			4,721	(250)

A 10% increase in the exchange rate of the euro against USD would affect the shareholders' equity and income statement as follows, assuming that all other variables, including interest rates, remain unchanged.

	2022 Profit / (Loss)	
If US Dollars, 10% appreciated / depreciated v.s. Euro	Appreciation of foreign currency	Depreciation of foreign currency
US Dollars net assets / (liabilities)	472	(472)

	2021 Profit / (Loss)	
If US Dollars, 10% appreciated / depreciated v.s. Euro	Appreciation of foreign currency	Depreciation of foreign currency
US Dollars net assets / (liabilities)	(25)	25

Interest risk

Ballast Nedam's interest policy is to limit the impact of interest rate changes on the company's results. Management has interest rate swap and interest rate cap agreements in place to limited exposure to interest rate risks. Although long-term PPP contracts do not form a significant part of the interest risk related transactions, Ballast Nedam limits exposure with interest rate swaps for PPPs. Cashflow hedge accounting is applied to derivative financial instruments where the hedge relationship is effective. Ballast Nedam has loans with a fixed rate. The interest risk is limited to potential movements in the market value of the loans and of positive cash balances. It is expected that loans will be continued until the maturity date. The interest risk profile of the company's interest-bearing financial instruments as at the end of the reporting period was as follows:

Interest rate position table		
Floating and fixed rate financial instruments	2022	2021
Financial liabilities	22,857	17,683
Fixed rate financial instruments	179,860	145,714
Total financial liabilities	202,717	163,397

A 100 basis points increase in the interest rate would affect the income statement as follows, assuming that all other variables, remain unchanged.

Impact on income statement	2022	2021
Interest rates - increases by 100 basis points	(229)	(177)
Interest rates - decreases by 100 basis points	229	177



Capital risk

Ballast Nedam has the objective to ensure an optimal capital structure with sufficient availability of credit which enables the company to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may sell assets to reduce debt, obtain new loans to increase debt and adjust the amount of return capital to shareholders. The net debt to equity ratio (excluding lease liabilities) decreased from 53% to -3%.

Ballast Nedam is not subject to key performance indicators for the majority of its loans. An exception is the loan obtained to partly finance the acquisition of the Rotterdam Building. In the related financial agreement, a loan-to-value ratio has been agreed. Ballast Nedam complies with this ratio. Although for the majority of the loans no performance indicators exist, the terms of the loans include commitments to share financial information with the banks.

With the current cash position, management forecasts that it has sufficient means to finance its ongoing operations.

Fair value

The fair values of financial assets and liabilities together with the carrying amounts recognised in the Consolidated Balance Sheet, per IFRS 9 category, are as follows:

Fair value	2022	Fair value	2021	Fair value
	Carrying amount (amortised cost)		Carrying amount (amortised cost)	
Cash and cash equivalents	171,022	171,022	252,802	252,802
Trade receivables	163,674	163,674	122,067	122,067
Other receivables	153,837	153,837	124,605	124,605
Contract assets	118,291	118,291	69,922	69,922
Right of use assets	24,242	24,242	20,994	20,994
Total financial assets	631,066	631,066	590,390	590,390

Fair value	2022	Fair value	2021	Fair value
	Carrying amount (amortised cost)		Carrying amount (amortised cost)	
Bank loans (including related parties)	178,093	178,093	141,983	141,983
Trade payables (including related parties)	253,879	253,879	208,183	208,183
Contract liabilities	137,693	137,693	151,157	151,157
Lease liabilities	24,624	24,624	21,414	21,414
Other liabilities	104,090	104,090	73,019	73,019
Total financial liabilities	698,379	698,379	595,756	595,756



Valuation methods

The valuation method of the financial instruments, including derivatives, is categorised in three levels. Level 1 refers to (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 involves assets measured on the basis of prices or price derivatives that do not meet the definition for Level 1. The assets under Level 3 are measured on the basis of cashflow models. All financial instruments carried at fair value within the company are categorised in Level 2. There were no transfers from Level 1 to Level 2 or Level 3, or vice versa, in 2022 (2021: also no transfers). Changes in the value of other fair value investments are recognised in the statement of income.

Ballast Nedam has financial assets or liabilities measured at fair value, being derivative assets and liabilities. The fair value of derivative assets and liabilities is based on models using present value calculations, like observable interest yield curves, basis spread and foreign exchange rates The fair value of investment properties is primarily based on the present value of the estimated future cash flows discounted with the effective interest rate (see note 9.6.10 Investment properties). The fair value assets classified as held for sale was determined using the expected sales price derived from market information.

Commitments

Guarantees	2022	2021
Letters of guarantees given	370,170	268,687

Letters of intent and guarantees issued on Ballast Nedam’s behalf by financial institutions in connection with the execution of projects and for prepayments received are included in ‘Guarantees’. In addition, assets amounting to € 134,066 thousand (2021: € 96,986 thousand) are pledged and € 14,000 thousand (2021: € 14,000 thousand) of guarantees are given as collateral with respect to the bank borrowings. Ballast Nedam received guarantees amounting to € 16,951 thousand (2021: € 6,863 thousand) from its subcontractors.

9.6.30 Contingent assets and liabilities

Off-balance sheet commitments

Ballast Nedam has contingent liabilities concerning land acquisition rights amounting to € 79,822 thousand (2021: € 85,460 thousand). These rights include a composition of conditional and not yet certain payment commitments (depending on factors such as changes in zoning, decision to develop, and decision to exercise certain rights).

Off-balance sheet commitments	2022			2021		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Leased other operating assets	274	356	-	84	156	-
Leased offices	34	-	-	36	15	-
Land purchases	-	4,343	281	1,138	4,294	-
Total	308	4,699	281	1,258	4,465	-

Other commitments

Subsidiaries have joint and several liabilities for projects executed by joint arrangements. Some subsidiaries are joint and severally liable for liabilities to a number of financial institutions. On the basis of credit and guarantee facilities, there is an obligation to refrain from issuing any collateral. Fully owned and consolidated subsidiaries form a tax fiscal unity, the head of which is Ballast Nedam N.V. for Dutch corporate income tax and VAT. All members of the fiscal unity are jointly and severally liable for Dutch corporate income tax and VAT.

Termination of the contract for the construction of A-Pier Schiphol

On 29 November 2021, Schiphol terminated the contract with BN-TAV for the construction of the A-Pier. The joint venture BN-TAV firmly believes that the termination was unlawful. BN-TAV handed over the construction site, in a safe and controlled way, to Schiphol Group. Schiphol and BN-TAV continued their discussions in 2022 in an attempt to reach an



amicable agreement on all claims and disputes by mediation. At the end of July 2022, it was decided by Schiphol to withdrawal from the mediation.

Schiphol has submitted to BN-TAV a claim for the period up to termination of € 93 million for delay damages, additional costs and recoverable costs. BN-TAV has filed a preliminary claim of € 283 million relating to outstanding variation orders, its entitlement to an extension of time and reimbursement of additional costs and damages. The claims to Schiphol include claims from subcontractors of BN-TAV. Due to the uncertainty the outcome is not reasonably to be estimated and therefore both claims are not valued. There is no change to the legal status of the dispute process and as a result no change to a contingent liability as at 31 December 2022.

Capital contribution commitments

There were no unconditional capital contribution commitments as at 31 December 2022 (2021: nil) in PPP projects.

9.6.31 Business combinations

On 31 May 2022 Ballast Nedam Road Specialties B.V. acquired 100% of the issued share capital of Mouwrik Bouw B.V. The company is active in civil engineering and has a strong regional position in the field of asphalt maintenance, preparation for construction and housing and inner-city reconstructions of roads and sewers.

On 13 December 2022 Ballast Nedam UK Ltd. acquired the issued share capital of Avenue Building Company Ltd. The company is specialised in healthcare construction projects in the UK, realising, among other things, high-end diagnostic centres, single mammography units and the renovation of hospital departments. The goodwill of GBP 1.6 million is attributable

to the expected synergies, employees and high profitability of the acquired business. The goodwill will not be deductible for tax purposes.

Details of the purchase consideration, the net assets acquired and cash outflow are as follows:

Purchase consideration	Mouwrik Bouw BV	ABC Ltd
Cash paid	4,457	6,519
Remaining (contingent) consideration payable	5,799	-
Total purchase consideration	10,256	6,519

Net assets acquired at fair value	Mouwrik Bouw BV	ABC Ltd
Cash and cash equivalents	1,469	3,242
Other current assets	8,459	1,656
Non current assets	4,213	815
Current liabilities	(3,885)	(987)
Net identifiable assets acquired	10,256	4,726
Add: Goodwill	-	1,793
Total net assets acquired	10,256	6,519

Cash outflow on acquisition	Mouwrik Bouw BV	ABC Ltd
Cash consideration paid	4,457	6,519
Less: balances acquired	(1,469)	(3,242)
Total acquisition of subsidiaries net of cash	2,988	3,277



Mouwrik Bouw B.V.

Other current assets include € 8,5 million of acquired receivables to be collected. Non-current assets include € 1,5 million interest in participations, €1,4 million of intangible assets identified at acquisition date for intellectual property and construction contracts and €1,3 million of tangible assets identified at acquisition date for equipment and cars. The acquisition-related costs recognised in general administrative expenses amount to € 0,1 million. The acquired business contributed revenues of € 24,5 million and net profit of € 2,1 million to Ballast Nedam for the period from 31 May 2022 to 31 December 2022. The revenue and net profit of the acquired business for the current reporting period as if the acquisition date occurred as of the beginning of the annual reporting period amount to € 38,6 million and € 3,0 million, respectively.

9.6.32 Related Party Transactions

The parties related to Ballast Nedam are Rönésans Group companies and its related parties, the company's management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, Stichting Pensioenfonds Ballast Nedam and the directors and senior officers of these entities. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties. A major part of the construction activities of Ballast Nedam is executed in joint ventures / associates and joint operations and Rönésans Group companies. The activities of these entities include the financing and construction of land developments as well as construction contracts. The related party transactions with Rönésans Group companies include charges for construction, consultancy costs, ICT cost, interest on loans, a remuneration component on a mezzanine loan, tender support and tender cooperation fees. The table below gives an overview of the receivables and payables as at reporting date outstanding to intercompany parties:

	2022							
	Receivables				Payables			
	Short-term		Long-term		Short-term		Long-term	
	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade
Marktkwartier C.V. ⁽¹⁾	-	42,555	-	-	-	189	-	-
Ontwikkelingsmaatschappij Centrumgebied Amsterdam Zuidoost B.V. ⁽¹⁾	-	9,027	-	-	-	-	-	-
Gebiedsontwikkeling Oud-Beijerland Oost C.V. ⁽¹⁾	-	7,606	-	-	-	(0)	-	-
Other joint ventures and associates	0	12,026	-	600	-	6,814	-	-
V.O.F. De Leidse Schans ⁽²⁾	-	-	-	-	-	5,137	-	-
Other joint operations	0	9,983	-	-	-	9,745	-	-
Renaissance Construction B.V	-	-	-	-	-	10,134	-	-
Mathir B.V.	-	-	-	-	-	-	-	15,319
Other Renaissance group companies	665	12,148	-	14,549	1,800	633	-	-
Total related parties	665	93,345	-	15,149	1,800	32,652	-	15,319

(1) Joint venture and associates

(2) Joint operations

	2021							
	Receivables				Payables			
	Short-term		Long-term		Short-term		Long-term	
	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade
Marktkwartier C.V. ⁽¹⁾	-	35,905	-	-	-	189	-	-
Gebiedsontwikkeling Oud-Beijerland Oost C.V. ⁽¹⁾	-	7,265	-	-	-	-	-	-
Other joint ventures and associates	-	22,925	-	994	-	5,054	-	-
V.O.F. De Leidse Schans ⁽²⁾	-	-	-	-	-	5,159	-	-
Other joint operations	-	7,643	-	-	-	6,352	-	-
Other Renaissance group companies	2,892	3,882	-	12,482	794	26	-	-
Total related parties	2,892	77,620	-	13,476	794	16,780	-	-

(1) Joint venture and associates

(2) Joint operations

The table below shows the revenue/costs of the Rönesans Group in 2022. The related party transactions with Rönesans Group companies include charges for construction activities, consultancy costs, ICT cost, interest on loans, a remuneration component on a mezzanine loan, tender support and tender cooperation fees.

Transactions with related parties 2022	Purchases	Sales	Interest received	Interest given	Other income	Other expense
Rönesans Holding A.S.	2	-	-	-	-	-
Transactions with other Rönesans Group companies	5,151	28,624	185	680	1,767	4,013
Total	5,153	28,624	185	680	1,767	4,013

Transactions with related parties 2021	Purchases	Sales	Interest received	Interest given	Other income	Other expense
Rönesans Holding A.S.	-	-	-	-	-	-
Transactions with other Rönesans Group companies	461	13,884	129	23	502	58
Total	461	13,884	129	23	502	58

In joint operations, mainly consisting of construction or development consortia, Ballast Nedam assumes its share of the assets, liabilities, revenues and costs. Ballast Nedam has recognised the following interests in joint operations in the consolidated statement of financial position.

Joint operations	2022	2021
Non-current assets	1,258	1,978
Current assets	99,017	75,218
Non-current liabilities	-	(203)
Current liabilities	(101,195)	(73,808)
Net assets	(920)	3,185

The revenue and the cost of sales relating to the share in joint operations was approximately 13% (2021: 18%) of total revenue and cost of sales. The total liabilities to third parties of companies for which Ballast Nedam holds joint and several liabilities, such as partnerships, excluding bank guarantees issued by those companies, was € 275 thousand at the end of 2022 (2021: € 186,030 thousand), of which the € 101 thousand portion of Ballast Nedam (2021: € 74,011 thousand) is included in the Consolidated statement of financial position.

The entities below were included in the Consolidated statement of financial position and Consolidated statement of income of Ballast Nedam in 2022. The entities relate to joint operations. Only the principal active entities are included for practical reasons. A full list of the subsidiaries included in the consolidation has been filed with the Commercial Register at the offices of the Dutch Chamber of Commerce in Utrecht. Details of the material joint ventures and associated interests in which Ballast Nedam has participating interests can be found in the next paragraph.

In general, the payment of dividend and/or depositing of temporary liquidity surpluses from joint ventures and associates depends on the authorisation of the shareholder. The main joint operations are determined on the basis of their contribution to revenue, risk profile, strategic importance and contribution to results.

Overview of joint operations

Ballast Nedam and other parties that have joint control (by voting power or contractual arrangement) of the arrangement and have rights to the assets and obligations for the liabilities relating to the joint operation.



Joint operations	Place of incorporation and operation	Principal activity	2022		2021	
			Effective ownership ratio	Voting power held	Effective ownership ratio	Voting power held
Tribune-Bouw V.O.F.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Vof Grondbank Langedijk	Netherlands	Development	27.50%	27.50%	27.50%	27.50%
V.O.F. De Leidse Schans	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Dijkzone V.O.F.	Netherlands	Development	33.33%	33.33%	33.33%	33.33%
VOF Ontwikkelingscombinatie Veld 9	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Vof Planetenlaan/Eind	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
VOF Entreegebied Ter Borch	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
De Beeldbouwers V.O.F.	Netherlands	Construction	-	-	50.00%	50.00%
Hart van Zuid Vof	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
BN-TAV Joint Venture v.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
ABT MEP v.o.f.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%
BAAK Blankenburg EPCM v.o.f.	Netherlands	Construction	45.00%	45.00%	45.00%	45.00%
A-Lanes A15 Mobility V.o.f.	Netherlands	Construction	10.00%	10.00%	10.00%	10.00%
A-Lanes Civil v.o.f.	Netherlands	Construction	33.33%	33.33%	50.00%	50.00%
A-Lanes Roads V.O.F.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Bouwcombinatie Pro N329 v.o.f.	Netherlands	Construction	-	-	50.00%	50.00%
Bouwcombinatie G3 Woontorens v.o.f.	Netherlands	Construction	25.00%	25.00%	25.00%	25.00%
R Creators DBMO vof	Netherlands	Construction	45.00%	45.00%	45.00%	45.00%
De Vijfde Stad V.O.F.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Resource House V.O.F.	Netherlands	Construction	-	-	25.00%	25.00%
Bouwcombinatie Duurzaam Eindhoven V.O.F.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Bouwcombinatie Wâldwei V.O.F.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%

Joint operations	Place of incorporation and operation	Principal activity	2022		2021	
			Effective ownership ratio	Voting power held	Effective ownership ratio	Voting power held
BNRA Gladheid v.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Ballast Nedam / Van Rens v.o.f.	Netherlands	Construction	-	-	70.00%	70.00%
Combinatie BNOC v.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Infracombinatie Hart van Zuid v.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Bouwcombinatie Ballast Nedam / Van Gelder v.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Bouwcombinatie Zoetermeer Oosterheem V.O.F.	Netherlands	Construction	25.00%	25.00%	25.00%	25.00%
Bouwcombinatie De Leidse Schans V.o.f.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
MLK Zoetermeer V.O.F.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Reiniging Combinatie Randstad V.O.F.	Netherlands	Recycling	50.00%	50.00%	50.00%	50.00%
Alliantie IJsseldijk Apeldoorns Kanaal v.o.f.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%
Hochtief - Ballast Nedam - Van Oord vof	Netherlands	Construction	40.00%	40.00%	40.00%	40.00%
Hochtief - Ballast Nedam vof	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Bouwcombinatie Rozenoordbrug A10 V.O.F.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%
A73 Combinatie Croon Wolter&Dros - BN Infra v.o.f.	Netherlands	Construction	50.00%	50.00%	-	-
RdE-BNIP Joint Venture	Luxembourg	Construction	50.00%	50.00%	-	-
Best Wonen VOF	Netherlands	Development	50.00%	50.00%	-	-



Associates and joint ventures	Place of incorporation and operation	Principal activity	2022		2021	
			Effective ownership ratio	Voting power held	Effective ownership ratio	Voting power held
A-Lanes Management Services B.V.	Netherlands	Construction	25.00%	25.00%	25.00%	25.00%
BNC IXAS SPC Holding B.V.	Netherlands	Construction	-	-	20.00%	20.00%
Heitkamp Construction Swiss GmbH	Switzerland	Construction	49.00%	49.00%	49.00%	49.00%
Ontwikkelingsmaatschappij G4 Beheer B.V.	Netherlands	Development	25.00%	25.00%	25.00%	25.00%
De Vennepp Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Venneppark N207 C.V.	Netherlands	Development	62.40%	62.40%	62.40%	62.40%
Marktkwartier C.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Marktkwartier Amsterdam Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Riederwaard Beheer B.V.	Netherlands	Development	-	-	50.00%	50.00%
Riederwaard C.V.	Netherlands	Development	-	-	50.00%	50.00%
OCW Engelse Park Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
OCW Engelse Park C.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Wind Invest B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Coeur du Sud B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
BAAK Blankenburg-Verbinding B.V.	Netherlands	Construction	15.00%	15.00%	15.00%	15.00%
Exploitatie Maatschappij A-Lanes A15 B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
J.V. Siemens Cuxhaven	Germany	Construction	50.00%	50.00%	50.00%	50.00%
IXAS Gaasperdammerweg B.V.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%
Ursem Modulaire Bouwsystemen B.V.	Netherlands	Construction	49.50%	49.50%	41.00%	41.00%
Exploitatie Maatschappij Komfort B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Exploitatie Maatschappij DC 16 B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Ontwikkelingsmaatschappij G4 C.V.	Netherlands	Development	25.00%	25.00%	25.00%	25.00%
Gebiedsontwikkeling Oud-Beijerland Oost C.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Gebiedsontwikkeling Oud-Beijerland Oost Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%

Associates and joint ventures	Place of incorporation and operation	Principal activity	2022		2021	
			Effective ownership ratio	Voting power held	Effective ownership ratio	Voting power held
Gebiedsontwikkeling Oud-Beijerland Zuid Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Gebiedsontwikkeling Oud-Beijerland Zuid C.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Impuls B.V.	Netherlands	Construction	22.50%	22.50%	22.50%	22.50%
Asfalt Productie Tiel (APT) B.V.	Netherlands	Construction	33.33%	33.33%	33.33%	33.33%
Traffic Service Nederland B.V.	Netherlands	Construction	25.17%	25.17%	25.17%	25.17%
Asfalt Productie Amsterdam (APA) B.V.	Netherlands	Construction	25.00%	25.00%	25.00%	25.00%
Nederlandse Frees Maatschappij B.V. ⁽¹⁾	Netherlands	Construction	16.67%	16.67%	16.67%	16.67%
Asfalt Productie Rotterdam Rijnmond (APRR) B.V.	Netherlands	Construction	25.00%	25.00%	25.00%	25.00%
Graniet Import Benelux B.V. ⁽¹⁾	Netherlands	Construction	8.75%	8.75%	8.75%	8.75%
Ontwikkelingsmaatschappij Centrumgebied Amsterdam Zuidoost B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Stadion Amsterdam C.V. ⁽¹⁾	Netherlands	Construction	5.55%	5.55%	5.55%	5.55%
GEM Vleuterweide Beheer B.V. ⁽¹⁾	Netherlands	Development	-	-	14.00%	14.00%
N.V. Stadsherstel Breda ⁽¹⁾	Netherlands	Development	5.80%	5.80%	5.80%	5.80%
GEM Vleuterweide C.V. ⁽¹⁾	Netherlands	Development	-	-	13.44%	13.44%
Cartesiusdriehoek C.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Cartesiusdriehoek Beheer B.V.	Netherlands	Development	50.00%	50.00%	50.00%	50.00%
Grondreinigingscombinatie v.o.f.	Netherlands	Recycling	25.00%	25.00%	25.00%	25.00%
Bouwcombinatie Willems-Geelen B.V.	Netherlands	Construction	50.00%	50.00%	50.00%	50.00%
Omac B.V.	Netherlands	Construction	50.00%	50.00%	-	-

(1) An associate is an entity over which Ballast Nedam has significant influence, but does not exercise control. Limited balances of these entities are separately disclosed in note 9.6.10 as part of investment of associates and joint ventures.



Name of subsidiary	Place	Main activity	Share 2022	Share 2021
Ballast Nedam Infra B.V	Nieuwegein	Construction	100%	100%
Ballast Nedam Parking B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Industriebouw B.V.	Rotterdam	Construction	100%	100%
Ballast Nedam International projects B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Bouw & Ontwikkeling Holding B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Bouw & Ontwikkeling B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Ontwikkelingsmaatschappij B.V.	Rotterdam	Development	100%	100%
Heddes Bouw & Ontwikkeling B.V	Hoorn	Construction	100%	100%
Laudy Bouw & Ontwikkeling B.V.	Sittard	Construction	100%	100%
Ballast Nedam Concessies B.V.	Nieuwegein	Development	100%	100%
Ballast Nedam Beheer B.V.	Nieuwegein	Maintenance	100%	100%
Ballast Nedam Bouw & Ontwikkeling Speciale Projecten B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Specialistisch Grondverzet B.V.	Maarssen	Construction	100%	100%
Ballast Nedam Road Specialties B.V.	Leerdam	Construction	100%	100%
Ballast Nedam International Product Management B.V.	Rotterdam	Construction	100%	100%
Ballast Nedam Funderingstechnieken B.V.	Maarssen	Construction	100%	100%
Ballast Nedam Materieel B.V.	Almere	Construction	100%	100%
Dibec B.V.	Nieuwegein	Construction	100%	100%
Haitsma Beton B.V.	Kootstertille	Concrete factory	100%	100%
Hoco Beton B.V.	Weert	Concrete factory	100%	100%
Heitkamp Bau Service GmbH	Germany	Construction	100%	100%
Ballast Nedam UK Ltd.	United Kingdom	Construction	100%	100%

Remuneration of members of the Board of Management and of the Supervisory Board

Key management includes members of the Board of Management and the Supervisory Board. The total remuneration of members of the Board of Management in 2022 was € 1,845 thousand (2021: € 2,020 thousand).

Board of Management	2022	2021
Short-term employee benefits	1,717	1,909
Post-employment benefits	105	93
Other	23	18
Total	1,845	2,020

The total remuneration of the Supervisory Board in 2022 was € 45 thousand (2021: € 45 thousand). The remuneration of members of the Supervisory Board and the Board of Management is commensurate with their term of office. Members of the Board of Management are entitled to the use of a company car. No balances were outstanding and no loans were granted to members of the Board of Management or the Supervisory Board.



Chapter 10

Company Financial Statements



10.1 Company statement of financial position (before appropriation of result)

Amounts expressed in thousands of euro (€)

Assets	Notes	2022	2021
Non-Current Assets		519,796	443,825
Tangible fixed assets		4,062	3,678
<i>Right of use assets</i>	10.3.2	4,062	3,678
Financial fixed assets		515,734	440,147
<i>Investments accounted for using the equity method</i>	10.3.3	439,180	366,542
<i>Other long-term receivables</i>	10.3.3	45,000	45,000
<i>Deferred tax assets</i>	10.3.4	31,554	28,605
Current Assets		162,587	229,745
Receivables	10.3.5	53,121	29,863
<i>Receivables from related parties</i>		52,200	29,672
<i>Other receivables</i>		816	109
<i>Prepaid expenses</i>		105	82
Cash and Cash equivalents		109,466	199,882
Total assets		682,383	673,570

Liabilities	Notes	2022	2021
Shareholders' equity	10.3.6	249,108	208,791
Paid in capital		2,203	2,203
Share premium		393,870	393,870
Currency translation reserve		2,433	882
Legal reserve		44,626	31,396
Accumulated losses		(225,669)	(261,320)
Net result		31,645	41,760
Provisions	10.3.7	2,338	2,788
Provisions related with employee benefits		136	191
Other provisions		2,202	2,597
Non-Current liabilities	10.3.8	71,093	92,918
Financial debts		69,000	91,000
Lease liabilities		2,093	1,918
Current Liabilities	10.3.9	359,844	369,073
Current portion of long-term borrowings		42,000	20,000
Borrowings from related parties		10,000	-
Lease liabilities		2,187	2,005
Trade and other payables		2,480	1,727
Payables to subsidiaries		303,177	345,341
Total liabilities and equity		682,383	673,570



10.2 Company statement of income

Amounts expressed in thousands of euro (€)

	2022	2021
Result of subsidiaries after tax	38,832	31,016
Other results after tax	(7,187)	10,744
Result for the period	31,645	41,760

10.3 Notes to the Company Financial Statements

10.3.1 Basis of preparation and significant accounting policies

The company financial statements of Ballast Nedam N.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with article 2:362(8) of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. If no other policies are mentioned, we refer to the accounting policies as described in the consolidated financial statements of Ballast Nedam N.V. For an appropriate interpretation, the company financial statements of Ballast Nedam N.V. should be read in conjunction with the consolidated financial statements.

Investments in subsidiaries are incorporated in these financial statements using the equity method of accounting. Under the equity method, the value of subsidiaries comprises the cost, excluding goodwill, of Ballast Nedam's share in the net assets of the subsidiary, plus Ballast Nedam's share in income or losses since acquisition, less dividends received. The value is calculated using the accounting policies, as included in the consolidated financial

statements. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognised.

10.3.2 Right of use assets

Buildings	
Cost	
Opening balance 1 January 2022	9,011
Additions	2,318
Closing balance 31 December 2022	11,329
Accumulated depreciation	
Opening balance 1 January 2022	(5,333)
Depreciation	(1,934)
Closing balance 31 December 2022	(7,267)
Carrying value as of 31 December 2022	4,062
Buildings	
Cost	
Opening balance 1 January 2021	8,875
Additions	136
Closing balance 31 December 2021	9,011
Accumulated depreciation	
Opening balance 1 January 2021	(3,489)
Depreciation	(1,844)
Closing balance 31 December 2021	(5,333)
Carrying value as of 31 December 2021	3,678



10.3.3 Financial fixed assets

	Investment in subsidiaries	Long-term receivables from subsidiaries
Closing balance 31 December 2020	339,739	75,000
Reclassification	(3,867)	-
Opening balance 1 January 2021	335,872	75,000
Result group participations	31,016	-
Disposals	-	(30,000)
Change in hedging reserve	(701)	-
Currency translation effect	355	-
Closing balance 31 December 2021	366,542	45,000
Opening balance 1 January 2022	366,542	45,000
Result group participations	38,832	-
Investments	25,000	-
Change in hedging reserve	7,121	-
Currency translation effect	1,685	-
Closing balance 31 December 2022	439,180	45,000

The interests in subsidiaries are direct interests, of which the main ones are shown in the organisation chart. A list of interests as referred to in Article 2:379 of the Dutch Civil Code has been filed with the Dutch Commercial Register in Utrecht. The Annual Report has a list of the significant group companies and interests.

The applicable interest margin of the long-term receivable from subsidiaries have an at arm's length fixed interest rate and the fair value approximates the book value. The long-term receivable will be repaid in 2025.

10.3.4 Deferred tax assets

Deferred tax assets	2022	2021
Opening balance 1 January	28,605	13,913
Recognition of carry-forward losses	6,293	18,717
Realised carry-forward losses	(3,344)	(4,025)
Closing balance 31 December	31,554	28,605

The deferred tax assets to be recovered within and after more than 12 months' amount to € 2.0 million and € 29.6 million respectively. The recognised deferred tax assets relate to the tax losses available to the fiscal unity in the Netherlands. The unused tax losses relate to years 2012 to 2017 inclusive. A relatively small number of mainly large infra projects caused these losses. Ongoing measures are taken to prevent such losses. The recognised tax losses from prior years are infinitely deductible. The Dutch corporate tax rates applicable in 2023 and upcoming years are 25.8%.

A deferred tax asset is recognised to the extent that it is probable, based on Business Plan forecasts approved by the Board, that sufficient taxable profits will be available in the Netherlands that can be utilised towards realising the deferred asset. The forecasts are based on the Business Plan cycle 2023-2027, extrapolated using growth rates for revenue and profit that take external market data and historical performance into account. No specific tax planning opportunities have been taken into account.

The fair value change in Investment Properties in 2022 has not been recognised as a deferred tax liability, since that liability can be set off with carry-forward losses. Consistent with prior years, management has determined that the Dutch tax group has approximately € 366 million of carry-forward losses (2021: approximately € 372 million),



for which a deferred tax asset of € 31,554 thousand (2021: € 28,605 thousand) has been recognised. These losses can be carried forward infinitely.

Besides carry-forward losses, Ballast Nedam's Dutch tax group has unrecognised pre-incorporation profit of approximately € 61 million (2021: €67 million) from foreign permanent establishments which are eligible for set-off to prevent double taxation. In addition, Ballast Nedam still has carry-forward losses in foreign countries which have not been recognised, as is not considered probable they can be utilised.

10.3.5 Receivables

Receivables	2022	2021
Other receivables	816	109
Receivables from subsidiaries	52,200	29,672
Prepaid expenses	105	82
Total receivables	53,121	29,863

The Receivables from subsidiaries mainly relate to short-term financing by means of current accounts. Ballast Nedam makes use of cash-pooling. Ballast Nedam has control, directly or indirectly, over all the subsidiaries which it has outstanding receivables and can convert these into equity if needed. The fair value of the “receivables from subsidiaries” approximates the book value.

10.3.6 Shareholders' equity

	Paid in capital	Share Premium	Currency translation reserve	Legal reserve	Accumu- lated losses	Total
Opening balance 1 January 2021	2,203	393,870	84	20,129	(249,352)	166,934
Net result for the year	-	-	-	-	41,760	41,760
Change in currency translation reserve	-	-	798	-	-	798
Change in legal reserve	-	-	-	(701)	-	(701)
Other comprehensive income	-	-	798	(701)	-	97
Total comprehensive income	-	-	798	(701)	41,760	41,857
Fair value change investment properties	-	-	-	5,243	(5,243)	-
Change in legal reserve	-	-	-	6,725	(6,725)	-
Closing balance 31 December 2021	2,203	393,870	882	31,396	(219,560)	208,791
Opening balance 1 January 2022	2,203	393,870	882	31,396	(219,560)	208,791
Net result for the year	-	-	-	-	31,645	31,645
Change in currency translation reserve	-	-	1,551	-	-	1,551
Change in legal reserve	-	-	-	7,121	-	7,121
Other comprehensive income	-	-	1,551	7,121	-	8,672
Total comprehensive income	-	-	1,551	7,121	31,645	40,317
Fair value change investment properties	-	-	-	1,682	(1,682)	-
Change in legal reserve	-	-	-	4,427	(4,427)	-
Closing balance 31 December 2022	2,203	393,870	2,433	44,626	(194,024)	249,108



The paid in capital includes ordinary shares of the company. The legal reserves relate to profits and/or reserves of the associates and joint ventures which are subject to legal restrictions on distribution or restrictions imposed by the articles of association, hedge results from joint ventures and the fair value change in investment properties. Further details on the movement schedule are included in the consolidated financial statements.

The 2022 result is subject to appropriation by the General Meeting. It is proposed to add the net result for 2022 to the accumulated losses within the shareholders' equity (general reserves) as stated in the profit appropriation and dividend policy. No dividend payment proposed or declared. Please see paragraph 11.2 for further details.

10.3.7 Provisions

Provisions	Re- organisation	Other	Employee benefits	Total
1 January 2021	2,114	259	207	2,580
Addition	1,579	200	11	1,790
Reclass	-	4	1	5
Reversals	-	-	(1)	(1)
Utilisation	(1,559)	(0)	(27)	(1,586)
31 December 2021	2,134	463	191	2,788
1 January 2022	2,134	463	191	2,788
Addition	1,136	-	-	1,136
Reversals	-	(112)	(42)	(154)
Utilisation	(1,117)	(302)	(13)	(1,432)
31 December 2022	2,153	49	136	2,338
< 1 year				
31 December 2021	2,134	463	191	2,788
31 December 2022	2,153	49	136	2,338

The reorganisation provision costs related to certain staff compensation and restructuring which continued in 2022 and amounted to € 1,136 thousand (2021: € 1,579 thousand). A provision for reorganisation is only recognised once the decision to execute a reorganisation is concluded and announced.



10.3.8 Non-Current Liabilities

Long-term debt	2022	2021
Long-term financial debts	69,000	91,000
Lease liabilities	2,093	1,918
Total long-term debt	71,093	92,918

The fair value of the long-term debt to subsidiaries approximates the book value. Borrowings to be repaid between 1 and 2 years amount to € 65,000 thousand, borrowings to be repaid between 2 and 3 years amount to € 4,000 thousand. Lease liabilities to be repaid between 1 and 5 years amount to € 2,093 thousand.

Refer to note 9.6.15 of the Consolidated financial statements for details and redemption schedule of the borrowings.

10.3.9 Current Liabilities

Current liabilities	2022	2021
Lease liabilities	2,187	2,005
Current portion of long-term borrowings	42,000	20,000
Borrowings from related parties	10,000	-
Trade and other payables	2,480	1,727
Payables to subsidiaries	303,177	345,341
Total current liabilities	359,844	369,073

Refer to note 9.6.15 of the Consolidated financial statements for further details about current portion of long-term borrowings. The payables to group companies mainly relate to short-term financing by means of current accounts. Ballast Nedam makes use of cash-pooling. The fair value of the “payable to subsidiaries” approximates the book value.

10.3.10 Off balance sheet commitments

Guarantees	2022	2021
Letters of guarantees given	370,170	268,687

Letters of intent and guarantees issued on Ballast Nedam’s behalf by financial institutions in connection with the execution of projects and for prepayments received are included in ‘Guarantees’.

In 2022, € 370,170 thousand of guarantees were outstanding (2021: € 268,687 thousand), of which € 107,453 thousand relate to joint arrangements (2021: € 66,978 thousand).



Other liabilities

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Article 2:403(1) (f), of Book 2 of the Dutch Civil Code with the office of the Commercial Register of the Dutch Chamber of Commerce in favour of Ballast Nedam Concessies B.V., Ballast Nedam ICT B.V. and Ballast Nedam Infra Corporate B.V.

In connection with credit and guarantee facilities, Ballast Nedam N.V. has given undertakings not to furnish any security in the form of collateral on fixed assets.

Ballast Nedam N.V. issued guarantees for a number of subsidiaries' contracts, totalling approximately € 1,110 million in 2022 (2021: approximately € 944.9 million). This often involves the entire contract sum for long-term projects.

Fiscal unity

Together with the subsidiaries which form the tax fiscal unity, Ballast Nedam N.V. bears joint and several liability for corporation tax and value added tax liabilities in the Netherlands. The subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

10.3.11 Employees

Average number of employees as of 31 December 2022 is 100 (2021: 98), none are employed abroad.

10.3.12 Remuneration of members of the Board of Management and of the Supervisory Board

For notes on the remuneration of the members of the Board of Management and of the Supervisory Board, see the paragraph on transactions with related parties in the notes to the consolidated financial statements.

10.3.13 Proposal of appropriation of 2022 result

It is proposed to add the net profit for 2022 to the accumulated losses within the shareholders' equity (general reserves).

10.3.14 Events after the balance sheet date

Air Products sent a termination letter for the construction of Nitrogen facility Zuidbroek

On 7 January 2023, Air Products sent a termination letter for the contract with Ballast Nedam Industriebouw for the subcontracted works regarding the nitrogen facility Zuidbroek. Ballast Nedam Industriebouw firmly believes that the termination announced by Air Products does not have any effect and is unlawful. Air products has not submitted a formal claim. Ballast Nedam Industriebouw is preparing a claim for its outstanding variation orders, entitlement to an extension of time and reimbursement of additional costs and damages. Due to the uncertainty the outcome is not reasonably to be estimated, and therefore no possible claims are valued.



Termination by Ballast Nedam Bouw & Ontwikkeling Speciale Projecten of the contract for the construction of the Galaxy Tower

On 17 February 2023, Ballast Nedam Bouw & Ontwikkeling Speciale Projecten B.V. terminated the contract with De Lelie Vastgoed B.V. for the construction of the Galaxy Tower. The termination by Ballast Nedam Bouw & Ontwikkeling Speciale Projecten followed after sending multiple notices of defaults and attempts to reach an amicable agreement on all claims and disputes. A claim is being prepared for the outstanding variation orders, entitlement to an extension of time and reimbursement of additional costs and damages. In addition, to secure its rights Ballast Nedam Bouw & Ontwikkeling Speciale Projecten executed its right of retention.

Revised strategy Ballast Nedam N.V.

On 31 January 2023, Ballast Nedam N.V. presented its revised strategy with a higher focus on projects that are well-developed and repetitive in terms of construction methods, where our supply partners and our expertise can be (re)applied and risks can be better managed. This results in the wind down of the central Ballast Nedam Building Projects organisation (Ballast Nedam Speciale Projecten B.V.) and that all Dutch building construction projects will be delivered with our regional companies. The legal entity Ballast Nedam Speciale Projecten B.V. will remain in order to complete the ongoing projects. We will relocate our people as much as we can and focus on regional growth with possible strategic acquisitions.

Nieuwegein, 17 March 2023

Board of Management,

A.K. Sağlam

H. Koçak

S.R. Lefevre

O.P. Padberg

E. van Zuthem

Supervisory Board,

İ. Ilıcak Kayaalp (voorzitter)

Ö. Canbas

P.R.H.M. van der Linden



Chapter 11

Other information



11.1 Independent auditor's report

To: the general meeting and the supervisory board of Ballast Nedam N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of Ballast Nedam N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Ballast Nedam N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Ballast Nedam N.V., Nieuwegein. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated statement profit and loss, the consolidated statements of comprehensive income, changes in equity and cashflows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2022;
- the company statement of income for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independence

We are independent of Ballast Nedam N.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Ballast Nedam N.V. and its environment and the components of the internal control system. This included the board of management’s risk assessment process, the board of management’s process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures and incident registration, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks. We assessed if indications of cases have been appropriately followed up by management.

We asked members of the management board as well as the internal control department, legal affairs, compliance department, project leaders and controllers, and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.



We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of management override of controls	
<p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>That is why we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none">• The appropriateness of journal entries and topside adjustments made in the preparation of the financial statements.• Estimates.• Significant transactions, if any, outside the normal course of business for the entity. <p>We pay particular attention to tendencies due to possible interests of management.</p>	<p>To the extent relevant to our audit, we evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.</p> <p>We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation. We also paid particular attention to risk criteria within consolidation and elimination entries.</p> <p>We performed specific audit procedures related to important estimates of management, including valuation of construction contracts. We performed substantive audit procedures on management's estimates of the cost to complete. We performed an analysis by comparing the latest project forecasts with the project budgets and the estimates from previous periods. We also compared the actual costs to the forecasts. We performed additional audit procedures for projects with notable outcomes. In addition, we performed a retrospective assessment of the quality of the estimates made by management in completed projects. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>We did not identify any significant transactions outside the normal course of business.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override or violations of the internal controls.</p>

Identified fraud risks	Our audit work and observations
Risk of fraud in revenue recognition	
<p>As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions give rise to the risk of fraud in revenue recognition.</p> <p>Management receives bonuses, of which the size partly depends on the financial results achieved. This could lead to pressure on management to:</p> <ul style="list-style-type: none">• Allocate costs of loss-making projects to profitable projects.• Not include all losses by decreasing the estimates of costs yet to be incurred in the project forecast.• Allocating revenue that has not (yet) been agreed on with the client to positively affect the result. <p>We refer to the management override of controls for the estimates in construction contracts.</p>	<p>To the extent relevant to our audit, we evaluated the design and implementation of the internal control system in the process related to revenue reporting.</p> <p>We performed specific audit procedures over construction contracts which includes, but not limited to, reconciliations, valuation, management bias, construction costs, percentage of completion and physical observations where appropriate.</p> <p>In order to mitigate the risk of allocating costs between projects, we performed a detailed analysis of journal entries between projects and performed substantive audit procedures on potential notable entries. We also assessed whether the costs were allocated to the accurate projects.</p> <p>We performed substantive audit procedures on management's estimate of the cost to complete. We performed an analysis by comparing the latest project forecasts with the project budgets and the estimates from previous periods. We also compared the actual costs to the forecasts. We performed additional audit procedures for projects with notable outcomes. In addition, we performed a retrospective assessment of the quality of the estimates made by management in completed projects.</p> <p>We also performed substantive audit procedures to assess the revenue included in the forecasts by examining the agreements, including additional work, signed by the client.</p> <p>Finally, we also assessed the relevant notes in the financial statements.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud in the revenue reporting.</p>



Identified fraud risks	Our audit work and observations
Risk of bribery and corruption	
<p>The company operates in countries with higher risks of bribery and corruption based on the Corruption Perception Index of Transparency International.</p> <p>For this reason, we paid particular attention to the risk of payment of bribes by and at the initiative, of the one agent the company works with, and in transactions concluded using the agent.</p>	<p>To the extent relevant to our audit, we evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to monitoring bribery and corruption, and including the monitoring and reviewing of the work performed by the one agent the company works with and entity level controls with respect to bribery and corruption procedures. We held various meetings with management, the compliance officer and other staff to discuss the risk of bribery and corruption.</p> <p>We selected the agent contract in a country with higher risks of bribery and corruption and analyzed the commissions paid. For the selected agent, we determined whether:</p> <ul style="list-style-type: none">• a background investigation was conducted, who conducted this background investigation, the depth of this investigation, and whether the outcomes of this investigation are assessed before a contract is signed;• contracts have been signed by a competent official;• the agreed commission is calculated correctly and paid correctly and completely to a bank account held by the agent;• the agreed commission matches the work performed by the agent based on a benchmark of the commission percentage used in the industry and at the company; and• whether a right to audit has been agreed with the agent and whether this right was exercised. <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to paying bribes or corruption.</p> <p>We incorporated an element of unpredictability in our audit and we reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.</p>

Audit approach going concern

The board of management prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for at least 12 months from the date of preparation of the financial statements. Our procedures regarding the evaluation of the appropriateness of the board of management's use of the going concern basis of accounting, including the board of management's plans to address the identified going concern risks, included, amongst others:

- considering whether the board of management's going concern risk assessment includes all relevant information of which we are aware as a result of our audit;
- inquiring with the board of management regarding the board of management's most important assumptions underlying their going concern assessment and liquidity forecast and evaluate the adequacy thereof;
- evaluating the board of management's scenario analysis of the cash flow forecast to determine the liquidity need;
- evaluating the board of management's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taking into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- performing inquiries of management as to their knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the board of management's assumptions and judgments used in the application of the going concern assumption.



Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of management and the supervisory board for the financial statements

The board of management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of management is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the board of management should prepare the financial statements using the going-concern basis of accounting unless the board of management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 17 March 2023

PricewaterhouseCoopers Accountants N.V.

H. Laros RA

Appendix to our auditor's report on the financial statements 2022 of Ballast Nedam N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management.
- Concluding on the appropriateness of the board of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in



our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11.2 Appropriation of result

Sections of the articles of association concerning appropriation of the result

Article 23 of the Ballast Nedam Articles of Association governs profit appropriation.

The text of this clause is as follows.

1. The company may make distributions to the shareholders' and to other persons entitled to the profits eligible for distribution only up to a sum not exceeding the amount of the distributable reserves.
2. Distribution of profits will be done after the adoption of the Annual Accounts from which it appears that it is allowed.
3. From the profits made evidenced by the adopted Annual Accounts, a part to be determined by the Board of Management will be reserved.
The part of the profit remaining after application of the previous sentence shall be at the free disposal of the General Meeting.
4. In calculating the profit appropriation, the shares held by the company in its own capital shall not count, unless a usufruct has been created on these shares.
5. Insofar as profit is available in the company, the Board of Management may resolve upon payment of an interim dividend on account of the dividend to be expected, provided that the provisions laid down in paragraph 1 of this article have been satisfied, evidenced by an interim capital statement as referred to in article 2:105 paragraph 4 of the Dutch Civil Code.
6. Upon a motion by the Board of Management the General Meeting may resolve to make a distribution against the distributable reserves.
7. The (interim) dividend shall be made payable on a day to be determined by the Board of Management, no later than 14 days after the determination of the (interim) dividend.



Appendix





GRI content index

Ballast Nedam has reported the information cited in this GRI content index for the period 1 January 2022 through 31 December 2022 with reference to the GRI Standards.

Disclosure	Location Ballast Nedam Annual Report 2022: Chapter/Paragraph
GRI 2: General Disclosures 2021	
2-1 Organisational details	9.6.1 Organisation and operations of Ballast Nedam
2-2 Entities included in the organisation's sustainability reporting	9.6.2 Basis of presentation of the consolidated financial statements
2-3 Reporting period, frequency and contact point	1.4.2 Our approach to materiality
2-4 Restatements of information	-
2-5 External assurance	For Financial Figures: Section 4.2. Independent statutory auditor, Section 11.1. Independent auditor's opinion For CO ₂ : Section 5.2.1. CO ₂ footprint measurement system and verification
2-6 Activities, value chain and other business relationships	1.1.1. We are Ballast Nedam 1.1.4. Organisational structure 1.2. What we do 1.3. The world we operate in 3.3.2. Operational risks and measures 3.4. Strategic risks: Supply chain and inflation
2-7 Employees	7. Human Resources (infographic)
2-8 Workers who are not employees	7. Human Resources
2-9 Governance structure and composition	4.1. Management & Control Structure 4.1.8. The diversity policy with regard to the composition of the Executive Board, Supervisory Board and senior management

Disclosure	Location Ballast Nedam Annual Report 2022: Chapter/Paragraph
2-10 Nomination and selection of the highest governance body	4.1.3. Board of Management
2-11 Chair of the highest governance body	4.1.3. Board of Management 4.1.5. Supervisory Board
2-12 Role of the highest governance body in overseeing the management of impacts	4.1.3. Board of Management 4.1.5. Supervisory Board
2-13 Delegation of responsibility for managing impacts	-
2-14 Role of the highest governance body in sustainability reporting	-
2-15 Conflicts of interest	4.1.5. Supervisory Board
2-16 Communication of critical concerns	3.3.4. Compliance and integrity risks and measures
2-17 Collective knowledge of the highest governance body	-
2-18 Evaluation of the performance of the highest governance body	4.1.3. Board of Management
2-19 Remuneration policies	4.1.1. Introduction
2-20 Process to determine remuneration	-
2-21 Annual total compensation ratio	-
2-22 Statement on sustainable development strategy	Introduction/CEO statement



Disclosure	Location Ballast Nedam Annual Report 2022: Chapter/Paragraph
2-23 Policy commitments	3.3.4. Compliance and integrity risks and measures
2-24 Embedding policy commitments	-
2-25 Processes to remediate negative impacts	3.3.4. Compliance and integrity risks and measures
2-26 Mechanisms for seeking advice and raising concerns	3.3.4. Compliance and integrity risks and measures
2-27 Compliance with laws and regulations	3.4 Compliance risks: non-compliance with laws and regulations
2-28 Membership associations	-
2-29 Approach to stakeholder engagement	1.4. Stakeholder engagement & Materiality (Material Topics)
2-30 Collective bargaining agreements	7.4 A healthy and inviting work environment: taking employee well-being seriously

GRI 3: Material Topics 2021

3-1 Process to determine material topics	1.4. Stakeholder engagement & Materiality (Material Topics)
3-2 List of material topics	1.4.2. Our Approach to Materiality
3-3 Management of material topics	1.4.2. Our Approach to Materiality

Reference to information related to material GRI topics & disclosures

For more information on the management of material topics as well as a reference tabel on where this information can be found, we kindly refer to chapter 1.4.2.



**“Everything we do is
based on our people.
We trust each other
and we embrace
challenges.”**

- A. Kemal Sağlam (CEO)



Ballast Nedam