Annual Report Ballast Nedam 2021

Ballast Nedam

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Health as the foundation of our integrated business model

Looking back on a second year living with the COVID-19 pandemic, we identified health as the key aspect of our business in 2021. Health on an individual, business and environmental level. We are very conscious that we are part of an international ecosystem of interrelated actions and consequences. What happens on a global level regarding environmental change and political developments in politics and world trade affects our daily business. Temporarily shutting down ports in China and closing various international borders has disrupted international trade and impacted the supply and overall cost of materials throughout the world.

Indeed, with the pandemic continuing to impact people, communities and business, our first priority was to protect the health and well-being of our employees. We are fortunate that our policies and measures have allowed us to keep the number of contaminations within our company and at our projects limited and under control. Nevertheless, the pandemic had an impact on our operations, both in terms of costs and time delays.

Healthy performance

Our financial results reflect a healthy business performance. Despite the challenging conditions, we are pleased with our financial results. Once again, our revenue, net profit and

our order book have grown. This is ultimately the achievement of our dedicated and skilled staff.

They are the ones who achieve our ambitions and work hard every day to help our company grow and remain healthy. Especially in these challenging conditions, we are very grateful for their dedication and commitment. Thanks to them, we have been able to keep all of our projects operational. Our motto ‘Challenge to improve’, is reflected in our continuous efforts to improve ourselves, as well as the added value we bring to our clients and environmental well-being. This means focusing on having the right people in the right place with a high level of entrepreneurship, a solid knowledge base and strong leadership. We manage risks better by being transparent, understanding our markets and staying close to our clients. This enables us to improve the level of comfort and convenience in our partnerships, which ultimately enhances the end-user experience as well.

Key essentials

Because health is so important, we need to provide a safe working environment for all our employees. We want everyone to return home safely to their families every day. Working safely is one of the main pillars on which a healthy organisation is founded and is one of our top priorities. We want everyone to be safe at all times, no matter where they are working.

This year we were able to achieve level 3 of the Safety Culture Ladder within our entire organisation.

Besides looking at our internal improvement processes, the environment in which we operate is very important to us. We therefore focus on designing a healthy living environment in which we take into account play areas for children, limited car traffic, safe crossings and good air quality. A healthy environment encourages people to exercise more and eat healthy. Sustainability is an important focus theme, in which we not only look at minimising our own footprint or realising energy-neutral buildings, but also focusing on an entire CO_2 neutral construction chain. From CO_2 neutral buildings to CO_2 neutral production, construction demolition and reuse. Indeed, we face major social and environmental challenges: climate change and a scarcity of raw materials, on the one hand, and demographic changes such as population growth, aging and a growing housing demand. We are also witnessing changes in the way we use spaces, such as public areas and buildings, and mobility systems. These are key trends that we need to manage. But these changes are also creating new opportunities. Our focus on digital transformation will help us gain access to valuable information, insights, innovations and new opportunities. It will enable us to provide effective solutions that meet our clients’ needs. Ultimately, we are dedicated to sustaining and nourishing our corporate social responsibility so we can contribute to environmental well-being.

Financial results 2021

Our revenue grew from €947.6 million in 2020 to €1,041.5 million in 2021. By passing the 1 billion revenue mark Ballast Nedam exceeds its Business Plan and records a seven-year high. The activities of Ballast Nedam are supported by sustainable demand for new homes, infrastructure improvements and the energy transition. Our net profit for the year improved from €31.1 million to €42.0 million, an increase of 35%. This is primarily due to our construction activities, utility buildings and mobility projects. In addition, the Development and Industriebouw divisions made a strong contribution. The working capital ratio of Ballast Nedam is 1.3 and the cash position of the company at year-end amounted to €252.8 million (2020: €220.0 million).

We increased our order intake to €1.4 billion (2020: €0.9 billion) which results in a strong order book of €1.7 billion. Our EBITDA increased from €40.6 million in 2020 to €42.9 million in 2021. The shareholders’ equity increased to €209.5 million.

The solvency ratio of 24.3% matches the level of our best performance years. This is an excellent position to support future expansion and investments. In 2021 Ballast Nedam acquired Willems Bouwbedrijf B.V. which is a specialist in non-residential construction market, distribution centers and building solutions for the healthcare sector.

On 29 November 2021, Schiphol terminated the contract with the joint venture BN-TAV for the construction of the A-Pier. The joint venture BN-TAV firmly believes that the termination was unrightful. BN-TAV handed over the construction site, in a safe and controlled way, to Schiphol Group. After the termination of the contract, Schiphol and BN-TAV continue their discussions in an attempt to reach an amicable agreement on all claims and disputes. BN-TAV regrets this outcome, not in the least for all of the suppliers, subcontractors and the end users of the A-Pier.

Outlook: 'Stable growth'

We believe that continued stable growth is possible in 2022 and are confident in our internal strengths and capabilities. Still we are dependent on external interrelated influences including the uncertain effects of the current geopolitical events in Eastern Europe and the development of the pandemic. Also, this involves the installation of the new Dutch government and the direction of their new policy on matters such as extra investments in infrastructure and housing. Changes in the market in terms of procurement conditions and challenges to attract young and ambitious people into the market, can have an impact on business developments. If we can continue to fill our order book and retain our qualified staff, then we believe we can increase our revenue and profit.

There is growth potential in our international network and our ability to execute projects abroad, for example in Africa, the Caribbean, Asia and Europe.

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. We believe in our capabilities, yet remain humble as we are part of a large, interrelated network. We appreciate the safety and stability of our parent company Rönesans Holding. We will continue to follow our 'Challenge to Improve' roadmap into a healthy future for all of us and ultimately strive for well-being in the broadest sense of the word.

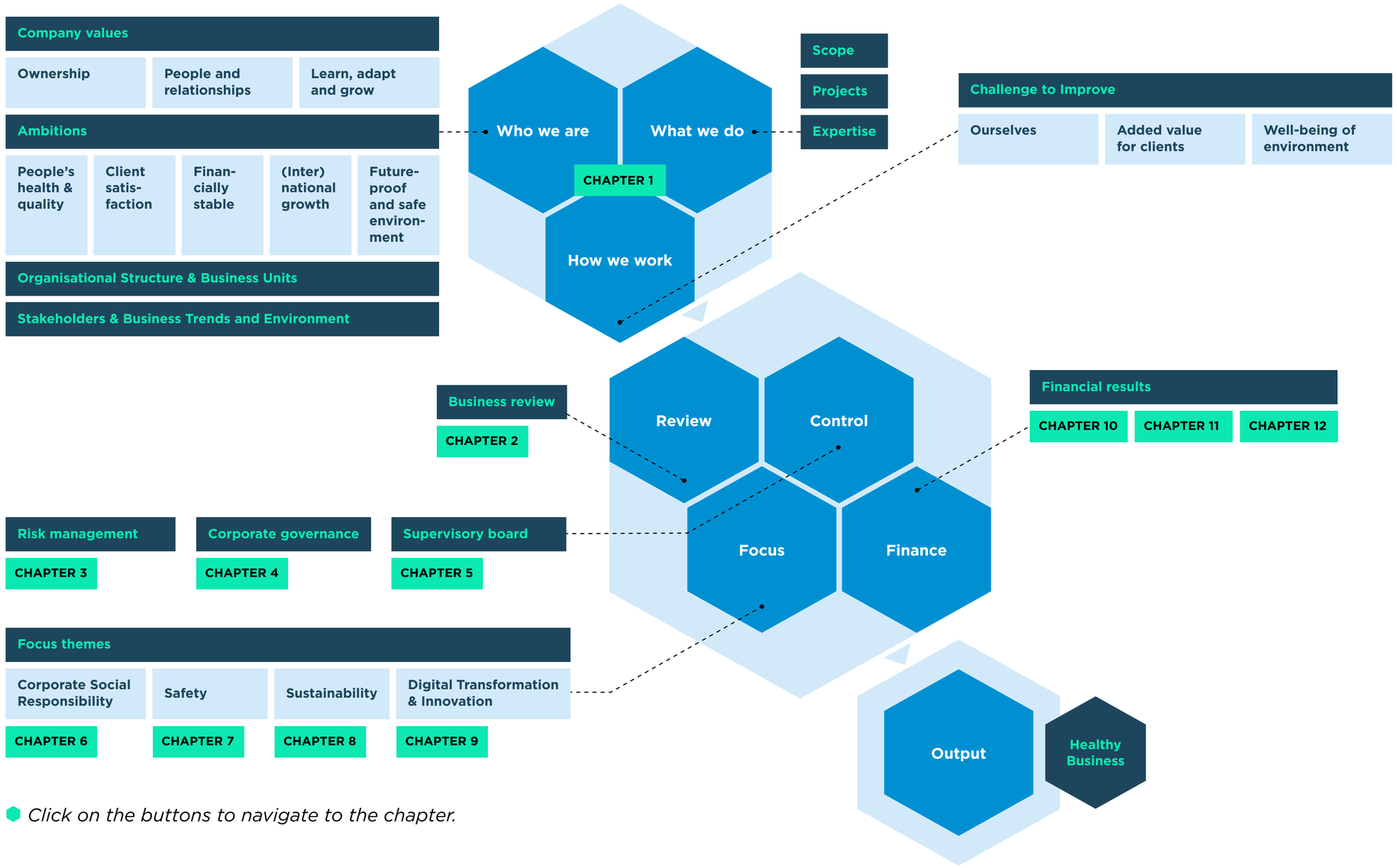
Cenk Düzyol, Chairman of the Board of Management
Ballast Nedam N.V.

CHAPTER 1

Profile of Ballast Nedam

- Dutch construction and development company with international influences
- More than 140 years of experience
- Always exploring new methods to build and create a safe and healthy living environment
- Maintaining strong relations with our partners
- Working on different types of projects: from urban development projects, small-scale local projects to large infrastructural works and complex high-rise buildings
- Achieving sustainable growth by continuously challenging ourselves to improve

Figure 1 Overview of Ballast Nedam N.V.



Click on the buttons to navigate to the chapter.

1.1 WHO WE ARE

1.1.1 We are Ballast Nedam

Ballast Nedam is an experienced Dutch construction and development company. Together with our partners and clients we create a safe and sustainable living environment.

We utilise the added value of our international parent organisation Rönesans Holding and the commitment of our professional and passionate people to achieve our goals. We are an organisation where business units have a high indepenceny and ownership over their business. We are organised as a decentralised organisation, which makes it easier for our dedicated teams to fully focus on their markets and clients. Indeed, it enables us to act with the agility of a local player and the strength of a large construction company.

1.1.2 Purpose

Our purpose is to build a safe and sustainable living environment characterised by comfort, pleasure and well-being. We therefore advocate a ‘Challenge to improve’ mindset. Every day, we are eager to learn, adapt and grow. Our challenge is to improve ourselves, improve the added value we create for our clients and improve environmental well-being.

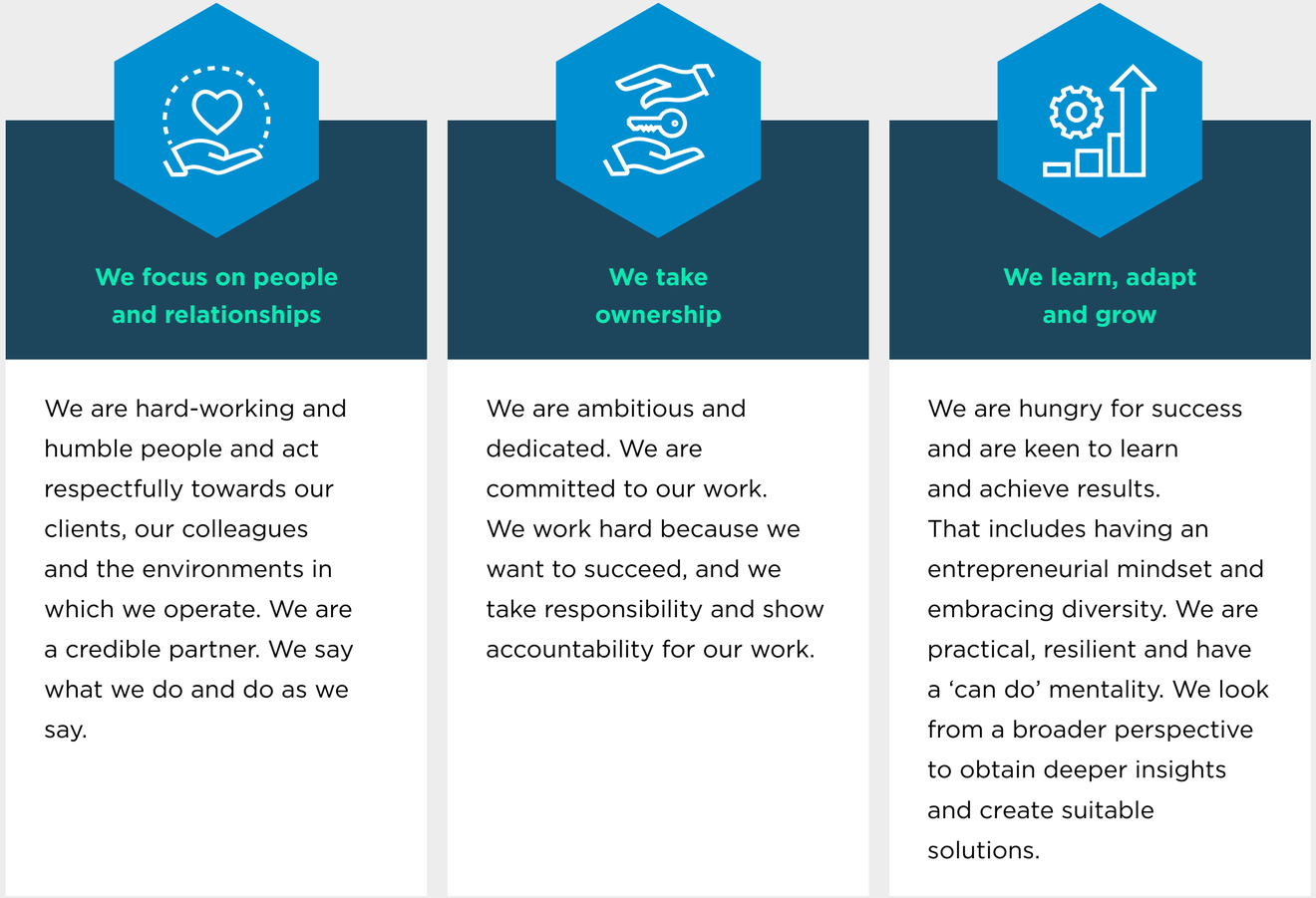
This means sharing knowledge, adapting to new circumstances and adopting an open mindset. We create value for our clients by exploring new ways of working, by managing and controlling risk, and by finding solutions as a team. We explore new ways of innovative and sustainable cooperation and construction.

Trust and transparency are the basis and the outcome of how we work together. Our skilled people are the main reason why we remain the preferred partner for our stakeholders and the preferred employer for our staff.

1.1.3 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. We believe strongly in these values and encourage our people to live by them.

Figure 2 Organisational values



1.1.4 Ambitions

Our goal is to continuously challenge ourselves to improve. That means challenging ourselves to improve the added value we create for our clients and improve the environmental well-being in the areas in which we operate. The following ambitions guide us in this challenge:

Stimulate the well-being of our people

We are committed to keeping our employees safe, healthy, challenged and happy. We want to remain the employer of choice for our current and prospective employees. We offer healthy working conditions and challenging jobs with the possibility to grow on a professional and a personal level.

Client satisfaction

We create strong and lasting relationships with our partners and clients based on trust. To accomplish that, we do our utmost to satisfy our partners and clients with the quality of our work and our way of working.

Safeguard financial health

We run a healthy company with healthy growth numbers. That means having a solid order book, growing revenue and controlled costs. We achieve this by improving our operational excellence, by maintaining a selective and strategic tendering policy, and by focusing on (recruiting) qualified people. We apply the highest standards of innovation technology to support this ambition.

Expand international growth

Although we predominantly fill our order book in the Netherlands, we are also looking to further expand our business internationally. This is part of our company's DNA. There is substantial potential for international growth, and we are empowered by the knowledge and experience of Rönesans Holding.

Improve our safety, sustainability & social responsibility

We aim to perform our work as safely, sustainably and considerately as possible for our people, society and the environment we operate in. We incorporate the United Nations Sustainable Development Goals (SDG's) in our business strategy and apply our corporate social responsibility standards in our activities.

1.1.5 Organisational structure

Ballast Nedam is proud to be part of the Rönesans Group[1] which reinforces our international strength and global presence. The immediate parent company is Renaissance Construction B.V. and the ultimate parent company is Rönesans Holding A.Ş., Turkey.

Our operations are organised into three divisions: Ballast Nedam Construction, Ballast Nedam Development and Ballast Nedam Industriebouw.

Ballast Nedam Construction

Ballast Nedam Construction is Ballast Nedam's largest division. Ballast Nedam Construction focuses on successfully acquiring and executing complex and integrated infrastructure projects, as well as residential, commercial and utility building projects. It operates locally, nationally and internationally. Our Construction division has specific expertise in parking, integrated tunnelling, nearshore wind parks, and specialised foundation solutions. In addition, our expertise lies in renovation and restoration, modular building and concrete solutions.

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.

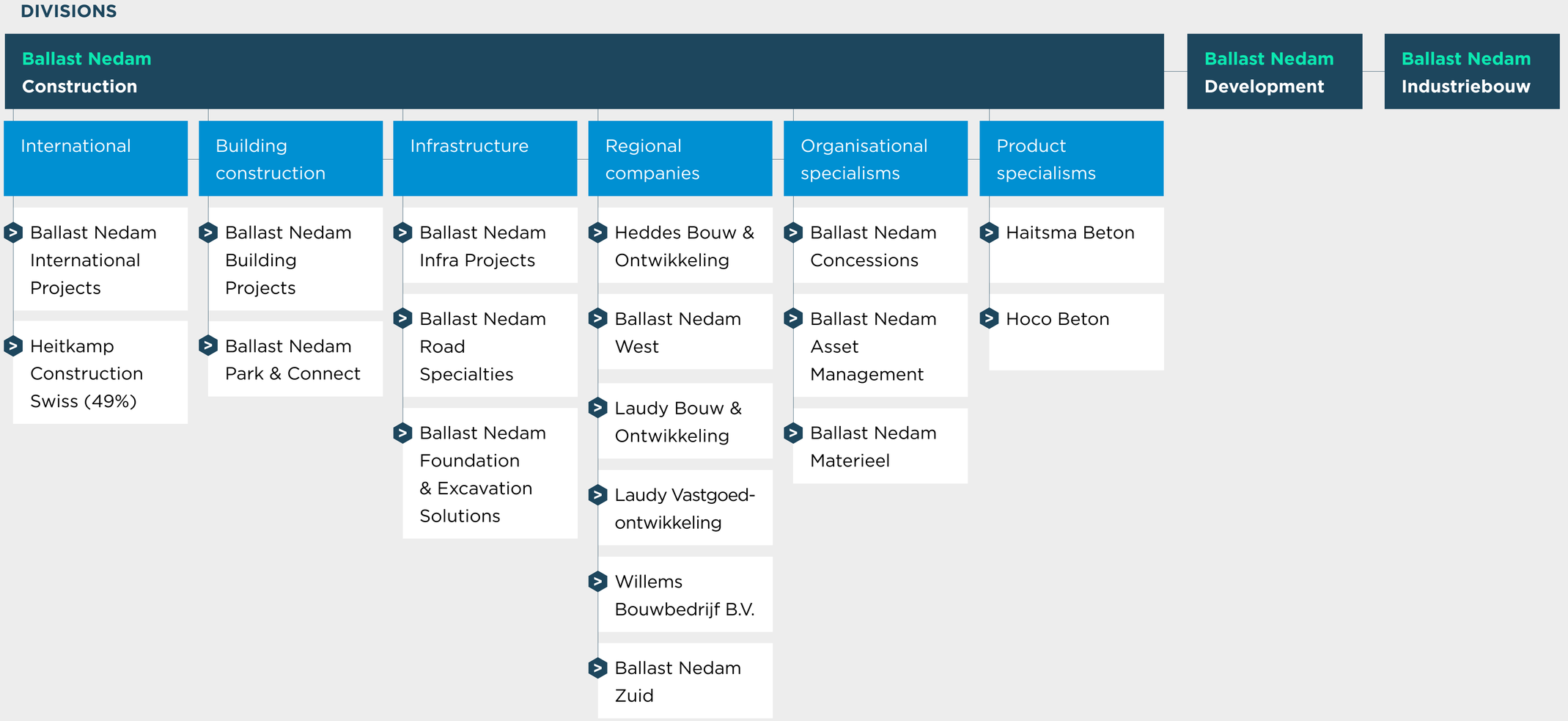
Ballast Nedam Industriebouw

Ballast Nedam Industriebouw delivers projects for industrial clients from the petrochemical, oil and gas sector, the steel industry, the food processing industry and the energy market. It has extensive experience in specialised civil works and mechanical installations.

The total overview of the main organisational units is summarised on the next page, Figure 3 'Organisational Units'.

[1] Rönesans Holding A.Ş. and its subsidiaries 'Rönesans Holding' or 'Rönesans Group'

Figure 3 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 international influences and overseas experience. Countries in which we currently operate are the Netherlands, Belgium, Germany, the United Kingdom, Switzerland, Sri Lanka and Sint Maarten. Areas being explored further include North West Europe, South East Asia, the Caribbean and Africa.

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.

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 next page, Figure 4 'Overview of Expertise'.

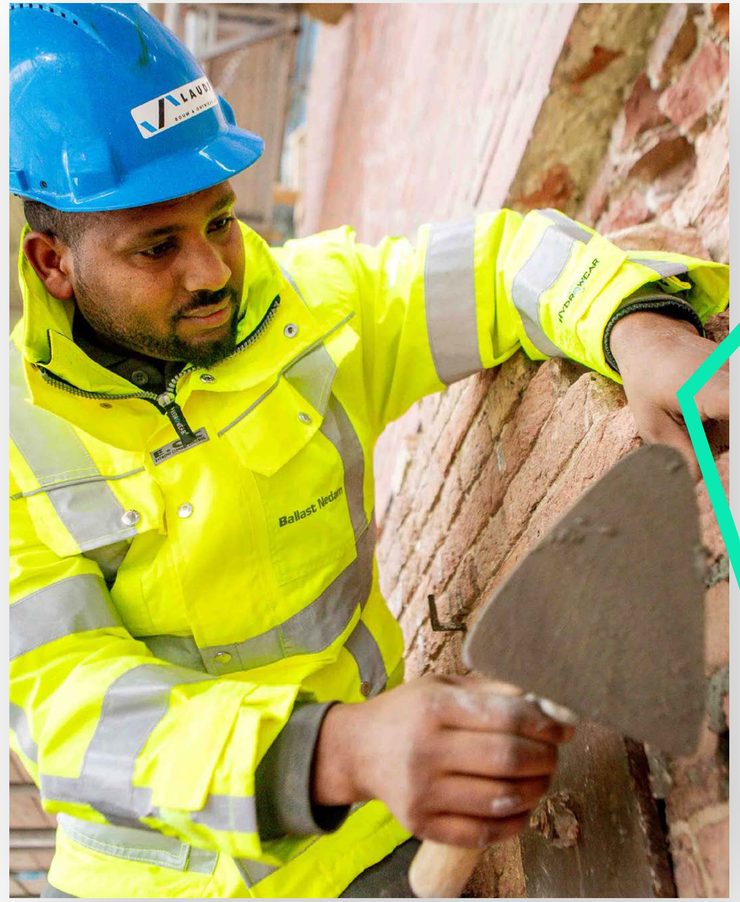


Figure 4 Overview of expertise

1.3 HOW WE WORK

1.3.1 Mutual trust is the key

Working together on a project requires mutual trust. We create trust by showing our partners and clients that we are a credible, experienced partner. We deliver on our promises and solve problems together. We manage and control risks and increase the level of control for our clients.

1.3.2 Unique way of working

Ballast Nedam has its own distinctive way of working with clients and partners based on our experience and organisation values. Our way of working focuses on being transparent from the outset. We discuss possible issues in advance in a transparent, realistic and open manner with a fix-it mentality. This allows us to find solutions together and better manage and control risk. We focus on personal visibility and building long-lasting relationships with stakeholders to create credible and effective partnerships.

1.4 OUR STAKEHOLDERS

Ballast Nedam believes it is important to be in close contact with our stakeholders and to know their priorities and needs. We have internal and external stakeholders, who are described on the next page.

1.4.1 Internal stakeholders

Employees

Our human capital consists of ambitious and talented people. In 2021, we employed approximately 1,800 people on average, as well as 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.

1.4.2 External stakeholders

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 Chapter 6, 7 and 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, central and government, 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 risk. 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. This we do 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.

1.4.3 Stakeholder analysis

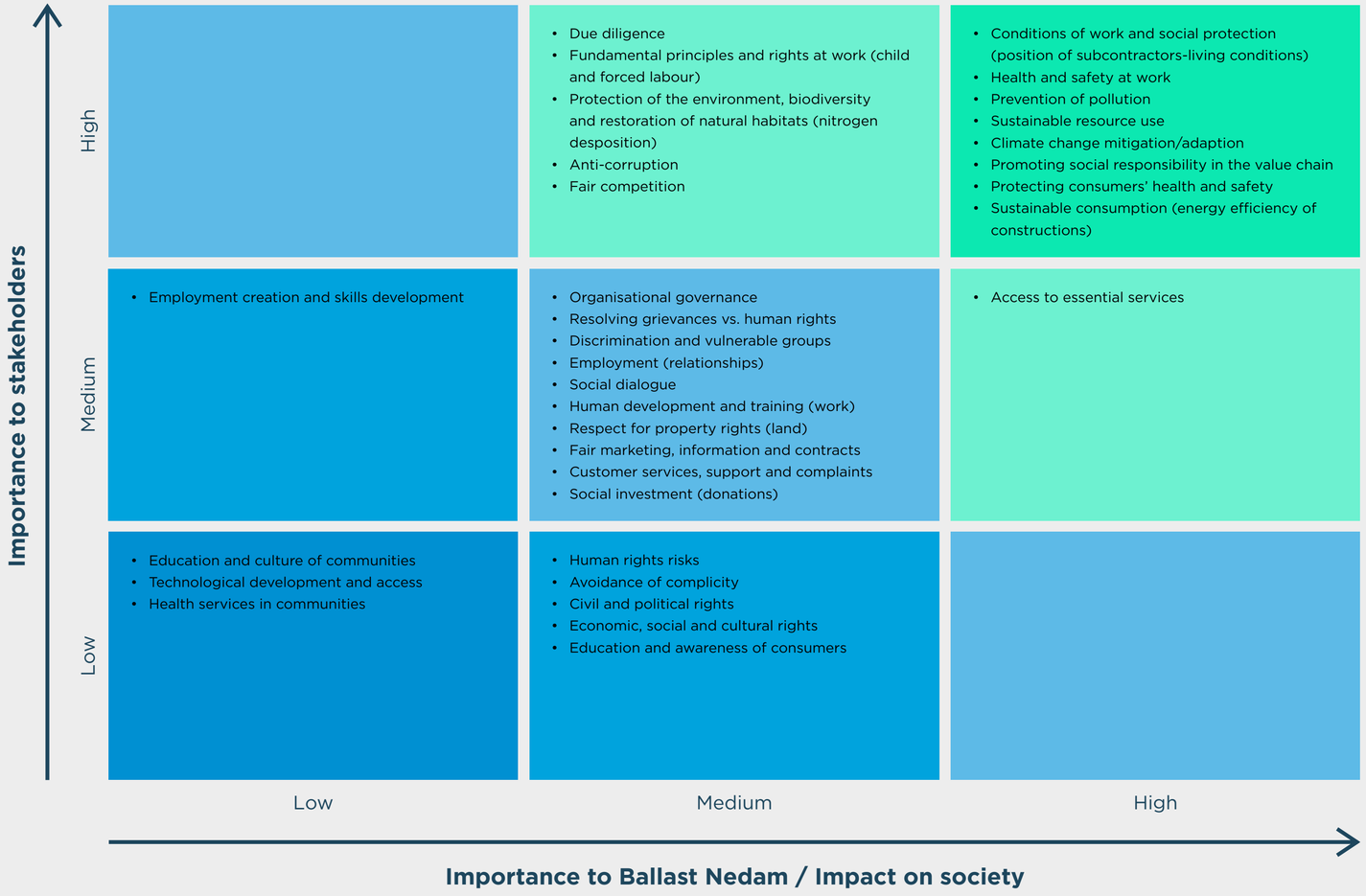
We conducted a stakeholder analysis in 2020 to develop a more detailed and effective Corporate Social Responsibility (CSR) policy. This stakeholder and materiality analysis is still relevant in 2021 and focuses on the Sustainable Development Goals.

Figure 5 'Materiality analysis' displays the results of the materiality analysis.

During the process of determining materiality, much attention was given to the 'why' or the social issue to which Ballast Nedam wishes to make a contribution.

At Ballast Nedam, we work with great dedication and professionalism to future-proof the environment in which we operate. Sustainability is a very important consideration and one that is embedded in our CSR policy. This is why we embrace the United Nations Sustainable Development Goals, which underpin our CSR strategy and KPIs.

Figure 5 Materiality analysis



Although all SDG's are very relevant for our company, our primary focus from business perspective focuses on contributing to the following SDG's:

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

With these goals we want to contribute to:

- Sustainable cities and communities (SDG 11)

And we cannot achieve this without:

- Partners (SDG 17)

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)

The stakeholder and materiality analyses are the basis for our CSR focus areas. We embedded these focus areas in our organisation so we can achieve the results we desire:

- Social responsibility:
  - Good employment practises and social return
  - Integrity and compliance
  - Stakeholder management
- Health, safety and well-being
- Sustainability
- Digital transformation and Innovation

Chapters 6-9 elaborate on these focus themes.

1.5 BUSINESS, TRENDS & ENVIRONMENT

In 2021, the Netherlands Bureau for Economic Policy Analysis (CPB) revised its macroeconomic growth expectations for the Netherlands for the year upwards. For 2021, CPB predicted a total increase of almost 4% in Gross Domestic Product (GDP). The European Commission (EC) and the Organisation for Economic Co-operation and Development (OECD) are predicting slightly lower forecasts for the Netherlands in 2022, when the Dutch economy is expected to grow by 3.5%. Due to the continuing uncertainty around COVID-19, the CPB has also calculated a scenario in which GDP growth in 2021 and 2022 will be about two percentage points lower overall. The CPB expects a structural annual increase in labour productivity of 1%. This is higher than in previous years and also exceeds expectations for this period. The expected economic growth of more than 3% in 2022 is slightly less than for the rest of the EU (OECD).[3]

[3] www.bedrijvenbeleidinbeeld.nl/corona/groeiverwachtingen,

Source: CPB, September 2021.

In 2021, the impact of the pandemic still reverberated in the construction sector as a whole. Less financial leeway among consumers and declining investment in commercial buildings and infrastructure caused the construction sector to shrink further, by approximately 4%.[4]

Challenges

In 2021, we faced a number of significant challenges. The first concerns a temporary shortage of raw materials and other materials due to the COVID-19 pandemic. This was caused by lower capacities and a sudden increase in demand, rapid recovery and simultaneous problems in production and supply in the international chain. For example, China temporarily closed several seaports and factories, triggering frequent production barriers elsewhere in the world. Due to the shortages, the prices of raw materials and the delivery time of materials in general have soared. In addition, fewer construction companies are submitting tenders due to the uncertainty resulting from the current price increases for raw materials needed in construction.[5]

Ballast Nedam also experienced the negative effects of the price increases and material supplies. This caused large tension on costs and timely deliveries throughout our business.

This effect was to some extend decreased by pre-ordering in case of long term projects. Luckily, we were able to keep all projects operational. This was due to strict protocols concerning health and safety. Ballast Nedam will in dialogue continue to work with the partners in the supply chain to manage the challenges of price increases to ensure continuation of cooperation and performance on its project sites.

Inherent to the construction industry is, that when a project is in an early design or implementation stage, the estimate uncertainty with regard to the remaining costs to complete is significantly higher. In 2021, Ballast Nedam continued investing in a number of more robust risk management activities including risk assessment models, independent project assessments and variance analysis. Nonetheless the results of some large complex projects were impacted by an asymmetric balance between risk and reward, including discussions on variation orders.

The shortage of high-quality, skilled staff has become more acute. Digitalisation and industrialisation have increased production in recent years. New, more complex methods of production have created a need not only for professionals but also for highly skilled personnel. As a result, there is also more competition to find the right skilled employees.[6]

The so-called ‘war for talent’ is noticeable in the rising number of vacancies, partly as a result of new, large projects that have been awarded. It is crucial to remain an attractive employer for talented and experienced candidates to come out on top in this competitive job market. For the time being, there is still an imbalance between the number of job-seekers in this market and the number needed to meet the higher demand in construction business. Labour productivity has remained stable and in some cases even increased.

Housing, urbanisation and demographics

CBS predicts that in 2060 more than 19.5 million people will live in the Netherlands. Nearly 5 million people (more than 25%) will be above the age of 65 in 2060 (now: almost 20%).

The number of households will rise to 8.5 million in 2040. Due to the increasing number of inhabitants and households, the need for buildings is increasing.

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[4] www.eib.nl/structureel-groeiperspectief-voor-de-bouw-blijft-sterk/

[5] ABN AMRO Insights, August 2021. Vicieuze cirkel hogere bouwprijzen dreigt.

[6] ING: De aard van het werk in de bouwsector verandert: www.ing.nl/zakelijk/kennis-over-de-economie/uw-sector/Building-and-Construction/De-aard-van-het-werk-in-de-bouwsector-verandert.html

The number of single-person households is on the rise, which means there is more need for smaller homes. Life expectancy is also increasing, which means we will need more care homes.[7]

There is a shortage in housing in many large cities in the Netherlands as a result of continued urbanisation, which is driving up prices. Many cities are trying to counter this by building many new homes, but they are inhibited by scarcity of space and long procedures to start building. The construction sector is facing the challenge of building as efficiently as possible and coming up with concepts for affordable housing. The government positively decided to appoint a dedicated Minister focusing on affordable housing.[8]

Healthy and sustainable environment

The built environment accounts for 40% of global CO_2 emissions[9] and must be completely climate neutral by 2050.[10] By 2030, the use of primary raw materials must decrease by 50%. Thirty-five per cent of the Dutch waste stream currently consists of construction waste.[11] We are therefore committed to creating a healthy, liveable, energy-neutral, circular, nature-inclusive built 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 use of prefab elements; use of secondary, biobased materials, digitalisation of the building process, and modular and circular construction. Both the energy transition and the circular economy are generating new projects, new and different jobs, new ways of collaboration and partnerships. We support the importance of 'EMAT criteria' (Economically Most Advantageous Tender) in public tenders. Whereas the price was often the key focus of a tender, EMAT rewards high-quality plans based on other criteria as well and encourages those putting out tenders to look for the best sustainable solutions. These solutions are often found in partnerships between entrepreneurs, knowledge institutes, governments, clients, NGOs and other stakeholders.

Since 2019, Ballast Nedam has had to contend with ongoing delays in the tender phases of large infrastructure projects. Unfortunately, in 2021, policy solutions to solve the nitrogen problem have not been forthcoming.Only the construction exemption that came into effect on July 1, 2021 has offered some solace. The emissions from the projects no longer need to be included, but the uncertainty about emissions in the user phase has remained. Until the decision of the Council of State (expected mid-2022), clients and contractors will remain in uncertainty. Hopefully the judgment will follow soon, so that the construction sector knows where they stand when an approval is given. In the event of a rejection, we are completely back to square one and this will have even greater consequences for the sector.

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[7] www.ing.nl/zakelijk/kennis-over-de-economie/uw-sector/Building-and-Construction/De-demografische-samenstelling-van-Nederland-verandert.html

[8] www.ing.nl/zakelijk/kennis-over-de-economie/uw-sector/Building-and-Construction/De-verstedelijking-van-Nederland.html

[9] www.abnamro.nl/nl/zakelijk/insights/sectoren-en-trends/bouw/duurzame-leiders-zijn-systeemdenkers.html

[10] www.klimaatakkoord.nl/klimaatakkoord/documenten/publicaties/2019/06/28/klimaatakkoord

[11] www.ing.nl/zakelijk/kennis-over-de-economie/uw-sector/Building-and-Construction/Duurzaamheidstrends-bouw-en-onroerend-goed.html

The nitrogen issue is not expected to have an impact on Ballast Nedam's ongoing projects, as regulation will not affect irrevocable permits. Ballast Nedam has been able to attract a greater variety of infrastructure clients and grow in new markets. As a result, we have become less dependent on larger projects which are being postponed. Ballast Nedam does recognise that nitrogen could still potentially reduce project volume in the market. This could put more pressure on price levels in upcoming tenders and make it more difficult for companies to secure revenue in the future, against the present risk of excessive price increases. Therefore, Ballast Nedam will continue to further diversify its portfolio by selecting tenders where we can make a difference.

Digitalisation

The focus on sustainability, risk reduction and control has increased the demand for digitalisation and technological developments. The market is showing a tendency towards 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. Our international excellence in BIM is one of the methods that makes our sustainability goals possible. We are implementing 4D and 5D progress monitoring in our Princess Amalia Harbour project, making use of the lessons learned during the A24 Blankenburg Connection project. We are also investing in improving our operational excellence at the construction site with BIM2Field. With our surveying department, we are making major progress with techniques such as drones, laser scanners and crane cameras to capture the construction site. We are using this information for monitoring purposes and to guarantee high-quality standards for our clients. We compare the captured 'as is' information with our BIM models from the BIM2Design and BIM2Construct phase to make sure we do the right thing from the start. Also, we improved our robot plotter for marking lines and points on concrete floors. We are also using other innovations, such as real-time monitoring of machine equipment, robotic process automation and machine-learning algorithms to improve our way of working.

Ballast Nedam experiences the impact of the global and national influences and we try to adapt accordingly. We continue to monitor and respond to outside opportunities and threats. Being resilient and flexible is just one of our key success factors.

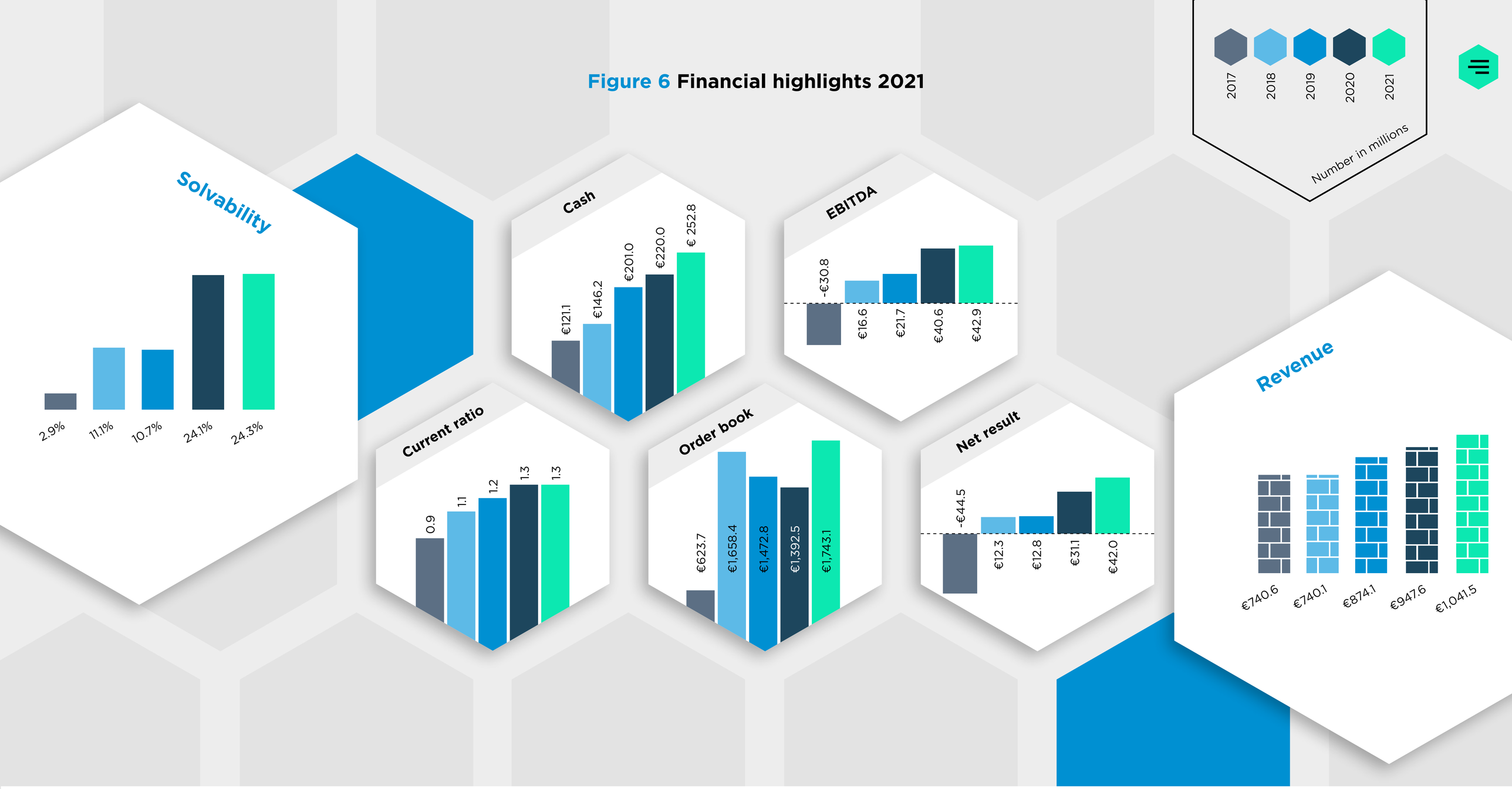
CHAPTER 2

Business Review

This chapter provides a general financial overview of 2021 and an outlook for 2022.

- Revenue exceeds 1 billion
- Net result at €42.0 million
- EBITDA at €42.9 million
- Order book higher than last year
- Cash position at €252.8 million
- Solvability at 24.3%
- Current ratio at 1.3

Figure 6 Financial highlights 2021



2.1 FINANCIAL RESULTS

2.1.1 Revenue

Our revenue increased in 2021 from €947.6 million to €1,041.5 million. This growth exceeds the expectations of our Business Plan. Revenue generated by joint ventures in 2021 amounts to €134.2 million (2020: 129.0 million). This is equivalent to €1,175.7 million (2020: €1,076.6 million) in total revenue for the company if all joint ventures were consolidated proportionally. The activities of Ballast Nedam are supported by sustainable demand for new homes, infrastructure improvements and the energy transition.

Revenue from Construction activities – meaning building and infrastructural works – amounted to €529.7 million (2020: €555.8 million) and €302.7 million (2020: €267.2 million), respectively. Total revenue from Construction activities in the Netherlands €754.9 million (2020: €730.3 million). The revenue of Ballast Nedam Development was €116.8 million (2020: €99.8 million), which reflects the general and positive trends in the housing market. Ballast Nedam Industriebouw, with all its extensive experience in specialised civil works and mechanical installations, generated a revenue of €127.1 million (2020: €81.3 million). The revenue from services rendered of €10.7 million (2020: €11.1 million) is mainly related to maintenance services. The trading and other revenue of €22.6 million (2020: €16.9 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. This meant that 2021 resulted in an income from operating activities (including results from joint ventures) of €31.7 million (2020: €26.7 million). The EBITDA was €42.9 million (2020: €40.6 million) and the net result before tax was €27.5 million (2020: €21.8 million). The net result for the year was €42.0 million (2020: €31.1 million), which represents 4.0% of revenue (2020: 3.3%).

2.1.3 Order book

Ballast Nedam has a strong order book of €1.7 billion (2020: €1.4 billion). This results in an order book to revenue ratio of 1.6 (2020: 1.5). Its quality has also increased: the margin on newly acquired projects continues to improve, falling within Ballast Nedam's strategic target margins as well as its tender policy, which is selective. 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 €167.4 million to €209.5 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 24.3% (2020: 24.1%). Cash flow from operating activities was positive at €16.7 million (2020: €52.9 million, positive). Cash flow from investing activities was negative, at €9.5 million (2020: €1.7 million, positive).

The positive cash flow from financing activities totalling €25.6 million is mainly the result of net cash flow from borrowings €40.2 million. This resulted in a net positive cash flow for 2021 of €32.8 million, compared to the positive €18.9 million cash flow of 2020.

2.1.5 Assets and liabilities

Total assets amounted to €861.0 million (2020: €694.9 million). The total assets position includes cash position of €252.8 million (2020: €220.0 million), intangible assets €16.8 million (2020: €5.9 million) deferred tax assets €28.6 million (2020: €13.9 million). The working capital ratio of >

Ballast Nedam is 1.3 (2020: 1.3). Capital employed increased from €280.6 million to €346.3 million.

2.2 PROJECT HIGHLIGHTS

The order book expanded further in 2021 and contains many projects, ranging from small sized to large and complex. A selection of our project highlights can be found on the following pages.

Projects in the Netherlands

- **Westfield Mall of the Netherlands** | The shopping mall has officially been opened in March 2021, being the most modern and the largest mall of the Netherlands. Additionally, its sustainability certificate BREEAM Very Good has been released. With a score of 63.81%, the score of this sustainability certificate is even slightly higher than the design certificate.
- **Feringa Building, Groningen University** | The project consists of realisation of the 64,000m2 new building for the Faculty of Science and Engineering, containing lots of different laboratories and education rooms. It will accommodate around 1,400 students and 850 employees. In 2021, the structural works of five buildings was nearly completed.

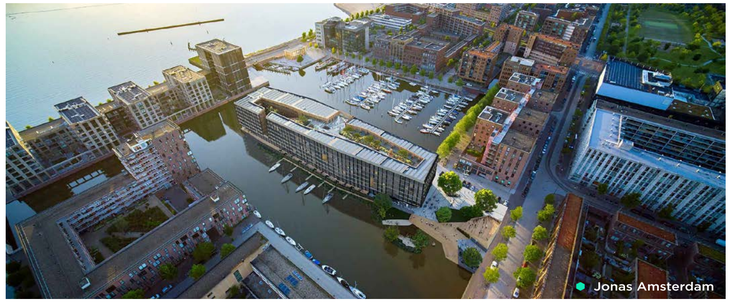

Feringa Building, Groningen University

- **Tower Ten WTC Amsterdam** | A major expansion and renovation project: Tower Ten WTC Amsterdam. A complex task in which we will have to work on top of and right next to existing buildings. In 2021, Tower Ten has reached its highest point. During an interim BREEAM audit, it was confirmed that the project is on the right track to achieve BREEAM Excellent in the implementation phase.
- **Galaxy Tower** | Ballast Nedam is creating 254 hotel rooms and 317 apartments under an exclusive architectural design in the heart of Utrecht. With roof gardens and solar panels on the roofs and the façade, the tower has a high sustainability factor. The construction has reached its highest point in December 2021.
- **The CoolTower** | The CoolTower will be one of the highest residential towers measuring 154m in height, consisting of 282 luxury apartments with balconies. In 2021, construction has reached the 40th level, out of the total 51 levels. To involve future residents, we invited all buyers to visit the project, to get the look and feel of a finished apartment and to enjoy the view of the skyline of Rotterdam.
- **Horizons Amsterdam** | The city of Amsterdam awarded 126 residential units to Ballast Nedam Development. It is the start of a new generation of buildings. It is a sustainable icon for the city of Amsterdam, the Netherlands and the rest of the world. With Horizons Amsterdam, a building comes to life and makes a positive impact on the city by being energy positive and CO_2 negative. It has a closed resource cycle, restores biodiversity and offers a shared living space for everyone.
- **Hart van Zuid** | Cultural hotspot Hart van Zuid, where Ballast Nedam is part of a PPP consortium. This is where the new Theater Zuidplein has been awarded multiple prices, the most significant one being ‘the best building of the year’ award from the Dutch Association for Architects (BNA). In addition to two theatres and a café-restaurant, it also houses a new branch of the Rotterdam Library: Zuidplein. In the residential development ‘In ‘t Zuiderpark’, the first of the 98 residential units was delivered. Construction of the shopping mall extension also commenced. The extension of the Ahoy Convention Centre was celebrated with a visit by King Willem-Alexander of the Netherlands.

- **The Green Avenue Maastricht** | This year, the first residents received the keys to their newly constructed homes. The Green Avenue won the Sustainable Residential Development award of the European Property Award 2020-21 for the Netherlands. This year, 'Le Sud' was put up for sale. It comprises an upscale luxury residential part with several apartment blocks and ground-floor homes and a 23-story landmark residential tower located at the south part of the Green Avenue.
- **Tuinbuurt Vrijlandt** | The sale and construction of the first of 290 residential units began in 2021. Together with the Saxion University of Applied Science, a 'Toolbox for sustainable garden cities' was presented for policymakers and architects so they can follow in Tuinbuurt Vrijlandt's footsteps.
- **Cartesius Utrecht** | Cartesius Utrecht launched its shared electric mobility hub before construction started to inspire the surrounding neighbourhood to engage in its new way of living. Once completed, the vast, mixed-use urban development of Cartesius Utrecht will comprise over 2,510 residential units, including commercial and public spaces in which people can live longer, happy and healthy lives.
- **Berckelbosch Eindhoven** | A vast urban development project with over 1,000 residential units was awarded the nature inclusivity award by the Netherlands Bird Protection (VBN) and the Dutch Mammal Society.
- **Poortmeesters Nieuw Delft** | The construction of 114 sustainable homes connected by the biggest climate-neutral shared courtyard garden began in 2021. 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.
- **Guldenwater Nieuw Delft** | Guldenwater was delivered in 2021, featuring a large butterfly garden in the courtyard, which is surrounded by residential apartments and homes, both for rent and sale.
- **NS Station Maastricht** | An extensive restoration in the heart of Maastricht, conducted in a large number of phases, with the station remaining in use throughout and travellers experiencing minimal inconvenience. Laudy Bouw & Ontwikkeling tackled the entire outer shell, and on the inside the building was restored to its former glory down to the finest detail. Offices were moved to the top floor, where a new Grand Café was built. The work was completed in 2021.
- **Holland Casino Venlo** | On the outskirts of Venlo, on the Trade Port Oost industrial estate, Laudy Bouw & Ontwikkeling built a sustainable and futuristic-looking casino for Holland Casino. The enormous wooden construction with organic shapes and trusses more than one metre high carries the roof of the building. The futuristic glass sequin façade is illuminated in the evening by LED in many colours. From the A67, near the Zaarderheiken junction, the building is impossible to miss.
- **Kazernekwartier Venlo** | Area development project with approximately 500 homes, 100 student homes and 20,000m2 of commercial property, intended for work, hospitality and leisure. In a joint venture with two other project developers, Laudy Vastgoedontwikkeling is currently working on the district development of this area, which has been renamed the Kazernekwartier. It promises to become the neighbourhood of the future, a differentiated area where living, working and leisure will seamlessly blend together. It is a combination of new construction and reuse of the existing monumental buildings. The groundbreaking project will be completed in 2023.
- **Kavel 1N2 'Gare du Nord' Amsterdam** | Centrally located project next to North Station, the starting point of the North/South Line. Heddes Bouw & Ontwikkeling, commissioned by Blauwhoed and AM, is building 361 rental homes here, including 177 student units, a 302-room hotel and a car park with space for 140 cars. The team is realising a mixed-use project in which they face the challenge of building homes on a minute plot.

Responsibility for the entire process is in the hands of the integrated building team. Completion is scheduled for the first quarter of 2022.

- **Jonas Amsterdam** | Residential project in the IJburg bay in Amsterdam, realised by Ballast Nedam West. In addition to 273 rental and owner-occupied dwellings, various public facilities will be built just below ground level, including an underground car park. The design of the building focuses explicitly on recreational possibilities, which is reflected in the 'canyon' with its dynamic finish as well as the large patio in the building that will be furnished with a lot of green. This impressive project aims to obtain the BREEAM Outstanding certificate on completion.


Jonas Amsterdam

- **Kleine-Gartmanplantsoen Amsterdam** | Ballast Nedam Park & Connect was commissioned by the Municipality of Amsterdam to realise the Leidseplein underground bicycle shed. The bridge over the Lijnbaansgracht in the characteristic architecture of the Amsterdam School has been continued as a leading visual element in the design of the parking facility and the entrance. The design by Zwarts and Jansma Architects has been awarded the American Architecture MasterPrize 2021, as 'Best of best' in the 'Infrastructure' category.
- **Rotterdamse Weg Delft** | A circular car park for TU Delft realised by Ballast Nedam Park & Connect. The car park has a wooden facade that stores 60,000 kg of CO_2, solar cells that provide energy and after the upcoming expansion of the car park, it will also be provided with a green roof and boxes for insects, bats and birds in order to enhance biodiversity. Used concrete pavers were used for the paving.
- **MindLabs, Tilburg** | A new five-storey building in the middle of the station area, MindLabs will focus on innovation in areas such as robotics, language technology, serious gaming and artificial intelligence. The project received a special mention at the presentation of the smart building awards in 2021 in the construction category.
- **Princess Amaliahaven** | With 3,000 foundation piles and 700 combiwall piles, Ballast Nedam Infra Projects is constructing 2.4 kilometres of quays and earth retaining walls in the Princess Amaliahaven. For these 'smart quay walls', we are using technical innovations such as bollards that measure holding line forces. This enables our client to further optimise, develop and improve the port of Rotterdam.
- **A9 Gaasperdammerweg** | Ballast Nedam Infra Projects and its consortium partners have completed the construction phase and are now ready to maintain the tunnel and the corresponding infrastructure for 20 years. In addition, the large city park on top of the tunnel roof has been transferred to the municipality of Amsterdam. This park connects the surrounding neighbourhoods and contributes to a healthy and pleasant living environment in Amsterdam Zuidoost.
- **A24 Blankenburgverbinding** | The construction of the two tunnel elements of the Maasdeltatunnel in the Verolmedok is well on its way. The building pits of both North and South tunnel accesses are excavated to their deepest point (28m) and all reinforced underwater concrete floors are successfully poured. Furthermore, the work on the A15 at the Rozenburg junction and the widening of the A20 are visible for the surrounding neighbourhoods and road users.
- **Windplanblauw** | 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. To realise this, we design and build the cofferdam structures for the turbine foundations, we realise the park cabling and we provide the connection to the substation.

- **Windpark Maasvlakte 2** | Eneco commissioned Ballast Nedam to help build the Maasvlakte 2 Wind Farm. In 2022 we will be constructing turbine foundations on the hard and soft sea defences of the Rotterdam port area. On the soft sea defences we are using a foundation with a monopile on land, which is unique in Europe.
- **Shell Red2Green** | Ballast Nedam Industriebouw started end 2021 with the construction of a factory that will produce biofuel for Shell in Rotterdam Pernis. This plant will become one of the largest of its kind in Europe to produce sustainable aviation fuel (SAF) and renewable diesel from existing waste products.
- **Neste Oil** | Commissioned by Technip, Ballast Nedam started civil and building works for a new to build biofuel factory for Neste Oil at the Maasvlakte in Rotterdam. Our added value in the field of multidisciplinary construction can be applied as an important added value for the construction of this factory.
- **Everfuel Heinenoord** | Ballast Nedam Industriebouw was awarded in 2021 to build a hydrogen gasstation for the busses of Connexxion in Heinenoord.
- **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 unrightful. BN-TAV handed over the construction site, in a safe and controlled way, to Schiphol Group. After the termination of the contract, Schiphol and BN-TAV continue their discussions in an attempt to reach an amicable agreement on all claims and disputes.

International Projects

- **Water supply Hemmathagama** | Ballast Nedam International Projects is working on a major water purification project in Sri Lanka that will provide clean drinking water for 17,000 families. Our teams are currently working on the seventh (and final) reservoir, the water treatment plant and the pipe laying. The water purification plant will have a capacity of 21,000m3 of water per day.

Water supply Hemmathagama

- **St. Maarten Airport Terminal** | Ballast Nedam International Projects has been selected as the general contractor for the St. Maarten Airport Terminal Reconstruction Project. Construction has officially started in October 2021. The project is an essential renovation development for the island. Also, we will involve the local community which will provide the island with additional employment opportunities.
- **Tunnel Renovation for Rhaetian Railway** | The railway tunnel in the ski resort Arosa had to be renovated in order to upgrade the safety standard. The tunnel needed to be widened, partly while in operation, to install escape walkways and to accommodate additional communication, lighting and electric installations. The works were carried out by Heitkamp Construction Swiss GmbH during the summer seasons between April and November 2020 and 2021. Works in the tunnel were completed six months ahead of schedule.
- **Lochweidli Tunnel, Wattwil** | The Lochweidli Tunnel in Wattwil (St. Gallen) is the core project of the Wattwil road bypass. Our client is the civil works authority of Canton St. Gallen. The road tunnel is 255 metres long and was constructed with the conventional tunnelling method, partly under pipe arches. The order was carried out in a joint venture with a civil works contractor. The demanding tunnelling works were performed by >

Heitkamp Construction Swiss GmbH during August 2019 and August 2021.

- **Multistorey car park Queen Alexandra Hospital Portsmouth** | Ballast Nedam Park & Connect is building a new multistorey car park for developer Noviniti for the Queen Alexandra Hospital in Portsmouth. 541 parking spaces will be created on four parking levels, of which 31 parking spaces for disabled people and 8 parking spaces for electric vehicles. A further 30 spaces are being prepared to allow electric vehicles to charge in the future. Construction of the new car park has now started, and it will be inaugurated in the spring of 2022.

2.3 OUTLOOK FOR 2022

At Ballast Nedam, we will continue to challenge ourselves to improve in 2022. All our activities will support this goal.

2.3.1 Markets and businesses

We believe that continued stable growth is possible in 2022 and are confident in our internal strengths and capabilities. Still we are dependent on external interrelated influences including the effects of the current geopolitical events in Eastern Europe. Ballast Nedam has no projects in Ukraine nor Russia. To what extent this situation will influence the construction sector is difficult to assess at this moment. This includes factors outside our control like volatility in the commodities markets and material prices, government-imposed trade barriers and energy policies.

We actively evaluate our own performance as part of our ongoing commitment to improving our business, adding value for our clients and protecting the environment. We continually evaluate and improve our processes, our innovations, our knowledge and the quality of our work. Health and well-being in all aspects of our business will be our guiding principles. Our people remain key factors in our success by maintaining the right mindset, knowledge and attitude. We want to add value for all our clients through our capacity to design and build, the agility of our solutions and the way we work with partners. The focus on the health and well-being of our employees and the world around us will be a top priority in 2022 and for years to come. Ballast Nedam will continue to explore international opportunities. Our international reputation is very strong, and we foresee opportunities in infrastructure, ports, bridges and tunnelling. Ballast Nedam is 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.

2.3.2 Human capital

We belief that our dedicated people is our most important asset. Therefore, improvement as a company means continuously connecting to target audiences in the labour market, assessing and developing talents of our employees, whilst ensuring a healthy and engaging workplace. We do this by focusing on our employer value proposition, creating challenging assignments, investing in training and fostering an open and engaging culture. With our 29 nationalities, increasing percentage of women and our investment in social return in our company we strive to be a diverse and inclusive company for all our employees. We hire people that are skilled and suit our ‘Challenge to improve’ mindset. This unique mindset represents an eagerness to adapt, learn and grow. We look for people who seek connections with colleagues and clients, and who are open and transparent in communication. To improve our effectiveness in finding the right people in the right place, we will launch a new employer branding campaign in 2022. We will furthermore focus on our employer value proposition, as well as being the employer our employees expect us to be. This will enable us to engage and retain our employees and retain our knowledge base.

2.3.3 Financing

Ballast Nedam is financially healthy and ready to face all future challenges in the construction industry. We believe that throughout 2022 continued growth in revenue and profit will be achievable. In addition to organic growth and as a result of changing market conditions, we also anticipate growth potential through investment opportunities such as national and/or international acquisitions of companies and projects, as well as in real estate developments. More information regarding financing is included in section 3.5.2.

2.3.4 Investments

The solvency ratio of 24.3% 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.

In addition, Investments were made and are planned in research and development including sustainable and innovative materials, research into different mixtures and alternative raw materials for concrete and electrification of our equipment.

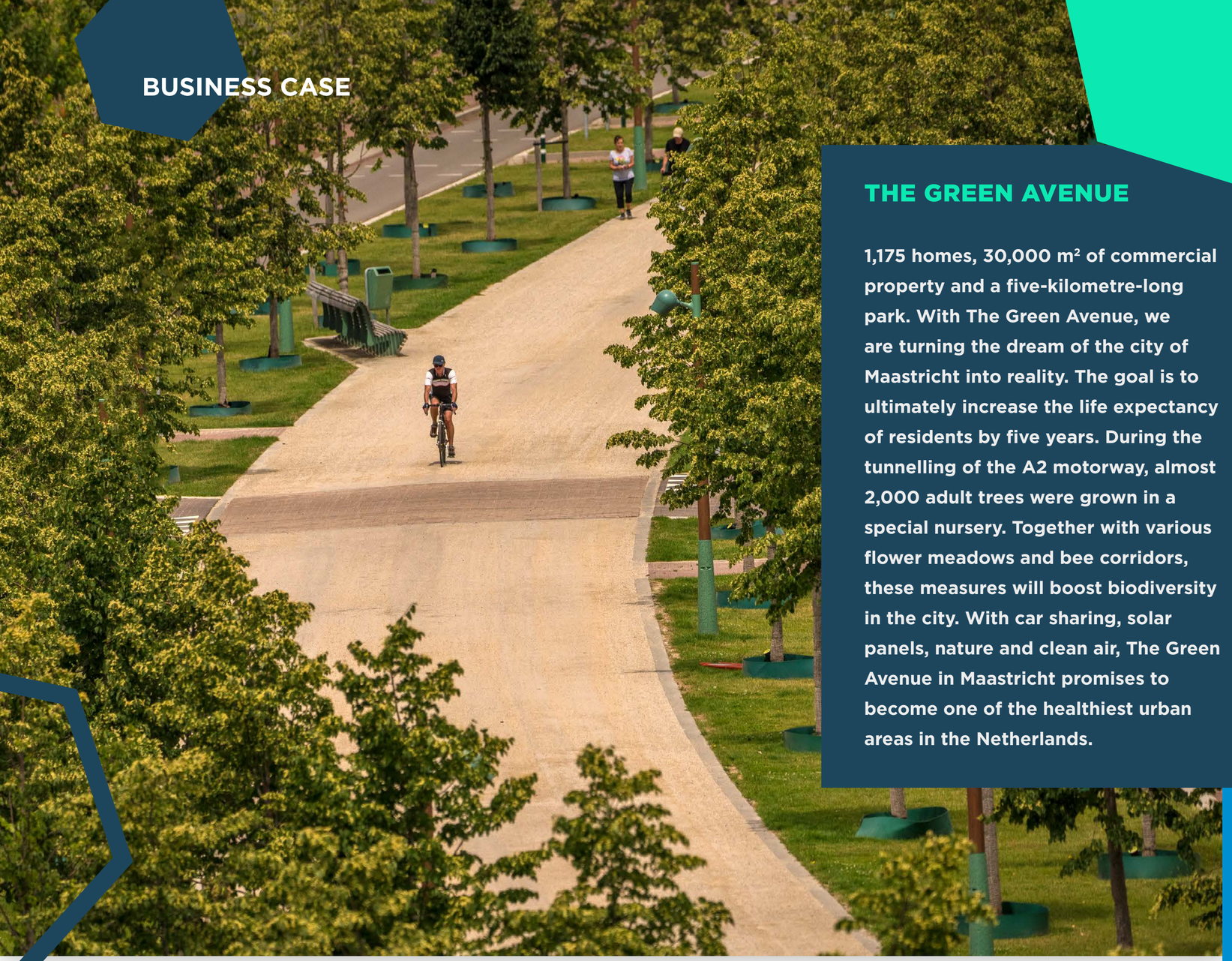
Nature-inclusive construction with an eye for biodiversity

In urban development, caring for flora and fauna is a high priority. Focusing on biodiversity allows us to create green and comfortable living environments, such as The Green Avenue in Maastricht and Horizons in Amsterdam. Onno Dwars, CEO of Ballast Nedam Development, is one of the driving forces behind this green vision.

“Since the 1970s, the world has suffered a biodiversity loss of 70%. The sparrow population in the Netherlands has declined by 75% and in Amsterdam it has even declined by 90%. Therefore, I believe that, as a major Dutch construction company, we have a moral duty to contribute to the recovery of biodiversity,” says Onno. “At Ballast Nedam Development, we’re committed to installing solar panels or sedum on all flat roofs, to equipping homes with nesting boxes as a standard feature and to creating a good environment for birds and insects on all projects. The Green Avenue in Maastricht is a great example of this,” says Onno. In this project, we replaced the 2.6 kilometre stretch of highway that ran straight through Maastricht with a double-deck underground tunnel. The tunnel presented an opportunity to construct a five-kilometre-long green avenue above ground.

A sea of flowers

At the urban development, Ballast Nedam Development works with many different partners, such as the BirdLife Netherlands and the Centre for Nature and Environmental Education (CNME).



THE GREEN AVENUE

1,175 homes, 30,000 m² of commercial property and a five-kilometre-long park. With The Green Avenue, we are turning the dream of the city of Maastricht into reality. The goal is to ultimately increase the life expectancy of residents by five years. During the tunnelling of the A2 motorway, almost 2,000 adult trees were grown in a special nursery. Together with various flower meadows and bee corridors, these measures will boost biodiversity in the city. With car sharing, solar panels, nature and clean air, The Green Avenue in Maastricht promises to become one of the healthiest urban areas in the Netherlands.

Peter Alblas, an ecologist at the CNME in Maastricht, has been involved in The Green Avenue from the start. “Initially, we mainly looked at the vegetation along the road. But the way I saw it, the vacant hectares of land, where houses are being built, were an excellent opportunity. It occurred to me, for example, that we could easily grow a sea of flowers on that land,” says Peter. Onno adds: “Eventually, Peter enlisted the help of local primary schools, and together they sowed this building land with a meadow mixture, especially meant for bees, insects and butterflies. Of the 180 bee species that live in Maastricht and the surrounding area, the majority have already been spotted on the Green Avenue. Isn’t that amazing?”

Some of the land has already been developed. But even when all the hectares have been built on, there will still be room for biodiversity, thanks in part to the nearly 2,000 trees that were planted there during the development. The homes will also be equipped with nesting boxes for birds and bats, as well as green fencing. In addition, the tunnel will have a permanent place for flowers and bees. For The Green Avenue project, Peter used his knowledge and experience as an ecologist. “We used marl from Limburg to ensure that the grass does not dominate.

It's a perfect match because marl is great for native flowers, but it dries out too quickly for the grass. As a result, the grass cannot suppress the flowers," Peter explains. "It takes a while for the flowers to penetrate the marl, but when they finally bloom, they're not bullied by the grass. This is not only better for the flowers but also easier to maintain."

Viper's bugloss

All sorts of things grow on The Green Avenue: cornflowers, sage, poppies, buttonwort, common reed, daisies, ox tongue and... viper's bugloss. This is important because the Maastricht region is home to the viper's bugloss bee, a rare species of bee that's only attracted to this plant. "I'm very proud of how we tackled this project together and the role that biodiversity plays in it," Peter says. "Maastricht's Green Avenue is truly green." Onno is also happy with the project and the great partnership: "We're going to use all of the new insights and knowledge about biodiversity that we've gained here in future projects. That way, we can create beautiful places for flora and fauna there as well."

"As a developer, we are generalists," Onno says. "So we need specialists like Peter to make an impact. That's why we're always open to initiatives that restore biodiversity. Wherever possible, we reinforce or accelerate these initiatives.

HORIZONS AMSTERDAM

Ballast Nedam Development is building a new sustainability icon in Amsterdam: Horizons. This residential building comprises 126 homes and has two highlights: circularity and energy performance. With Horizons, Ballast Nedam Development is setting the standard for sustainable construction. The circular building consists of 62% bio-based and reused materials and stores about 3,000 tons of CO_2. At the end of its lifespan, the residential building will be 96% reusable. In addition, the residential building will have solar panels on the façades, green roof gardens for biodiversity and a special programme to prevent loneliness and encourage interaction between residents.

BUSINESS CASE

We don't really have any limitations in this regard." Onno explains that nature-inclusive construction has become the standard at Ballast Nedam Development. This is also the case with Horizons Amsterdam, a sustainable and nature-inclusive residential building in Amsterdam. "The entire Horizons building design is aimed at enhancing biodiversity, for example by creating green roof gardens and placing nesting boxes at different heights. In this project, we're working together with the BirdLife Netherlands and other nature and biodiversity restoration organisations, allowing us to make a real difference."

Energy

"Being involved with nature energises us. And the people who will be living, working and staying there appreciate it enormously. That motivates us even more to adopt nature-inclusive building as the standard in all our projects and to work as much as possible on restoring biodiversity. We take our accomplishments and everything we learn to the next projects. That's how we keep developing," says Onno. "We're also co-initiator of the Nature Inclusive Building manifesto and petition. This has been signed by various market parties, foundations and municipalities.

The aim is to embed biodiversity restoration and nature-inclusive construction in Dutch legislation and regulations, which is not yet the case. I think that in two years' time, there will definitely be legislation in this field, but secretly I'm hoping that it will already be a reality in a year's time. It cannot come too soon for me."

CHAPTER 3

Risk management

- Under the circumstances, COVID-19 have had a moderate effect on our business
- Risk management and monitoring is more and more an integral part of all business activities
- The aim is to manage risk within an acceptable risk level
- The Board of Management is ultimately responsible for determining, addressing and monitoring risk, under the supervision of the Audit Committee and Supervisory Board

Construction means facing risks. It is all about how to manage them

An integrated risk management approach is essential to Ballast Nedam's business operations. In 2021, we standardised this approach, made it more professional and raised it to a higher level. Controller Michael van Brandenburg and Project Control Specialist Arjan Zijlstra talk about these developments.

"The contracting industry is an uncertain environment with an enormous amount of external influences. Construction is therefore by definition surrounded by uncertainties," says Michael. "Determining which opportunities or risks are acceptable and what to do at what cost in order to prevent risks from occurring and control the consequences if something as a residual risk happens. That's risk management in a nutshell."

More control

Risk management is nothing new at Ballast Nedam. "It's a complex process to create a building from scratch. We work with subcontractors and suppliers and are partly dependent on them. In addition, our buildings reach great heights, such as Tower Ten WTC Amsterdam," explains Michael. "So we have always done risk management. In 2021 it has been further standardised and professionalised, taking it to a higher level."

Useful feedback

Tower Ten WTC Amsterdam is a high rise project of Ballast Nedam in which this new way of risk management is also applicable. “An example to illustrate risk management is the façade of this project,” says Arjan. “According to the design, the façade has to be put together during installation. That is very laborious. All the bolts, nuts and glass are brought together on the outside of the building. We can use the feedback on this project for our next project, where we might opt for a prefabricated façade that can be placed in large elements.”

It is not only after the project that there are discussions about the operation. At the start of and during a project like Tower Ten, Arjan and Michael regularly attend project meetings. Risk management is an integral part of these discussions. Arjan explains: “These discussions are not one-way traffic. The project managers keep the risk register up to date and also discuss it themselves. We really challenge each other to come up with a complete picture of the risks.” Michael adds, “In a Tower Ten project meeting, for example, we identified the risk of building a high rise building in use - lots of cars and people passing close to the building. This allowed us to take measures such as fall nets, fencing off buildings and traffic guides. Making sure nobody gets hurt is classic risk management.”

ABOUT TOWER TEN WTC AMSTERDAM

A major expansion and renovation project: Tower Ten WTC Amsterdam. The WTC complex is located in the heart of Amsterdam’s Zuidas and consists of nine towers. Ballast Nedam is responsible for expanding and renovating one of the existing towers (the D-tower) and the underground parking garage. A complex task in which we will have to work on top of and right next to existing buildings. The current D-tower has been stripped down to the concrete skeleton. We are constructing a new 22-storey building and put ten floors on top of the current D-tower. Finally, we will add three new pavilions to the new building under a beautiful undulating roof. In the field of sustainability, this project obtained a BREEAM Excellent certificate in the design phase.

3.1 VISION

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.

3.2 AMBITIONS AND OUTLINE OF RISK MANAGEMENT

3.2.1 Ambitions

Ballast Nedam considers 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 risk management policy addresses the following principal risks, uncertainties and objectives:

Strategic risks

The objective of strategic risk management is to manage and control market risk exposure arising from economic circumstances in the construction market, due to macroeconomic or political developments within acceptable parameters, while optimising return.

Financial risks

Ballast Nedam focuses on maintaining a solid financial position. 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.

Operational risks

Ballast Nedam aims to create a proactive and people-first safety culture to maintain operational excellence in managing project risk through acquisition and execution, and to ensure appropriate control.

Compliance risks

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.

The main risk areas identified and assessed by Ballast Nedam are classified in line with the management model developed by the Committee of the Sponsoring Organisations 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. Several risk areas and measures related to Ballast Nedam's strategic objectives are identified in section 3.5.

3.3 RISK CONTROL PROCESS

This paragraph outlines the structure of the risk control process within Ballast Nedam. 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.

3.3.1 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 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. This role is carried out either on a part-time or a full-time basis, depending on a project's complexity. The practical application of any risk management process depends on the size and risk profile of a specific project.

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 Group'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 & safety aspects, cash flow, legal aspects, foreign currency, tax, labour law requirements and political aspects.

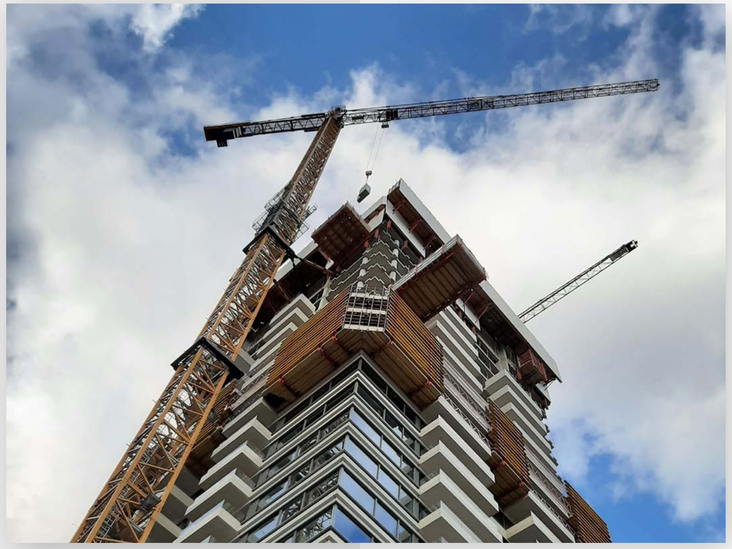
3.3.2 Second line: monitoring

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). This allows the Board of Management to monitor important developments and influence transactions in the Group's overall strategy and policy.

Business control and treasury

The way Ballast Nedam carries out 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 divisions.



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.

3.3.3 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. 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 paragraph 5.1.

3.4 RISK MITIGATION

The assessment of risk management protocol and the improvement of systems are ongoing processes within Ballast Nedam. The most important part of the risk management process is proactive risk mitigation. The following supporting functions contribute to general measures to mitigate risk exposure within the business.

3.4.1 Lawyers and contract managers

To maintain appropriate control of contractual risks, specialist contract managers and lawyers are employed by the divisions during both the tender and the execution phases. Ballast Nedam dedicates considerable attention to knowledge-sharing based on past learnings. Lawyers and/or contract managers may be added to project teams for large or particularly complex projects.

3.4.2 Insurance

The Insurance department is responsible for arranging and managing insurance policies for Ballast Nedam. The department promotes the insurance interests of Ballast Nedam in the implementation of projects, during both the tender and the execution phases. It also drives awareness within the divisions of the benefits and necessity of insurance, and the importance of identifying risk areas.

3.4.3 Compliance

Ballast Nedam requires our employees, as well as our suppliers and subcontractors, to carry out their duties and business with integrity. Ballast Nedam has a zero-tolerance policy for non-compliance with our Code of Conduct. Further details about compliance can be found in section 6.1.

3.4.4 Safety

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 undertaken, business units are asked to prepare tailored HSE plans. Chapter 7 identifies the ways in which Ballast Nedam works to continually achieve and maintain a high level of safety awareness among employees and partners.

3.4.5 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.

3.4.6 Procurement

Ballast Nedam's procurement processes help guarantee economical value and quality when securing suppliers and subcontractors. They also act as a control mechanism, to monitor efficiency of costs and to assist in preventing possible conflicts of interest.

3.5 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.

3.5.1 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, the influence of the pandemic, geopolitical events in Eastern Europe and the impact of an energy transition accelerated by climate change (amongst 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. Over the last several years, discussions between stakeholders have led to redefined responsibilities and updated risk allocation on more complex infrastructural 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, and does so >

by increasing risk on service and material prices, and increasing pressure on some parts of the supply chain by establishing liabilities at an early stage in the project cycle, and then reaching an agreement with clients on price compensation where possible.

3.5.2 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 in order to limit credit risk on instalments and trade receivables. See also section 10.6.29 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. See also section 10.6.29 on financial risk management.

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 to hedge transaction risk on cash flow generated by ordinary business activities.

Financing risk

Ballast Nedam manages liquidity by working to ensure 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 weekly cash-flow forecasts followed by commensurate corrective measures and monitoring. A current cash surplus, strong solvency and strengthened risk management activities are all expected to bolster management efforts and the execution of business plans, while increasing operational flexibility.

Ballast Nedam also has long-term access to bank guarantee and bonding facilities with various financial institutions and group companies. Periodic forecasts assess continued availability of guarantee facilities based on both current tenders and possible discharge from current bank guarantees. Current forecasts of access to guarantee facilities indicate Ballast Nedam's continued ability to issue guarantees in the ordinary course of business.

3.5.3 Operating risks and measures

Safety

Safety is a risk category that receives a great deal of attention within 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 safety 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 safety programming reinforces a commitment to mitigating safety risks. Further details of safety control measures across the value chain can be found in Chapter 7.

Project

Project risks relate to the contracting and execution of projects for clients. 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

ICT

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:

- The Code for Information Security (an international standard for information security in organisations)
- Authentication access measures
- Firewall technology protecting internet access
- Specific access portals requiring both a username and a password
- Management software for mobile hardware capable of remotely erasing devices
- Introduction of a new role-based access control procedure
- Regular internal publications to promote cybersecurity awareness within the organisation
- Audits to identify vulnerabilities

3.5.4 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, including the Foreign Employment Act ('Wet Arbeid Vreemdelingen' (WAV)) and the Chain Liability Act ('Wet Ketenaansprakelijkheid' (WKA)). This is also reflected in Ballast Nedam's Code of Conduct for Subcontractors and Suppliers ('Ballast Nedam CoC Subcontractors and Suppliers').

Ballast Nedam integrates compliance into all aspects of our business activities. Fair, compliant behaviour is safeguarded as much as possible by giving employees clear guidelines, providing an accessible compliance protocol accompanied by supporting processes, supplying reporting systems and maintaining a compliance office. Various measures are in place to mitigate compliance risk, including a decentralised team of compliance officers who are aware of compliance risks, and who remain approachable for the employees of Ballast Nedam. Other measures include the Ballast Nedam Code of Conduct (BeNWiser) 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 & invitations registration process and an internal reporting policy/'Speak Up' line.

Risks relating to third parties abroad

When working abroad, or in joint venture or partner structures, project-based risk assessments ensure sufficient attention is paid to local culture, laws and potential risk in a specific country or with a particular partner. Working abroad usually also means working with external agents and consultancies, which can pose corruption risks. 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.

OECD and ILO principles

Ballast Nedam works in accordance with 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. This means that neither the Group, nor its suppliers nor subcontractors, engage in discrimination, or make use of child labour or forced labour. They all do 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.

3.6 THE YEAR 2021 AND STRATEGIC RISKS

The complex construction sector in which we operate requires effective risk management procedures. With regard to the strategic risks identified, we determine our risk appetite and the likelihood of these risks occurring. We also take the potential impact of these risks into account, and have laid out their potential impact on our organisation in this chapter.

Strategic risks: COVID-19 pandemic

COVID-19 remains a strategic risk to our company. Its changing and unpredictable nature makes it difficult to predict what the future will look like. Ballast Nedam experienced the negative effects of the price increases and material supplies throughout the company. Due to appropriate measures and strict focus on health and safety, we were able to keep all projects operational. When necessary, appropriate measures were taken to preserve logistical and manual processes on the construction sites – including the availability of materials and personnel. Fortunately, due to our policies and measures, we managed to limit and control the number of infections within our organisation.

Strategic risks: supply chain

Ballast Nedam actively addresses pressure on parts of the supply chain, especially by increasing risks associated with the price of services and materials, by establishing liabilities at an early stage in a project cycle and by agreeing on price compensation with clients where possible. However, price increases and sector-wide pressure across the supply chain have the potential to impact individual projects.

Geopolitical events in Eastern Europe impacts global market conditions and continues to be challenging for global supply chains in general. This includes factors outside our control like volatility in the commodities markets and material prices, government-imposed trade barriers and energy policies

Operational risks: Health, safety and environmental

It is our obligation to provide a safe working 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 2021, Ballast Nedam had no fatal accidents. We regretfully had one permanent disability, which was related to a concrete-wooden façade panel that fell onto a Ballast Nedam employee. In general, the severity of lost-time injuries decreased in 2021.

In 2021, no severe environmental incidents were reported. Throughout 2021, all incidents were thoroughly investigated by root cause analysis, after which measures were taken to prevent such accidents from happening again.

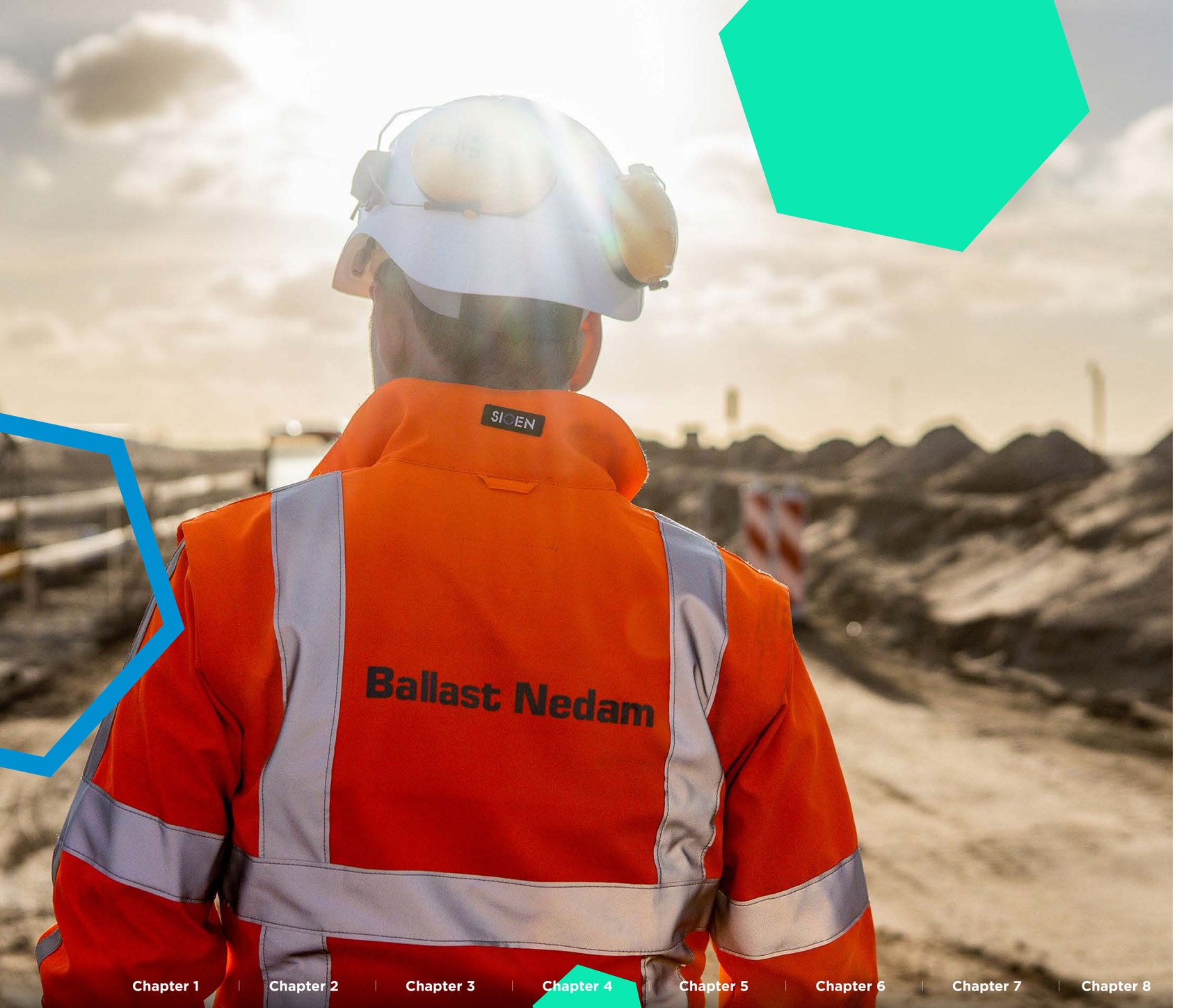
Operational risks: project risk and reward balance

Results on some large construction projects in the Netherlands were impacted by an asymmetrical risk and reward balance. Discussions about claims and variation of orders specifically led to fluctuations in results on large construction projects.

3.7 OUTLOOK

Looking ahead, forecasts of market circumstances are generally positive, still we are dependent on external interrelated influences including the uncertain effects of the current geopolitical events in Eastern Europe. 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. In the coming years, we will continue to improve our risk management protocol, especially as it contributes to added value for clients, while always working to deliver a solid order book and a healthy outlook for project opportunities. Ballast Nedam's continued risk management will be founded on the following principles:

- Risk management is an integral part of all business activities, and must be monitored across the entire organisation.
- The aim is to manage risks within an acceptable risk level, while working to achieve business objectives as laid out in our strategy and business plan. We believe that risk management must form part of every employee's day-to-day approach.
- The Board of Management is ultimately responsible for determining, addressing and monitoring risks, under the supervision of the Audit Committee.



CHAPTER 4

Corporate Governance

4.1 MANAGEMENT AND CONTROL STRUCTURE

4.1.1 Introduction

When structuring our corporate governance framework – including articles of association and regulations of internal bodies – we draw from the principles of the Dutch Corporate Governance Code (or, the Code). Ballast Nedam applies the Code wherever it believes it to be feasible, desirable and applicable.

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, amongst 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 10.6.32 for further details). [12]

[12] As Ballast Nedam is not listed on the stock exchange, it is not obliged to report on any non-compliance with or deviations from the Code and therefore does not do so in this annual report or elsewhere

4.1.2 Managerial and legal structure

Ballast Nedam's managerial structure is composed of three divisions: Ballast Nedam Construction, Ballast Nedam Development and Ballast Nedam Industriebouw (see paragraph 1.1.5 'Organisational structure' for more information). The division Ballast Nedam Construction 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 10.6.2 for an 'Overview of joint operations,' and section 10.6.32 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, as well as the impact of its decisions on natural and social capital. During its meetings, the Board has often discussed matters of material corporate social responsibility in relation to other topics. These include the implications and consequences of its decisions on safety, human capital, the environment and other matters. In 2021, continuous attention was also given to the ongoing COVID-19 pandemic, and its implications for Ballast Nedam.

The General Meeting appoints members of the Board of Management, whether or not upon a nomination by the Supervisory Board. Also, the General Meeting may suspend or dismiss members of the Board of Management. In case it intends to remove a member of the Board of Management from office, the General Meeting will enable such member to account for him/herself 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 seven individuals. As of 10 January 2022, Mr Van Zuthem was appointed to the Board of Management. With a high level of involvement, Ballast Nedam was under the control of and guided by the members of the Board of Management during the past year to improve the company's operational processes, productivity and main focus areas. The composition of the Board of Management is as follows: >

C. Düzyol (Chairman)

Mr Cenk Düzyol was born in 1971. He is a Turkish national. Mr Düzyol has been Chairman of the Board of Management of Ballast Nedam since 1 June 2016. In this position his focus is primarily directed towards the follow up of Ballast Nedam's strategy, client relations and cooperation with Rönesans and other companies within the Group. Mr Düzyol joined Rönesans in 1999 and was previously CEO of Renaissance Construction Russia (2005-2015), a board member of Rönesans Holding A.Ş. (2016-2018) and has been a board member of Renaissance Construction Russia since 2015 and the Chairman of the Board of Renaissance Construction Russia since 2020. In 1994, Mr Düzyol completed his degree in civil engineering at the Istanbul Technical University. He was first appointed to the Board of Management for a four-year term on 20 November 2015. On 20 June 2018, the term was converted into an indefinite term of office.

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 Renaissance Construction Russia until 2013. After that, he held roles within Rönesans Holding in Turkey and Germany. 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 primarily focuses on construction and infrastructure activities and he is responsible for the division Concessions. 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, amongst 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.

Ö. Canbaş

Mr Özgür Canbaş was born in 1973. He is a Turkish national. As a member of the Board of Management, Mr Canbaş is jointly responsible for Ballast Nedam's strategy. Within the Board of Management, he is responsible for the Development division. Mr Canbaş graduated from the Mechanical Engineering Department of the Istanbul Technical University in 1995 and received his MBA from Koc University in 1997. Mr Canbaş worked in corporate and investment banking with Deutsche Bank in its Istanbul, London and Singapore offices between 1998 and 2009. 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. In the General Meeting of 23 June 2017, Mr Canbaş was appointed to the Board of Management for an indefinite term of office.

H. Koçak

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 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 Park & Connect. He completed his civil engineering degree from 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 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 Supervisory Board has a minimum of three seats, and consists of five members: Mr A. Oral, Mr E. Baki, Mr P.R.H.M. van der Linden, K. Arslan and Mr A. Eryiğit. Until April 2021, Ms İ. Ilıcak Kayaalp (1978), Chairperson of the Board of Rönesans Holding A.Ş., was a member of the Supervisory Board as well. She had been the Chairperson of the Supervisory Board since 20 November 2015 until her resignation.

Mr A. Oral (Chairman)

Mr Aykut Oral was born in 1974. He is a Dutch national. Mr Oral joined Rönesans in 2015 and is a chief financial officer and member of the governing bodies of various subsidiaries of Rönesans Holding A.Ş. Mr Oral was appointed to the Supervisory Board of Ballast Nedam on 23 October 2020 and a member of the Audit Committee. His current term of office ends on 20 November 2023. Mr Oral became Chairman of the Supervisory Board on 7 May 2021.

Mr E. Baki

Mr Emre Baki was born in 1975. He is a Turkish national. Mr Baki joined Rönesans in 2006 and is a member of the governing bodies of various subsidiaries of Rönesans Holding A.Ş. Mr Baki was appointed to the Supervisory Board of Ballast Nedam in 2015 for a four-year term, which was extended in November 2019. His current term of office ends on 20 November 2023. Mr Baki is a 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. Mr Van der Linden 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 GarantiBank N.V., 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.

Mr K. Arslan

Mr Kaan Arslan was born in 1966. He is a Turkish national. Mr Arslan began his career at Interbank, where he assumed different roles between 1990 and 1998. Subsequently, he worked in different roles in various other banks until he became Vice President for Finansbank in Private Banking from 2005 to 2010. In 2010, he joined Rönesans Holding A.Ş. and has been a member of the Board of Directors at Rönesans Holding A.Ş. since. Mr Arslan was appointed to the Supervisory Board of Ballast Nedam on 8 February 2019. His current term of office ends on 20 November 2023.

Mr A. Eryiğit

Mr Alparslan Eryiğit was born in 1975. He is a Turkish national. In 2008, Mr Eryiğit joined Rönesans Holding, where he has held various positions. From 2013 until 2021, he was a member of the Board of Directors at various Rönesans Group Companies. Mr Eryiğit was appointed to the Supervisory Board of Ballast Nedam on 7 May 2021. His current term of office ends on 20 November 2023.

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.

4.1.5 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.

4.2 INDEPENDENT STATUTORY AUDITOR

The Audit Committee and the Supervisory Board were involved in the appointment of the 2021 statutory independent auditor. The General Meeting approved the engagement to PricewaterhouseCoopers Accountants N.V. to conduct an audit of the 2021 financial statements of the company. PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in Turkey is auditor of Rönesans Holding A.Ş.'s 2021 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 and attended 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 addresses the independent auditor's opinion to the General Meeting. PricewaterhouseCoopers Accountants N.V. will attend the next Annual General Meeting in which the 2021 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.

Nieuwegein, 18 March 2022
Board of Management,

C. Düzyol

A.K. Sağlam

S.R. Lefevre

H. Koçak

Ö. Canbaş

O.P. Padberg

E. van Zuthem (appointed on 10 January 2022)

CHAPTER 5

Supervisory Board

5.1 REPORT OF THE SUPERVISORY BOARD

The Supervisory Board discussed financial developments during its meetings in 2021. 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 corporate social responsibility 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 in the light of COVID-19 and the measures to be taken to protect employees at our various offices and worksites. 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 2021. 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.

5.1.1 The Audit Committee

Mr Baki and Mr Oral are the members of the Audit Committee. The Audit Committee acquired relevant knowledge and experience of financial matters via various input prepared by, amongst others, the Board of Management, the Chief Financial Officer and the Chief Compliance Officer and the company's internal control function. The Audit Committee held several meetings in 2021. 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
- compliance.

The Audit Committee and the Supervisory Board discussed the findings of the independent auditor, the interim observations for 2021 and the follow-up to the findings with the independent auditor.

5.2 FINANCIAL STATEMENTS AND RECOMMENDATION TO THE GENERAL MEETING

The Supervisory Board submits the Annual Report for the 2021 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 2021.

Nieuwegein, 18 March 2022

Supervisory Board,

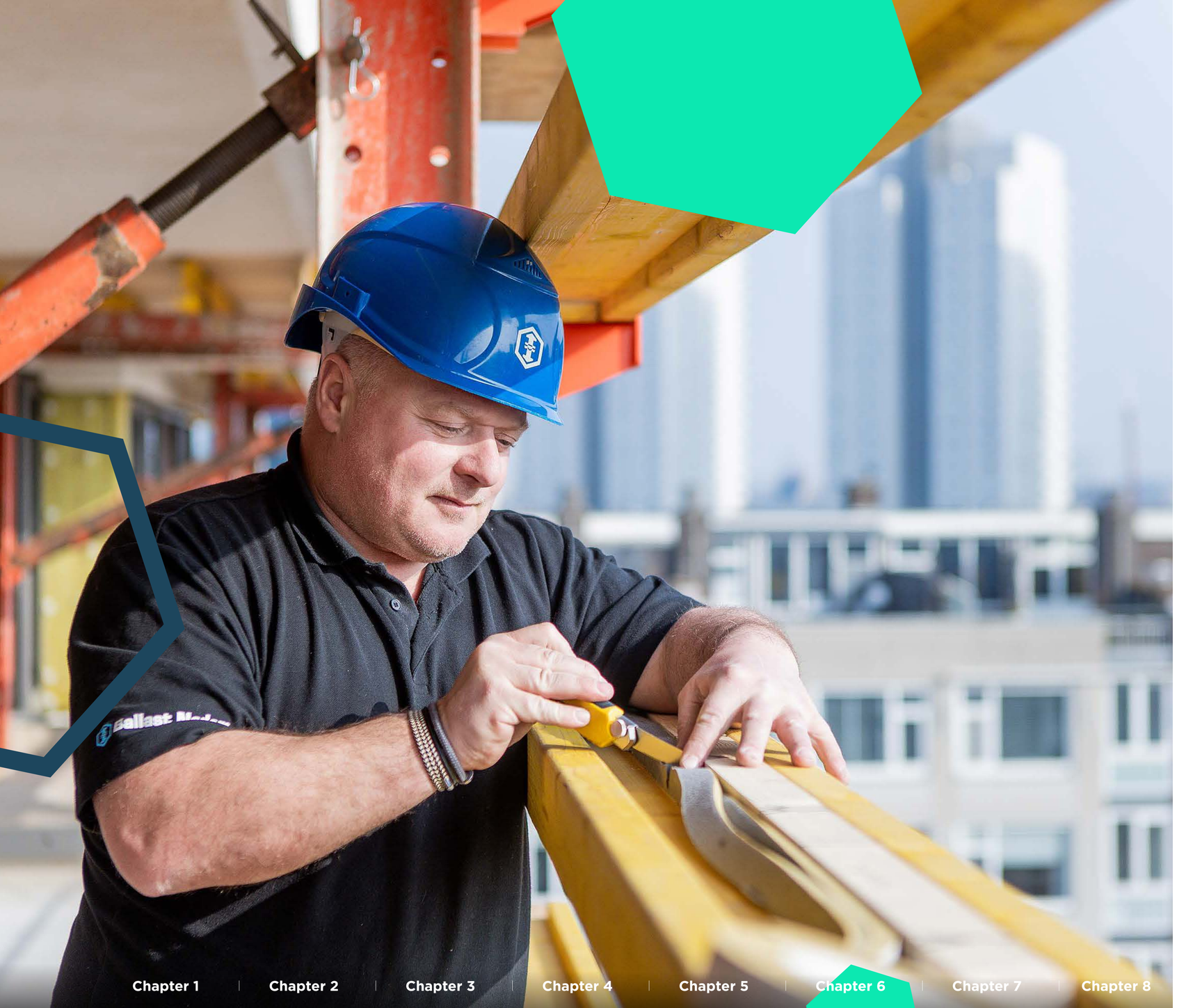
A. Oral

E. Baki

P.R.H.M. van der Linden

K. Arslan

A. Eryiğit (appointed on 7 May 2021)



CHAPTER 6

Corporate Social Responsibility

- Business ethics and integrity remains essential and starts with creating awareness and direct and open dialogue
- Despite scarcity on the labour market we were able to grow the headcount in line with our business requirement
- The number of internships exceeded 2020
- More than 400 COVID-19 cases have been recorded, including subcontractors working at our projects
- Continuity of the business was not jeopardised, non-productivity due to COVID-19 was low

Talented people are always welcome at Ballast Nedam

Through the Social Return programme, Ballast Nedam creates employment for people with a distance to the labour market. Our aim is to provide at least five voluntary Social Return placements a year above the project requirements. Things are moving fast: HR advisor Piet Verbaant alone supervised 14 Social Return employees in 2021.

Piet has been committed to Social Return for years. According to him, it is a social must, and also a win-win situation: “If you give these talents a chance and supervise them well, you have employees for life. They never leave.”

Piet explains that, as a large company, we have no other choice. “Socially, it’s simply a must. As an organisation, we have to embrace society and give everyone a chance. At Ballast Nedam, we’ve been doing this for a long time. Twenty years ago, I already had Social Return employees, even though it was called something else back then. I used to put guys who had come from the Employee Insurance Agency (UWV) to work on all sorts of jobs on the building site. Some of them have come a long way, received training, got a permanent job and are still employed. That’s great. The higher purpose is to help people, but if they can add value to the company as well, then it’s a win-win situation.”

A professional and a people person

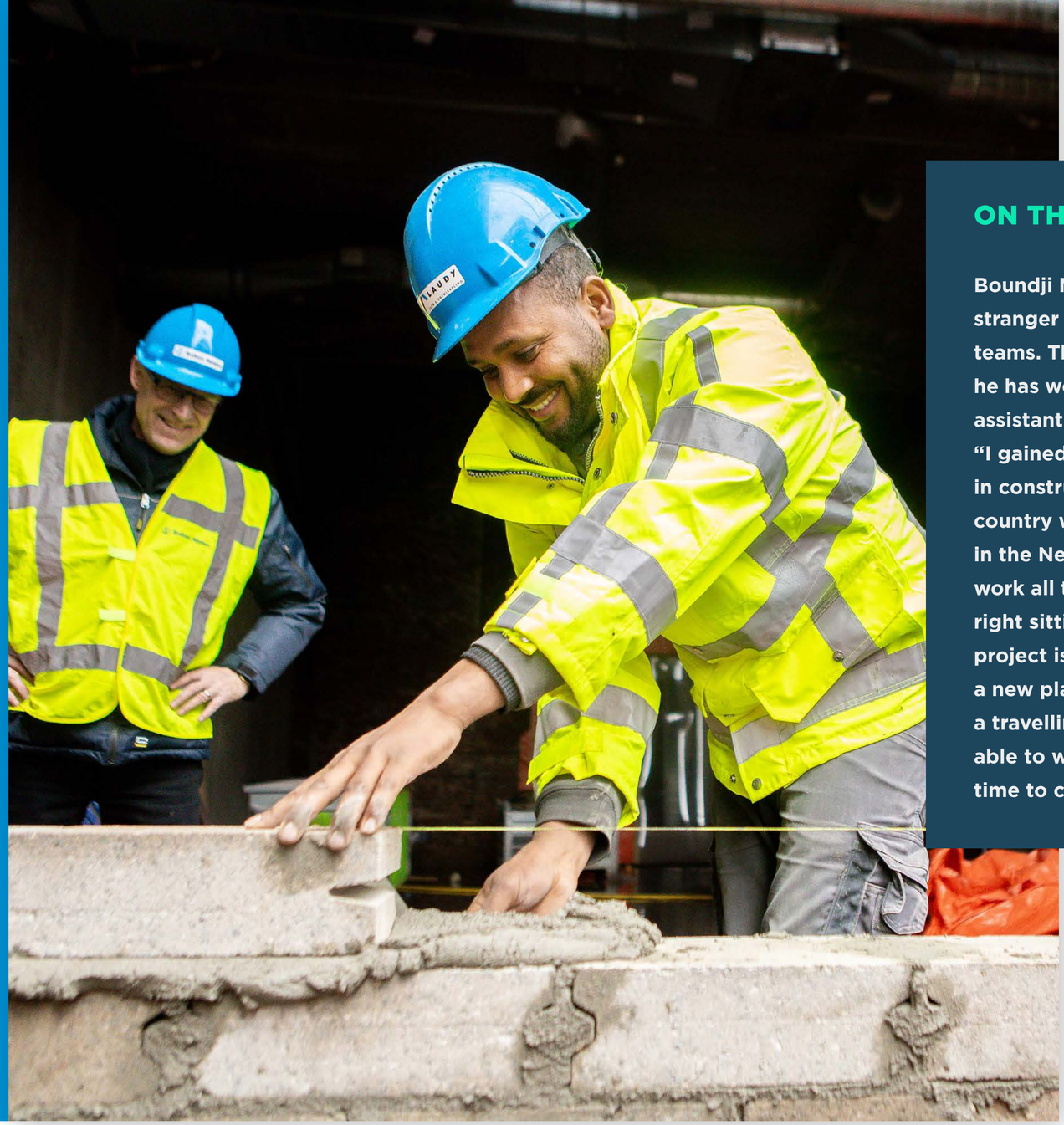
Piet has worked for Ballast Nedam since 1977, starting out as a site manager and then, for the past 25 years, as an HR adviser and personnel coordinator at Ballast Nedam Zuid in Eindhoven and Laudy Bouw & Ontwikkeling in Limburg. “As an HR advisor with experience on the building site, I have a good understanding of what foremen and construction workers need. That makes communicating with colleagues and students a lot easier.”

Piet’s experience in construction also helps in his work with Social Return employees. “I not only guide them in the organisation, but also provide them with a bit of construction knowledge. We give the employees all the time they need and try not only to pass on knowledge, but also to help them in their development. It’s not only about growing as a craftsman, but also as a human being. I have always enjoyed contributing to this, and it’s been part of my daily work for many years.”

Right attitude and motivation

If a Social Return employee wants to work for Ballast Nedam for the long term, a good attitude and motivation are indispensable. So if Piet notices that someone doesn't like the work, he will ask that person to leave. "There are employees who leave the building site after just two days. But if someone is motivated and eager to learn, we continue working together." Piet looks at what someone can do and focuses on that. "Then we train them so I can eventually deploy them as a permanent employee. And that makes me happy."

For example, Piet once saw an 18-year-old boy sweeping the floor at a project. "He was sweeping the floor, purely because the municipality told him to. I saw him helping the carpenters from time to time and asked him if he wouldn't rather being doing that. He was taken aback but very enthusiastic. So I put him in touch with our construction people. He started training as a carpenter and is now doing level 3. He has grown as an apprentice and a craftsman, but also as a person."



ON THE MOVE

Boundji Mutambay is no stranger to the Ballast Nedam teams. Through Social Return, he has worked as a construction assistant on several projects. "I gained my first experience in construction in Congo, the country where I grew up. Now, in the Netherlands, I want to work all the time. It didn't feel right sitting at home. When one project is finished, I move on to a new place. Actually, we're like a travelling circus. I hope to be able to work like this for a long time to come."

Collaboration

Ballast Nedam works with Ampliar and Greenfox, secondment companies that employs people with a distance to the labour market. According to Piet, the first week is decisive for the rest of the project, and that depends on the right guidance. “This company understands this very well. If one of the new Social Return employees calls in sick, we drive over to cheer him or her up.” The support on the construction site is also crucial for the rest of the project. “It’s important that someone from Social Return has a point of contact on the site, and that there are colleagues who welcome the new employee.”

Colleagues are happy to give them a warm welcome, because Social Return employees are a great addition, no matter how old they are or where they come from. “We have people over the age of 60 who still work as cleaners and enjoy doing so until they retire. We also recently got two ex-convicts working for us. They’re doing a fantastic job. Another Social Return employee came as a refugee from Eritrea with his disabled wife. He started as an apprentice with the bricklayers and is highly motivated. He has already passed BBL1 and is now doing BBL2 (Dutch vocational education). His Dutch isn’t great yet, because the classes have been postponed due to the pandemic. But he’s a fantastic guy and doing well. We intend to offer him a permanent contract so he can get on with his life.”

REGAINED CONFIDENCE

Erik-Jan is one of the Ballast Nedam colleagues who joined the organisation via the Social Return programme. He ended up on the Slotjes construction site in Oosterhout and has been working there as a gatekeeper since February 2021, taking care of day passes, arranging the logistics of visiting suppliers, placing small orders and checking the VCAs of new employees. “When freight traffic arrives, they signal me so I can guide them onto the site safely. It’s a busy job and the phone is constantly ringing, but I already feel at home here and I have regained my confidence.”

6.1 BUSINESS ETHICS AND INTEGRITY

6.1.1 Vision

Business ethics and integrity forms an essential part in all of the Group's actions and in its relationships with its stakeholders. Ballast Nedam is confident that doing business with integrity, ethical and on a socially responsible manner is the only way to build up long lasting relationships with all our stakeholders. Ballast Nedam believes that creating awareness among its employees on integrity and ethical behaviour is of the utmost importance. This awareness lies with every individual, everyone is responsible for doing the right thing, even when no one is watching. Ballast Nedam is convinced that this spirit leads to transparency and openness to address dilemmas. This protects our brand and reputation; it also benefits all stakeholders and enables the Group to achieve its mission to engage our clients and partners in a direct and open dialogue. We are committed to this promise, and expect our employees, clients, partners, suppliers and subcontractors to demonstrate the same commitment.

6.1.2 Ambition

Our ambition is to continue to work openly and transparently with our clients and stakeholders, where business ethics and integrity are essential. In which everyone complies with the law and regulations on the basis of his or her responsibility. By doing so we are able to achieve a 100% integrity target and display best ethical target.

6.1.3 Strategy

Targets and results in business ethics and integrity Control, transparency and consistency are embedded in normal business processes throughout all parts of Ballast Nedam's organisation and are the basis of our Code of Conduct and underlying sub-codes. This enables the Group to make every employee in the chain accountable for his or her own actions and behaviour.

1. The Group applies a zero-tolerance policy, which means that we do not allow any behaviour or actions that can be considered unethical, a breach of integrity, or a breach of our values and norms as laid down in our Code of Conduct whether by our own employees or by third parties.
2. We use ongoing training and learning; awareness campaigns and we stimulate discussion of dilemmas in order to achieve our goals.
3. In addition, the Group has a new joiners' introduction/ on-boarding training in compliance and ethics and requires all our new-joiners to complete the compliance e-learning.
4. The Code of Conduct and underlying sub-codes can be found on the intranet and website of Ballast Nedam and therefore are available to all staff, suppliers and subcontractors and other stakeholders to ensure that everyone operates according to the same principles.
5. Ballast Nedam considers queries, complaints, reports or investigations on possible incidents or breaches as tools to measure effectiveness of our compliance and integrity framework. For this reason, Ballast Nedam has an internal reporting policy in place, an external Speak Up line, and a gifts & invitations registration tool.

Compliance within the organisation

Within the Group, the central control of compliance is assigned to the Chief Compliance Officer, who reports directly and on a regular basis to the Board of Management, the Supervisory Board and the Audit Committee. On a decentralised basis, the compliance officers in Ballast Nedam's business units and in our projects are actively engaged and contribute to ensuring that the day-to-day business is in line with our compliance programme.

Third-party and transaction screening

The Group operates an on-boarding screening of third parties using a Central Suppliers and Subcontractors Database. A supplier or subcontractor is – before being accepted – screened for credit rating and compliance risk qualification purposes and monitored on a periodic basis. For this purpose, an external vendor and automated online application is used. For screenings resulting in a negative advice and/or high-risk category, an escalation process is followed and may lead to denial of a party or acceptance subject to mitigating measures.

6.1.4 Results 2021

Ballast Nedam takes every report seriously and will take appropriate actions and measures. We aim to have every report dealt with within 48 hours. In 2021, there were several individual investigations that were dealt with and completed on an individual case-by-case basis, and no legal action was taken concerning corruption, bribery or anti-competitive behaviour.

6.1.5 Outlook 2022

Ballast Nedam will continue creating awareness towards their employees, suppliers, subcontractors and other stakeholders. We will keep on challenging ourselves and stakeholders to mitigate compliance risks and to prevent non-compliant situations and always follow the applicable laws and legislations.

6.2 HUMAN RESOURCES

6.2.1 Vision

Our people are vital in creating a sustainable impact on how people live, work and commute. It is with their expertise, teamwork and willingness to learn and grow that we succeed time and again in what we do as a company. We believe that with our inspiring, safe and rewarding working environment we will attract and retain a diverse workforce of excellent professionals that safeguards the continuity of our businesses. We take pride in our entrepreneurial spirit, our social responsibility and the many opportunities we provide to learn and excel.

6.2.2 Ambition

For the coming years we need to continue to hire high numbers of students, craftsman and experienced professionals at all levels to keep up with the growth of our businesses and to replace people leaving our company. Our ambition is to be an employer of choice in an already highly competitive labor market. People distinctly choose to work for us because of the variety and uniqueness of projects, the opportunities for training & career development, the unique blend of regional and international mindset and the team spirit and performance we recognise.

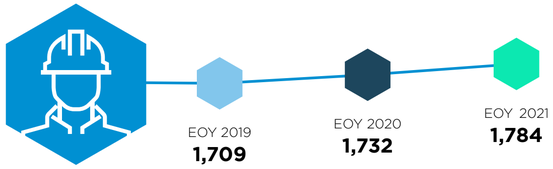
We take our social responsibility and target increasingly higher inflow of people with a distance to work, women in general and women in management positions specifically. We accommodate work-life balance, monitor wellbeing of employees closely and strive to be representative of the communities we work in. We further broaden our employee potential by engaging people coming from anywhere in the EU and abroad.

Figure 7 ‘Human Resources overview’ displays 2021 accomplishments.

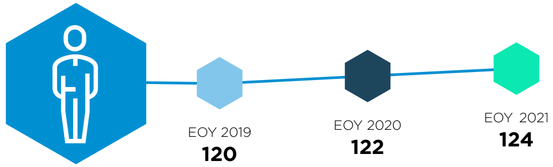
Figure 7 Human resources overview 2021

Headcount

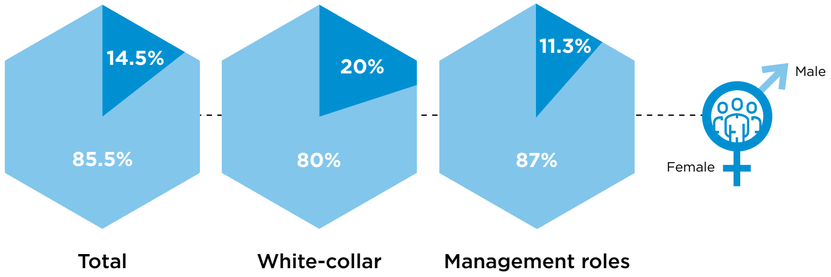
Number of employees



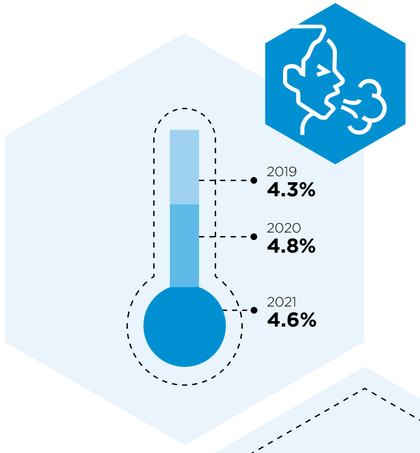
Number of interns



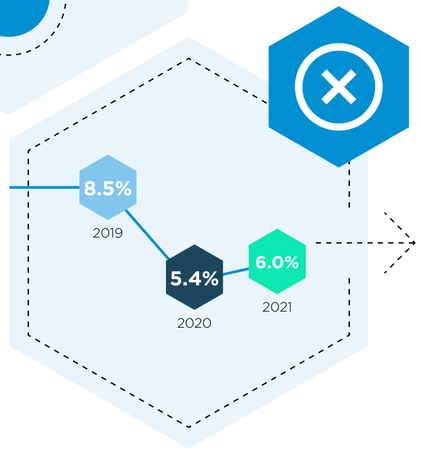
Female employees part of the workforce 2021



Sick rate



Voluntary attrition rate



Realised SROI vs. plan

100%

realized vs planned

16

active projects with social return

6.2.3 Strategy

1. The war on talent will remain in the coming years. To ensure headcount is aligned to business growth our Employer Value Proposition must be further developed to more effectively position our company in the labor market in general and spark the interest of candidates specifically by means of our employer branding. We will invest significantly in our recruitment means and capacity, use market intelligence and engage our employee ambassadors. We keep actively promoting internships and traineeships at schools and universities. We are well organised to enable a substantial inflow of EU and non-EU workers. As long as scarcity on the labour market persists this is a good addition to our standard practices.

2. We will start a pilot to deploy the employee Net Promotor Score as a means to measure employee engagement and promotion. The results will also help us better to position our employee value proposition and to understand why target populations choose for us.

   Especially young and mid-career professionals are highly motivated by training and development activities. To develop the population of craftsman we will hire more BBL trainees. For young and mid-career professionals we continue tailor made traineeships and competence up programs. We value specialist and managerial career paths equally and support development needs consistently, with a new appraisal and development model to be implemented in 2022.

   Apart from learning on the job and training and education the productivity and employability of our people is also determined by their physical and mental wellbeing. We continue to promote preventive medical surveys to each employee every two years, the analysis of which also helps us to determine required actions. Until 2025 heavy work arrangements for construction workers are available, that offer a solution for many employees. To better understand motives for leaving our organisation and mitigate risk of undesired leave we systematically do exit interviews. With the use of HR analytics we are better able to understand human capital dynamics and support decision making.

3. The new Dutch Gender Diversity Bill takes diversity targets to a new level. Although we are not a listed company, we also endorse this bill by setting ambitious targets. We specifically target female students in our recruitment activities. By highlighting examples of women in various roles we also emphasise in our employer branding our desire to have more women working in our core processes apart from the traditional roles we see women have in our industry. We see an increasing number of female students in relevant studies and are confident that inflow into internships, traineeships and management roles will increase over time. Social return we will organise according to customer needs and on top we target additional opportunities for these population. Vacancies like gatekeeper, construction helper and site cleaners on projects are mainstream possibilities, we also target possibilities in combination with education.

6.2.4 Results 2021

Despite scarcity on the labour market and lowered willingness to switch jobs we were able to grow the headcount in line with our business requirements. Apart from the significant recruitment efforts done, the good business results of 2020 in combination with strong presence in the regions and newly won projects have shown good attractors to new employees. Still carpenters, engineers and calculators remain hard to get, many of them being self-employed. As last year we have pushed to provide as many internships as possible to support young people in their education in this difficult year, being mindful about our social responsibility.

The number of internships exceeded 2020 figures and our initial goal for 2021 of 120 was achieved with 124 scholars and students who started.

In 2021 a significant percentage of our employees took part in a training or education. In and between business units we deployed traineeships, intervision and language courses. We saw a slight increase in BBL-students, a high number of employees starting a BA or MA study and substantial attention was given to safety awareness and leadership. This all in support of our Challenge to improve, knowing reflection and learning are an integral part of everyone's job, and a driver for long term commitment to our company. Also our job classification and valuation has been updated, enabling clear development and career planning.

Voluntary attrition has remained fairly low despite the huge number of vacancies on any level. The assumption is that COVID-19 is partly accountable for this. We also see that people stay because of the ambition radiated, the attractive compensation & benefits and the stability the company provides.

COVID-19 remained at the top of our agenda. Measures taken in 2020 were prolonged and monitored and adjusted following RIVM protocols to ensure a safe working place for all employees. More than 400 COVID-19 cases have been reported, by employees and subcontractors working at out projects. Unfortunately one casualty was reported. For 62% of the cases the infection was related to the private situation. Work situation related was 38% of the cases. With the release of measures after the summer holiday the attendance at projects and offices increased to almost normal levels, with people working from home when appropriate. Continuity of the business was not jeopardised. Non-productivity due to COVID-19 was mainly sick leave related, approximately 0,8%.

The decline in sick leave rates is a result of COVID-19 measures and the deployment of a new sick leave procedure that puts focus on resumption of work and decreasing avoidable absence. A a preventive measure specific attention was given to support employees in their functional and social-emotional wellbeing. Also many of our business units organised vitality days, with e.g. training on prevention, healthy living workshops and mindfulness.

Corporate social responsibility is getting the right attention as we value diversity and inclusion as essential to being successful as a team and a company as a whole. We actively engaged in social return to create jobs for people with a distance from the labour market. Requirements and progress were centrally coordinated and planned commitments were met. Both the total hours and number of projects concerned have increased. The percentage of women in our population and in management positions specifically has increased slightly, the inflow of women stayed flat. Numerous initiatives have been taken to engage more women to come and work for us.

6.2.5 Outlook 2022

We continue to commit to an inspiring, safe and rewarding work environment for all our employees. Continued investment in recruitment, development and fair rewards and recognition are key.

We will further develop our employer value proposition to more effectively engage our target populations to start working for us.

A pilot with the employee Net Promotor Score (eNPS) as indicator for our attractiveness will be deployed. We will develop our next generation of talent management, combining clear job expectations and career planning with a new appraisal system. With vitality events we will focus on prevention and employability, targeting sick leave figures below industry average. And since COVID-19 is not expected to be contained soon, we keep measures and support in place. In reference to the Dutch Gender Diversity Bill we will define our ambition in detail and remain focussed on increased inflow of female talent in our company. Stimulating Social Return initiatives will be required from each business leader to show our dedication in this respect.

6.3 COMMUNITYMANAGEMENT

Communitymanagement is an instrument that Ballast Nedam uses to try to understand and manage the interfaces between a project and the environment concerned at the earliest possible stage. The challenge here is to facilitate good relationships between the project organisation and the various stakeholders in the local environment. As part of this process we endeavour to find solutions that result in a win-win situation.

Bewuste Bouwers (‘Considerate Constructors Scheme’)

For Ballast Nedam, stakeholder management means all the activities required to determine and involve all parties present in the local environment, with the aim of identifying our own and any common objectives and managing the achievement of project goals. Here we place the emphasis on communication, safety, careful working, environmental awareness and a socially oriented attitude.

A construction site is not a separate world, but part of the society in which we live. Ideally, all construction sites should be good neighbours and minimise any disruption as far as possible. We therefore carry out our projects under the “Bewuste Bouwers” (‘Considerate Constructors Scheme’) banner, which means we are considerate in our dealings with people and the environment. The result is a careful and safe construction site that causes the minimum of disruption to local residents.

All Dutch projects with a value in excess of €2,000,000, or €500,000 in inner-city locations, and a duration of more than 3 months are notified to Bewuste Bouwers.

Plenty of opportunities for young talent

Ballast Nedam likes to work with young talent. That is why we invest in traineeships and training courses. Our trainee programme consists of a period on the construction site plus a number of months at the head office. Rosa Bos completed her traineeship in 2020 and obtained a contract with Ballast Nedam Development in 2021.

“When I started at Ballast Nedam as a trainee in 2020, I had just completed my master’s in construction management and engineering at TU Delft. I wanted to be close to the work on the ground. Preferably with a large, international contractor. That’s how I ended up at Ballast Nedam,” says Rosa Bos, now a Project Developer with Ballast Nedam Development. The traineeship that Rosa followed lasted a year and gave her a good understanding of the company. “First, you spend six months in two departments at the office, and then you spend the last six months working on the building site. In my case, I first worked in the Planning & Logistics and Calculation departments. Then I went to work on the construction site of the Galaxy Tower in Utrecht. Suddenly, I was sitting in the shed among the construction workers. Amazing!” Rosa laughs.

Motivations

The Galaxy Tower is a 90-metre-high tower on the Jaarbeursplein in Utrecht, which will consist of apartments and a hotel. It will be a sustainable and gas-free building with green roof gardens and solar panels.

BUSINESS CASE

“It’s a fantastic project and a great opportunity to find your footing for six months.” Rosa has now completed her traineeship at Ballast Nedam. She looks back on it with great pleasure. “You get to know the company really well in a short time and in an accessible way. And it’s very instructive to be able to look around in different departments. It helps you discover what you are and are not looking for in a job. That’s useful, especially if you’ve just come from university,” says Rosa. “Another big advantage of the traineeship is that you have regular progress meetings and get plenty of room to discover what your motivation and ambitions are.”

“I graduated on the subject of circular construction and wanted to do something with that at Ballast Nedam as well. This is how I became involved in the circular platform CB’23. We’re working with various parties from the construction industry and the government to reach uniform agreements on circular construction by 2023. I also give webinars with and for my colleagues about circular construction.” Rosa explains that it is more difficult to start working with circular construction in an existing project such as the Galaxy Tower. “You can, for example, make the separation of waste transparent and possibly improve it, but the most important choices regarding circular construction have already been made in an existing project.”

Project development

“Because I wanted to be more involved in sustainable construction in the projects, I decided to introduce myself to the people at Ballast Nedam Development. This department plays a key role at the beginning of a project, so you can really put your stamp on it. For example, when it comes to circular construction. I was immediately enthusiastic.” After her traineeship, Rosa started working as a Project Developer at Ballast Nedam Development. “It’s been really good so far. I’m mainly involved in area development in the south of the country. One example is the Berckelbosch project in Eindhoven. Here, we’re developing energy-neutral housing with a strong focus on the living environment and nature. The project even won a prestigious award for the most nature-inclusive residential area in the Netherlands.

Meanwhile, Rosa is also working on her own project for the first time in Heeze in Brabant. “We’re now in the design phase and will probably start selling the houses next year. Our plan is to build a number of completely biobased houses here. Residences that store CO_2 instead of emitting it and produce energy instead of using it. How great is that? I’m also looking at which recycled materials we can use and how we can build in the most circular way possible. So as a project developer, I can really indulge myself.”

Crucial role

Rosa is completely at home in construction. “I wouldn’t want to work in any other sector. It’s the creative aspect in particular that appeals to me. You really create something: a home and living environment for several generations of residents. At the same time, construction is one of the most polluting sectors. Therefore, the construction sector plays a crucial role in climate policy. Fortunately, more and more builders are aware of this. Ballast Nedam is also working hard on sustainable and circular construction. I’m proud to work for this company,” says Rosa. “And I would definitely recommend the traineeship to starters who are interested in the construction industry. It’s a bit of a pressure cooker: in one year, you emerge fully prepared to work in a place that suits you.”

YOUNG BALLAST NEDAM

Project visits, networking, workshops and summer parties. Young Ballast Nedam organises it all, for people of all ages. The board, consisting of young and enterprising employees, has one important aim: to bring colleagues within Ballast Nedam together.
The board also focuses on sharing knowledge, creating a platform for building up a professional network and a place to think along with others about a future-proof Ballast Nedam.

“As a member of the Young Ballast Nedam committee, I’m more than happy to take on a challenge,” says Alicia van Manen, Brand Manager at Ballast Nedam. “It’s valuable to see that our activities bring colleagues from all sorts of disciplines together. It also challenges us to work on personal growth and to help build Ballast Nedam’s future.”

CHAPTER 7

Health, Safety and the Environment

- Injury Frequency (IF) of 5.7 (2020: 5.0)
- Reached step 3 on the Safety Culture Ladder company-wide
- Development of a renewed safety campaign ‘Take Care’
- Safety Sprint sessions to increase safety awareness
- Incident Review Panel (IRP), CARE app and a central safety incident registration system to improve incident reporting and investigation

Working safely starts with listening to each other

A recent example of a careful approach to safety is Jonas, a Ballast Nedam project in the Amsterdam IJburg bay. During the construction of this sustainable apartment complex, safety is a top priority on the building site and the minds of those involved in the project. We talked about safety with Geert van der Linde, Director of Health, Safety & Environment at Ballast Nedam since April 2021.

"As a newcomer, I'm positively surprised by Ballast Nedam's approach to the issue of safety. It's becoming increasingly prominent in the organisation and there's a lot of safety awareness at all levels. At the same time, I still see a few challenges, to use Ballast Nedam's words," says Geert.

"I was visiting the Jonas project when Jos Jekel, the site manager, told me that the project team has a brief meeting every day to discuss the day and look ahead to the next day. A very useful initiative. It allows us to pay extra attention to some of our colleagues who don't speak the language well yet. In such a joint work meeting, there is enough time to get everyone on board. Listening to each other is key in these meetings. Has everyone understood correctly? Does everyone know what to do? Are there still questions or uncertainties? That way, everyone can help each other and the team avoids miscommunication. It makes the construction site a much safer place."

Safety sprints and training courses

Ballast Nedam has already achieved a great deal in the field of safety. For example, Geert explains that the vision of safety has been well communicated to all parts of the organisation. "We did this by means of "safety sprints", for example. In these, employees were instructed to devise a plan or a measure to improve safety within six weeks. This generated some great ideas, such as a checklist drawn up by the Ballast Nedam Foundation & Excavation Solutions team to check the building site thoroughly before the start of the project. Is it safe to start building or are there still loose ends? This is extremely useful."

"We've also made safety a permanent part of the new employee introduction programme and started using Incident Review Panels to identify and investigate safety incidents more effectively. We share the lessons learned >

WORKING SAFELY AT BALLAST NEDAM

We care about each other. That's why safety comes first at Ballast Nedam. Always. Everywhere. Everyone. We see safe working as one of the pillars of a healthy organisation. We want Ballast Nedam to be accident-free. This can only be achieved together – from the designer to the crane operator and from the planner to the building site employee. Everyone is capable of evaluating and managing the risks associated with his or her job. And thus set an example for others. We call this: leadership in safety.

in the form of a Safety Alert." Geert also explains that the purchasing conditions have been tightened up in the area of safety and that a great deal of effort has gone into achieving step 3 on the safety culture ladder for the whole of Ballast Nedam, a certification for working safely within organisations. "An important goal in the coming years is to train our people in recognising hazards, assessing risks correctly and discussing safety with each other. After all, they have to deal with this every day."

Learning from mistakes

Houses, roads, airports. Geert has worked with concrete all his life. After studying technical business administration, he immediately started working in the construction industry. From the very beginning, he has been concerned with safety. "I see it as an essential part of running a business," he says. According to Geert, many industrial accidents are caused by underestimating the risks. "There's still a world to be won here. Because where we work, mistakes are made. That's perfectly normal. Employees must be able to make those mistakes. As an employer, we just have to make sure that these mistakes don't immediately lead to an accident. For example, by taking good safety measures."

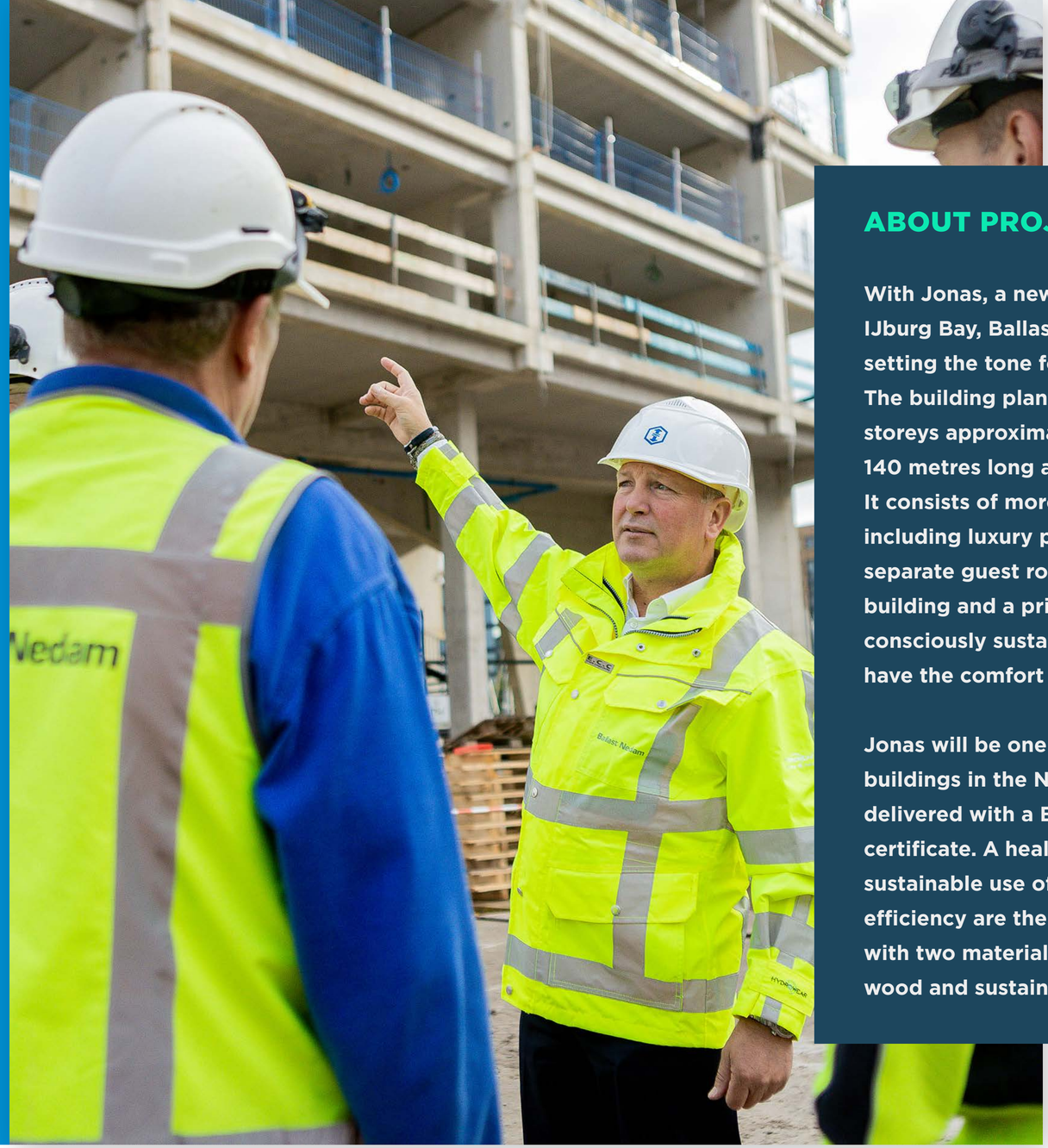
Geert's enthusiasm is largely due to a serious work-related accident he witnessed at the start of his career.

BUSINESS CASE

“I was head of safety at a family business. One day I received a call early in the morning that a large steel beam had fallen down. Right on an employee, a young man who had just left school. He didn’t stand a chance and died instantly. Of course, this had a huge impact on everyone: on his family, but also on all colleagues. The question that kept haunting me was: “Could we, as an employer, have prevented this?” Partly because of this terrible accident, I’m now committed to a safe workplace.”

Leadership

According to Geert, safety is not just about good shoes, a helmet and a reflective jacket. “You also have to ask yourself the following questions: do people feel they can speak out if they see an unsafe situation? Do we dare to halt a project if we have doubts about safety, even if that means we won’t meet our deadlines? If you have the courage to make that choice, regardless of your position, you’re a real leader,” Geert explains. “We borrow people from their homes. That means we have the obligation to take good care of them and do everything in our power to prevent accidents. So we don’t always carry on with construction at any cost but hold back a little if need be. It’s extremely important that we take good care of ourselves and each other. And that managers can address dilemmas and questions. For me, working safely starts with listening to each other.”



ABOUT PROJECT JONAS

With Jonas, a new icon for Amsterdam’s IJburg Bay, Ballast Nedam West is setting the tone for a new way of living. The building plan consists of eight storeys approximately 25 metres high, 140 metres long and 35 metres wide. It consists of more than 273 apartments, including luxury penthouses with separate guest rooms elsewhere in the building and a private rooftop. This consciously sustainable building will have the comfort of a hotel.

Jonas will be one of the first residential buildings in the Netherlands to be delivered with a BREEAM Outstanding certificate. A healthy living environment, sustainable use of materials and energy efficiency are the basis for the design, with two materials driving the process: wood and sustainable concrete.

7.1 VISION ON SAFETY

We take seriously our duty to provide a safe working environment for all our employees. And as an organisation we strive to be injury-free. In order to fully and effectively manage all safety risks, it is therefore crucial that we create awareness about the sometimes high-risk activities our employees carry out, and that everyone within our organisation works safely at all times. Our business depends on the good health of our employees, and safe work forms one of the pillars on which Ballast Nedam is founded. In order to care for our organisation, we must care for one another too.

Which is why we all must remain committed to safe-guarding correct procedures and ensuring safe working environments. This applies to all employees: from designers to site supervisors, planners to construction site employees, managers to crane operators. Quality work 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 safety of our processes.

Everyone who contributes to a professional process at Ballast Nedam 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 negative 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 open dialogue. By discussing issues that arise and engaging each other directly, we are able to maintain safe working environments in which a sense of duty and mutual respect is paramount.

7.2 SAFETY-RELATED GOALS

To realise this vision, we have set the following goals:

7.2.1 Injury frequency

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, Rönesans. In 2021, we set an overall injury frequency (IF) target ratio of 3.5 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.

7.2.2 Collaborative effort to improve safety

In 2020, we developed a renewed safety vision and a safety improvement strategy. We asked DEKRA to conduct an independent safety awareness audit in 2020, which formed the basis for this new vision and strategy. DEKRA carried out a gap analysis and made specific recommendations to improve safety, which consisted of nine points of improvement. These focused on increased commitment from everyone within our organisation, increased safety awareness and collaborative step-by-step improvement.

7.2.3 Fostering 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.

7.2.4 Correctly report and investigate incidents when they do occur

When incidents do occur, we need a comprehensive understanding of how multiple factors contributed to them, in order 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.

7.2.5 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 ensuring this remains the case.

7.2.6 Leadership, responsibility and achieving ‘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 tech. 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 2021 we upped our contribution. According to the code, the pursuit of a safer sector should not be understood in terms of competition or 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 reached our 2021 goal to improve the safety culture by achieving ‘step 3’ certification for all operational business units in December 2021. From this stable basis it is our aim to improve our safety culture further to ‘step 4’ and ultimately ‘step5’ for specific business units.

7.2.7 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 to 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.

7.3 SAFETY STRATEGY

We realise our safety ambitions by focusing on three categorical objectives: (1) leadership, culture and behaviour, (2) knowledge-sharing and learning, and (3) managing subcontractors. Focusing on these three categories is part of our transition from a preventative safety culture to a pre-emptive one.

We do this by:

- 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.
- Creating and implementing safety awareness leadership training for middle management, and providing safety onboarding, with a focus on visual leadership and operational application, for all new hires.
- Launching a new safety campaign to replace the 'Safety is simple as ABC' campaign, fostering a 'culture of care' to facilitate knowledge sharing and learning following incidents, to improve the performance of leadership and to encourage employees to speak up in order to create a safer and healthier Ballast Nedam.
- Updating HSE management procedures, as well as securing and maintaining external HSE certifications.

7.4 RESULTS 2021

7.4.1 Injury frequency

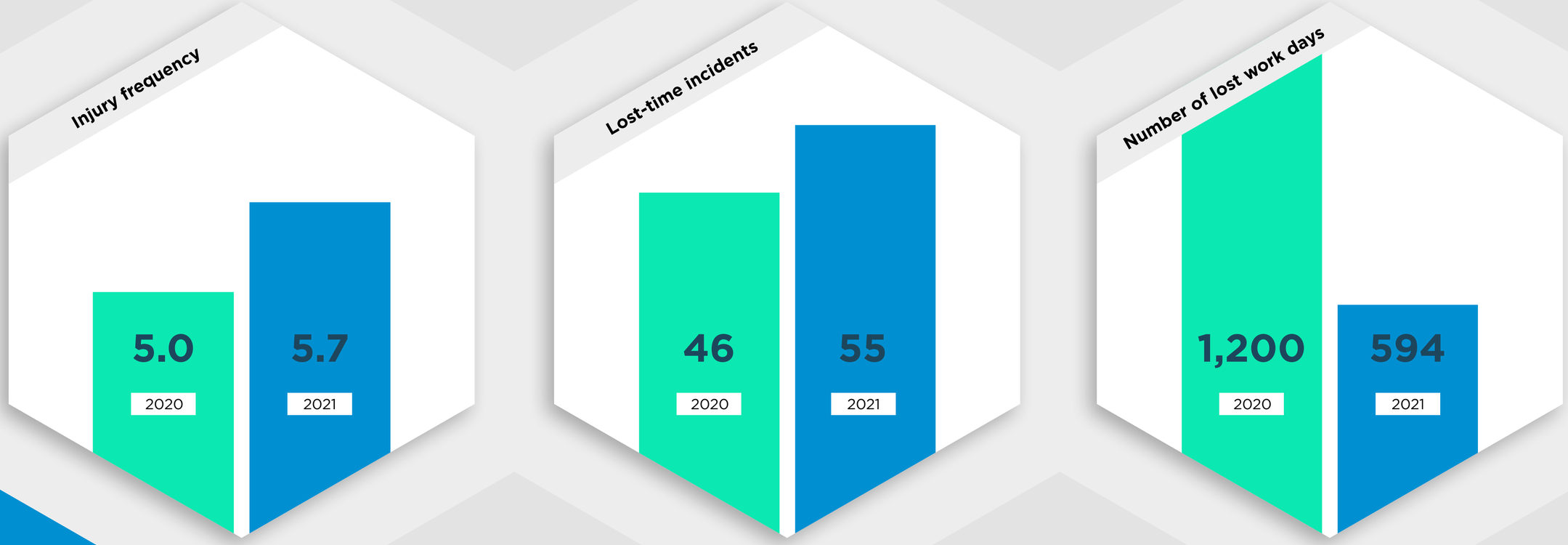
Our overall injury frequency (IF) for 2021 was 5.7 (2020: 5.0, 2019: 7.2). This figure represents the IF for all employees, direct hires and subcontractors. This means we did not meet our target IF of 3.5. This is partly due to the fact that this year (more so than in previous ones) we invested especially heavily in improved reporting: with the implementation of the Incident Review Panel (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 when we analyse the accidents the underlying causes of the accidents 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 2022 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 2021, there was an increase in the IF ratio, meaning the absolute number of lost-time incidents increased from 46 in 2020, to 55. Figure 8 'Safety indicators' on page 77 displays the main safety numbers of 2021.

In 2021, Ballast Nedam had no fatal accidents. In general, the severity of lost-time injuries decreased: in 2021, 9% of lost-time injuries could have potentially resulted in a permanent disability or fatality under slightly different circumstances; in 2020 this figure was 28%. In both years, one lost-time injury resulted in permanent disability. The number of lost work days decreased from 1200 in 2020 to 594 in 2021. Most lost-time injuries in 2021 were specifically arm, hand or finger injuries 42%.

In 2021, no severe environmental incidents were reported, while smaller environmental incidents did occur such as concrete spillage, oil leakage, and soil collapsing and rocks falling due to extreme weather conditions.

Figure 8 Safety indicators



7.4.2 Using Safety Sprints to increase safety awareness

We facilitated Safety Sprint sessions to increase safety awareness and foster a commitment from everyone at Ballast Nedam 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 steps:

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

Figure 9 'Sprint process' displays the sprint process loop. The goal of these Safety Sprints is twofold: to achieve results that are noticeable in the short term, and also to produce a longer-term trickle-down effect, whereby more and more people become involved in the safety movement. Here is an example of a Safety Sprint: one team at Haitsma wanted to clarify where it is necessary to wear PPE, and where not. So they painted a distinctive yellow line on the ground. This clear but simple visible change contributed to safety awareness. In 2021, 34 Safety Sprints took place.

Figure 9 Sprint process

7.4.3 Collaborative effort to improve safety

In 2021, we also started developing a renewed safety campaign (titled ‘Take Care’). Campaign development involved: (1) general branding strategy, (2) producing branded document templates for items such as Safety Alerts, (3) clarifying campaign messaging to capture our culture of care through concrete examples and (4) making safety culture more visible. The campaign will be introduced in 2022.

Ballast Nedam distributed 18 Safety Alerts in 2021. When an incident occurs, whether a lost-time injury or a High Potential incident, it is important to share lessons learned in order 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 keep informed and are able to take appropriate measures to increase awareness among employees.

7.4.4 Correctly report and investigate incidents when they do occur

In 2021, Ballast Nedam launched the CARE app. The CARE app was developed and introduced to improve communication of safety standards. The CARE app makes it possible to report both positive observations as well as unsafe acts and conditions 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 to manage and follow up, reported safety incidents. This not only makes incident registration more accurate and efficient, but it also makes it possible to generate reports at 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’.

This year, we also implemented the Incident Review Panel (IRP). The IRP – which consists of a group of HSE officers – meets weekly to discuss incidents ranging from first aid cases to lost-time injuries. Panellists monitor incident investigations and are able to provide expert judgment on both real and hypothetical incident severity. The primary goal of the IRP is to facilitate learning after accidents and near-miss incidents. In 2021, the IRP held 42 sessions.

In 2021, Ballast Nedam paid increased attention to High Potential (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 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.

In addition to incident registration, we also took steps to more effectively inventory hazardous substances. One business unit within Ballast Nedam is currently working to implement the ‘Toxic’ programme as a means of inventorying hazardous substances.

Our policy on working with hazardous substances is also being improved. 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.

7.4.5 Leadership, responsibility and achieving 'step 3' on the 'safety culture ladder'

Ballast Nedam successfully received a renewed certificate for health, safety and environmental norms (ISO14001, ISO 45001 and VCA (Veiligheid Checklist Aannemers)) in 2021, and we also successfully reached the third step of the Safety Culture Ladder for all business units in the company. We feel confident these successes come as a result of leadership, commitment and responsibility,

7.4.6 Ensuring safety in the supply chain

As of 2021, we have now 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 Governance Code for Safety in the Construction Industry must also include safety awareness in all tenders and contracts. We call this joint agreement Safety in Procurement (ViA). In order to increase safety awareness amongst 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.

7.5 OUTLOOK ON 2022

As we have made clear, Ballast Nedam's goal is zero incidence of injury. Everyone working for Ballast Nedam should be able to return home free of injury at end of the day.

One way we work 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.

One area of continued focus in 2022 will be training middle management in safety protocol, leadership and intervention, as we aim to make our culture of safety more behaviour-based.

We will also continue to hold Safety Sprint sessions to facilitate interaction and improvement safety more generally. We will implement our renewed 'Take Care' safety campaign to underline and support a collaborative culture of care. We aim to have our central incident registration system fully in place by 2022, and we will also continue to develop an HSE dashboard that will support us with trend analyses as we make the transition from primarily lagging safety indicators to an emphasis on leading ones. In the long run, these shifts will support efforts across Ballast Nedam to become more data driven. For 2022 IF targets have been set for each business unit individually, resulting in an overall IF target of 4.5, including subcontractors.

CHAPTER 8

Sustainability

- Ballast Nedam achieved its goal with a CO_2-reduction of more than 35% compared to the reference year 2019
- The CO_2 emissions for mobility decreased by 11.3% compared to 2020
- The CO_2 emissions of the projects decreased by 24.8% compared to 2020
- Ballast Nedam is certified at level 5, the highest level on the CO_2 Performance Ladder
- 12.3% of the electricity consumption is sustainable and self-generated
- Since 2021, energy neutrality applies to all ground-level housing developments of Ballast Nedam's various business units
- Ballast Nedam is on track to have waste-free construction sites and 50% circular construction by 2030

On the road to a zero-emission construction site

Sustainable construction and development is one of Ballast Nedam's spearheads. By 2030, we want our building sites to be CO_2 neutral. "First of all, you need commitment in the team and a few driving forces. Otherwise nothing will happen," says Gerard Slagter, senior planning engineer at Heddes Bouw & Ontwikkeling, part of Ballast Nedam. Gerard is one of those driving forces. He is one of the reasons the Oostzijderpark project in Zaandam is full of second-hand solar panels.

"I've been involved in sustainability for years. I've got solar panels on my house and my own windmill in the garden. It's a small one, not one of those 120-metre-high windmills," Gerard laughs. "About six years ago, I was involved in Ballast Nedam's Stroomversnelling project for the construction of CO_2 neutral homes. Since then, I've been doing even more research on sustainable construction."

Second-hand panels

Gerard explains that most construction sites do not have electricity at first and so generators are used. "These burn a lot of diesel and cause quite a bit of pollution. That's why we installed a large battery pack on the building site in Zaandam for the power supply. We've also installed 102 solar panels on the roof of our 30-metre-long shack on the construction site. This enables us to generate 20,000 kilowatts of electricity per year and to supply all shacks and part of the building site with electricity. And the best part is: these are second-hand panels from Marktplaats. They come from an old school and would otherwise have been thrown away. So actually these solar panels are sustainable in two ways."

"When you enter the construction site in Zaandam, you immediately see this huge row of solar panels. People react very positively to it –colleagues, clients and local residents. It's great to see." In the meantime, battery packs and second-hand solar panels have been installed at several Heddes building sites. The frames are also designed in such a way that everything can be reused for the next project after it has been completed. "In addition, we try to produce as little construction waste as possible and only use machines that meet the latest standards. We're also using circular concrete for the first time.

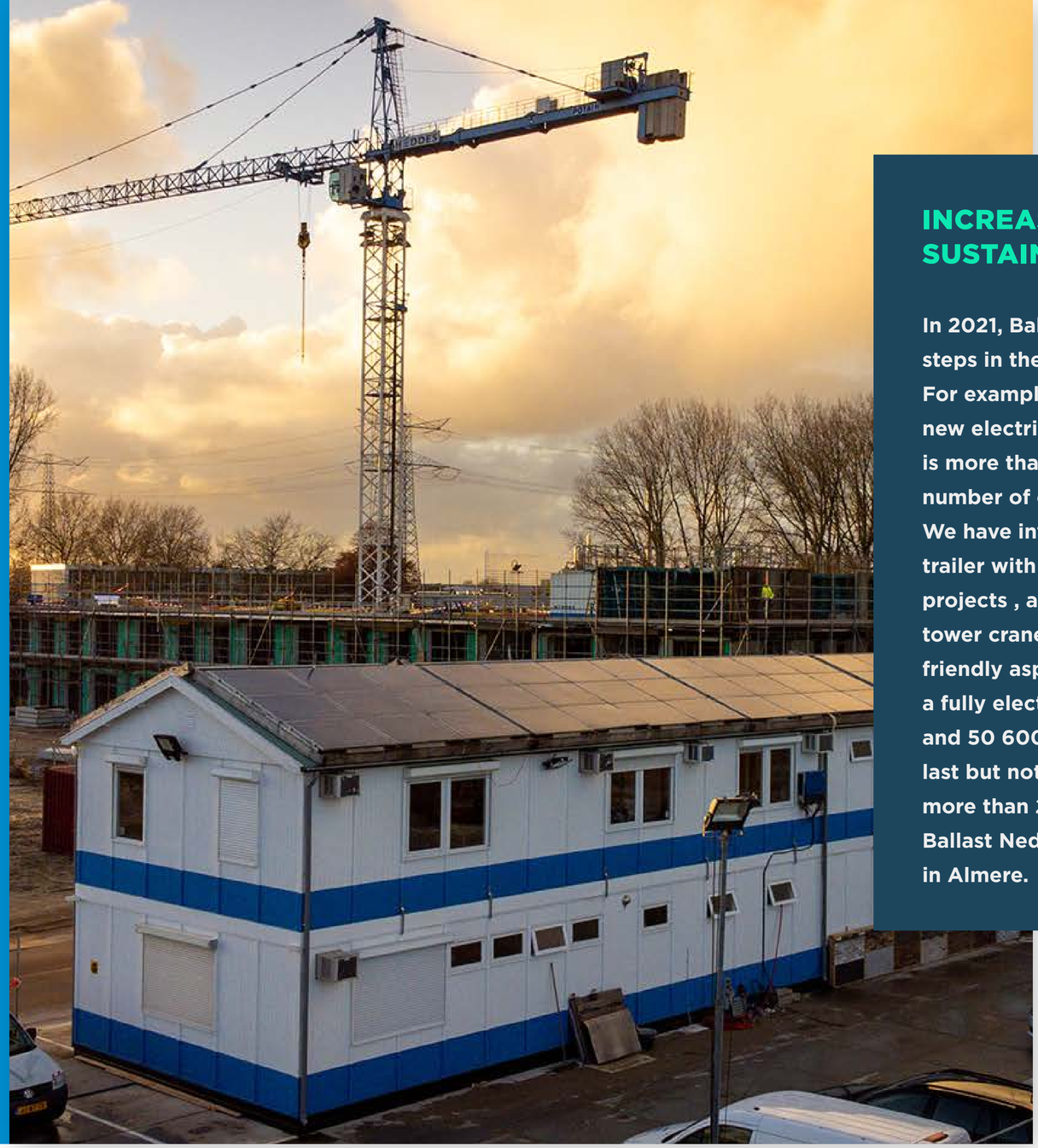
BUSINESS CASE

With all the knowledge and experience we're gaining, we can inspire and help others to make their building sites more sustainable too," Gerard explains. "Our construction sites are not yet completely emission-free, but we're on the right track."

Green ambitions

"The Heddes project in Zaandam dovetails perfectly with Ballast Nedam's green ambitions," says Jeffrey Hoffmann, Managing Director Ballast Nedam Materieel. "It ticks all the boxes: battery containers, solar panels and electric machinery. We're working on sustainability in all kinds of ways, looking at different forms of sustainable energy, such as hydrogen, wind energy, biogas and solar energy. Only solar panels is not enough." Jeffrey explains that in early 2021 Ballast Nedam joined the Emission-Free Infrastructure Network (ENI), a network dedicated to emission-free construction sites in the infrastructure sector. "This network includes construction companies, commercial equipment services, manufacturers, importers and suppliers. Together we can further accelerate the transition from fossil to renewable energy in infrastructure."

"A good example of what ENI delivers is the development of an electric shovel by Volvo.



INCREASINGLY SUSTAINABLE

In 2021, Ballast Nedam took major steps in the field of sustainability. For example, we purchased 150 new electric lease cars. This is more than 30% of the total number of cars ordered this year. We have invested in a canteen trailer with a solar roof for our projects , as well as 4 electric tower cranes, an environmentally friendly asphalt emulsion trailer, a fully electric roller compactor and 50 600-watt LED lamps. And last but not least, we installed more than 2,400 solar panels at Ballast Nedam Materieel's office in Almere.

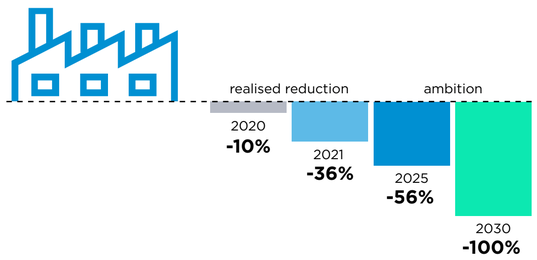
The design costs of such a shovel are too high a burden for a single company. But if you all buy 30 electric shovels together, it's a different story. Then you can share the design costs," Jeffrey explains. "Especially in the infrastructure sector, with all those big machines, cooperation is essential in order to reduce emissions," adds Bramske van Beijma, Director Corporate Social Responsibility at Ballast Nedam. "Partly thanks to the Climate Agreement, sustainability is becoming increasingly important in tenders, especially in the public sector. This is forcing the entire construction world to join the transition from fossil to sustainable. As a contractor, we're aware of the enormous impact our building process has on the environment. We deliver impressive buildings, and of course this generates carbon and nitrogen emissions. We want to reduce these emissions, both for the environment and for our employees."

At the source

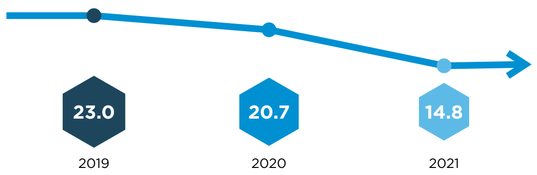
"We find it important to tackle emissions at the source instead of just compensating. That's why we've mapped out which activities generate the most emissions on our construction sites. About half of our carbon emissions come from our machines" diesel consumption, so there's still a lot of room for improvement there. For example, by electrifying large construction equipment such as excavation and foundation machines." Bramske explains that the zero-emission construction site is just one part of Ballast Nedam's entire sustainability policy. "We're also working on making our offices, production sites and vehicle fleet more sustainable, for example. At first, we were mainly concerned with raising awareness, but we've now reached the point where we're actually taking action. We want to have the first fully emission-free construction site in 2023 and be carbon-neutral by 2030. A tough challenge, but one we're happy to take on."

Figure 10 Sustainability numbers

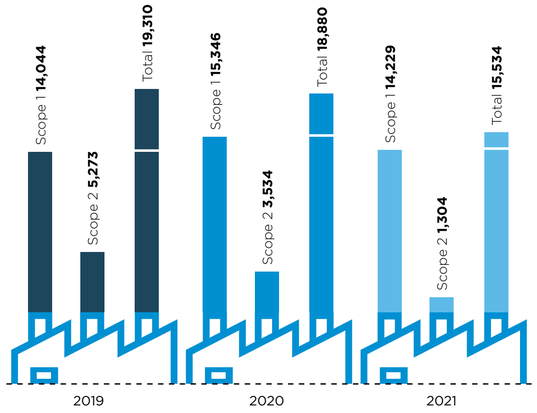
Ambition and reduction in CO_2 emission*
compared to 2019



CO_2 emissions (tons)*
per € million of revenue

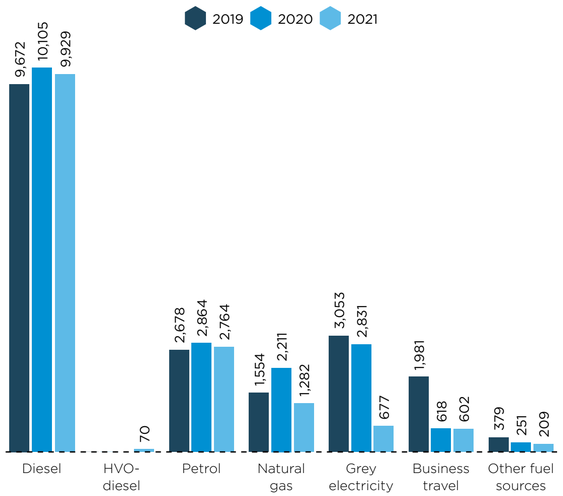


CO_2 footprint (tons)*

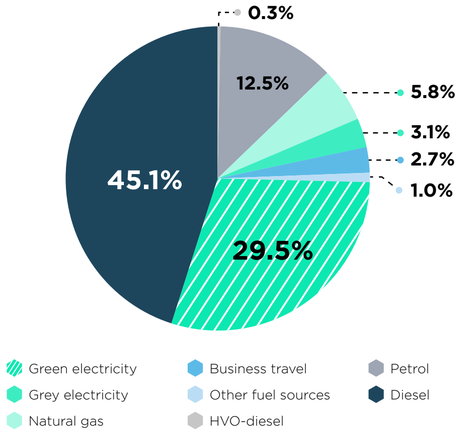


* Scope 1 and Scope 2 including Business Travel

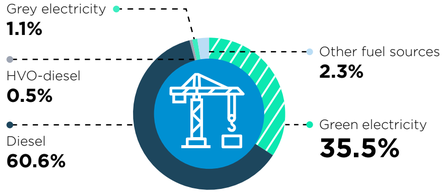
Energy sources (tons of CO_2)

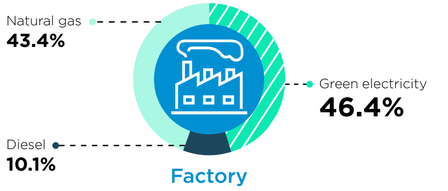


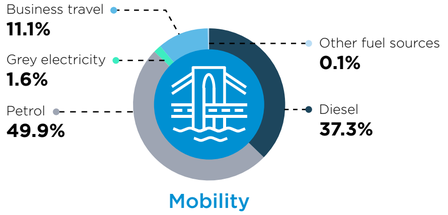
Consumption of energy type



Consumption of energy type
broken down by location

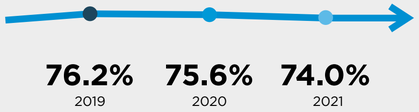




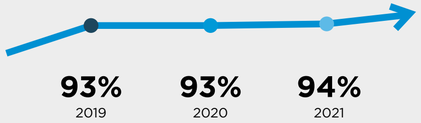


Waste / Revenue (tons)

Seperation rate



Seperation rate
including subsequent seperation



8.1 CO_2 REDUCTION

8.1.1 Vision

The latest UN Intergovernmental Panel on Climate Change (IPCC) report shows that the average global temperature will rise by more than 1.5 to 2 degrees Celsius this century. Human influence is no longer 'highly probable' but 'indisputable'. Among other things, this rise in temperature will increase the frequency of extreme weather events, such as more intense and frequent droughts, heat waves and heavy rain. To effectively combat climate change, we need to reduce CO_2 and other greenhouse gas emissions even faster to achieve the global target set in the Paris Climate Agreement and endorsed at COP26 in Glasgow.

Ballast Nedam is obliged to future generations to put CO_2 reduction at the heart of everything we do. As Ballast Nedam, we believe that every project is an opportunity to make a positive contribution to the world, today and in the future. We see this as an economic opportunity rather than a threat.

8.1.2 Ambition

In 2030, Ballast Nedam's operations will be completely CO_2 neutral (scope 1 and 2 including business travel), and we will inaugurate our first CO_2-neutral construction site in 2023.

8.1.3 Strategy

In 2021, Ballast Nedam has set an ambitious target of being 100% CO_2 neutral by 2030.

Our target is a full reduction of CO_2 emissions by 2030 for scope 1 (natural gas, diesel and other fuels) and for scope 2 (electricity and district heating), supplemented by business travel. The reduction in the intervening years is expressed as a percentage compared to the reference year 2019. The reduction target for 2022 compared to 2019 is 37%.

To achieve these objectives, the following measures must be taken:

- Purchase 100% green electricity from 2021 onwards for all Ballast Nedam electrical connections;
- Compensate for the CO_2 emissions for our flight movements;
- Ensure a fully electric vehicle fleet by 2030;
- Ensure CO_2-neutral company buses by 2030;
- Use as much CO_2-emission-free equipment as possible;
- Realise a CO_2-neutral construction site by 2023 and fully CO_2-neutral construction sites by 2030.
  In cases where it is not yet possible to be fully CO_2-neutral by 2030 (for example, for heavy equipment), this will be compensated.

We do not save energy only by focusing on our own consumption. We look for concrete ways of reducing consumption or making it more sustainable together with the chains in which we operate. We determine the environmental impact of these services and products (scope 3) on the basis of life cycle analyses (LCAs).

8.1.4 Objectives and results 2021 with regard to CO_2 reduction

Ballast Nedam achieved a CO_2-reduction of more than 35% in 2021 compared to the reference year 2019. We have succeeded in reaching our reduction targets. This is due to the initiatives we have introduced in projects, the consumption of green energy, and the decrease in commuter traffic and the number of flight movements. Due to COVID-19 measures, many employees worked from home, which resulted in an additional reduction of CO_2 emissions for mobility and the office.

As a result of the new framework contract for green energy and incentives to use it (guarantee-of-origin certificates for wind energy from the Netherlands), 91% of total consumption was green electricity, 73% in our offices and 97% on construction sites in 2021. Grey electricity is used in some offices that we rent, and grey electricity was also contracted on a number of current construction sites in previous years.

	Base year 2019	Results 2020	Objectives 2021	Results 2021	Objectives 2022
CO_2 footprint (Dutch activities scopes 1 and 2 in tonnes)	19,311	18,880		15,533	
CO_2 footprint (Dutch activities scope 1 in tonnes)	*13,747*	*15,346*		*14,229*	
CO_2 footprint (Dutch activities scope 2 in tonnes)	*5,564*	*3,534*		*1,304*	
Revenue from Dutch activities (€ millions)	839	911		1,046	
CO_2 emissions (tonnes) per € million of revenue	23.0	20.7**	21.2	14.8**	14.5
Percentage relative to reference year	100%	90.0%	92%	64.3%	63%
Reduction relative to reference year		10.0%**	8%	35.7%**	37%
Percentage of green electricity related to the total amount of electricity purchased.		77.9%	100%	90.6%	100%

(*) We have set 2019 as the new reference year for our long-term objective for 2030.

(**) The result has been influenced by COVID-19 measures

	Office	Building site	Factory	Mobility	Total
Scope 1	**541**	**8,073**	**857**	**4,758**	**14,229**
Natural gas	541	47	695		1,283
Diesel		7,733	162	2,034	9,929
HVO-diesel		70			70
Petrol		42		2,721	2,763
Propane		181			181
LPG				3	3
Other fossil fuels					
Scope 2	**463**	**151**	**0**	**690**	**1,304**
Electricity	455	134		88	677
District heating	8	17			25
Business travel				602	602
Scope 1 and 2	**1,004**	**8,224**	**857**	**5,448**	**15,533**

Mobility

The CO_2 emissions for mobility decreased even further in 2021 as a result of the COVID-19 measures. The decrease from last year and the base year 2019 is 11.3% and 32.6%, respectively. The decrease is entirely attributable to the vehicle fleet. The number of flight movements remained almost the same in 2021 compared to 2020.

In 2021, we faced the major task of replacing our fleet. In one out of three cases, we opted for a fully electric variant. These employees will all receive a charging station at home as well, if possible. Charging facilities were also installed or expanded at both the offices and the construction sites in 2021.

This substantial electrification of the vehicle fleet from 2022 will contribute significantly to Ballast Nedam's CO_2 reduction. In the coming years, we will further reduce the CO_2 emissions of our vehicle fleet with an extensive electrification programme for our passenger cars and commercial vehicles, and we are considering the use of hydrogen vehicles in the future.

Construction sites

The CO_2 emissions of the projects decreased by 24.8%. This can be explained by the purchase of green electricity for the construction sites.

We will achieve our objective of a CO_2-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). To make our equipment more sustainable, we have drawn up a roadmap that focuses on the electrification of our equipment or the use of HVO (hydrotreated vegetable oil) fuels for machines that are not suitable for electrification yet and which have at least a Stage V engine. Together with our partners in De Groene Koers and the ENI, we are working on solutions to make this heavier equipment more sustainable. For example, we are developing initiatives to jointly purchase zero-emission equipment to share the development costs.

In 2021, Ballast Nedam invested in zero-emission equipment at various locations, such as:

- Mobile site office with a solar foil roof
- 4 electric tower cranes
- 50 x 600 watt LED lamps to replace 50 x 2,000 watt lamps, achieving an energy saving of 70%
- A new environmentally friendly Euro 6 asphalt emulsion vehicle equipped with a green energy package consisting of solar panels on the roof and indirect cooling water heating
- And finally, we presented the 100% electric asphalt road roller (HAMM roller)

Another example of energy savings on the construction site in 2021 is the switch from conventional fixtures to sustainable Darklight LED fixtures on a project by Heddes Bouw & Ontwikkeling in Leiden. Eight Darklight fixtures have been placed around two cranes. This saves 73% energy compared to traditional 2 kilowatt fixtures. An additional advantage is that the luminaires have complete light shielding, so they use light extremely efficiently, and local residents and nature are not bothered by any glare.

Last year, we gained experience applying a battery pack on the Oostzijderpark Zaandam project of Heddes Bouw & Ontwikkeling, a residential complex with 171 apartments, catering establishments and a car park. This Ballast Nedam tower crane does its lifting on battery power fed by solar panels.

As the network operator was unable to supply a heavy grid connection temporarily, a battery was installed for the project's power supply, which was fed by the 200 solar panels on the roof of the shed. A small aggregate has been added as a backup. Compared to the aggregate that would normally have been there, this solution has:

- Saved 80% of the generator's operating hours
- Saved 60% in diesel consumption
- Reduced both nitrogen and CO_2 emissions by 80%

In addition to this project in Zaandam, we also installed four battery packs at a work site in Zuidbroek to provide green energy on the construction site. Ballast Nedam Industriebouw is working on the construction of a nitrogen factory in Zuidbroek for Air Products.

Ballast Nedam is contributing to the growth of the Port of Rotterdam. In a consortium with Van Oord and Hochtief, Ballast Nedam (Infra Projects) will be constructing 2.4 kilometres of quays and retaining walls in the Prinses Amaliahaven for the Port of Rotterdam, including a 1,825-metre deep-sea quay with a retaining height of 29 metres.

Our consortium partners, as well as partners in the chain, have been working on an array of solutions to develop the most sustainable and efficient working method. In the context of reducing emissions, it has been decided to use hydrotreated vegetable oil (HVO) in the construction machinery. This fuel type emits 89% less CO_2 than diesel and does not emit as much particulate matter, nitrogen or sulphur either. In addition to deploying equipment at HVO, we also opted to use electrical equipment and a mobile electric concrete plant as much as possible. The electricity on the construction site is 100% green sourced from Dutch wind. As mentioned in the previous section, we also generated green electricity through our solar panels on the site units.

Production locations: Per million euros turnover, the CO_2 emissions of our production locations Haitsma Beton and Hoco Beton have been decreased with 19%. The decrease was the result of the purchase of green electricity, the solar panels of Haitsma and type of products made.

Haitsma is also working on reducing CO_2 emissions by reusing old bridge girders that have become available (see section 8.3 Circularity) and the production of bridge girders with geopolymer without the addition of cement.

The first prestressed geopolymer girders were poured in October 2021 in Haitsma Beton's concrete factory, a 100% subsidiary of Ballast Nedam. These beams were developed in close collaboration with the Province of Friesland and a research group from universities of the Netherlands and Belgium. The beams contain no cement at all, which reduces CO_2 emissions by more than 50%. The prestressed beams are seven metres long and have a strength of C60/75. Various sensors were installed in the beams so they can be extensively tested.

Offices

The footprint of our offices has increased by expansion of new (foreign) offices. All Dutch offices use green electricity except these where the landlord provides grey electricity.

CO_2 in the Ballast Nedam supply chain

Ballast Nedam is certified at level 5, the highest (best-performing) level on the CO_2 Performance Ladder. We are expanding our insight into CO_2 emissions by focusing not only on scopes 1 and 2 but also on scope 3 to identify opportunities for reducing CO_2 emissions in the supply chain as well.

The environmental impact of services and products in the Group's supply chain (scope 3, purchase and sale of services and products) is determined on the basis of a lifecycle analysis (LCA). As a result, we become more aware of the influence we have on the supply chain, how we can use this influence to reduce CO_2 emissions and how we can work with supply chain partners to achieve this goal. We can use these new insights to support the sustainable ambitions of our clients.

Ballast Nedam conducted specific project LCAs in 2021, and our aim is to carry out 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.

CO_2 footprint measurement system and verification

In its CO_2 footprint, Ballast Nedam reports the emissions in scope 1 (natural gas, petrol, CNG, diesel, LPG and pro-zpane) and scope 2 (electricity and terrestrial heat) and business travel. The criteria have been established in accordance with the Greenhouse Gas Protocol (revised edition and the Foundation for Climate Friendly Procurement and Business' (SKAO) CO_2- Performance Ladder Procurement Guide version 3.1.
The Group uses the International Financial Reporting Standards 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 CO_2 emissions on the basis of the conversion factors in SKAO's CO_2 Performance Ladder 3.1. The 2021 verification of the amount and scope of emissions was provided by the external audit company DNV GL.

Emissions in the value chain outside Ballast Nedam's activities (scope 3) are an important aspect of a low-carbon future. At this stage full scope 3 reporting has not been implemented and challenges to be addressed are reliance on value chain partners including data quality, measurement and availability, organisational structure and accounting challenges. The future will require a mature scope 3 measurement to allow for scope 3 target setting and reporting in the future.

8.2 RENEWABLE ENERGY

8.2.1 Vision

There is no second planet (no planet B), so we have to be careful with what we have. The use of fossil fuels pollutes the earth through the emissions released during combustion. We believe that the energy transition is crucial, and it plays a role in our business operations in various areas. Since 2021, we have decided to use only 100% green energy for our office, production and construction locations. At the same time, we believe that we should encourage ourselves to work more energy efficiently, prevent wastage and generate as much of our own green energy as possible. The energy transition also offers us opportunities to realise renewable energy projects, both for ourselves and for our customers.

8.2.2 Ambition

In 2040, Ballast Nedam will be energy neutral in addition to being CO_2 neutral. Energy neutral means generating all the energy we need ourselves in a sustainable way. Not only would we like to comfortably beat that target, but we would also like to be energy positive and generate more energy than we need. This is our way of contributing to the transition to a more renewable energy system.
In addition to this internal ambition, we also want to set up renewable energy projects to contribute to the transition to fossil-free energy production.

8.2.3 Strategy

In 2023, more than 20% of electricity consumption will come from sustainable generation from our own wind turbines and solar panels.

8.2.4 Energy targets and results for 2021

Our own real estate locations

Ballast Nedam produces its own green electricity at several locations in the Netherlands. We operate four wind turbines in the Zaanstad region and have solar panels on the roofs of the office locations Haitsma in Kootstertille, Heddes Bouw & Ontwikkeling in Hoorn and Ballast Nedam Materieel in Almere. In 2021, we significantly expanded this production capacity with the installation of 2,405 solar panels (900 kWp) on Ballast Nedam Materieel's industrial buildings in Almere. The installation will be operational in early 2022.

This means a total of 1.22 GWh, or 12.3% of the electricity consumption is sustainable and self-generated. A further roll-out of solar panels at our own real estate locations is planned for 2022, such as the Ballast Nedam Road Specialties locations in Leerdam and the Laudy Bouw & Service location in Sittard, which will increase the share of self-generation to approximately 17%.

Projects

Ballast Nedam has integrated solar panels into the infrastructure and buildings on two current public-private partnership (PPP) projects: A9 Gaasperdammerweg (IXAS) and the Penitentiary Psychiatric Centre (PI Zaanstad). A wind turbine is also linked to PI Zaanstad. The latter project is energy neutral, while the IXAS project, where even more power is being generated than consumed, is energy positive.

Ballast Nedam Development has been building all its ground-level homes energy-neutral since 2019, so that integrating solar panels into the design has become a standard measure. Since 2021, energy neutrality applies to all ground-level housing developments of Ballast Nedam's various business units.

Solar panels are also installed at temporary locations such as in our construction chain.

For example, we installed solar panels on the shack in the new Princess Amaliahaven project to provide our own electricity. This year, the first energy neutral mobile site unit with a solar foil roof was developed for Ballast Nedam Road Specialties, and second-hand solar panels were placed on construction chains on five of Heddes Bouw & Ontwikkeling's projects, which, in addition to generating sustainable energy also contributes to circularity.

As a contribution to the energy transition, Ballast Nedam Industriebouw is helping to set up hydrogen filling stations. In 2021, Ballast Nedam Industriebouw was commissioned by Everfuel to build a (green) hydrogen filling station at a bus depot in Heinenoord, one of the largest hydrogen filling stations in Europe.

Another good example that fits in with energy transition projects is the Shell Red2Green project. Shell is going to build a factory with a production capacity of 820,000 tons of renewable diesel per year. The plant will be one of the largest of its kind in Europe for the production of >

sustainable jet fuel and renewable diesel from existing waste products (offal, animal fats and vegetable oils).

Ballast Nedam Infra Projects has contracted the construction of two wind parks in 2021. One project is Windplanblauw: an initiative of SwifterwinT and Vattenfall. The total plan consists of a wind farm in the municipalities of Dronten and Lelystad, where 74 wind turbines will be replaced by 61 larger turbines, with a total installed capacity of 340 MW. Of these, 37 will be on land. Ballast Nedam will replace the 28 obsolete wind turbines that were built by Ballast Nedam at the time with 24 modern and powerful turbines. For this, we will design and build the cofferdam construction for the turbine foundations, as well as the park's cabling, and we will provide the connection to the substation.

The other project is Windpark Maasvlakte 2. In 2021, Ballast Nedam was commissioned by Eneco to help build onshore wind turbines on the seawall of Maasvlakte 2. This is a wind farm with a totaly installed capacity of 117 MW, to be built in 2022. Ballast Nedam is responsible for the design and construction of the turbine foundations, the park cabling and the connection to the transformer house for the wind farm.

8.3 CIRCULARITY, MATERIALS AND WASTE

8.3.1 Vision

Many materials are needed to realise infrastructure and real estate projects. We believe that a different way of working will help to combat climate change and halt the further depletion of the earth's resources. This can be achieved by ensuring that the materials and raw materials used in projects are reusable and by preventing unnecessary waste. That is why we have designed a policy to promote these improvements. In addition, Ballast Nedam's energy policy aims to make its business operations more energy efficient and sustainable in the coming years. Ballast Nedam's overall vision seeks to contribute to a CO_2-neutral and circular construction economy.

8.3.2 Ambition

Our ambition is for our construction activities to be 50% circular, 100% waste-free and CO_2 neutral by 2030. To prevent the use of new raw materials in our projects, we design and build detachable and adaptable units and apply as many reused and recycled materials as possible. When we do need to use new raw materials, we do our utmost to ensure that they are biobased and non-toxic.

8.3.3 Strategy

Conventional construction practices are resource intensive and therefore can have a high environmental impact. We believe that a different way of working will help to combat climate change and halt the further depletion of the earth's resources. This can be achieved by ensuring that the materials and raw materials we use when developing our buildings and infrastructure are reusable and by preventing unnecessary waste.
We implement circular construction by thinking about the final phase of use at the start of a project. We see waste as the 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/constructions. A circular perspective ensures that we do not only look at the benefits and costs of today, but at the entire life cycle.

Circularity revolves around the principle that today's products are tomorrow's raw materials, and waste does not exist. Our circularity vision builds on this by setting two strategic objectives for the year 2030: (1) to build 50% circularly and (2) to make our construction sites 100% waste-free. We will achieve this by focusing on four themes: >

1. Removable and adaptable design and construction: By designing and building with releasable components, we ensure that materials can be reused to a high standard. But we also focus on the possibility of separating different building layers to take into account possible changing usage scenarios. Prefab and modular construction methods support this.
2. Reusable and recycled materials: At its core, the circular building economy is about closing cycles. Waste no longer exists. Harvesting and applying reusable and recycled materials in buildings and infrastructure is indispensable in this regard. In this way, we prevent the depletion of natural resources and damage to ecosystems.
3. Biobased raw materials: Where we cannot avoid using new raw materials, we use as many biobased materials as possible. Biobased materials come from raw material sources that can regrow without depleting the ecosystem. Wood from sustainably managed forests is a good example of this.
4. Non-toxic: Reusing building materials, elements and products will not succeed if these materials are toxic, or if the building materials have been contaminated, inconveniently mixed or 'smudged' in previous use. Working on a circular construction economy goes hand in hand with promoting clean material flows.

8.3.4 Goals and results in 2021 with regard to circularity, materials and waste

In the context of our targets to have waste-free construction sites and 50% circular construction by 2030, the figures for 2021 show that Ballast Nedam is on track:

- 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 73% (100% minus CDW and industrial waste) at the construction site and 94% including post-separation for 2021. The results for 2021 are 74% and 94%.
- 100% of the wood used is certified and comes from sustainably managed forests. We achieved this target in 2021.

Other activities to achieve the 2030 targets are:

- 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 2021 standard
  - Achieving a circularity index of 50% by 2030
  - Reducing the use of toxic substances

Ballast Nedam has taken its first steps with circular construction. We have gained valuable knowledge and experience in projects such as The Green House, a completely demountable catering pavilion. Other best practices include the fully remountable parking solution ModuPark from Park & Connect, the cradle-to-cradle city office in Venlo by Laudy Bouw & Ontwikkeling, and the modular building systems Ursem uses in hotels in Jakarta and Yotel in Amsterdam.

In 2021, we installed a new asphalt pavement for the municipality of Castricum, where the base layer consists of almost 100% recycled materials, while the top layer consists of 65% old asphalt. A particularly innovative solution and the first of its kind is the reuse of red bicycle path asphalt in new red asphalt. This method saves red pigment, red stone chips, bitumen and consists of 30% recycled materials. What's more, it is 100% reusable at the end of its life.

Last year, we participated in a pilot project to reuse prefab bridge girders. Ballast Nedam supplied the beams that were dismantled from the Kromwijkdreef viaduct.

The subsidiary Haitsma Beton was part of the project and made an important contribution as a knowledge carrier, specialist and original supplier of the beams. The beams have been extensively tested and have a residual life of >100 years and are ready for a second life.

We are continuing to expand and share our knowledge and experience with circular construction with the newly won sustainable project Horizons in Amsterdam, where Ballast Nedam Development will build 126 homes. These consist of 62% biobased and recycled materials, and at the end of its lifespan the residential building will be 96% reusable.

In addition, as part of the RE:BORN collective, Heddes Bouw & Ontwikkeling is involved in the reassembly of the 'de Satelliet' building in Amsterdam, which in a previous life was part of the head office of De Nederlandsche Bank. Not only the shell, but also the floors, stairs, installations and façade elements, will be given a second life as a modular and adaptable building within this circular project. In late 2020, Ballast Nedam Development signed the biobased building manifesto. The approximately 240 signatories from the construction sector argue that biobased building materials should be given a fair position in national calculation methods such as the Environmental Performance Buildings (MPG). The use of biobased building materials can play an important role in reducing CO_2 emissions in the construction sector in the short term. This is because biobased materials remove CO_2 from the air and store it for a longer period of time, and because there are no CO_2 emissions from the production of a fossil alternative. Pending what the Ministry of the Interior decides, Ballast Nedam is taking the initiative wherever possible to work more and more with biobased materials. The Horizons project mentioned above is a good example of this.

8.4 BIODIVERSITY

8.4.1 Vision

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, together with a project-specific package for more biodiversity.

8.4.2 Ambition

Humans and nature have always been linked, and we have always depended on natural systems. Likewise, our actions have an impact on the planet and its ecosystems. So nature is part of who we are, and how we live and work. Our ambition is to ensure that biodiversity is a prominent feature throughout our projects. We cannot do this alone and would like to see concrete changes in the Building Decree for nature-inclusive construction.

8.4.3 Strategy

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 to increase biodiversity by investing in bee fields, installing insect hotels and planting more greenery in neighbourhoods. Our aim, therefore, 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.

8.4.4 Biodiversity results 2021

In area developments, we seek to collaborate with nature and environmental federations and/or bird conservation groups. We are examining options for building corridors for bee populations and insect hotels as well as the inclusion >

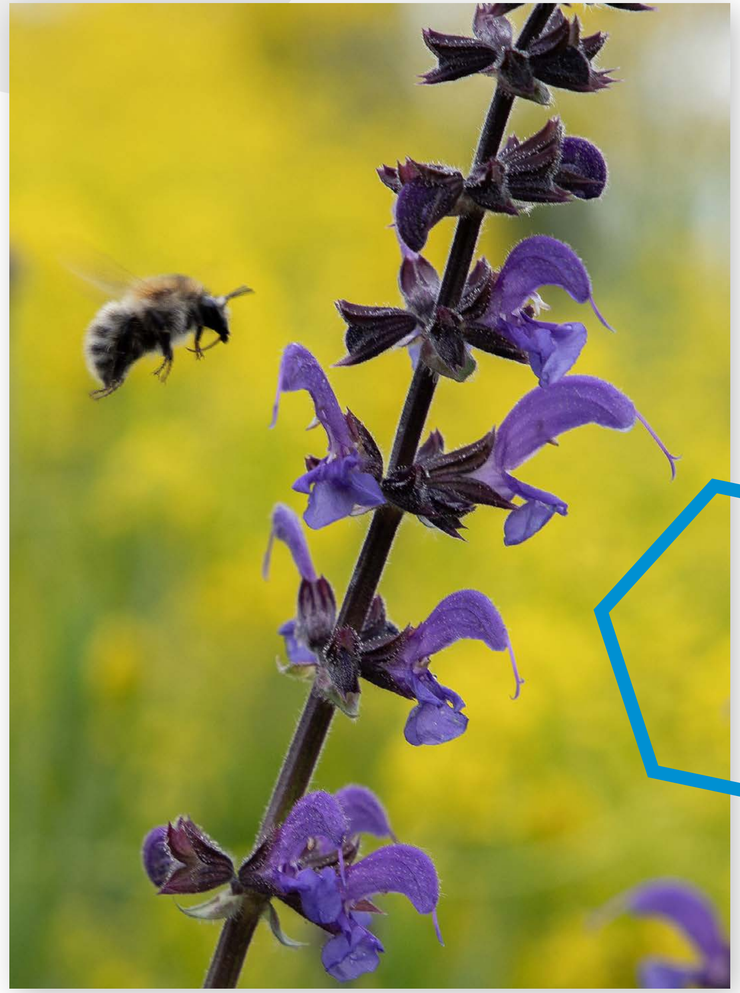
of building blocks for birds and bats in the façades of the houses we construct. Two to three nest boxes per home for species that roost in buildings such as bats, swifts and house sparrows seem feasible. It is also important that the planting in the public areas is adapted in such a way that an optimal living environment is created for these animal species.

In recent years, we have also gained experience with green façades. The advantage of green façades compared to green roofs is that they do not compete with solar panels. A green façade purifies the air, tempers the ambient temperature and helps to retain water. Our goal is to be an inspiration and a frontrunner in the field of biodiversity in our sector.

We see it as our job to break new ground and make further progress in both the infrastructure and the built environment. A good example is the Horizons Amsterdam project mentioned earlier. It is a building that pushes the envelope and shows that people and nature can live in complete harmony. Horizons is a wooden building and stores more CO_2 than is emitted during production. It is energy positive and has a closed raw material cycle. Water is purified and reused for washing machines, toilets or plants. The organic waste is collected indoors, composted and reused as fertile soil in the courtyard or on the roof terrace. Horizons demonstrates that it is possible to live in a sustainable society and integrate all of its elements into one project. The Berckelbosch Eindhoven area development shows that urban development and nature can co-exist in harmony. It was awarded the Nature Inclusive Building and Design Award in 2021 for the best project in Brabant. The award is an initiative of Vogelbescherming Nederland and the Mammal Association in collaboration with the province of Noord Brabant.

Berckelbosch in Eindhoven became controversial and trendsetting when it was announced that Ballast Nedam Development, together with Vogelbescherming Nederland and the Mammal Association, were going to build 500 tiny houses for more biodiversity.

With an average of more than three nest boxes per home, sedum roofs on the shed, hedges as a boundary, and by planting mature greenery and preserving existing greenery, Berckelbosch scores exceptionally well in the Netherlands when it comes to large-scale nature-inclusive area development.



CHAPTER 9

Digital transformation and innovation

- Software-based innovations include BIM 4D
- Use of Augmented Reality (AR)
- Introduction of the Robotic Process Automation (RPA) software and start to automate our administrative processes
- In 2021 the robot plotter was deployed at the A24 Blankenburgverbinding project
- Pilot of new technologies, such as equipment management with sensor technology

Watch the work on-site from the comfort of your home or office

Ballast Nedam is putting maximum effort into new innovations to deliver even more added value to clients. For example, we are continuing to digitise and automate our engineering processes. On the Princess Amaliahaven project, we are testing a new app that provides visual and digital insight into the project's progress. Tommie Jacobs, team member of Digitalisation at Ballast Nedam, is closely involved in this innovation.

"Clients won't have to go to the building site anymore to check the progress of their project," Tommie says. "They can see us at work on-site from the comfort of their living room, simply by using their phone. We're currently testing the app during the construction of a combi wall on the Princess Amaliahaven project."

The new app is based on data from a 4D model, which Ballast Nedam has been working with for years. The 4D model links all 3D models to the planning. "In the preparatory phase of a project," Tommie explains, "we model everything in 3D: temporary, auxiliary and permanent structures. Then the objects created in 3D models can be linked to the planned activities. This creates a 4D model. So if it says "pile driving pipe piles", for example, we can choose a simulated pipe pile including materials and link it to the planned activity. This is a good way of visualising what it will look like outside when we are actually constructing."

Visual and digital progress

With the data from the 4D model, progress can be monitored and processed in the special app that Ballast Nedam is developing in cooperation with a software company. The software company is developing and programming the app, while Ballast Nedam provides the technical know-how and collects feedback from the work planners and supervisors on the Princess Amaliahaven project.

BUSINESS CASE

“The app allows us to see which objects have been completed,” Tommie says. “Because it’s visually clear, everyone knows exactly which object it is. We can also determine the instalments for the client. So far, the feedback has been positive. Because we work completely digitally, we no longer have to take the client outside to record which objects have been completed on pen and paper. The app also registers who has approved an object and when. This can be done by anyone walking on the construction site who is authorised to comment on the project. This makes it easier to track progress. We can easily export and share the status on a daily basis. Everyone is up to date: the client and Ballast Nedam.”

Fewer errors

Working with simulation also results in fewer errors and a safer construction site. Because the differences between design and work preparation become visually clear, certain errors in the design, planning or execution method can be identified and adjusted at an early stage. “And that saves time and money,” says Tommie. “Instead of going through three or four plans and looking at three or four drawings or models, now everything comes together. You get one great animated video, press ‘play’ and the plan appears.
You see the 3D objects linked to activities. Planners and

DIGITALISATION AND INNOVATION AT BALLAST NEDAM

At Ballast Nedam, we continue to digitise and innovate to deliver even more added value to our clients. For example, we use VR, 4D models, laser scanning, machine learning and artificial intelligence. These developments allow us to make better decisions faster, save costs and improve our processes. And these innovations allow us to visually include our clients in our engineering and construction processes.

Digitalisation is something we do together. We launched the Digital Engineering Community in 2018 with other large construction companies, in which we are increasingly digitising and automating our engineering processes together. We are also the lead party for the implementation of the BIM basis Infra and make meaningful contributions to other initiatives via the BIM Loket and BuildingSMART International.

designers can immediately see which models or accessories are missing. A calculator then knows: an extra attachment or model is needed here. Visualisation makes things clearer. I can write a nice story about a photo or I can show the photo – in this case a video."

It also makes construction a lot safer. That is not the primary purpose, but it is a welcome bonus. "Because the design is visualised, unsafe situations stand out more. We can solve them before they actually happen outside. For example, we can see in advance if two cranes are parked too close together or if a cofferdam is being built without a fence in front of it," says Tommie. Because everything is distilled in a single model, communication is also easier. "Now, we're all looking at the same product instead of three or four different plans about that product. So there can be no misinterpretation. Even people who aren't working on the project can see the visualisation and the planning and so know what will come in and when. This makes it possible to prevent too many orders for different projects coming in at the same time and overloading the warehouse."

Efficiency

Besides implementing the app, Ballast Nedam plans to make the 3D models even smarter in the near future. "The 3D models must be able to work, update and adapt more quickly," Tommie says. "We also want to link the planning to the 3D models as efficiently as possible. Not manually, but via the computer, so there's an automatic link between the 3D objects and the planned activities. We're not quite there yet, but we're making great strides. And that's a good thing, because linking visualisation to planning makes the work a lot clearer and helps a lot of people. In the end, it's a major gain in efficiency, also in terms of the process."

9.1 OUR VISION

It is now impossible to imagine a society without digitisation. Increasingly, digitisation is also an integral part of the construction process. It allows us to work in a smarter, more efficient way, make predictions, acquire knowledge that we would otherwise not have had, carry out activities in a different manner, and make information accessible and then share that information with each other more easily.

Increasing market demand in the sector, labour shortages, and the need for increased productivity and sustainable construction all mean that digitisation and innovation are presenting Ballast Nedam with great opportunities. Digitisation can improve efficiency, increase quality and production, and bridge the gap in the labour market, all the while increasing the company's appeal to young talent.

We believe that there is still a long way to go for the digital transformation already under way. We see it as a continuous process, and one in which Ballast Nedam is both able and keen to take many more steps.

9.2 AMBITION

Our ambition is to further embed digitisation in the company's operational and administrative processes.

In the coming years, we will focus on digital innovations to benefit both the administrative and technical systems and the operational processes on building sites. We gain knowledge and experience by running pilot projects, then embedding the results in our organisation. By coordinating with users, suppliers, knowledge institutes and clients, we are working on using the latest technologies and embedding them in our business operations.

9.3 STRATEGY

Our strategy is to systematically identify all the digital innovations that have already been developed by the various business units within the company and synchronise them with each other, and also to identify innovations in the market and incorporate them into Ballast Nedam. We are not only interested in innovations in the construction sector but also those from other industries we can learn from, using them to challenge ourselves in line with our 'Challenge to Improve' motto.

Our strategy also aims to automate administrative and construction processes and investigate new construction methodologies. This would lead to smarter and better-informed decision-making, which benefits our projects and our clients. We see robotisation in the construction process as a strategic choice for making work practices more efficient and more sustainable. Using sensors to collect data is also something we want to focus on more. Data science is inextricably linked to this.

9.4 RESULTS 2021

In 2021, we were already actively deploying technological innovations – software-based and hardware-based ones. Software-based innovations include BIM 4D at the Princes Amaliahaven project. A pilot was initiated for the Princess Amaliahaven project with an app to improve scheduling and monitor progress for the 4D part. In 2022, the pilot will be expanded to focus on cost estimation, the 5D part. The results of this pilot will be used to analyse how we can integrate this into our working method.

Another example of a software-based innovation in 2021 is the use of Augmented Reality (AR). AR allows us to add a digital layer to the physical world. For instance, it can be used to check the systems that will actually be embedded in concrete. This makes it possible to visualise the design of the system on site and overlap it with the actual situation. It can then be determined whether the system has been installed correctly and completely for the purposes of quality assurance. This process was used for the tunnel elements on the A24 Blankenburgverbinding project in 2021. In 2022, it will be used again on all components to be embedded in the Blankenburgverbinding (A24) and Princess Amaliahaven projects.

Last year, we introduced the Robotic Process Automation (RPA) software and started to automate our administrative processes. Our daily operations still include a lot of repetitive administrative work, so RPA allows us to automate more and more of these tasks. This reduces the administrative burden on our employees so they can focus on more interesting or stimulating tasks, and it enables us to reduce operational costs. In 2022, we will focus on making the first processes operational for financial services and the primary construction process.

A good example of a hardware-based innovation in 2021 is the robot plotter deployed at the A24 Blankenburg-verbinding project. The work involved drilling about 280,000 protruding reinforcements and brackets in the underwater concrete floor of the Maas Delta tunnel and Holland tunnel on the A24 Blankenburgverbinding. This job required the utmost precision, as the rebar cage in the underwater concrete must not be touched at all. By exporting the retrieved coordinates to the measuring equipment, preparing the points in patterns according to feasibility and borehole type, we could work more efficiently and with the highest accuracy, and this allowed us to get the job done four times faster than normally.

Last year, we also piloted new technologies, such as equipment management with sensor technology. During the pilot, sensors were built into 11 different pieces of equipment on a number of projects. The data collected by the sensors provided insight into how the machines were used (number of hours operational or stationary), fuel consumption, emissions and possible cost savings through optimisation. In 2022, Ballast Nedam's own heavy equipment being used on the Princess Amaliahaven project will be fitted with sensors. The data will be tracked to save fuel, costs and CO_2, and to encourage efficient usage. It will also provide insight into when maintenance is required.

In some of our other projects, we conducted a pilot with a crane camera. The crane camera helps us to track and manage the construction progress. Two times a day, the camera provides us with a 3D image overview from the construction site. This visualisation enables us to make an as-built comparison aiming to reduce errors, stay in control of our schedule and prevent rework. The technology is already being used on the Galaxy Towers Utrecht to monitor progress. In 2022, we want to start looking into the further use of visualisation, for instance to increase safety, quality and logistics.

9.5 OUTLOOK ON 2022

In 2022, we will continue with our digital transformation process and keep focusing on elements such as 4D and 5D BIM, Augmented Reality and Robotic Process Automation. It will contribute to more digitised construction sites, more efficient work processes and increased learning capacity within Ballast Nedam.

CHAPTER 10

Consolidated Financial Statements

10.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in thousands of euro (€)

Assets	Notes	2021	2020
Current Assets		**659,812**	**542,589**
Cash and cash equivalents	10.6.3	252,802	219,960
Trade receivables	10.6.4	122,067	92,497
Other short-term receivables	10.6.5	123,551	84,857
Inventories	10.6.6	78,306	79,206
Short-term prepaid expenses	10.6.7	13,164	21,779
Contract assets	10.6.8	69,922	44,290
Non-Current Assets		**201,192**	**152,268**
Other long-term receivables	10.6.32	12,482	5,027
Investments accounted for using the equity method	10.6.9	24,909	23,588
Investment property	10.6.10	56,525	47,190
Property, plants and equipment	10.6.11	39,822	36,923
Right of use assets	10.6.12	20,994	18,735
Intangible assets	10.6.13	16,801	5,882
Deferred tax assets	10.6.21	28,605	13,913
Other non-current assets	10.6.14	1,054	1,010
Total assets		**861,004**	**694,857**

Amounts expressed in thousands of euro (€)

Liabilities	Notes	2021	2020
Current Liabilities		**514,732**	**414,252**
Short-term bank borrowings	10.6.15	7,683	-
Current portion of long-term borrowings	10.6.15	20,000	13,300
Lease liabilities	10.6.15	8,289	7,184
Trade payables	10.6.16	208,183	177,100
Other short-term payables	10.6.17	38,094	38,826
Contract liabilities	10.6.8	151,157	121,019
Payables for employee benefits	10.6.18	9,021	6,891
Short-term provisions		46,401	28,508
Provision related with employee benefits	10.6.18	*3,427*	*2,921*
Other short-term provisions	10.6.19	*42,974*	*25,587*
Other short-term liabilities	10.6.20	25,904	21,424
Non-Current liabilties		**136,736**	**113,187**
Long-term borrowings	10.6.15	114,300	88,500
Lease liabilities	10.6.15	13,125	11,949
Other long-term payables		2,469	3,150
Long-term provisions		6,842	9,588
Provision related to employee benefits	10.6.18	*1,625*	*2,124*
Other long-term provisions	10.6.19	*5,217*	*7,464*
Shareholders' equity		**209,536**	**167,418**
Equity attributable to owners of the parent	10.6.22	208,791	166,934
Paid in capital		*2,203*	*2,203*
Share premium		*393,870*	*393,870*
Accumulated losses		*(198,724)*	*(235,241)*
Other reserves		*13,821*	*8,578*
Other accumulated comprehensive income / loss to be reclassified in profit or loss		*(2,379)*	*(2,476)*
Non-Controlling Interests		745	484
Total liabilities and shareholders' equity		**861,004**	**694,857**

10.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts expressed in thousands of euro (€)

	Notes	2021	2020
Revenue	10.6.23	1,041,471	947,617
Cost of Revenue	10.6.24	(997,807)	(901,101)
Gross profit		**43,664**	**46,516**
General administrative expenses	10.6.25	(31,379)	(29,556)
Other operating income from main activities	10.6.26	7,003	1,675
Fairvalue gains and (losses) from investment property	10.6.10	5,243	(1,274)
Operating result		**24,531**	**17,361**
Share of investments valued using equity method profit	10.6.9	7,176	9,354
Result before finance expenses		**31,707**	**26,715**
Financing income	10.6.27	154	1,049
Financing expenses	10.6.27	(4,341)	(5,938)
Result for taxation		**27,520**	**21,826**
Current income tax expenses	10.6.28	(235)	(225)
Deferred income tax	10.6.21	14,692	9,506
Net result for the year		**41,977**	**31,107**
Attributable to:			
Non-controlling interest		217	177
Owners of the parent		41,760	30,930
Net result for the year		**41,977**	**31,107**

10.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in thousands of euro (€)

	2021	2020
Net result for the year	41,977	31,107
Other comprehensive income / (expense) net of tax to be reclassified to profit & loss in subsequent periods		
Foreign currency translation reserve	842	(329)
Share of other comprehensive expense of investments accounted for using the equity method	(701)	(431)
Other comprehensive income / (expense) for the period, net of tax	**141**	**(760)**
Total comprehensive income for the period	**42,118**	**30,347**
Attributable to:		
Owners of the parent	41,857	30,212
Non-controlling interest	261	135
Total comprehensive income for the period	**42,118**	**30,347**

The other comprehensive expense does not include tax (2020: € nil thousand).

10.4 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 2020	**2,203**	**333,870**	**371**	**7,156**	**(266,878)**	**410**	**77,132**
Net result for the year	-	-	-	-	30,930	177	**31,107**
Change in currency translation reserve	-	-	*(287)*	-	-	*(42)*	**(329)**
Change in legal reserve	-	-	-	*(431)*	-	-	**(431)**
Other comprehensive income	-	-	(287)	(431)	-	(42)	**(760)**
Total comprehensive income	**-**	**-**	**(287)**	**(431)**	**30,930**	**135**	**30,347**
Share premium in cash	-	60,000	-	-	-	-	**60,000**
Fair value change investment property	-	-	-	(707)	707	-	**-**
Disposal	-	-	-	-	-	(61)	**(61)**
Closing balance 31 December 2020	**2,203**	**393,870**	**84**	**6,018**	**(235,241)**	**484**	**167,418**
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**
Change in currency translation reserve	-	-	*798*	-	-	*44*	**842**
Change in legal reserve	-	-	-	*(701)*	-	-	**(701)**
Other comprehensive income	-	-	798	(701)	-	44	**141**
Total comprehensive income	**-**	**-**	**798**	**(701)**	**41,760**	**261**	**42,118**
Share premium in cash	-	-	-	-	-	-	**-**
Fair value change investment property	-	-	-	5,243	(5,243)	-	**-**
Disposal	-	-	-	-	-	-	**-**
Closing balance 31 December 2021	**2,203**	**393,870**	**882**	**10,560**	**(198,724)**	**745**	**209,536**

For further details on shareholders' equity please see note 10.6.22.

10.5 CONSOLIDATED STATEMENT OF CASHFLOWS

Amounts expressed in thousands of euro (€)

	Notes	2021	2020
Cash flow from operating activities			
Net result for the year		41,977	31,107
Adjustments to reconcile net result			
Depreciation and amortisation of non-current assets	10.6.11,12,13	16,079	14,049
Impairment (in)tangible assets	10.6.11,13	-	291
(Profit) / loss arising from change in fair value of investment properties	10.6.10	(5,243)	707
Interest expense	10.6.27	4,628	3,423
Gain on disposal of property, plant and equipment and intangible assets	10.6.11,13	(2,540)	(1,653)
Gain on disposal investment accounted for using the equity method	10.6.9	(72)	(1,895)
Income tax credit	10.6.21,28	(14,457)	(9,281)
Share in profit of investments valued using equity method	10.6.9	(7,176)	(9,354)
Adjustments related to provisions (non cash)	10.6.19	(909)	3,447
Other losses		1,077	683
Movements in working capital			
Movement in inventories	10.6.6	909	11,065
Decrease /(increase) due to customers under construction contracts	10.6.8	15,022	(36,124)
(Increase) / decrease in receivables	10.6.4	(69,211)	41,101
Decrease in prepaid expenses	10.6.7	8,615	9,709
Increase in other current liabilities		24,927	2,643
Movement in (short-term) provisions and employee benefits	10.6.18	2,423	(866)
Movement in (short-term) warranty and other provisions (utilisation)	10.6.19	908	(5,972)
Income taxes paid	10.6.28	(235)	(225)
Net cash from operating activities		**16,722**	**52,855**

	Notes	2021	2020
Cash flow from investing activities			
Intangible assets			
Investments	10.6.13	(529)	(584)
Property, plants and equipment			
Investments	10.6.11	(9,212)	(8,064)
Acquisitions		-	(11)
Income from disposals		3,475	4,085
Financial assets			
Investments		(4,859)	(11,610)
Disposals		1,003	7,375
Dividend received		8,046	9,318
Interest received	10.6.27	221	4,578
Investment property	10.6.10	(4,092)	(3,357)
Acquisition of subsidiary net of cash	10.6.31	(3,523)	-
Net cash from investing activities		**(9,470)**	**1,730**
Cashflow from financing activities			
Interest paid	10.6.27	(4,849)	(8,001)
Proceeds from borrowings	10.6.15	98,483	26,500
Repayments of borrowings	10.6.15	(58,300)	(105,973)
Lease payments	10.6.15	(9,744)	(8,171)
Capital contribution sole shareholder		-	60,000
Net cash from financing activities		**25,590**	**(35,645)**
Net cash change		**32,842**	**18,940**
Cash at the beginning of the year		219,960	201,020
Cash at the end of the year		**252,802**	**219,960**

10.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10.6.1 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 2021 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.

10.6.2 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 18 March 2022. The financial statements were approved and adopted by the General Meeting on 18 March 2022. 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 property 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.

Financing, liquidity and going concern

The existing financing package, consisting of loan agreements with multiple financial institutions amounted to € 111 million (2020: € 84 million) and a project financing arrangement of € 31 million at year-end 2021 (2020: € 17.8 million). An amount of € 27.7 million will mature on or before 31 December 2022.

The solvency ratio slightly improved compared to previous year and amounts to 24.3 % (2020: 24.1%). 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 under notes):

Impact of COVID-19

The impact of COVID-19 on our financial performance until today has been limited. All construction sites were able to continue their operations. When necessary appropriate measures were taken to continue the logistic and works on the construction site including availability of materials and personnel. Fortunately, due to our policies and measures we managed to keep the number of contaminations within our company limited and under control.

Ballast Nedam is mainly operating in the Netherlands and until today the policies of the Dutch government enabled the construction sites to continue their operations. The Board of Management strives to obtain the best possible information at all time to enable us to assess these risks and implement appropriate measures to respond. Further growth in revenue is expected for 2022, provided the COVID-19 crisis is contained this year. The order book is stable and if we continue in the same way, we are confident that we can realise our business plans.

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 forecast 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, bonusses, penalties and claim situations.

See also note 10.6.8, Contract assets and liabilites and note 10.6.24, Costs of revenue.

The company manages these estimate uncertainties during the year based on experience and risk assessment models, including variance analysis. In 2021, 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 7.2%, 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 10.6.6 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 2021. 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 10.6.10 Investment property.

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 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 2022-2026, 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 10.6.21 Deferred tax assets and liabilities.

Provisions

Provisions for doubtful receivables, onerous contracts and provisions for completed projects, restructuring, warranties and associates, and joint ventures are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. 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, and this could have an effect on the financial position and results of Ballast Nedam. For additional information concerning provisions, see note 10.6.19.

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 10.6.12. 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 2021. 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 and 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 Rönesans 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 where there are indications of impairment.

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). In previous years foreseeable project losses were included in contract liabilities (work in progress credit).

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.

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 7,2%. 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.

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.

Assets and liabilities held for sale and discontinued operations

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group, or an individual non-current asset.

These assets are measured at the lower of the asset's carrying amount and the fair value less costs to sell. Depreciation or amortisation of an asset ceases when it is classified as held for sale.

A discontinued operation are components of Ballast Nedam's operations that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or a subsidiary that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier.

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 consideration. To assess whether a contract conveys the right to control the use of an identified asset, Ballast Nedam assess 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; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. 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 allocations 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. Concessions in respect of land and raw materials are amortised in proportion to the extent of the raw materials extracted on the basis of an estimate of the raw materials remaining to be extracted. The residual value, amortisation methods and estimated useful lives are assessed annually. The expected useful lives are 5-40 years for concessions and 3 years for software.

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 company does not have any 'derivative financial instruments'.

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. The company has not recognised any financial instruments which are measured at fair value, gains and losses will either be recorded in profit or loss or OCI.
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 10.6.4 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

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.

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 2020 and 2021).

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 bonusses), to the extent that it is highly probably 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. 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.

Ballast Nedam in determining the onerous construction contracts applies for revenue base the 'economic benefits to be received' and for the cost base that 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 flats 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 10.6.12 Leases.

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 12 Leases.

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 and on derivative financial instruments other than interest rate swaps are recognised in the income statement in earnings before interest and taxes. Gains or losses on interest rate swaps 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.

10.6.3 Cash and cash equivalents

The total cash and cash equivalents amounting to € 252.8 million (2020: € 220.0 million) includes € 22.3 million of balances from joint operations (2020: € 27.5 million). The cash and cash equivalents from joint operations are only available in consultation and agreement with the joint operations partners.

10.6.4 Trade receivables

The details of the trade receivables of the Group as at balance sheet dates are as follows:

Current trade receivables	2021	2020
Contract receivables	97,037	71,817
Retention held by clients	11,512	10,748
Trade receivables	11,956	10,493
Trade receivables from related parties	2,892	2,544
Loss allowance for trade receivables (-)	(1,330)	(3,105)
Total current trade receivables	**122,067**	**92,497**

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 37 days (2020: 44 days). References are made to note 10.6.32 with respect to receivables from related parties. The nature and level of the risks on trade receivables are disclosed in note 10.6.29.

Aging of overdue receivables	2021	2020
Overdue by 1-30 days	9,601	9,555
Overdue by 1-3 months	5,241	3,799
Overdue by 3-12 months	6,634	3,498
Overdue by 1-2 years	3,019	7,096
Total overdue receivables	**24,495**	**23,948**

The aging of overdue receivables is as follows:

Movements on the Group's provision for loss allowance of trade receivables are as at 31 December 2021 and 31 December 2020 as follows:

Movement of loss allowance of trade receivables	2021	2020
Balance at the beginning of the period	**(3,105)**	**(1,866)**
Charge for the period	(559)	(1,464)
Reversal	2,105	194
Collections	236	31
Translation effect	(7)	-
Balance at end of the period	**(1,330)**	**(3,105)**

10.6.5 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 € 11,090 thousand (2020: € 9,040 thousand) and funds on an escrow account totalling € 4,812 thousand (2020: € 1,680 thousand).

Other short-term receivables	2021	2020
Non-trade receivables from related parties	77,620	52,020
VAT receivable	4,407	3,365
Other receivables	41,524	29,472
Total other short-term receivables	**123,551**	**84,857**

10.6.6 Inventories

The accumulated impairment recognised within land to be developed for projects amounts to € 4,941 thousand (2020: € 4,955 thousand). In 2021, no impairment has been recognized (2020: € 1,429 thousand) and € 14 thousand of impairments of land positions have been reversed (2020: € 489 thousand). The remaining movement in 2020 impairments recognised € 6,531 thousand is due to sale of impaired land plots against book value during the year. The allowance for inventory amounts to € 34 thousand (2020: € 198 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	2021	2020
Raw materials	7,467	2,768
Lands to be developed for projects	59,881	69,183
Residential units to be sold	2,684	1,117
Finished goods	8,308	6,336
Allowance for inventory	(34)	(198)
Total inventories	**78,306**	**79,206**

10.6.7 Short-term prepaid expenses

Prepaid expenses of the amount of € 13,164 thousand (2020: € 21,779 thousand) are mainly related to the prepayments on projects and the general administrative expenses including insurance and rent costs.

10.6.8 Contract assets and contract liabilities

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,

Contract assets and contract liabiliaties	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)**

Contract assets and contract liabiliaties	2020		
	Contract assets	Contract liabilities	Net position
Cost less provisions for losses and risks, plus profit based on percentage of completion	293,951	845,493	
Less: progress billings	(249,661)	(966,512)	
Total	**44,290**	**(121,019)**	**(76,729)**

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 10.6.2.

Contract assets under current assets consists of all construction contracts where the expenses incurred plus the deferred profit, minus the recognised losses, exceed the instalments invoiced. Contract liabilities under current liabilities consists of all construction contracts where the expenses incurred plus the deferred 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 € 121,019 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 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**

31 December 2020	2021	2022	After 2022	Total
Expected revenue from (partially) unsatisfied performance obligations with original expected duration of > 1 year	784,338	479,650	128,480	**1,392,468**

10.6.9 Investments accounted for using the equity method

At 31 December 2021, 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	2021	2020
Share in net result joint venture that is material to the Group	-	1,712
Share in net result joint ventures that are not individually material to the Group	5,400	5,349
Share in net result associates that are not individually material to the Group	750	1,455
Share in net result associates without significant influence	1,026	838
Total	**7,176**	**9,354**

Investments accounted for using the equity method	2021	2020
Share in equity joint venture that is material to the Group	-	1,851
Share in equity joint ventures that are not individually material to the Group	13,736	10,961
Share in equity associates that are not individually material to the Group	7,340	7,239
Share in equity associates without significant influence	3,833	3,537
Total	**24,909**	**23,588**

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	2021	2020
Opening balance	**23,588**	**18,898**
Share on profit / (loss) of investments valued using equity method	7,176	7,642
Dividends received	(8,046)	(9,318)
Disposals	(931)	(5,480)
Change in legal reserve	(701)	(688)
Transfer to provision negative joint ventures	(1,314)	152
Funding joint ventures	4,859	10,564
Exchange rate differences	278	(33)
Closing balance	**24,909**	**21,737**

10.6.10 Investment property

Investment properties	2021	2020
Opening balance	**43,330**	**44,540**
Investment	2,792	64
Change in fair value	3,953	(1,274)
Closing balance	**50,075**	**43,330**

Investment properties under development	2021	2020
Opening balance	**3,860**	**-**
Investment	1,300	3,293
Change in fair value	1,290	567
Closing balance	**6,450**	**3,860**

The net income from operational leases of investment property is limited and extension of mainly short-term leases depends on future development of the investment property. 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 2021. 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, discount rates (7.5%), inflation rate (2.0%) 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 ± 5.0% result in a change of the fair value of the property with about 10.0%.

10.6.11 Property, plants and equipment

	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**

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 € 25.3 million (2020: € 0).

The useful lives used in the calculation of depreciation are as follows:

	Buildings	Machinery and equipment	Other tangible assets	Total
Cost				
Closing balance 31 December 2019	**44,618**	**110,867**	**9,898**	**165,383**
Reclassifications	1,020	(1,020)	-	**-**
Opening balance 1 January 2020	**45,638**	**109,847**	**9,898**	**165,383**
Additions	1,002	6,702	558	**8,262**
Disposals	-	(6,069)	(3,239)	**(9,308)**
Acquisitions	-	11	-	**11**
Closing balance 31 December 2020	**46,640**	**110,491**	**7,217**	**164,348**
Accumulated depreciation and impairment				
Closing balance 31 December 2019	(27,673)	(93,208)	(6,867)	**(127,748)**
Reclassifications	-	-	-	**-**
Opening balance 1 January 2020	**(27,673)**	**(93,208)**	**(6,867)**	**(127,748)**
Cum. depreciation - disposals	(198)	4,940	1,936	**6,678**
Depreciation	(1,448)	(4,028)	(585)	**(6,061)**
Impairment	-	(291)	-	**(291)**
Exchange rate fluctuations	-	(3)	-	**(3)**
Closing balance 31 December 2020	**(29,319)**	**(92,590)**	**(5,516)**	**(127,425)**
Carrying value as of 31 december 2020	**17,321**	**17,901**	**1,701**	**36,923**

	Useful Life
Buildings	10-30 years
Machinery and equipment	5-20 years
Other tangible assets	2-10 years

From the total depreciation of € 5,841 thousand (2020: € 6,061 thousand) € 4,790 thousand was charged to costs of revenue (2020: € 4,623 thousand) and € 1,051 thousand to general costs (2020: € 1,438 thousand).

10.6.12 Right of use assets

Movement schedule right of use assets:

	Land	Buildings	Machinery and equipment	Motor vehicles	Total
Cost					
Opening balance 1 January 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**

	Land	Buildings	Machinery and equipment	Motor vehicles	Total
Cost					
Opening balance 1 January 2020	**-**	**15,698**	**2,456**	**5,935**	**24,089**
Additions	743	1,962	2,588	6,136	**11,429**
Disposals	-	(2,678)	(851)	(2,015)	**(5,544)**
Closing balance 31 December 2020	**743**	**14,982**	**4,193**	**10,056**	**29,974**
Accumulated depreciation					
Opening balance 1 January 2020	**-**	**(3,186)**	**(632)**	**(3,212)**	**(7,030)**
Disposal	-	807	792	1,757	**3,356**
Depreciation	(178)	(2,972)	(1,305)	(3,110)	**(7,565)**
Closing balance 31 December 2020	**(178)**	**(5,351)**	**(1,145)**	**(4,565)**	**(11,239)**
Carrying value as of 31 december 2020	**565**	**9,631**	**3,048**	**5,491**	**18,735**

	Useful Life Licenses
Buildings	3-10 years
Machinery and equipment	3-6 years
Motor vehicles	1-5 years

From the total depreciation of € 9,009 thousand (2020: € 7,565 thousand) € 3,594 thousand (2020: € 2,288 thousand) was charged to costs of revenue and € 5,415 thousand (2020: € 5,277 thousand) to general costs. The statement of profit or loss and statement of cashflow shows the following relating to leases:

	2021
Depreciation charge of right-of-use assets	**9,009**
Interest expense (included in finance cost)	**788**
Cash outflow leases	**9,744**

	2020
Depreciation charge of right-of-use assets	**7,565**
Interest expense (included in finance cost)	**729**
Cash outflow leases	**8,171**

10.6.13 Intangible assets

	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**

	Rights	Other	Goodwill	Total
Cost				
Opening balance 1 January 2020	**1,508**	**5,733**	**4,236**	**11,477**
Addition	-	584	-	**584**
Acquisition of subsidiaries	-	-	-	**-**
Exchange rate fluctuations	-	-	(180)	**(180)**
Disposals	-	-	-	**-**
Closing balance 31 December 2020	**1,508**	**6,317**	**4,056**	**11,881**
Accumulated Amortisation				
Opening balance 1 January 2020	**(1,373)**	**(4,203)**	**-**	**(5,576)**
Disposals	-	-	-	**-**
Amortisation	(19)	(404)	-	**(423)**
Closing balance 31 December 2020	**(1,392)**	**(4,607)**	**-**	**(5,999)**
Carrying balance as of 31 December 2020	**116**	**1,710**	**4,056**	**5,882**

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 Beheer B.V. 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 € 1,229 thousand was included in the cost of revenue (2020: € 423 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 4 entities, of which Willems Beheer B.V. € 8.3 million (2020 Stripe Consulting: € 3.0 million) are the 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 2022-2026, 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, weighted average cost of capital 7.2%, 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.

10.6.14 Other non-current assets

The other non-current assets € 1,054 thousand mainly includes long-term receivables from related parties. As at 31 December 2021 this amount was € 994 thousand, see note 10.6.32 for further details. (2020: € 950 thousand).

10.6.15 Short- / long-term borrowings

The details and redemption schedule of the borrowings are as follows:

Net debt and cash	2021	2020
Cash and cash equivalents	252,802	219,960
Borrowings - repayable within one year	(27,683)	(13,300)
Borrowings - repayable after one year	(114,300)	(88,500)
Lease liabilities - repayable within one year	(8,289)	(7,184)
Lease liabilities - repayable after one year	(13,125)	(11,949)
Net debt and cash	**89,405**	**99,027**
Cash and cash equivalents	252,802	219,960
Gross debt - fixed interest rates	(145,714)	(120,933)
Gross debt - variable interest rates	(17,683)	-
Net debt and cash	**89,405**	**99,027**

	Net assets	Liabilities from financing activities				
	Cash and cash equivalents	Lease liabilities - repayable within one year	Lease liabilities - repayable after one year	Borrowings - repayable within one year	Borrowings - repayable after one year	Total
Net debt and cash as at 1 January 2020	**201,020**	**(4,481)**	**(12,940)**	**(24,800)**	**(156,473)**	**2,326**
Cash flow movement	18,940	(2,703)	991	11,500	67,973	**96,701**
Net debt and cash as at 31 December 2020	**219,960**	**(7,184)**	**(11,949)**	**(13,300)**	**(88,500)**	**99,027**
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**

The applicable margin of the bank loans with a fixed interest rate is between 1.7% and 3.5%. All the loans have fixed interest rates with exemption of loans with a total amount of € 17.7 million. Borrowings to be repaid within one-year amount to € 27,683 thousand. Borrowings to be repaid between 1 and 2 years amount to € 27,000 thousand, borrowings to be repaid between 2 and 3 years amount to € 66,300 thousand, borrowings to be repaid between 3 and 4 years amount to € 21,000 thousand. Non-financial assets amounting to € 72,900 thousand (2020: € 47,600 thousand) are pledged as collateral with respect to the bank borrowings.

10.6.16 Trade payables

The details of the trade payables of the Group as at balance sheet dates are as follows:

Trade payables	2021	2020
Trade payables	198,948	168,719
Trade payables to related parties	794	220
Retention payables	978	569
Other trade payables	7,463	7,592
Total trade payables	**208,183**	**177,100**

Average maturity for trade payables is approximately 34 days (31 December 2020: 39 days). Risk characteristics and fair values of trade receivables and trade payables are disclosed in note 10.6.29. These transactions were made on normal commercial terms and conditions.

10.6.17 Other short-term payables

Other short term payables	2021	2020
Non-trade payables to related parties	16,780	21,408
Other short term payables	21,314	17,418
Total other short term payables	**38,094**	**38,826**

Non-trade payables to related parties (see note 10.6.32).
Other short-term payables include the Group's share of the payables of the partner(s) in the joint operations, total amount € 9,239 thousand (2020: € 4,300 thousand), accruals for invoices to be received € 6,485 thousand (2020: € 10,262 thousand) and other items which are individually immaterial. These transactions were made on normal commercial terms and conditions.

10.6.18 Payables for employee benefits

Short term payables employee benefits	2021	2020
Salary payable to personnel	187	27
Social security premiums payable	8,078	5,292
Other payables for employee benefits	756	1,572
Total Short-term payables employee benefits	**9,021**	**6,891**

Short-term provisions related to employee benefits	2021	2020
Unused vacation pay liability	3,427	2,921
Total Short-term provisions related to employee benefits	**3,427**	**2,921**

Long-term provisions related to employee benefits	2021	2020
Jubilee provision	1,021	1,408
Illness provision	604	716
Total Long-term provisions related to employee benefits	**1,625**	**2,124**

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 1.5% (2020: 1.5%). In addition, the long-service bonus includes expectation on retention rate of 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 119.3% for the year 2021 (2020: 105.7%). The coverage ratio for pension scheme Bpf Betonproductenindustrie also accounted for as a defined contribution pension scheme was estimated as 114.0% for the year 2021 (2020: 98.3%).

10.6.19 Other short-term and long-term provisions

Short-term provisions	2021	2020
Warranty provisions	3,646	4,381
Other short-term provisions	6,518	2,823
Provision for joint ventures	2,495	3,809
Provision onerous contracts	27,976	11,672
Restructuring provisions	2,339	2,902
Total short-term provisions	**42,974**	**25,587**

Long term provisions	2021	2020
Warranty provisions	2,075	2,494
Other Long-term provisions	203	350
Provision onerous contracts	2,939	4,620
Restructuring provisions	-	-
Total long-term provisions	**5,217**	**7,464**

The company expects that all the provisions will be substantively used within one to five years.

Movements of warranty provisions	2021	2020
Opening balance 1 January	**6,875**	**6,881**
Transfer from contract liabilities	1,369	2,226
Charge for the year	1,357	1,338
Utilisation	(2,454)	(2,014)
Reversal	(1,426)	(1,556)
Closing balance 31 December	**5,721**	**6,875**
< 1 year	3,646	4,381

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 2021, the addition to warranty provisions from completed projects amounted to € 1,369 thousand (2020: € 2,226 thousand). The release amountend to € 1,426 thousand (2020: € 1,556 thousand) and relates to previously completed projects of which the warranty period experid. 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 two years.

Movements of other provisions	2021	2020
Opening balance 1 January	**3,173**	**8,485**
Reclassification	4,495	682
Charge for the year	172	1,483
Utilisation	(360)	(4,995)
Reversal	(759)	(2,482)
Closing balance 31 December	**6,721**	**3,173**
< 1 year	6,518	2,823

The reclassification of € 4,495 thousand (2020: € 682 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 € 172 thousand was included in the statement of profit and loss (2020: € 1,483 thousand) and refers mainly to claims positions. The utilisation of € 360 thousand (2020: € 4,995 thousand) relates to the settlement of claims.

Movements of provision for joint ventures	2021	2020
Opening balance 1 January	**3,809**	**4,564**
Addition	352	1,068
Utilization	(1,666)	(1,823)
Closing balance 31 December	**2,495**	**3,809**
< 1 year	2,495	3,809

The provision for joint ventures relates to to joint ventures in which Ballast Nedam's share is negative. The decrease in this provision in 2021 had mainly to do with capital contributions and results of joint ventures.

Movements of provision onerous contracts	2021	2020
Opening balance 1 January	**16,292**	**22,668**
Addition	49,159	23,578
Utilisation	(34,536)	(29,954)
Closing balance 31 December	**30,915**	**16,292**
< 1 year	27,976	11,672

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	2021	2020
Opening balance 1 January	**2,902**	**1,770**
Reclassification	131	1,864
Charge for the year	1,579	3,030
Utilisation	(2,273)	(3,735)
Reversal	-	(27)
Closing balance 31 December	**2,339**	**2,902**
< 1 year	2,339	2,902

The charge for the year of € 1,579 thousand is related to the reorganisation, which include costs related to certain staff compensation and restructuring which continued in 2021 (2020: € 3,030 thousand). A provision for reorganisation is only recognised once the decision to execute a reorganisation is concluded.

10.6.20 Other short-term liabilities

Other short-term liabilities	2021	2020
VAT payable	25,683	20,807
Corporate income tax liabilities	221	617
Total other short-term liabilities	**25,904**	**21,424**

The corparte income tax liabilities are related to the subsidiaries outside the fiscal unity of Ballast Nedam.

10.6.21 Deferred tax assets

The movement in the statement of financial position of the deferred tax assets in as follows:

Deferred tax assets	2021	2020
Opening balance 1 January	**13,913**	**4,364**
Recognition of carry-forward losses	18,717	13,049
Realised carry-forward losses	(4,025)	(3,500)
Closing balance 31 December	**28,605**	**13,913**

The deferred tax assets to be recovered within and after more than 12 months' amount to € 4,1 million and € 24,5 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 2022-2026, 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 2021 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 € 375 million of carry-forward losses (2020: approximately € 391 million), for which a deferred tax asset of € 28,605 thousand (2020: € 13,913 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 € 70 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.

10.6.22 Shareholders' equity

The name of shareholder	%	2021	%	2020
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 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 property 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.

10.6.23 Revenue

Revenue	2021	2020
Revenue from construction activities	1,008,150	919,694
Revenue from maintenance services	10,747	11,062
Trading and other revenue	22,574	16,861
Total Revenue	**1,041,471**	**947,617**

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 building and infra works amounts to € 529.7 million (2020: € 555.8 million) and € 302.7 million (2020: € 267.2 million). The revenue of Ballast Nedam Development is € 116.8 million (2020: € 99.8 million) and Industriebouw realised a revenue of € 127.1 million (2020: € 81.3 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 € 986.5 million (2020: € 911.4 million), other European countries € 26.0 million (2020: € 17.4 million) and outside Europe € 29.0 million (2020: € 18.6 million).

The revenue joint ventures realised, accounted for as 'share on profit / loss of investments valued using equity method', for the year was € 134.2 million (2020: € 129.0 million) which results in € 1,175.7 million (2020: € 1,076.6 million) total revenue for the company if the joint ventures were consolidated proportionally.

Timing of revenue recognition

The timing of revenue recognition in 2021 and 2020 was as follows:

Timing of revenue recognition	2021	2020
At a point in time	136,443	103,302
Over time	905,028	844,315
Total	**1,041,471**	**947,617**

10.6.24 Cost of Revenue

Cost of revenue	2021	2020
Employee benefit expenses	(139,042)	(127,796)
Raw materials and supplies expenses	(134,633)	(122,033)
Worksite expenses	(32,740)	(24,384)
Subcontractor expenses	(561,406)	(507,419)
Depreciation and amortization expenses	(9,613)	(7,334)
Machinery, equipment and other rent expenses	(67,651)	(60,127)
Cost of goods sold	(3,027)	(2,735)
Other costs of revenue	(49,695)	(49,273)
Total cost of revenue	**(997,807)**	**(901,101)**

Employee benefit expenses	2021	2020
Wages and salaries	(113,770)	(103,854)
Social security costs	(15,814)	(14,509)
Pension charges	(9,458)	(9,433)
Total employee benefit expenses	**(139,042)**	**(127,796)**

The average number of FTE is 1,690 (2020: 1,665) of which 20 (2020: 13) are employed abroad. The average number of FTE at the head office is 98 (2020: 99) and in the operational entities is 1,592 (2020: 1,566). The average number of FTE in Building is 680 (2020: 643) and Infra is 709 (2020: 785).

10.6.25 General administrative expenses

Details of general administrative expenses	2021	2020
Employee benefit expenses	(18,942)	(17,316)
Consultancy expenses	(917)	(944)
Depreciation and amortization expenses	(6,466)	(6,715)
Office administration expenses	(2,047)	(2,120)
Rent expenses	(934)	(654)
Representative expenses	(132)	(182)
Transportation and travelling expenses	(436)	(136)
Insurance expenses	(1,260)	(1,421)
Marketing, selling and distribution expenses	(245)	(68)
Total general administrative expenses	**(31,379)**	**(29,556)**

Employee benefit expenses	2021	2020
Wages and salaries	(15,500)	(14,072)
Social security costs	(2,154)	(1,966)
Pension charges	(1,288)	(1,278)
Total employee benefit expenses	**(18,942)**	**(17,316)**

10.6.26 Other operating income from main activities

The other operating income from main activities was € 7,003 thousand (2020: € 1,675 thousand expense) including additions to and reversal of provisions. The total additions to provisions for the year amounts to € 3,691 thousand (2020: € 7,785 thousand) and the release amouts to € 4,601 thousand (2020: € 4,337 thousand). Further details on provisions are included in note 10.6.19 Other short-term and long-term provisions.

Additionally, this includes other operating income and expenses from main activities € 4.6 million (2020: € 2.7 million) and € 1.1 million (2020: € 1.4 million) respectively. The gain on disposal of property and equipment amounted to € 2.5 million (2020: € 2.1 million) and the loss on disposal of property and equipment nil million (2020: € 0.5 million). Other operating income includes multiple small items such as settlement of subcontractors. Other operating expense includes various small costs from multiple business units.

10.6.27 Financing income and expenses

Financing income and expenses	2021	2020
Financing income	154	1,049
Interest expenses	(4,849)	(8,001)
Interest income	67	3,529
Foreign exchange gains/(losses) from financing activities	626	(1,010)
Bank commission expenses	(185)	(456)
Total financing income and expenses	**(4,187)**	**(4,889)**

The interest expenses are charged for interest on the outstanding loans and lease liabilities in 2021 and 2020.

10.6.28 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	2021	2020
Current tax expense	(235)	(225)
Deferred tax income	14,692	9,506
Total income tax recognized in profit or loss	**14,457**	**9,281**

The numerical reconciliation of income tax credit for 2021 and 2020 is included in the table below.

Numerical reconciliation of income tax credit	2021	2020
Result before tax	27,520	21,826
Total	**27,520**	**21,826**
Applicable income tax rate	25%	25%
Tax calculated at Dutch tax rate	6,880	5,457
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Previously unrecognised tax losses used to reduce deferred tax expense	(18,717)	(13,049)
Tax losses set off against taxable income	(2,723)	(1,680)
Different tax rates of subsidiaries operating in other jurisdiction	103	(9)
Income tax credit	**(14,457)**	**(9,281)**
Net result	**41,977**	**31,107**
Effective tax rate	**-52.5%**	**-42,5%**

10.6.29 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 Audit 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 periodically measures and analyse the credit risk for trade receivables and contract assets, based on, amongst other things, aging 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 Rönesans 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 2021 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 Rönesans 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
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)	-	-	-	-

Credit risk exposure based on financial instrument categories	Trade receivables		Other receivables and non-current assets		Contract assets	Bank deposits
2020	**Related party**	**Third party**	**Related party**	**Third party**		
Maximum credit risk exposure at balance sheet date	**2,544**	**89,953**	**57,997**	**29,532**	**44,290**	**219,960**
Net book value of not due financial assets	2,544	69,110	57,997	29,532	44,290	219,960
Net book value of assets that are due but not impaired	-	20,843	-	-	-	-
Overdue (gross book value)	-	3,105	-	-	-	-
Impairment (-)	-	(3,105)	-	-	-	-

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 2021	Provision	Gross receivables 2020	Provision
Not past due	98,902	(55)	71,654	(40)
Past 01-30 days	9,601	(9)	9,555	(22)
Past 31-90 days	5,241	(55)	3,799	(47)
Past 91-364 days	6,634	(185)	3,498	(1,348)
Past 1-2 years	3,019	(1,026)	7,096	(1,648)
Total	**123,397**	**(1,330)**	**95,602**	**(3,105)**

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 (2020: € 84 million) and a project financing arrangement of € 31 million at year-end 2021 (2020: € 17.8 million). An amount of € 27.7 million will mature on or before 31 December 2022.

The solvency ratio slightly improved compared to previous year and amounts to 24.3% (2020: 24.1%). 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 € 27,000 thousand (2023), € 66,300 thousand (2024) and € 21,000 thousand (2025).

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	141,983	150,401	1,021	30,533	118,847	-
Trade payables (including related parties)	208,183	208,183	208,183	-	-	-
Contract liabilites	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**

2020 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	101,800	107,480	885	15,956	90,639	-
Trade payables (including related parties)	177,100	177,100	177,100	-	-	-
Contract liabilites	121,019	121,019	121,019	-	-	-
Lease payables	19,133	20,745	2,224	5,079	11,526	1,916
Other payables	38,826	38,826	38,826	-	-	-
Total liabilities	**457,878**	**465,170**	**340,054**	**21,035**	**102,165**	**1,916**

The contractual cashflows that will occur within 3-12 months' amount to € 36,491 thousand, including an amount of € 30,533 thousand of the loans. Regarding the remaining liabilities € 400,928 thousand (including an amount of € 1,021 thousand of the loans) is due within approximately three months (2020: € 340,054 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 2021, Ballast Nedam had no 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	2021 average exchange rate	Exchange rate on 31 December 2021	2020 average exchange rate	Exchange rate on 31 December 2020
Exchange rates				
USD	1.179	1.132	1.144	1.227

Foreign currency translation risk USD	2021	2020
Non-monetary financial assets	332	-
Trade receivables	-	3,295
Total assets	**332**	**3,295**
Non-monetary other liabilities	(8,909)	-
Trade payables	(250)	-
Total short-term liabilities	**(9,159)**	**-**
Net foreign currency asset / (liabilities) position	**(8,827)**	**3,295**
Monetary items net foreign currency assets / (liabilities)	**(250)**	**3,295**

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.

	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

	2020 Profit / (Loss)	
If US Dollars, 10% appreciated / depreciated v.s. Euro	**Appreciation of foreign currency**	**Depreciation of foreign currency**
US Dollars net assets / (liabilities)	329	(329)

Interest risk

Ballast Nedam's interest policy is to limit the impact of interest rate changes on the company's results. Management believes that the interest risk is not significant. 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	2021	2020
Financial liabilities	17,683	-
Fixed rate financial instruments	145,714	120,933
Total financial liabilities	**163,397**	**120,933**

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	2021	2020
Interest rates - increases by 100 basis points	(177)	-
Interest rates - decreases by 100 basis points	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 71% to 53%.

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. The existing financing package, consisting of loan agreements with multiple financial institutions amounted to € 111 million (2020: € 84 million) and a project financing arrangement of € 31 million at year-end 2021 (2020: € 17.8 million). An amount of € 27.7 million will mature on or before 31 December 2022.

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	2021		2020	
	Carrying amount (amortised cost)	Fair value	Carrying amount (amortised cost)	Fair value
Cash and cash equivalents	252,802	252,802	219,960	219,960
Trade receivables	122,067	122,067	92,497	92,497
Other receivables	123,551	123,551	84,857	84,857
Contract assets	69,922	69,922	44,290	44,290
Right of use assets	20,994	20,994	18,735	18,735
Other non-current assets	1,054	1,054	1,010	1,010
Total financial assets	**590,390**	**590,390**	**461,349**	**461,349**

Fair value	2021		2020	
	Carrying amount (amortised cost)	Fair value	Carrying amount (amortised cost)	Fair value
Borrowings	141,983	141,983	101,800	101,800
Trade payables	208,183	208,183	177,100	177,100
Contract liabilities	151,157	151,157	121,019	121,019
Lease liabilities	21,414	21,414	19,132	19,132
Other liabilities	73,019	73,019	67,141	67,141
Total financial liabilities	**595,756**	**595,756**	**486,192**	**486,192**

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 2021 (2020: also no transfers). Changes in the value of other fair value investments are recognised in the statement of income.

Ballast Nedam has no financial assets or liabilities measured at fair value. The fair value of investment property is primarily based on the present value of the estimated future cash flows discounted with the effective interest rate (see note 10.6.10 Investment property). The fair value assets classified as held for sale was determined using the expected sales price derived from market information.

Commitments

Guarantees	2021	2020
Letters of guarantees given	268,687	266,562

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 € 72,900 thousand (2020: € 47,600 thousand) are pledged and € 14,000 thousand (2020: € nil) of guarantees are given as collateral with respect to the bank borrowings. Ballast Nedam received guarantees amounting to € 6,863 thousand (2020: € 19,367 thousand) thousand from its subcontractors.

10.6.30 Contingent assets and liabilities

Off-balance sheet commitments

Ballast Nedam has contingent liabilities concerning land acquisition rights amounting

	2021			2020		
Off-balance sheet commitments	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Leased other operating assets	84	156	-	59	176	-
Leased offices	36	15	-	88	51	-
Land purchases	1,138	4,294	-	5,187	2,262	-
Total	**1,258**	**4,465**	**-**	**5,334**	**2,489**	**-**

to € 85,460 thousand (2020: € 72,210 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).

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 unrightful. BN-TAV handed over the construction site, in a safe and controlled way, to Schiphol Group

Schiphol has submitted to BN-TAV a claim of €104 million for delay damages, additional costs and recoverable costs. BN-TAV has filed a preliminary claim of €115 million relating to its 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 both claims are not valued. In addition, BN-TAV filed a preliminary claim for the settlement of outstanding variation orders €56 million. The claims to Schiphol include claims from subcontracts of BN-TAV. These additional work claims from subcontractors are currently being reviewed, however, the outcome is uncertain.

Schiphol and BN-TAV continue their discussions in an attempt to reach an amicable agreement on all claims and disputes.

Capital contribution commitments

There were no unconditional capital contribution commitments as at 31 December 2021 (2020: nil) in PPP projects.

10.6.31 Business combinations

On November 9th 2021 Ballast Nedam acquired 100% of the issued share capital of Willems Bouw Beheer B.V., a construction company specialised in the field of appartments, care complexes, distribution centers, offices and commercial premises in the Netherlands.

Purchase consideration	2021
Cash paid	17,452
Contingent consideration	3,450
Total purchase consideration	**20,902**

Net assets acquired at fair value	2021
Cash and cash equivalents	13,929
Other current assets	5,016
Non current assets	3,526
Current liabilities	(9,880)
Net identifiable assets acquired	**12,591**
Add: Goodwill	8,311
Total net assets acquired	**20,902**

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Cash outflow on acquisition	2021
Cash paid	17,452
Less: balances acquired	(13,929)
Total purchase consideration	**3,523**

The assets and liabilities recognised as a result of the acquisition are as follows:

The purchase consideration, the cash outflow to acquire Willems Bouw Beheer B.V.

The purchase consideration, the cash outflow to acquire Willems Bouw Beheer B.V.

The goodwill is attributable to the expected synergies, employees and the high profitability of the acquired business. It will not be deductible for tax purposes. Other non current assets include € 5,0 million of acquired receivables to be collected. Non current assets include € 3,1 million of intangible assets identified at acquisition date for intellectual property and construction contracts. The acquistion-related costs recognised in general administrative expenses amounts to € 0,1 million The acquired business contributed revenues of € 10,0 million and net profit of € 0,5 million to Ballast Nedam for the period from November 9th to December 31st 2021. The revenue and net profit of the acquired business for the current reporting period as though the acquisition date occurred as of the beginning of the annual reporting period amount to € 48,1 million and € 0,5 million, respectively.

10.6.32 Related Party Transactions

The parties related to Ballast Nedam are Rönesans 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 Rönesans 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 Rönesans Group companies include charges for construction, consultancy costs, ICT cost, interest on loans, 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:

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

2020	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]	-	26,279	-	-	-	189	-	-
Gebiedsontwikkeling Oud-Beijerland Oost C.V.[1]	-	6,648	-	-	-	398	-	-
Other joint ventures and associates	-	13,409	-	950	-	7,343	-	-
V.O.F. De Leidse Schans[2]	-	-	-	-	-	5,176	-	-
Other joint operations	-	3,125	-	-	-	7,362	-	-
Other Renaissance group companies	2,544	2,559	-	5,027	220	940	-	-
Total related parties	**2,544**	**52,020**	**-**	**5,977**	**220**	**21,408**	**-**	**-**

(1) Joint venture and associates
(2) Joint operations

The table below shows the revenue/costs of the Rönesans Group in 2021. The related party transactions with Rönesans Group companies include charges for construction activities, consultancy costs, ICT cost, interest on loans, tender support and tender cooperation fees.

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**

Transactions with related parties 2020	Purchases	Sales	Interest received	Interest given	Other income	Other expense
Rönesans Holding A.S.	-	-	-	-	-	-
Transactions with other Rönesans Group companies	190	7,882	1,034	-	571	89
Total	**190**	**7,882**	**1,034**	**-**	**571**	**89**

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	2021	2020
Non-current assets	1,978	2,355
Current assets	75,218	72,719
Non-current liabilities	(203)	(170)
Current liabilities	(73,808)	(62,190)
Net assets	**3,185**	**12,714**

The revenue and the cost of sales relating to the share in joint operations was approximately 18% (2020: 23%) 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 € 186,030 thousand at the end of 2021 (2020: € 150,812 thousand), of which the € 74,011 thousand portion of Ballast Nedam (2020: € 62,360 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 2021. 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 paragaph.

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.

Associates and joint ventures	Place of incorporation and operation	Principal activity	2021 Efffective ownership ratio	2021 Voting power held	2020 Efffective ownership ratio	2020 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%	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 Vennep 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%	50.00%	50.00%
Riederwaard C.V.	Netherlands	Development	50.00%	50.00%	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	41.00%	41.00%	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%
Olympia Beheer B.V.	Netherlands	Development	-	-	50.00%	50.00%
Olympia C.V.	Netherlands	Development	-	-	50.00%	50.00%
Coberco Kwartier C.V.	Netherlands	Development	-	-	50.00%	50.00%
Coberco Kwartier Beheer B.V.	Netherlands	Development	-	-	50.00%	50.00%
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%
!mpuls 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%	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%	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%	-	-

(1) An associate is an entity over which Ballast Nedam has significant influence, but does exercise control. Significant influence is presumed to exist when Ballast Nedam holds 20% of the voting rights. These entities comprise shares in (unlisted) investments over which Ballast Nedam is presumed not to have significant influence since it holds less than 20% of the voting rights. Limited balances of these entities are separately disclosed in note 10.6.10 as part of investment of associates and joint ventures.

Joint operations	Place of incorporation and operation	Principal activity	2021 Efffective ownership ratio	2021 Voting power held	2020 Efffective ownership ratio	2020 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%
V.O.F. Ontwikkelingscombinatie Mossenest II	Netherlands	Development	-	-	11.30%	11.30%
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%	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	50.00%	50.00%	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%	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%	25.00%	25.00%

Joint operations	Place of incorporation and operation	Principal activity	2021 Efffective ownership ratio	2021 Voting power held	2020 Efffective ownership ratio	2020 Voting power held
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%
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%	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%	-	-
Hochtief - Ballast Nedam vof	Netherlands	Construction	50.00%	50.00%	-	-
Bouwcombinatie Rozenoordbrug A10 V.O.F.	Netherlands	Construction	33.33%	33.33%	-	-

Name of subsidiary	Place	Main activity	Share 2021	Share 2020
Ballast Nedam Infra B.V	Nieuwegein	Construction	100%	100%
Ballast Nedam Parking B.V.	Nieuwegein	Construction	100%	100%
Ballast Nedam Industriebouw B.V.	Nieuwegein	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.	Nieuwegein	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.	Leerdam	Trade	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%

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 2021 was € 2,020 thousand (2020: € 1,835 thousand).

Board of Management	2021	2020
Short-term employee benefits	1,909	1,707
Post-employment benefits	93	107
Other	18	21
Total	**2,020**	**1,835**

The total remuneration of the Supervisory Board in 2021 was € 45 thousand (2020: € 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 11

Company Financial Statements

11.1 COMPANY STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

Amounts expressed in thousands of euro (€)

Assets	Notes	2021	2020
Non-Current Assets		**443,825**	**434,038**
Tangible fixed assets		3,678	5,386
Right of use assets	11.3.2	*3,678*	*5,386*
Financial fixed assets		440,147	428,652
Investments accounted for using the equity method	11.3.3	*366,542*	*339,739*
Other long-term receivables	11.3.3	*45,000*	*75,000*
Deferred tax assets	11.3.4	*28,605*	*13,913*
Current Assets		**229,745**	**154,156**
Receivables	11.3.5	29,863	27,551
Receivables related parties		*29,672*	*27,400*
Other receivables		*109*	*84*
Prepaid expenses		*82*	*67*
Cash and Cash equivalents		199,882	126,605
Total assets		**673,570**	**588,194**

Liabilities	Notes	2021	2020
Stockholders' Equity	**11.3.6**	**208,791**	**166,934**
Paid in capital		2,203	2,203
Share premium		393,870	393,870
Currency translation reserve		882	84
Legal reserve		31,396	20,129
Accumulated losses		(219,560)	(249,352)
Provisions	**11.3.7**	**2,788**	**2,580**
Provisions related with employee benefits		191	207
Other provisions		2,597	2,373
Non-Current liabilities	**11.3.8**	**92,918**	**75,165**
Financial debts		91,000	71,500
Lease liabilities		1,918	3,665
Current Liabilities	**11.3.9**	**369,073**	**343,515**
Current portion of long-term borrowings		20,000	12,500
Lease liabilities		2,005	1,957
Trade and other payables		1,727	2,686
Payables to subsidiaries		345,341	326,372
Total liabilities and equity		**673,570**	**588,194**

11.2 COMPANY STATEMENT OF INCOME

Amounts expressed in thousands of euro (€)

	2021	2020
Result of subsidiaries after tax	31,016	40,414
Other results after tax	10,744	(9,484)
Result for the period	**41,760**	**30,930**

11.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

11.3.1 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 measured at net asset value. The net asset value is calculated using the accounting policies, as described in the consolidated financial statements. The net asset 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.

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.

11.3.2 Right of use assets

	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**

	Buildings
Cost	
Opening balance 1 January 2020	**8,495**
Additions	380
Closing balance 31 December 2020	**8,875**
Accumulated depreciation	
Opening balance 1 January 2020	**(1,699)**
Depreciation	(1,790)
Closing balance 31 December 2020	**(3,489)**
Carrying value as of 31 December 2020	**5,386**

11.3.3 Financial fixed assets

	Investment in subsidiaries	Long-term receivables from subsidiaries
Opening balance 1 January 2020	**300,043**	**75,000**
Result group participations	40,414	-
Disposals	-	-
Change in hedging reserve	(431)	-
Currency translation effect	(287)	-
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 / repayments	-	(30,000)
Change in hedging reserve	(701)	-
Currency translation effect	355	-
Closing balance 31 December 2021	**366,542**	**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.

11.3.4 Deferred tax assets

Deferred tax assets	2021	2020
Opening balance 1 January	**13,913**	**4,364**
Recognition of carry-forward losses	18,717	13,049
Realised carry-forward losses	(4,025)	(3,500)
Closing balance 31 December	**28,605**	**13,913**

The deferred tax assets to be recovered within and after more than 12 months' amount to € 4.1 million and € 24.5 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 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 2022-2026, 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 2021 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 € 375 million of carry-forward losses (2020: approximately € 391 million), for which a deferred tax asset of € 28,605 thousand (2020: € 13,913 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 € 70 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.

11.3.5 Receivables

Receivables	2021	2020
Other receivables	109	84
Receivables from subsidiaries	29,672	27,400
Prepaid expenses	82	67
Total receivables	**29,863**	**27,551**

The Receivables from group companies 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.

11.3.6 Shareholders' equity

	Paid in capital	Share Premium	Currency translation reserve	Legal reserve	Accumu-lated losses	Total
Opening balance 1 January 2020	**2,203**	**333,870**	**371**	**19,036**	**(278,758)**	**76,722**
Net result for the year	-	-	-	-	30,930	**30,930**
Change in currency translation reserve	-	-	*(287)*	-	-	**(287)**
Change in legal reserve	-	-	-	*(431)*	-	**(431)**
Other comprehensive income	-	-	(287)	(431)	-	**(718)**
Total comprehensive income	**-**	**-**	**(287)**	**(431)**	**30,930**	**30,212**
Share premium contribution	-	60,000	-	-	-	**60,000**
Fair value change investment property	-	-	-	(707)	707	**-**
Change in legal reserve	-	-	-	2,231	(2,231)	**-**
Closing balance 31 December 2020	**2,203**	**393,870**	**84**	**20,129**	**(249,352)**	**166,934**
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**
Share premium contribution	-	-	-	-	-	**-**
Fair value change investment property	-	-	-	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**

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 property. In 2020 the parent company Renaissance Construction B.V. completed a share premium contribution of € 60 million in cash. Further details on the movement schedule are included in the consolidated financial statements.

The 2021 result is subject to appropriation by the General Meeting. It is proposed to add the net result for 2021 to the accumulated losses within the shareholders' equity (general reserves) as stated in the profit appropriation and dividend policy. Please see paragraph 12.1 for further details.

11.3.7 Provisions

Provisions	Re-organisation	Other	Employee benefits	Total
1 January 2020	**1,202**	**16**	**190**	**1,408**
Addition	2,958	150	69	**3,177**
Reclass	-	330	-	**330**
Reversals	-	-	-	**-**
Utilisation	(2,046)	(237)	(52)	**(2,335)**
31 December 2020	**2,114**	**259**	**207**	**2,580**
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 year				
31 December 2020	2,114	259	207	**2,580**
31 December 2021	2,134	463	191	**2,788**

The reorganisation provision costs related to certain staff compensation and restructuring which continued in 2021 and amounted to € 1,579 thousand (2020: € 2,958 thousand). A provision for reorganisation is only recognised once the decision to execute a reorganisation is concluded.

11.3.8 Non-Current Liabilities

Long-term debt	2021	2020
Long-term financial debts	91,000	71,500
Lease liabilities	1,918	3,665
Total long-term debt	**92,918**	**75,165**

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 € 27,000 thousand, borrowings to be repaid between 2 and 4 years amount to € 64,000 thousand. Lease liabilities to be repaid between 1 and 5 years amount to € 1,918 thousand.

11.3.9 Current Liabilities

Current liabilities	2021	2020
Lease liabilities	2,005	1,957
Current portion of long-term borrowings	20,000	12,500
Trade and other payables	1,727	2,686
Payables to subsidiairies	345,341	326,372
Total current liabilities	**369,073**	**343,515**

Refer to note 10.6.15 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.

11.3.10 Off balance sheet commitments

Guarantees	2021	2020
Letters of guarantees given	268,687	266,562

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 2021, € 268,687 thousand of guarantees were outstanding (2020: € 266,562 thousand), of which € 66,978 off thousand relate to joint arrangements (2020: € 66,369 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 € 944.9 million in 2021 (2020: approximately € 668.7 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.

11.3.11 Employees

Number of employees as of 31 December 2021 is 98 (2020: 99), none are employed abroad.

11.3.12 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.

11.3.13 Proposal of appropriation of 2021 result

It is proposed to add the net profit for 2021 to the accumulated losses within the shareholders' equity (general reserves).

11.3.14 Events after the balance sheet date

No events after the reporting period.

Nieuwegein, 18 March 2022

Board of Management,

C. Düzyol

S.R. Lefevre

H. Koçak

Ö. Canbaş

O.P. Padberg

A.K. Sağlam

E. van Zuthem

Supervisory Board,

A. Oral

A. Eryiğit

E. Baki

P.R.H.M. van der Linden

K. Arslan

CHAPTER 12

Other information

12.1 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.

Ballast Nedam