


Ballast Nedam Construction

CSR Policy and implementation

Report for substantiation of our
ISO 26000 Self declaration

October 2024

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Contents

Introduction	3
1. Ballast Nedam Construction in short.....	4
1.1 Who we are.....	4
1.2 Organisational structure	4
1.3 Corporate Social Responsibility	5
2. Materiality Analysis, Stakeholders and CSR Policy	6
2.1 Materiality Analysis.....	7
2.2 Stakeholders	8
2.3 CSR Policy.....	9
2.4 Contributing to SDG's, IFC and CSRD	9
3. Approach: the 7 principles of Corporate Social Responsibility	13
3.1 Accountability	13
3.2 Transparency	13
3.3 Ethical behaviour	13
3.4 Respect for stakeholder interests.....	14
3.5 Respect for the rule of law	15
3.6 Respect for international norms of behaviour	15
3.7 Respect for human rights	16
4. Main CSR Themes for Ballast Nedam	17
Environment	17
4.1 Decarbonisation	17
4.2 Circularity.....	20
4.3 Biodiversity	22
Social.....	24
4.4 Health & Safety	24
4.5 Human Resources	26
Governance.....	30
4.6 Responsible Business Conduct.....	30
4.7 Quality assurance & quality control.....	32
5. Conclusion	35

Introduction

In this report the Corporate Social Responsibility (CSR) Policy and approach to implement this policy of Ballast Nedam Construction is described. With this document we substantiate our ISO 26000 Self declaration. The ISO 26000 Self declaration is based on ISO 26000, guidance on social responsibility, and NPR 9026.

We already presented our CSR Policy 2024-2026 and annual report 2023 as separate documents at an earlier stage. In this CSR Report 2024 for the ISO 26000 Self declaration, these previously published reports are combined to explain and highlight issues for the ISO 26000 Self declaration.

Our organisation is introduced in chapter 1. In chapter 2 the results of both a materiality and stakeholder analysis are described, resulting in our CSR Policy. Furthermore, we explain the way we apply the seven principles of social responsibility in chapter 3. Finally, we report on our approach of our priority CSR issues, where the selection is based on the materiality analysis, in chapter 4. In chapter 5 a conclusion is presented.

1. Ballast Nedam Construction in short

1.1 Who we are

Ballast Nedam's history goes back 147 years. In these years we've evolved into the well-known construction and development company we are today. We are a company that has an entrepreneurial and can do mentality in which we often take on new opportunities when they come along. This requires adaptability, flexibility and an eagerness to take on new challenges. Challenge to Improve is our shared focus. This means we want to continuously improve our company, the added value for our clients and the environment we live in. "

"With the added value of our international parent organisation Rönesans Holding and the commitment of our professional and passionate people, we can take on many challenges." - Kemal Sağlam, CEO Ballast Nedam

1.2 Organisational structure

Ballast Nedam Construction is proud to be part Ballast Nedam, who is a member of the Rönesans Group¹, which reinforces our international strength and global presence.

Ballast Nedam Construction is Ballast Nedam's largest division. Ballast Nedam Construction focuses on successfully acquiring and executing complex, integrated infrastructure projects, residential, commercial and utility buildings as well as mobility projects. It operates locally, nationally and internationally. Within our Construction division, specific expertise includes parking, civil structures, tunnelling, road solutions, onshore and offshore wind, marine works and foundation solutions.

Apart from division Ballast Nedam Construction, one other division is operating under the umbrella of Ballast Nedam: Ballast Nedam Development,

Ballast Nedam Construction is divided into specific Business Units. The total overview of all organisational units is summarised below:

¹ Rönesans Holding A.Ş. based in Turkey is our ultimate parent. Our immediate parent company is Renaissance Construction B.V.

Organisational structure

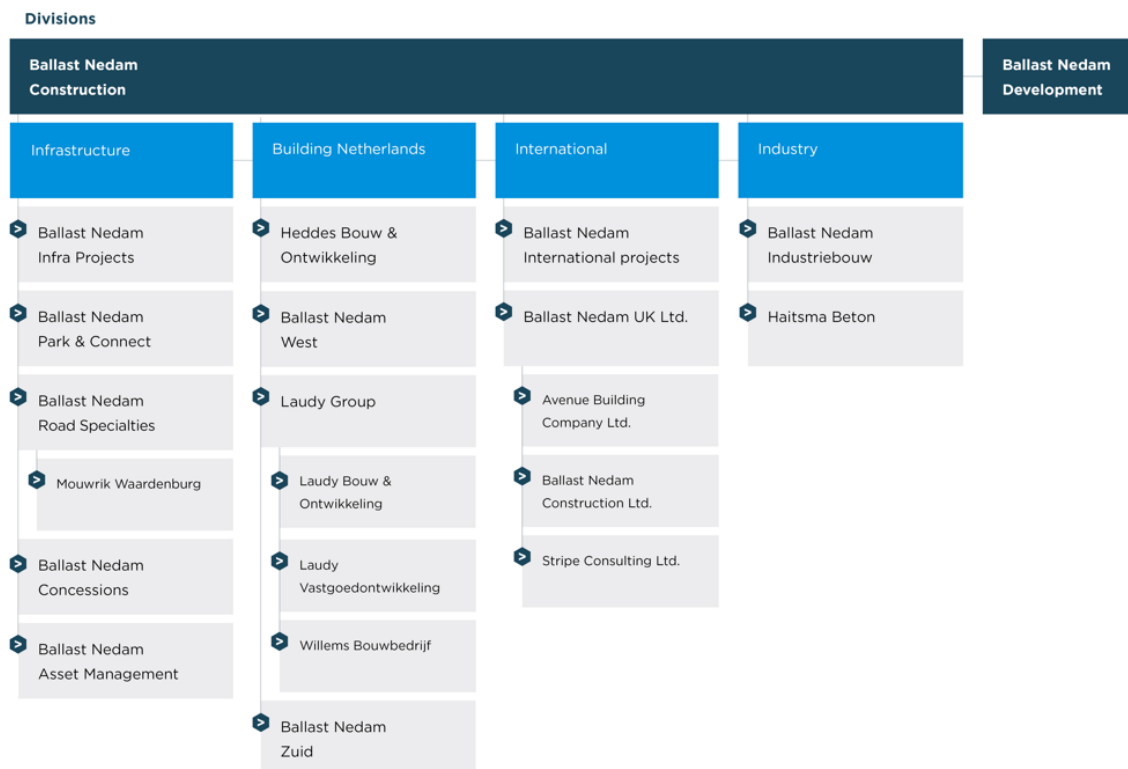


Figure 1: Organisational units

Hereafter, 'Ballast Nedam Construction' is called 'Ballast Nedam', unless specified differently.

1.3 Corporate Social Responsibility

The construction sector makes a major contribution to society by realising infrastructure and real estate projects. At the same time, it has a huge impact on the environment in which it operates. Driven by an ever-changing international landscape surrounding environmental, social and governance (ESG) trends, Ballast Nedam remains committed to future-proofing the communities in which we operate. ESG has received unprecedented momentum over the past five years through intergovernmental agreements, such as the Paris Climate Agreement and the EU Green Deal, as well as ESG-related legislation, such as the CSRD and EU Taxonomy.

We keep on developing our strategy and policies to deliver sustainable outcomes for our clients in all that we do. Our current CSR Policy is for 2024-2026. This policy is reviewed regularly to guarantee that Ballast Nedam complies within the developing context.

CSR is an integral theme in our organisation. Accountability is made by reporting in quarterly meetings between Business Units and our Board of Management.

2. Materiality Analysis, Stakeholders and CSR Policy

A new materiality analysis was performed in 2022 and 2023, based on the double materiality principle as required for the EU's Corporate Sustainability Reporting Directive (CSRD) (and corresponding ESRS-criteria). Both the impact materiality (effect of the company on people, planet and society) and financial materiality (effect on ESG-aspects on the company) were taken into account. Part of this process was a stakeholder analysis, to be able to include their interests in the selection of material topics. Based on the materiality analysis new ESG-ambitions were defined, which are included in the updated CSR Policy 2024-2026. Per January 2024 Rönesans Endüstri Tesisleri A.S. (RET) is included into the Ballast Nedam Construction organisation. This will influence the scope of our ESG topics and related activities. We will incorporate RET into our CSR processes, including materiality process and reporting in the coming period. Once this process is completed, RET will be included in an updated version of this report.

In short, the materiality process was as follows:

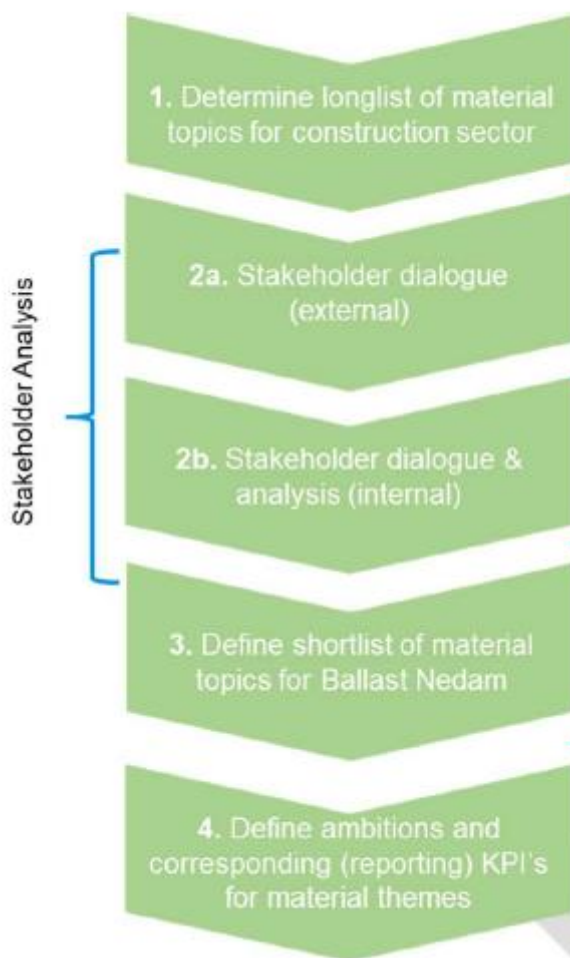


Figure 2: Materiality analysis process in Ballast Nedam

The materiality analysis will be discussed further in paragraph 2.1, the stakeholder analysis in paragraph 2.2. The CSR Policy is then described in paragraph 2.3. Finally, the contribution of the CSR Policy to several Sustainable Development Goals (SDG's) and International Finance Corporation standards (IFC) is described in paragraph 2.4.

2.1 Materiality Analysis

In a materiality analysis, the issues that are most relevant to the organisation and its business relations are identified, selected and prioritised.

We followed the following process, that explains the graph above in further detail.

- ❖ **Step 1**, was to determine a so called 'longlist' of potential material (impact materiality) topics. As input, the former materiality analysis of 2020 (also focussed on impact materiality) was used, as well as material topics identified by competitors and standard setters (among others GRI reporting standards and the ISO 26000 guidelines), meetings with all BU's managers within Ballast Nedam, and sector information on ESG.
Members of the CSR team of Ballast Nedam ranked the topics of the longlist individually, based on severity (defined by scale, scope and irremediable character) and likelihood of occurrence, after which a session with the whole team took place in Q3 2022.
- ❖ **Step 2** was a stakeholder analysis, which will be discussed in further detail in paragraph 2.2.
- ❖ In **step 3** a final list of (impact) material topics was made (a 'shortlist'), selected by a group of representatives (the Executive director of Ballast Nedam, Head of CSR, Head of Sustainability, ESG specialist, Head of Reporting and Group financial controller). This was not only backed by the stakeholder analysis, but also by a review of competitor's reports. Subsequently, the shortlisted topics were discussed with the CEO and CFO in Q2 2023.
- ❖ In **step 4** an Impact, Risks and Opportunities (IRO) analysis was performed by relevant content owners, who were department heads in our organisation. This resulted in a numerical conclusion (scale 1-5) on impact- and financial materiality per topic.
- ❖ In **step 5**, based on the former steps, the ESG-ambitions for our CSR Policy were defined. These ambitions were drafted by the content owners, supported by an ESG specialist. Subsequently, these were presented to the CEO in Q3 2023. Combined with the context and vision which were discussed with the Board of Management as part of an Annual Report -session in December 2023, this formed the new CSR Policy 2024-2026, which was formalised in Q3 2024.

The outcome of the session in step 1 was the following longlist of 10 potentially material (or 'relevant') ESG topics:

1. Climate change mitigation/adaptation
2. Carbon (decarbonisation) & Energy efficiency
3. Employee recruitment, development and retention (Employee engagement)
4. Circular building/Sustainable resource use (Circularity)
5. Project and product quality and control
6. Supply chain responsibility/Position of subcontractors and suppliers
7. Working safely (Health & Safety at work)
8. Biodiversity and nature-inclusive building
9. Financial performance
10. Prevention of pollution

Later, after interviews with stakeholders in step 2 and adding financial materiality in step 4, the following topics were added:

11. Water
12. Responsible Business Conduct
13. Contract & risk management
14. Digital Transformation & Innovation
15. Cyber security

Later, also one topic was removed:

Ad 10) Prevention of pollution, since this this was not explicitly mentioned by stakeholders, and was seen as an aspect of circularity.

The methodology used to perform the materiality analysis of the CSR issues was based on the ESRS-standard as well as the requirements as set out in NPR 9026 for the ISO 26000 Self Declaration². The issues taken into account were also the 37 social responsibility issues of the ISO 26000, the guidance on social responsibility.

The results of the materiality analysis are set out in the figure below.

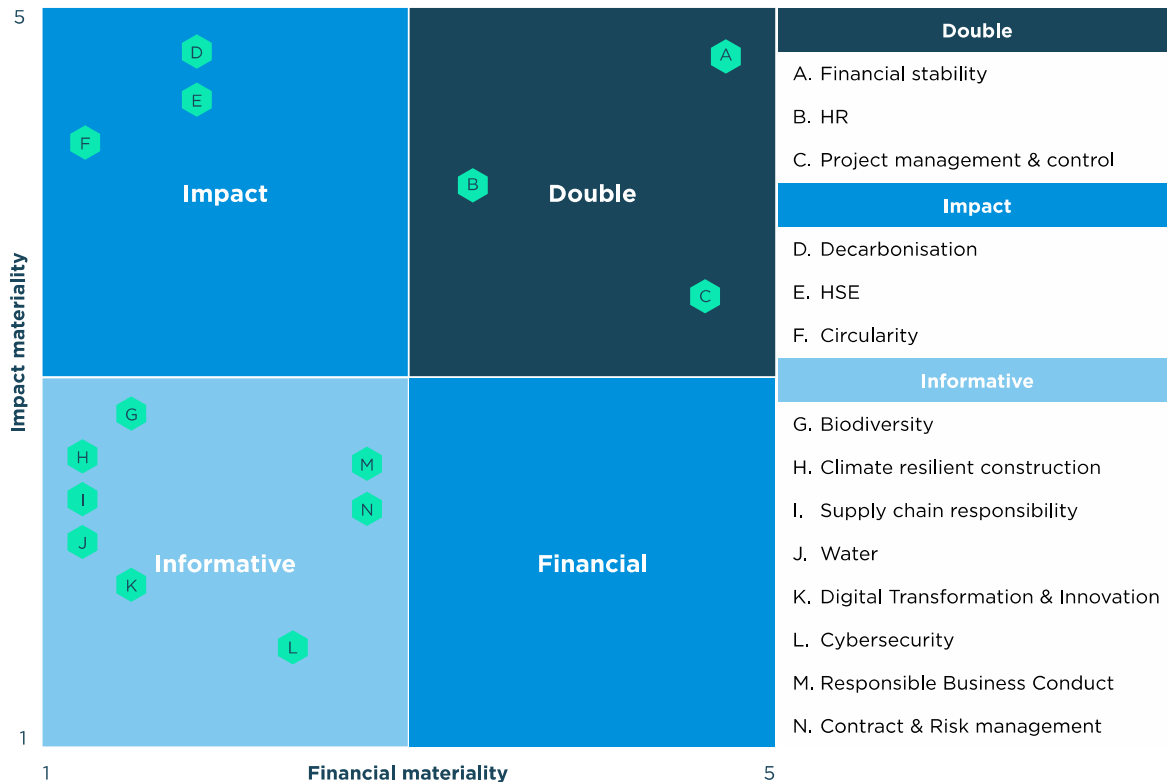


Figure 3: Materiality matrix

All the issues contained in the quadrants Double and Impact are ‘priority’ issues (the ones most ‘material’ (or ‘significant’)). These issues form the start of the CSR Policy 2024-2026 and this Report CSR Policy and implementation; substantiation of our ISO 26000 Self Declaration.

The issues in the quadrant Informative are ‘material’ (or ‘significant’).

(The non-relevant issues were already removed during an initial review during step 1 of the materiality process.)

2.2 Stakeholders

A stakeholder analysis is used to analyse which stakeholders are most important to the organisation.

An actual list of stakeholders was available, based on the stakeholder analysis as preparation for the first ISO 2006 Self Declaration in relation to CSR in 2020, the regular stakeholder engagement moments, and (at least)

² NPR 9026 for the ISO 26000 Self declaration, clause 7: determined were relevance, significance and priority of the CSR issues. In step 1 issues that are ‘relevant’ were determined, that is when the issue plays a role in the activities and decisions of our organisation, thereby possibly affecting stakeholders and/or sustainable development. Subsequently as ‘material’ or ‘significant’ were seen issues that are of importance to the organisation or stakeholders, which determination was performed during step 2 and 3. ‘Priority’ issues were defined as issues that were regarded as most important or material. The process to determine the priority issues was performed during step 4. The outcome led to a materiality matrix. The priority issues are the ones in the quadrant ‘double’ and ‘impact’. Criteria to determine materiality/significance, relevance and priority were established, based on the ESRS and NPR 9026. It has to be taken into account, that additionally to material and priority issues with an eye on ESG-impact (in the matrix called ‘impact materiality’) that are part of both the ESRS and NPR 9026-standards, also financial materiality was taken into account to meet the ESRS-standards.

annual evaluation of the stakeholder analysis (important in relation to CSR, but also with an eye on our ISO 9001 and ISO 14001 certifications).

External stakeholders included clients (public and private sector), suppliers, (subcontracting) partners, financiers, insurers, branch organisations and NGOs. Internal stakeholders consulted were Business Unit directors, department heads, general foremen ('uitvoerders' in Dutch), and the company's works council ('ondernemingsraad' in Dutch).

A new broad stakeholder engagement process was done in the framework of the new materiality analysis in the period 2022-2023 and preparation of a new CSR policy. Interests of important stakeholders, that is stakeholders with the high degree of interests (and possibly high degree of influence), were re-identified and the approach of Ballast Nedam was also discussed with them. This was done through conversations by members of the ESG-team.

2.3 CSR Policy

Our CSR Policy is subsequently based on the results of the materiality analysis.

We are confident that we can further advance our performance on Environmental, Social and Governance topics, whilst increasing and securing our compliance with relevant guidelines and legislations.

Our focus is to contribute to improvement of the following goals:

Environment

1. Decarbonisation
2. Circularity
3. Biodiversity

Social

4. Health & Safety
5. Human Resources

Governance

6. Responsible Business Conduct
7. Quality assurance & quality control
8. Digital Transformation & Innovation

All topics that were identified as priority are part of our CSR Policy, except 'Financial stability' and 'Project management & control'. These last topics are sufficiently covered in our financial policy, except for the component 'Quality assurance & quality control'. Added to the topics covered by the CSR Policy, next to the priority issues, are 'Biodiversity', 'Responsible Business Conduct' and 'Digital Transformation & Innovation'. 'Responsible Business Conduct' and 'Digital Transformation & Innovation' are not a priority in itself, but they provide the necessary condition for other topics to be successful and are therefore included in our CSR Policy. We added 'Biodiversity' because this topic is becoming more and more important for our sector. We included this in our CSR Policy to stay involved and take actions at an early stage.

See for a description of the themes chosen: chapter 4.

2.4 Contributing to SDG's, IFC and CSRD

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

Environmental

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

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

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

Social

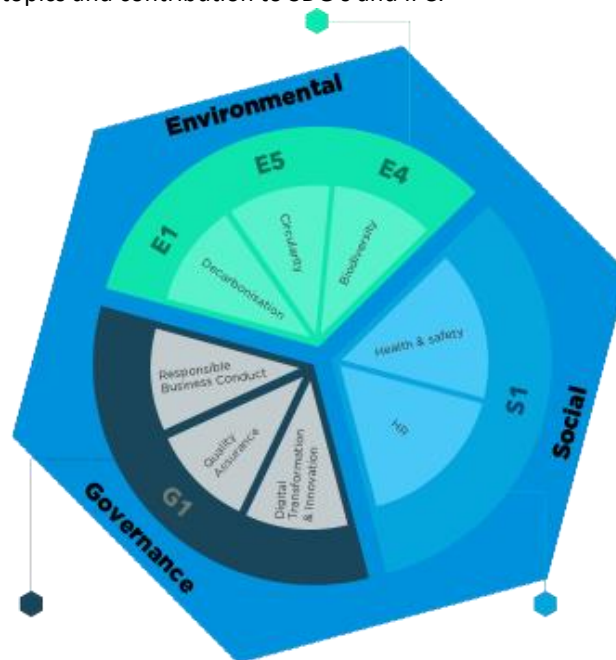
Health & Safety, relates to SDG 8: promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, to IFC criteria on Labour and Working conditions (performance standard 2) and ESRS S1 from the CSRD.

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

Governance

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

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



In addition, through its CSR policy, Ballast Nedam is also committed to the following agreements, codes of conduct, guidelines and certificates:

Environmental

- CO₂ Performance Ladder: sustainability instrument and certificate for reducing CO₂.
- Emissieloos Netwerk Infrastructuur (ENI: "Zero emission network infrastructure"): a partnership that is committed to realize a zero-emission construction site in 2026 by close cooperation and research for alternatives for heavy mobile equipment.
- "The circulaire weg ("The circular road"): a partner program for collaboration on a circular business model for civil engineering.
- Nationaal platform duurzame wegverharding (National platform for sustainable road surfacing). Working on a program with the aim of: Working completely climate-neutral and circular by 2030, with high-quality reuse of all materials and halving the use of primary raw materials.
- BREEAM: an assessment to specify and measure the sustainability performance of building, ensuring that projects meet sustainability goals.
- LEED: a green building rating system.
- NEN-ISO 14001, certificate for Environmental Management.

Social

- Safety Culture Ladder: certificate where safety awareness in organisations is measured, to show that safety is taken seriously.
- "Veiligheid in de Bouw" ("Safety in Construction") governance code: helps clients and contractors to work together to improve the safety culture within their own organisations.
- "Bewuste Bouwers" ("Considerate Constructors"): code of conduct for the construction site and the area around it.
- "Veiligheid in Aanbesteding" ((ViA) "Safety in Procurement") governance code: safety awareness is obligatory to include in procurement contracts.
- Veiligheidschecklist Aannemers" ("Safety Checklist Contractors")³

³ For Ballast Nedam Construction excluding Ballast Nedam Infra Projects and Ballast Nedam International

- NEN-ISO 45001, certificate for Safety Management⁴
- NEN-ISO 26000 in combination with NPR 9026 for the ISO 26000 Self Declaration

Governance

- NEN-ISO 37001, certificate for Anti-Bribery Management⁵
- Use of KYC (Know Your Customer) register

⁴ For Ballast Nedam Infra Projects and Ballast Nedam International

⁵ For Ballast Nedam Infra Projects and Ballast Nedam International, who will go for his certification in 2024.

3. Approach: the 7 principles of Corporate Social Responsibility

3.1 Accountability

Ballast Nedam takes accountability for its CSR policy, which can be found on our website. We are also accountable through our published Annual report, an integral report only on the ‘prosperity’ dimension of CSR, but also on ‘people’ and ‘planet’. This Annual report is also published via our website. We recognise that management and organisation to be answerable to legal authorities with regard to laws and regulations. Our Annual report is checked by our accountant. Additionally, we account for our efforts via this ISO 26000 Self Declaration report. We are also certified for NEN-ISO 9001, NEN-ISO 14001, NEN-ISO 45001 or VCA⁶, and NEN-ISO 37001, which means that we are accountable via management reviews on our performance, in the framework of our management system, which is inspected externally.

3.2 Transparency

Ballast Nedam communicates transparently via diverse communication channels. We communicate via our website to all our stakeholders. Specifically, we mention our CSR policy, Annual reports and Code of conducts. Occasionally we publish new developments via professional magazines. Via written and oral presentations and offers to (potential) clients, investors and other partners like governments we are clear about our approach of Corporate Social Responsibility and sustainable dimensions of our projects. For our projects we interact with the neighbourhood and other stakeholders around a construction site to whom we explain how we work, which we formalised by signing the Bewuste Bouwers” (“Considerate Constructors”) Code of Conduct. With our employees and other workers, we communicate via a diversity of internal communication means including meetings and intranet.

3.3 Ethical behaviour

Doing business with integrity and in a socially responsible manner is important in our activities and relation with our stakeholders. Therefore, one of our priority themes, is Responsible Business Conduct, as explained in par. 2.1 on materiality analysis and its description in par. 5.6.

To explain about the way we fulfil this principle, also in this paragraph a description is included.

Our norms and values are written down in a “Code of Conduct and Business Ethics”.

The Core values of Ballast Nedam are:

- Respect for human rights and dignity and act honestly
- Compliance with applicable legislation
- Acting with integrity, reliability, honesty and transparency
- Working in accordance with the highest level of health and safety standards
- Being environmental conscious

Subsequently as main responsibilities our ethical framework is described with regard to human rights; occupational health and safety; conflicts of interest and related party transactions; anti-corruption, anti-bribery and anti-money laundering, gifts and invitations and competition; and donations and sponsorships; and

⁶ “Veiligheidschecklist Aannemers” (“Safety Checklist Contractors”)

whistleblowers. This code of conduct is completed by a description of our policies on: confidentiality, trade secrets, data protection and IT-security; fraud and theft and company assets. Sub codes exist on unacceptable behaviour, ICT facilities, anti-corruption, gifts and invitations, competition, and reporting policy as well as the CSR policy. For one aspect, anti-bribery, we are also certified with ISO 37001.

All employees of Ballast Nedam are trained in these norms and values, during their onboarding and via regular (e)learning updates. Compliance officers are available for further questions on these guidelines and policies and incidents can be reported to them. Additionally, confidential counsellors are available for advice to employees in case of issues related to ethical behaviour. Another channel available is an external Speak-Up Line.

Management is expected to play a pro-active role in promoting the norms and values mentioned in the code of conduct. Responsibility for central control of compliance and integrity related matters is assigned to the Chief Compliance Officer, who reports directly to the Board of Management, Supervisory Board and Audit Committee. Ballast Nedam has a zero-tolerance policy when it comes to compliance and integrity related incidents and takes all incidents seriously by following up with appropriate measures.

We always choose our suppliers and business partners objectively and attach great importance to establishing business relationships with parties that respect human rights, take into account environment, implement anti-bribery and corruption processes and fulfil their legal obligations. We expect the principle of integrity to be taken as a starting point by all stakeholders in the supply chain, suppliers as well as other business partners and customers. For subcontractors and suppliers, this is included in a separate Code of Conduct is available.

3.4 Respect for stakeholder interests

Ballast Nedam respects interests of stakeholders and safeguards these interests via open communication and interaction, and providing information. This occurs during the complete project lifecycle, from the preparation to the delivery stage for both projects in the Netherlands and international projects. These stakeholders range from clients (governmental organisations, companies), engineers, donors, non-governmental organisations, neighbours, suppliers, subcontractors, to regional governments and local communities affected by a project.

In every project of ≥ 25 million euros and all international projects a risk assessment is made, including stakeholder interest. We interact with the neighbourhood and other stakeholders around a construction site, which we formalised by signing the Dutch “Bewuste Bouwers” (“Considerate Constructors”) Code of Conduct, as mentioned in the framework of transparency (par 3.2). In some cases, especially in our international projects, an extensive ESIA (environmental and social impact assessment) is done which also includes stakeholder consultations. Subsequently, in project management plans (or specifically ESMPs (environmental and social management plans) an agreement is reached on the frequency of informing clients and/or donors. We always consider stakeholders’ complaints and suggestions. We also have grievance mechanisms available to pick up on signals that we have inadvertently overlooked. We use these signals to interact with stakeholders and find solutions for issues raised.

Additionally, we consider general expectations of society in relation to sustainable development and views of stakeholders who are affected by our activities, even if they are unaware of these interests. Since 2020 members of the CSR team periodically have a conversation on CSR with our important stakeholders, to engage on CSR as preparation for evaluation of the materiality analysis, CSR policy (see also chapter 2) and the ISO 26000 Self Declaration. Additionally, stakeholders’ views are evaluated annually in a less extensive way to (re)confirm their view and see whether market changes occur. This is part of our management system that also

fulfils requirements for our ISO 9001, ISO 14001 and ISO 45001 certifications.
Of course, we proved honest and reliable information to the public and media.

3.5 Respect for the rule of law

Ballast Nedam respects laws and regulations. As described in our Code of Conduct and Ethical Behaviour, our approach to respect the rule of law is the following.

“Ballast Nedam is highly dedicated to comply with legal regulations in every country it operates. In cases where legal regulations are not clear, group members act in accordance with Ballast Nedam’s policies and code of conduct.

Ballast Nedam records all its commercial transactions and keeps complete and clear records in accordance with applicable legislation. The records are clear and concise enough to be easily understood when examined by a person who has no prior knowledge of the transaction.

Ballast Nedam ensures that all contracts with third parties are clear, understandable and in accordance with the legislation (...).”

So we take into account laws and regulations for all our operations, including activities on construction sites, both in the Netherlands and abroad.

Our several departments make sure we stay abreast of changes in laws and regulations with regard to HR, HSE, integrity, privacy, environment, financial matters and other sustainability issues to be able to include this in contracts, commercial transactions and all our other activities.

We use subscriptions to relevant online bulletin boards, professional magazines, and are informed by internal and external specialists including lawyers to keep ourselves prepared.

Additionally, for international projects, a risk assessment or environmental and social impact assessment is always part of the preparation of a project management plan, which includes the latest developments in local laws and regulations.

We guarantee respect for legislation and regulations in the supply chain through contractual agreements with subcontractors and suppliers.

3.6 Respect for international norms of behaviour

Ballast Nedam’s activities, both in the Netherlands and abroad, are based on the following international norms of behaviour:

- The International Labour Organisation (ILO) Fundamental Labour rights: to safeguard fundamental labour rights including the abolition of child and forced labour, freedom of association and right to collective bargaining, and elimination of discrimination in occupation and employment.
- Universal Declaration of Human Rights of the United Nations.
- Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD MNE).
- OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions.
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- United Nations Global Compact (UNGC).
- United Nations Convention Against Corruption (UNCAC).
- Foreign Corruption Practices Act.
- UK Bribery Act.

Ballast Nedam uses a company manual to control the operational activities and the approach in (internal)

projects. This company manual is certified with ISO 14001, ISO 45001, ISO 9001, ISO 37001 and is focussed on health, safety, environmental and anti-bribery aspects of CSR and international norms of behaviour, in addition to quality aspects. Additionally, our CSR Policy and several protocols direct the fulfilment of internal norms of behaviour: among others, our Code of Conduct and Code of Conduct for Subcontractors and Suppliers, where the latter is part of the contractual documents.

Additionally, for international projects, in the risk assessment that is used for preparation of a project management plan, not only local laws and regulations are taken into consideration, but also other CSR aspects based on international norms of behaviour. Important aspects are -among others- the labour situation, landownership and environmental issues that play a role in the country and region. Subsequently, this project management plan guides the complete preparation and implementation of a project.

3.7 Respect for human rights

Ballast Nedam subscribes the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. We take these rights into account in all our actions, in all countries where we work. We take action in situations where human rights are violated in the course of business, the supply chain, within our sphere of influence. As described in our Code of Conduct and Ethical Behaviour, the main points of our approach to respect for human rights is the following.

“Everyone with whom Ballast Nedam has a relationship, is treated with respect. Discrimination based on differences such as language, race, skin colour, gender, political opinions, union membership, belief, religion, age, disability, sexual orientation, military service status, and other characteristics is not tolerated.

Employees and business partners are treated with respects, and their interests are considered. Equal opportunities and a fair environment without harassment and abuse are promoted.

Business partners and third parties are expected to refrain from any biased acts and attitudes.”

In case internally a question or grievance exist all managers can be approached for this, as well as compliance officers and confidential counsellors. We also have several protocols and a management system in place that direct international norms of behaviour (see also paragraph 3.6 and 3.3 above), including human rights.

4. Main CSR Themes for Ballast Nedam

The main CSR themes of Ballast Nedam were identified based on an extensive materiality analysis, as described in chapter 2, resulting in our CSR Policy.

These themes are the following:

Environment

- 1 Decarbonisation (see paragraph 4.1)
- 2 Circularity (see paragraph 4.2)
- 3 Biodiversity (see paragraph 4.3)

Social

- 4 Health & Safety (see paragraph 4.4)
- 4 Human Resources (see paragraph 4.5)

Governance

- 5 Responsible Business Conduct (see paragraph 4.6)
- 6 Quality assurance & quality control (see paragraph 4.7)
- 7 Digital Transformation & Innovation (see paragraph 4.8)

The approach of Ballast Nedam of these eight CSR themes will be explained in more detail below.

Environment

4.1 Decarbonisation

Introduction

Climate change presents us with short-, medium and long-term effects. Through the Paris Climate Agreement many countries committed themselves to keep the projected temperature rise well below 2 degrees. The European Union turned this agreement into regulation via the Green Deal, which sets the goals of reducing our carbon emissions with 55% in 2030 (fit for 55) and becoming climate neutral in 2050.

The construction industry needs to contribute to these objectives and reduce its CO₂ emissions. A potent example of this is that more and more cities are requiring to keep emission-intense, heavy equipment, outside city limits. Additionally, there is an increasing ask by clients to use more sustainable materials and last, but not least, there is an ever-growing demand for (Near) Zero Emission Buildings.

CO₂ emissions are defined by three scopes. Scope 1 emissions are our direct emissions caused by the consumption of natural gas, diesel and other fuels. Scope 2 emissions are our indirect emissions caused by the use of electricity and district heating. Scope 3 emissions are emissions in our up- and downstream value chains.

Business travel, consisting of passenger transport with private cars during working hours and flight movements fall under category 6 within scope 3 emissions according to the Green House Gas (GHG) Protocol. However, in accordance with the CO₂ Performance Ladder we include this in our own footprint (scope 1 and 2) instead⁷.

⁷ Since we are certified according to the CO₂ Performance Ladder, we decided to follow their approach.

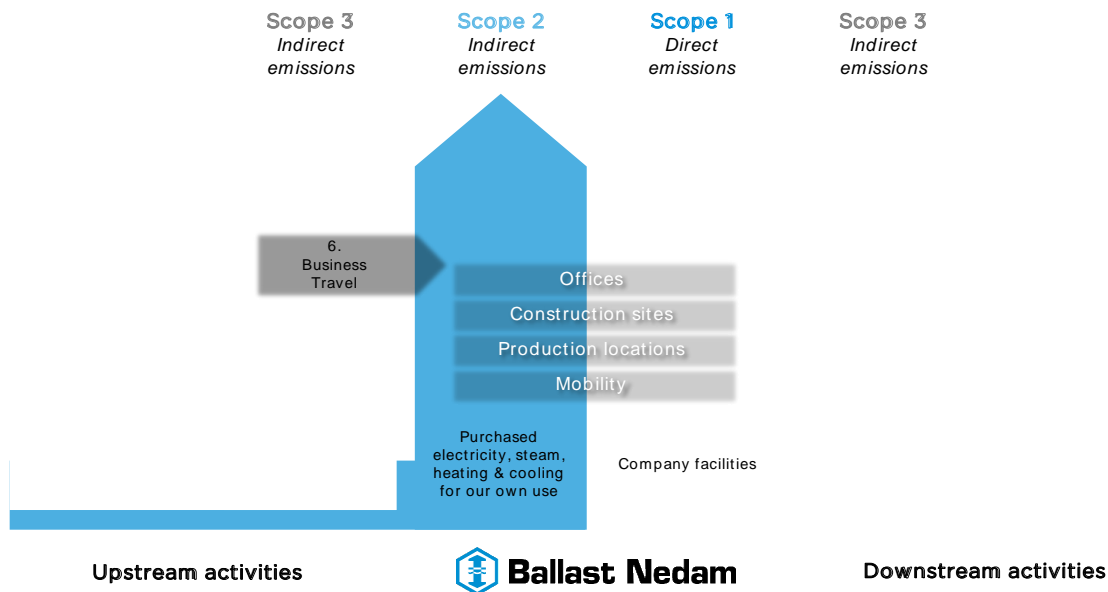


Figure 5: Footprint: Scope 1 and 2 including Business Travel

Ambition and approach

Climate change has far-reaching effects on our environment, ecosystems, urban living conditions and human societies. These impacts manifest in various ways, affecting both the natural world and human activities. In this changing world where we intensively use our energy resources and the need to preserve and protect our climate is evident, it is necessary to take responsibility.

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

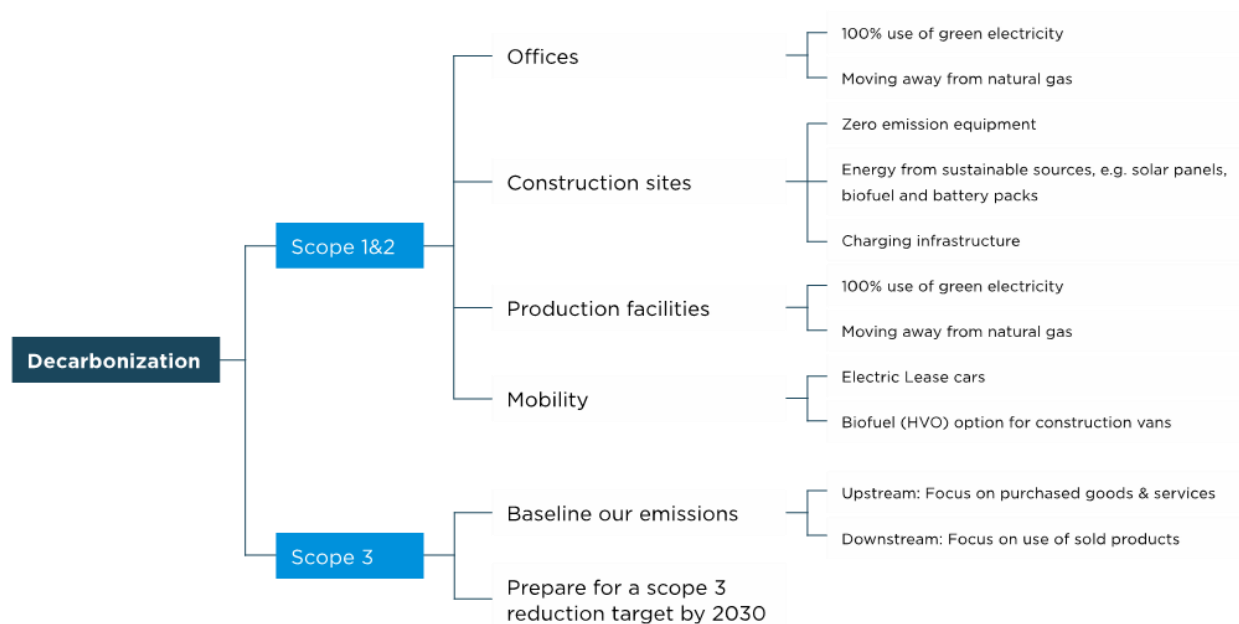


Figure 6: Decarbonization approach Ballast Nedam

Scope 1 & 2

We have the ambition to be CO2 neutral for scope 1- and 2-emissions by 2030.

Ballast Nedam has been reporting its own direct and indirect CO2 emissions since 2008, and has been certified according to the CO2 Performance Ladder in 2012, making a distinction in four categories: Offices, Construction sites, Production locations and Mobility, supplemented by 'business travel' (Figure 5). In all four categories we have set out a vision and strategy that leads to zero CO2 emissions in 2030 for both scope 1 and 2 for all Dutch activities of Ballast Nedam. There where it is not possible to reach zero emissions, we will offset the remaining CO2 emissions from 2030 onwards.

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

Ballast Nedam has already taken major steps regarding CO2 reduction. Compared to 2019, we have achieved a CO2 reduction (up till 2023) of more than 40% following a myriad of actions. Our fleet (mobility) and diesel usage on the construction sites form the largest part of the remaining CO2 emissions. Together, these two are responsible for more than 83% of Ballast Nedam's Scope 1 and 2 CO2 emissions. For reducing the direct and indirect CO2 emissions we take actions in our four categories.

Offices

In 2020, Ballast Nedam signed the Paris Proof commitment and has been reporting on it annually since then. We have made the commitment that all our own office buildings as well as the office buildings under our control will be Paris Proof by 2040. All offices are currently already supplied with green electricity and from 1 January 2024 the offices will be largely supplied with their own generated electricity through directly connected solar panels or through a VPP (see below).

Construction sites

With regard to zero emission equipment we will continue our steps in electrification of our current diesel powered equipment. For all investments in equipment, the electrical options are explicitly taken into account in the final investment decision.

Additionally, all Dutch construction sites are already supplied with green electricity. To underpin the developments, Ballast Nedam subscribed the "Covenant Clean and Emission-free Construction Agreement" for the sector in 2023.

In various projects HVO (Hydrotreated Vegetable Oil) has been used (to approximately 14% of the total diesel use in 2023).

Production locations

Power for production locations is already partly provided by a VPP (see below). With regard to gas consumption the focus is to reduce the usage of gas firstly and secondly to examine the possibilities of mixing with hydrogen.

Mobility

Since 2023, not petrol and diesel passengers lease cars have been ordered, only full electric ones. The electricity used is completely green and substantiated through the use of Dutch Certificates of Origin (COs). The ambition is that this will result a fully electric car fleet the latest by 2028.

With regards to our commercial vehicle fleet, we will still order diesel vans until the end of 2024, as electric cannot yet meet the necessary specifications everywhere. As from 2024 HVO is made available for these vehicles.

Energy neutral by 2040

Furthermore, Ballast Nedam has the ambition to be energy neutral by 2040. This means that we generate all the energy we need ourselves through our own solar panels and wind turbines. In this way we contribute substantially to the transition to a more sustainable energy system with less CO2 emissions.

In 2022 we set up a Virtual Power Plant (VPP). In our VPP we generate renewable energy that we allocate on a quarterly hour basis to our own energy use. As a result, we truly generate our own power in a sustainable way and we are less dependent on the energy market because less volume of electricity has to be bought and sold. In 2024, we aim also to connect our own wind turbines to the VPP, hereby increasing the total energy generation contribution of our own energy to approximately 25% of our total annual consumption.

Scope 3 ambition

In addition, we have developed a separate vision on our scope 3 activities, both up- and downstream. We establish a substantiated baseline in 2024 and, based on this, we will reduce our impact by focussing on emissions of purchased goods for the upstream and energy consumption of our sold products for the downstream. We already apply several measures, among others use pre-fabricated material and re-use materials, use Environmental Cost Indicators (in Dutch: MKI, Milieu Kosten Indicatoren), and develop Lifecycle Assessments (LCAs) for projects. Additionally, we joined the Paris Proof Whole Life Carbon Approach, of the Dutch Green Building Council.

4.2 Circularity

Introduction

The built environment has a significant impact on our planet's natural resources. Construction materials and products represent about 50% of all raw materials extracted from the earth's crust. Furthermore, construction and demolition activities represent 35% of all waste generated in Europe⁸.

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

Ambition and approach

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

Resource inflows

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

Circularity centres on the principle that today's products are tomorrow's raw materials, and that there is no such thing as waste. To achieve our goal of a waste-free construction site we have set a 100% separation target for our business units by 2030. For over a decade, Ballast Nedam has been actively monitoring and reporting the amount of waste generated and the degree of separation of our waste for all our locations. Particularly for our construction sites, the percentage of construction and demolition waste (CDW) is separately reported. Each project defines a target separation percentage at the start, keeping the overall corporate target in mind. The percentage depends on the scope of work, the materials used, and the available space on the construction site for waste separation.

Additionally, the materials should be at least 50% circular in 2030, either at production or at end of life. In the coming period, Ballast Nedam will gain insight in the material inflow (in percentage and weight of biobased, secondary reused or recycled components) on a number of representative new construction projects in order to be able to determine a reference situation. We carried out pilots on several projects in 2023. These pilots included among others parking garages and a wooden bridge with a span of 40m for Royal Flora Holland in

⁸ European Circular Economy Stakeholder Platform (2022)

Aalsmeer.

The resulting primary approach in measuring the proportion of circular materials is through the Dutch environmental cost indicators (MPG and MKI)⁹, which determines material-related environmental impact, and through the Building Circularity Index (BCI). We start monitoring our resource inflows and determine the reference value for the circularity index in 2024.

The inclusion of circular alternatives in client specifications has been gradually increasing¹⁰. Ballast Nedam responds to this by proactively engaging stakeholders across the sector, e.g., clients, architects, and design engineers, and pushing for circular alternatives whenever these are possible.

We are focusing on four themes:

Dismantlement and adaptation: Designing and constructing to make dismantlement and adaptation possible so that materials can be reused to a high standard.

Reused and recycled materials: Harvesting and using reusable and recycled materials in buildings and infrastructure to reduce the use of new raw materials. A successful initiative “Van Afval Naar Grondstof” (VANG) was developed by Laudy part of Ballast Nedam in cooperation with BMN Netherlands, Xella Group, ROCKWOOL Netherlands and Steenfabriek Engels Helden, already leading to 100% reuse of calcium silicate brick and rock wool, in combination with reducing CO2 of transportation to and from the (production) sites.

Bio-based materials: Using bio-based materials that are derived from raw material sources that can grow back without depleting the ecosystem in question, to increase circularity. It is important that these materials are sourced from sustainably managed sources and do not harm the local nature or biodiversity. In this framework we signed a charter for bio-based construction materials of the Dutch construction sector in 2020.

By using the BCI calculation (Building Circularity Index), we will provide insight into the percentage of biobased materials in the projects. To increase the amount, we started participating in a programme of knowledge sharing called WeGrow with LTO, Merosh, SWP and Rabobank in 2023.

Non-toxic materials: Making the reuse of materials possible by not using materials that are toxic, contaminated, mixed with other materials in an unfavourable way, or ‘soiled’ when previously used. Reducing the use of toxic and polluting materials in accordance with applicable (EU) standards and directives.

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

Resource outflows

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

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

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

⁹ ‘Environmental Performance of Buildings’ (in Dutch: Milieuprestatie Gebouwen (MPG)). In 2023 was announced by the Dutch government this MPG will change (improved) from 0,8 to 0,5 for newly-build homes in 2025. ‘Environmental Cost Indicator’ (In Dutch: Milieu Kosten Indicator (MKI)).

¹⁰ ING N.V. (2023), <https://think.ing.com/articles/sinking-circular-foundations-in-construction-industry/>

4.3 Biodiversity

Introduction

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

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

These priorities cascade down into both the EU and Dutch contexts. This means that the conservation, protection and/or restoration of biodiversity is starting to take centre stage in both the EU as well as The Netherlands (e.g., through the EU's Biodiversity Strategy or the Dutch Environmental Planning Act).

Ambition and approach

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

Through its project development activities, Ballast Nedam has a direct impact on biodiversity with land-use change from agricultural to residential being the most pertinent area of impact.

Through its other project activities (e.g., the construction of new buildings/houses/ infrastructure/windfarms) the impact Ballast Nedam has on biodiversity is of an indirect nature.

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

We aim to directly address biodiversity through the incorporation of biodiversity enhancing measures (such as bird boxes, wadi's etc.) in our development activities (see also figure 8). To design and realise measures, we seek to cooperate with nature and environmental focused federations and bird protection organisations. We already realised measures in several projects, for example the inclusion of built-in blocks for birds and bats in the façade of houses, and introducing native vegetation in land-water transitions by realising a gradual gradient. This is especially important for works, such as wind farms, that we realise in protected nature areas, that fall under European bird and habitat directives, but also for projects outside protected nature areas we see benefits.

We monitor the amount of measures that we eventually apply per project and set ourselves as a target to apply multiple measures on every project on average.

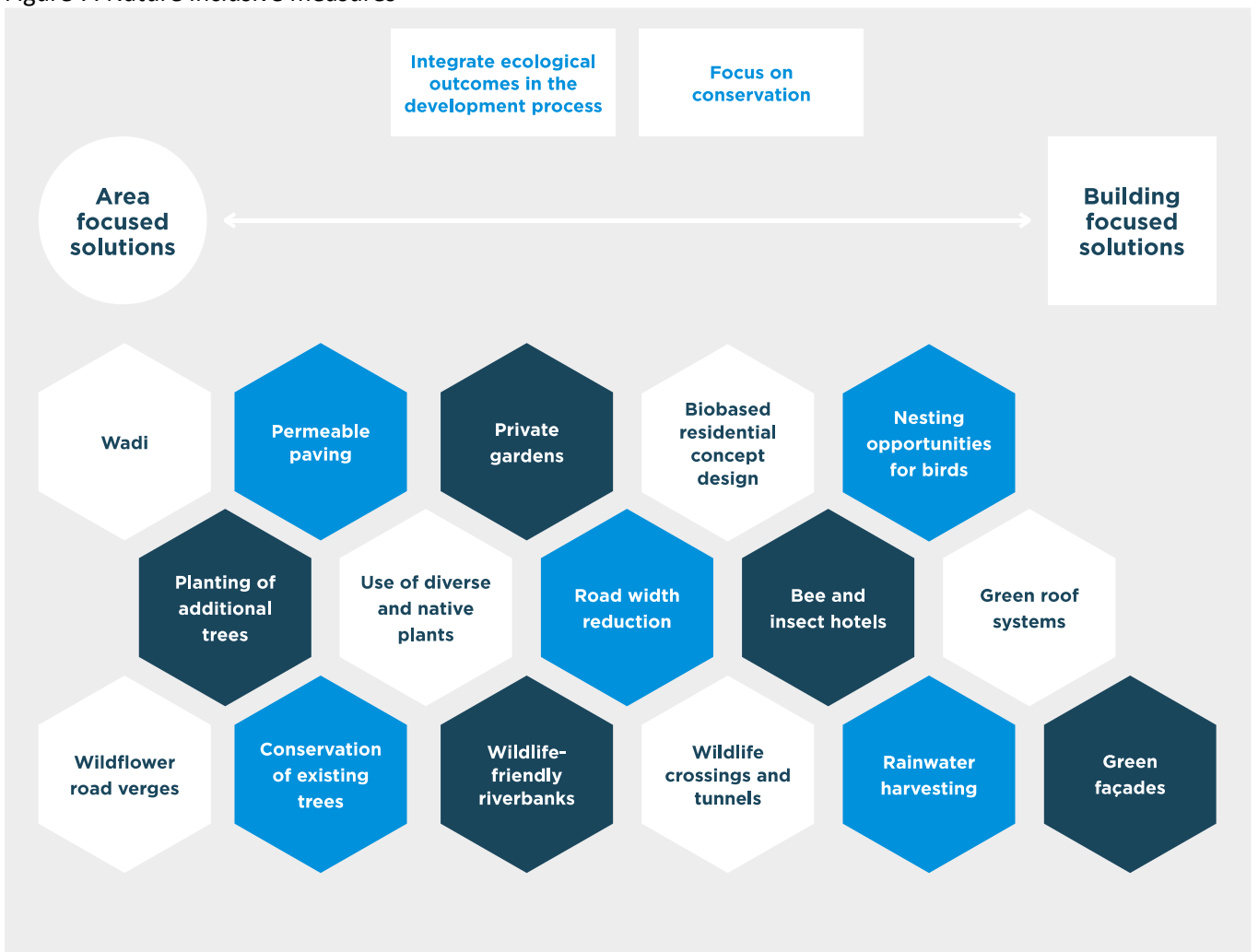
Additionally, we indirectly address biodiversity through the effective management of our Scope 3 decarbonization ambitions and activities related to advancing the circular economy. Both of these will ultimately lead to more efficient supply chains, less (virgin) material use and, by extension, a curbing of biodiversity loss (less raw material extraction, means less harm to landscapes).

International projects

Additionally, for (international) projects a project management plan is in place, that includes all local environmental risks on a construction site, with an eye on biodiversity and other environmental impacts. This project management plan includes waste management, storage of hazardous substances (our aim is to avoid the use of hazardous substances, and if it is necessary to use or store (for example fuel) management is focussed on minimizing and controlling the release of these materials); reducing energy consumption, limiting the quantities of raw materials, prevention of noise and vibration, avoidance of nuisance from dust by watering construction roads. If there is contaminated soil or groundwater present or discovered, the measures must be adhered to applicable local law and regulations and comply with requirements set out in international best practices. Finally, in the design, but also in the works, the footprint of the works (pipeline trenches,

construction yards, lay-down areas, access roads etc.) will be selected to avoid assets (like crops, (fruit) trees, (temporary) houses and sheds).

Figure 7: Nature inclusive measures



Social

4.4 Health & Safety

Introduction

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

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

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

Ambition & approach

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

In 2020 Ballast Nedam decided to radically change its approach on Health and Safety. A shift was made from focussing primarily on safety procedures and measures to our Health and Safety culture, supported by a structured management system: our Take Care program. This program is a continuous learning and improvement process that continuously create a safer, more open and healthier working environment. We have created support for this program by involving our colleagues in the development of new initiatives, inspiring them, giving them insight and making them part of our safety movement. We encourage everyone, from our operational colleagues to our top management and from our clients to our subcontractors and supply chain partners to be alert, to take action, and to address each other about safe and unsafe situations. We strongly believe in the power of good exemplary behaviour and "personal leadership in safety". This helped us to substantially decrease the number of accidents as well as the number of restricted working hours related to them. Work safely; return home safe and sound. Always. Everywhere. Everyone.

General approach

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

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

Incident Review Panel (IRP)

IRP was set up in 2021 to discuss serious (near) accidents and learn within and between the Business Units. The IRP is led by the Board of Management representative to further increase its involvement. We will continue to follow up on high potential and lost-time incidents by an IRP and share the lessons learned through Safety Alerts. We have trained our HSE colleagues in the basics of incident investigation with a special focus on good preparation of an investigation and supporting IRP meetings effectively. We will further professionalise the HSE community in supporting management in leading the IRP sessions by organising a follow-up moment in 2024 to reflect and learn from each other's experiences. Ambition for 2025-2026 is to further professionalize our incident investigation approach and skills by selecting a standard investigation method. We conduct all accident investigations with the premise that we want to understand what made certain choices logical for the people involved at the time, instead of focusing on the choices made themselves and condemning them.

CARE app and the central incident registration system

Launched in 2022, the CARE app improves communication and follow-up of safety observations with own employees and subcontractors. With our central incident registration system, we can follow-up actions and generate detailed and accurate reports at different aggregation levels. In the near future, the incident database will allow us to report in more detail and to perform trend analyses, with a number of 'leading indicators' alongside the 'lagging indicators'. The CARE app also contains some additional functionalities, including a link to a database with information about working safely with hazardous substances (Toxic), a digital version of our HSE pocket booklet, and the last-minute risk assessment. We are also developing a new HSE dashboard to have real time insight into our HSE performance. This is introduced in 2024, next to ongoing implementation of the tools within the Business Units.

Construction sector collaboration

To ensure broad improvements to the safety culture, Ballast Nedam joined forces with a number of leading construction companies, clients and consultancy firms. Under the Safety in Construction Governance Code (GCVB) we work together and help each other to continuously improve. The Safety Culture Ladder (SCL) is a tool introduced by the GCVB to measure and improve the safety culture, awareness, attitudes and behaviour in companies and its suppliers. At Ballast Nedam, we successfully stayed at level 3, and the first two Business Units received level 4. In the upcoming years more Business Units will follow to achieve level 4 of the SCL. We continue to share experiences and best practices in ENCORD (European Network of Construction Companies for Research & Development) council meetings and working group meetings. In 2024, approaches are discussed and developed on how to successfully apply artificial intelligence in the construction industry for safety aspects.

Safety in Procurement (ViA)

We include safety awareness as an obligation for our subcontractors as of 1 January 2022. This joint agreement from the CGCVB is called Safety in Procurement (Dutch abbreviation: ViA). Certification is required for contractors, and clients to create a common and unambiguous approach for the entire value chain. Our evaluation of all Dutch contracts for 2022 showed an overall 42% of contracts that met this requirement, about the average of companies that signed the GCVB. In the upcoming years we will raise the minimal level for subcontractors from step 2 to step 3 on the Safety Culture Ladder and have more certified supply chain partners.

Take Care Safety Training

We rolled out trainings in safety awareness for operational line managers in 2023, in particular how to manage the teams on the construction site, provide feedback and how the human brain works in making safe or unsafe decisions. Next to this we created eight other Take Care - Brain Based Safety training courses for different target groups including colleagues in the design and work preparation phase and partners/subcontractors. From 2024 and further we will roll out these trainings increasingly.

The Take Care leadership training is a permanent part of the Take Care program. New employees can be trained and follow-up sessions (as a refresher) can be planned for new employees. More and more effort is being made in the preparation of projects to prevent incidents during implementation and during management and maintenance (Asset Management). Our goal is to intrinsically implement safety aspects in the chosen

working methods from the beginning. The training courses teach us to supervise a safe environment in which employees want to, and are able to, adopt a critical attitude and speak up about risks and opportunities.

Take care Safety walk & talk

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

Mental health & wellbeing

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

4.5 Human Resources

Introduction

Our success as a company is built on our people. It is through their expertise, teamwork and drive to learn and grow that we succeed time and again in what we do for our clients and the people we build for. In order to continue to do what we do best, we need people with an entrepreneurial mindset, a can-do mentality and who are eager to take on a new challenge. Although the construction sector is facing less positive economic outlooks, the labour market remains challenging.

Attracting and retaining talented and skilled people therefore remains crucial for our current business and our future growth demands. This requires us to get and stay connected with our people, know what drives them and facilitate them to achieve business and personal goals, now and in the future. In this digital and remote era, we have a responsibility to ensure our people are staying connected. Connected with each other and connected with the company. We want to know how our people are really doing and to understand what drives them and if they are fit and employable for the long term.

Our people are our main asset. We put our people first in all we do to be able to run a successful business.

Ambition & approach

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

We have set ourselves three main goals: to ensure that Ballast Nedam has sufficient qualified workforce, that our people are, and will remain, productive and employable and that we foster a healthy and welcoming work environment. These are the conditions in order to be a winning team, for now and in the future.

Human resources aims for supporting our people in their development, grow and learning journey to be able to add value to the teams we work in. Additionally, managers of Ballast Nedam support creating the conditions

for an attractive, safe and motivating working environment, set up a clear organisation, design state of art processes and systems and to deliver high quality service with a personal touch to all our colleagues whenever they're faced with an HR related matter or question.

It is important to emphasize that we do not only focus on vertical (upwards) growth, but are also stimulating lateral career moves. Facilitating a tailor-made career path in our company that works well for our people, is our main tool to contribute to employee development, engagement and a happier and healthier organization.

Employee Value Proposition

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

We need new talent to join us and at the same time nourish and retain our existing colleagues. In order to understand how we can better tailor the working environment and conditions in such a way that they meet our people's needs we start by measuring our employee Net Promotor Score (eNPS) amongst additional engagement related matters in 2024.

Challenge to improve

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

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

Performance is measured and recorded in a system that supports the performance conversations between employees and their managers. Performance also has a close link with recognition. We will continue to collect best practices, team and individual achievements so we can share these stories in order to inspire others. Besides storytelling we will also continue to formally recognize our people when appropriate. We organise recognition events, both big (like our annual Ballast Nedam Excellence Awards) and small (complimenting someone in a sunrise meeting at a jobsite). We specifically recognised individuals and teams in areas such as leadership safety (Take Care) and eligibility for the Rönésans excellence awards and Ballast Nedam excellence awards, but we also enjoy many social events in our business. In 2024 we continue to invest in our approach to performance, development and knowledge-sharing; and focus on leadership and talent management.

Conditions to learn and grow

Through our daily management interactions and appraisal model we have created a solid understanding of the drivers and ambitions of our people. We are stimulating internal mobility, personal and professional growth by ensuring that annually at least 10% of our employees will go through a lateral or vertical job change. In 2024, by placing greater emphasis on succession planning, we expect to create more career opportunities and higher retention. In the upcoming years we will document it in a structured way so it will help us to refine our strategic workforce planning. Also, we continue focussing on creating opportunities for interns at all levels, and will activity measure how successful we are in retaining them.

We believe diversity in leadership is meaningful as it brings in different views and perspectives and helps us adapt and grow every day. We target to boost female leadership figures, by showcasing a variety of examples to attract more women to work for us and become leaders for the future.

In 2024 we start implementing a Learning Management System so we have the right technology in place to help us achieve our people having access to learning opportunities and training materials at all times. Also we

want to offer more pro-active learning opportunities to help accelerate professional growth and team effectiveness in our organization, in line with our strategic workforce planning strategies. Dedicated Learning & Development resources in our company will drive this initiative forward and will use it to monitor and manage the use of trainings by our employees.

Employee wellbeing

It is our role and responsibility to help our people from starting their career up to reaching their retirement age in good spirit and a healthy and safe manner. An employment at Ballast Nedam means a partnership; we are in this journey together and each party has their own contributions to make in order to make this partnership work.

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

We organise many vitality events and health programmes across our business aimed at raising awareness, taking preventive action and promoting return to work. Specific interventions are being deployed to support employees or teams with specific needs, such as lifestyle, sports or even financial advice when planning to retire. For older construction workers, the Heavy Workers Acts is applied where appropriate. We also acknowledge life events. Facilitating not just parental leave, but also hybrid working, part-time work and arrangements for employees aged 55 and older to retain employability in a competitive market.

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

Diversity and inclusion

We have established a diverse company and are moving forward in that respect. From the nature of our company, we always will support equal rights and opportunities, whether it concerns women, knowledge workers or social return, and will continue to do so as part of our daily routines.

Diversity and inclusion are not just a social responsibility, we believe it is also a business requirement. A qualified labour force is expected to remain scarce, so an increasing inflow of a diverse population including women, professionals with different qualifications and experience, and people with a distance to work are vital for the continuity of our businesses. But it is also a statutory responsibility, the Act on Gender Diversity in Boards requires us to set ambitious goals regarding the male-female ratio in the top and sub top of our management population.

The inflow of women was lower in 2023 than previous years and targeted; however, the trend is still positive. To achieve a consistently higher inflow of women, we have targeted our employee value proposition showcasing women and their career paths. We will also survey differentiating drivers to be able to accommodate specific requirements when feasible. And where equal suitability for a position and team profile allow for it, we will opt for female candidates.

In the Supervisory Board consists of both men and women (the target of 30% women is met). The Board of Management, however, consists entirely of men. We also see that the percentage of female managers rose slightly up in 2023.

We continue to strive to meet the appropriate and ambitious diversity and inclusion targets as we recruit new, and promote existing, employees.

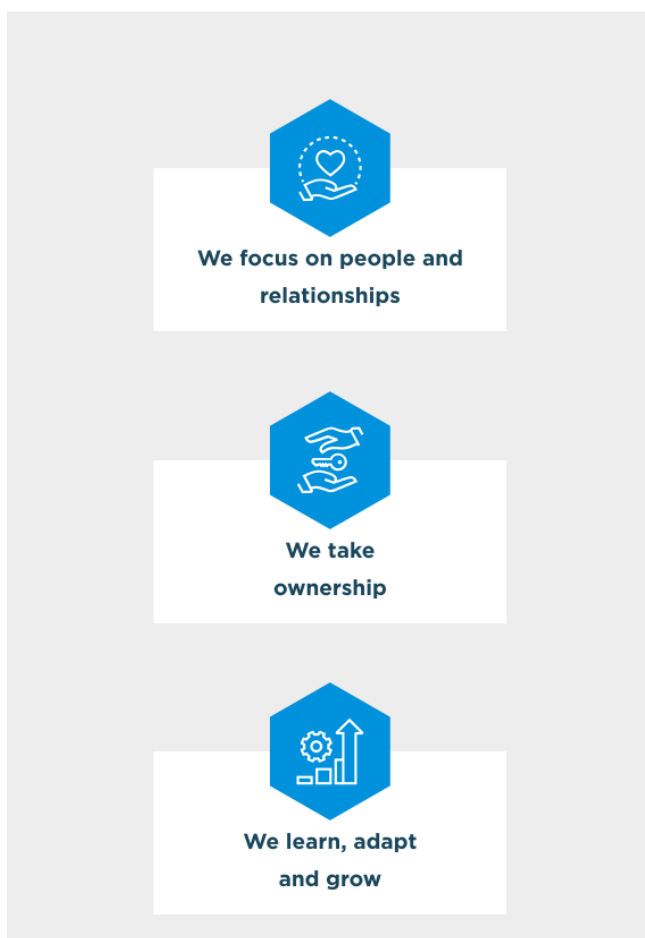
We will invest in social return as required and develop partnerships with parties like Refugee Talent Hub, among others, to meet our social responsibility. We will facilitate work-life balance, fair rewards, equal pay and recognition as we believe these are key to an engaged and productive workforce.

Collective agreements and Code of Conduct

Due to the diverse nature of our business activities, Ballast Nedam is ensuring we stay fully compliant with the 4 different Collective Agreements that are in place in the sectors we operate in. We stimulate an open dialogue and solid relationship with the various Workers Councils and employee representative bodies within our company as their input is key and valuable for us in decision making and policy development. In 2023 over 95 percent of our employees is covered by collective employment agreements.

We have created and implemented our own code of conduct. This Code of Conduct covers issues like core values and explains responsibilities in human rights, occupational health and safety, conflict of interests and related party transactions, anti-corruption, anti-bribery and anti-money laundering, gifts and invitations, donations and sponsorships, sanctions and export controls, competition, confidentiality, trade secrets, data protection and IT-security. It also contains procedures with regard to fraud and theft, company assets and whistle blowing. Finally, a number of subcodes explain several subjects in further detail. In short, this set of rules outline how we deal with each other and our environment. It outlines what we accept and what not when it comes to behaviours and integrity.

We've set high standards for ourselves, people and everyone we work with and we expect them to act in accordance with this Code of Conduct. Failure to comply can lead to sanctions. Our internal Compliance Officer is there to help and protect our people in case they encounter a situation that is not in line with Code of Conduct.



Governance

4.6 Responsible Business Conduct

Introduction

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

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

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

Ambition & approach

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

Control, transparency and consistency are fundamental to business processes across all sections of the Ballast Nedam organization. These also form the basis of our Code of Conduct and its various sub codes. This will continue to be the norm as we strive to deploy additional due diligence activities and policy interventions that will enable us to hold employees, supply chain workers, and suppliers alike, even better accountable for their actions and behaviours. Our approach to the aspects of our Responsible Business Conduct is the following.

Human- and Worker rights

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

Human and worker rights in international projects request specific attention if the risk assessment or possibly ESIA (environmental and social impact assessment) indicates there is a higher risk in these fields. We always take care child and forced labour in our own organisation and those of our business partners within our circle of influence and where this is practical achievable are prevented or reduced. Special attention might be needed to protect workers, including vulnerable categories of workers such as migrant workers and workers engaged by third parties; protect and minimize possible damage to cultural heritage; and protect and respect indigenous people within our circle of influence and where practically achievable.

Worker's accommodation will only be offered and allowed if proven necessary. These will be set up and

organized following the IFC Guidelines for workers accommodation. Attention is given to adequate accommodation, provision of food and drinking water, sanitation, lighting, first aid equipment, security, medical awareness.

During internal and external audits attention is paid -among others- to recruitment policies, presence of labour contracts, check on (minimum/equal) wage levels en minimum age of workers (18 years), no forced labour, payment of salaries and social securities, working hours, payment of taxes and workers insurances.

Additionally, we have grievance mechanisms available, for all workers (and their organisations where they exist) to raise workplace concerns.

Bribery and Anti-Corruption

- Secure ISO 37001 certification for Anti-Bribery Management Systems, for Ballast Nedam Infra Projects and Ballast Nedam International.
- Perform an assessment of alignment with OECD and UNGP requirements related to Bribery and Anti-Corruption.
- Ensure that the Whistleblower/speak up-tool is available for externals.
- Create further awareness through additional and enhanced trainings and/or e-learnings.
- Update Code of Conduct and Internal (QA/QC) Audit plans to reflect policy interventions needed.

Taxation

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

Fair Competition

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

4.7 Quality assurance & quality control

Introduction

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

- **Quality Assurance Act:** Assessment of quality of construction projects is shifting from the municipality to the independent quality assurance officer with more focus for quality inspections on construction sites. The liability of the contractor is expanded meaning the contractor remains liable even if defects are not discovered upon delivery. The contractor has an information obligation and must keep files (demonstrability) during all phases of the project.
- **Failure costs of rework activities:** Gaining internal insights following market studies (ABN Amro/Nyenrode) indicating costs are substantial. Based on these reports the possible failure costs are substantial. As a result, it is important that more insights on failure costs become available throughout the organization. However, the definition setting, registrations in various systems, data quality and traceability of rework invoicing, creates challenges.
- **Certification:** More needs from Business Units for company certificates (for example: Cybersecurity, Anti-bribery) to demonstrate compliance with requirements.
- **Dashboarding:** Management review and quarterly report info generated by PowerBi provides valuable insights and allow for data driven interventions.

Ambition & approach

Working with many stakeholders on often complex projects requires special collaboration and teamwork skills. The foundation is to build trust. That’s why we earn the trust of our customers (internally and externally) by being honest, consistent and doing what we promise the best way possible. When we deliver projects, we want to create the best value for our clients. To do this, we need to optimise what we do, at minimum meet the demands of our clients and in general perform better than our competition. This means raising our performance to the highest level. By applying standardization and repetition in building methods (in line with

the corporate strategy) we aim to deliver the best value for our clients while limiting the costs of failure. We strive to do the right things right the first time and to be able to do it again and again. We facilitate and strengthen our value by being a learning organization to continuously improve our working method. It is our ambition to have (actual) insight in failure costs and to use this information to reduce it in collaboration with our Business Partners.

Actions

Step 1

Creating insight and reliable information: To create this insight we need to monitor and increase registration of rework activities. In this first stage we will monitor this with a minimum number of registrations in relation to revenue. To increase the reliability the registrations will include information such as type of activity, root cause, causing party and (standardized) costs.

Step 2

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

4.8 Digital Transformation & Innovation

Introduction

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

Ambition & approach

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

This thinking is necessary to excel in the competitive construction industry. Operating in the Netherlands, as our main market, presents unique challenges like tight profit margins, labour shortages, resource scarcity (or high price of resources), and for improved energy efficiency and productivity.

Accelerating digitization in the construction industry opens the door to numerous opportunities. It enables us to streamline processes, combine and analyse company-wide information streams, better utilize resources, spot new business opportunities and anticipate future needs.

We believe this is just the beginning of our digital transformation. Innovation is an ongoing process in which we strive to keep evolving. Our ambition is to deeply integrate digitization into all our business processes, both for our primary business processes and secondary business processes. We are determined to create a digital, sustainable and inspiring future in the construction industry.

We strive to share innovations and knowledge and experiences, connect business units and bring new ideas and technologies from the market. Here we focus on four different themes: Advanced Construction Methods, Automation & Robotics, Data, Digitization & Analysis and Sustainability & Products. In this way, we can conduct structured pilots and collaborations with stakeholders and continue to use the latest technologies to strengthen our operations.

By end of 2023, we already made great strides in using technological innovations. We have deployed both software-based (e.g., Autodesk Construction Cloud & Dalux) and hardware-based solutions (e.g., the masonry robot). Moreover, we have conducted pilots with new technologies, e.g. asset monitoring for tracking our tools

where location, consumption, running hours and emissions were monitored. We are also increasingly applying modular construction, where digital preparation is crucial.

We see robotisation in construction as a strategic choice to work both more efficiently and sustainably. Collecting data using sensors, among other things, is central to our future plans, with the Common Data Environment and data science an integral part of our approach.

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

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

- **Common Data Environment (CDE)**: The common data environment has been set up and more and more data streams are being merged. In the coming period much attention will be paid to the further linking of data streams from the various Business Units and projects, which will enable the convenient use of dashboards with, for example, PowerBI.
- **Artificial Intelligence (AI)**: Partly due to the emergence of new technologies such as Artificial Intelligence (AI), digital transformation has gained momentum over the past year. However, some caution is warranted when it comes to the hype surrounding AI. Balancing humans and machines, understanding technology and leaving routine tasks to machines are key to optimally implementing AI within our organization. Since we are at the beginning of the AI era, standardization is a key focus. The more predictable and consistent our data, the better AI can perform and predict future results. In 2024, we focus on successfully implementing various AI use cases within our own secure environments in conjunction with the Common Data Environment (CDE).
- **Advanced construction methods**: encompass BIM (Building Information Modelling) 4D/5D - Development in BIM 4D (planning) and 5D (costs) allows us to compare the forecast with the actual realized planning and costs related to a specific activity. The use of software programs such as Dalux and Autodesk Construction Cloud, among others, contributes to the fact that the BIM models are becoming more and more the centre of our projects and it is integrated into our daily working method in the office and on the construction site. In 2023, we looked in-depth into automated process monitoring, emphasising the importance of pre-defining metrics, reporting needs and data granularity. A BIM Objects library has been established that allows for the rapid sharing of already existing models.
- **Data, digitalisation and Analysis**: Project management tools are essential for effective execution of our projects. In recent times, these tools are increasingly evolving into communication platforms between different aspects within the project. These tools improve communication, facilitate collaboration between team members and departments resulting in better risk management. They also provide structured documentation and analysis capabilities for project progress. In the coming period, we will be delving further into the project management tools and supporting the organization in their implementation. We therefore see the project management tools as crucial to the growth of our organization.
- **Automation and robotics**: Many of our daily tasks are administrative and repetitive. With Robotic Process Automation (RPA), we can automate these tasks, reducing the administrative burden on our employees. It also allows employees to focus on more interesting or motivating tasks and allows us to reduce operational costs. In 2023, we focused on getting the first RPA processes operational for the CFD department and the primary construction process. Several RPA processes are now operational and we are busy rolling out new optimizations at various Business Units.
- **Sustainability and Products**: There is increasing demand for data from our equipment. For example, emissions, running hours, locations, etc. Monitoring this data with sensors creates various opportunities for improving efficiency, (maintenance) planning and safety. In 2023, together with the Top Sector Logistics, we have started a collaborative pilot to equip the monitoring of dozens of mobile equipment, whose data is available live in our systems via an API. We expect a further rollout of this system in the coming years.

5. Conclusion

In this report we mapped the CSR status of Ballast Nedam Construction's activities and presented our CSR Policy. We also explained with methods were used to establish this policy and how we interacted and will interact with our stakeholders on CSR, to meet the needs and to be most effective in reaching impact on sustainability. We subscribe the 7 principles of Corporate Social Responsibility as presented in the ISO 26000, and explained in this report how we approach this and how we integrate this in our organisation. With this report we substantiated our ISO 26000 Self Declaration.