



FOUNDERS OF THE FUTURE

ANNUAL REPORT 2022



DURA VERMEER
Waarmaken van ambities

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Cover page

New trees planted to compensate for A16 construction, Rotterdam.
For the construction of the A16 Rotterdam, 33.4 hectares were felled.
34.9 hectares will be replanted.

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The original financial statements and notes to the consolidated financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter shall prevail.

FOREWORD

Overall, 2022 was another solid and successful year for Dura Vermeer, especially considering the challenging conditions our society and our industry were faced with. Our turnover increased and we achieved almost the same result as the year before. The result is in line with the strategic ambitions and growth targets of our 'Leap Forward' strategy, which we embarked on in 2022. Above all, it is the commitment, skill and dedication of our staff that have made this wonderful result possible.

Safety was our top priority again this year, under the motto: 'We work safely, or not at all', with the stated aim that everyone, every day, gets to work and back home safe and healthy. Despite our focus on safe working, the incident frequency rate (the IF rate) rose to 1.83 in 2022, as unfortunately several accidents occurred. We launched a new campaign to anchor safe working even deeper in the minds of our employees and, in particular, our contractors. We will continue to focus on this issue so as to prevent accidents in the future.

The circumstances in which we operated in 2022 were particularly unpredictable. The effects of the Covid-19 pandemic still lingered when war broke out in Ukraine on 24 February. Its impact was soon felt, and it appeared to permeate everything.

The security of supply of energy and materials was soon under pressure and prices, which had risen before, suddenly skyrocketed. On the back of this, inflation spiked and, in response, (mortgage) interest rates rose in the second half of the year, causing investors (in rental properties) to invest less and buyers (of owner-occupied properties) to spend less. In addition, there was uncertainty surrounding the government's nitrogen measures, which resulted in permits not being granted or delayed and projects being postponed, both in residential construction and in construction or replacement and renovation of infrastructure. We also faced uncertainty on government policy related to regulation of the rental housing market and faced increasing labour market shortages.

All these factors directly affected construction output, the built environment and therefore society at large. Consider, for example, the persistent and growing housing shortage. The impact of the above developments on Dura Vermeer was worse than the impact of the Covid-19 pandemic.

We met the challenges by focusing on opportunities, e.g. shifting our focus to other markets, such as mechanical engineering, energy, water, port and industry.

At the end of 2022, the nitrogen issue was still hanging in the balance. This issue acted as a major drag on the growth of our sectors, the infrastructure sector in particular, which caused us to shift focus from new construction to replacement, renovation, management and maintenance work. While the urgency for this work is high, the same issue combined with the limited government budget makes it challenging. In the housing market, the rise in interest rates and government regulation of part of the nonsubsidised rented housing sector have had a negative impact on new construction. We are now switching to new construction in cheaper segments. The non-residential construction market remained fairly stable. In the infrastructure market, we saw favourable developments among provinces and municipalities, and among water boards in dyke reinforcement projects. In rail infrastructure, too, investment in public transport enabled us to complete great projects and we realised operational growth. We saw healthy growth in the port and industrial sectors.

In 2022, we continued our dialogue with the government on tendering procedures and contract forms in connection with the extensive and risky Rijkswaterstaat infra projects. The 2019 Rijkswaterstaat report *Op weg naar een vitale infrasector* (Towards a vital infrastructure sector) forms the basis for this. I am positive about the steps taken in this area, such as faster tender procedures and better risk allocation between client and contractor with the introduction of the two-stage contract and other initiatives.

Our Leap Forward strategy contributed to our good results. We respond even more actively to trends and developments with our innovation ambitions in the areas of sustainability, digitalisation and innovation.

Society's desire for sustainability and clients' requirements are taking flight. Zero emissions construction and circular construction are gaining ground. A great example is Alliander's new regional office, which we are building with a wooden support structure. Where we can, we use our influence to realise sustainable designs and solutions.

Driven by the energy transition and high energy prices, the preservation and renovation markets are also growing. We are making our own operations increasingly sustainable, including by deploying zero emissions equipment. By 2050, we aim to reduce our overall emissions to zero by reducing at least 90% and offsetting the remaining percentage. As an intermediate step, we aim to reduce our emissions by 50% by 2030. To achieve this, we have set a 'Net Zero' ambition.

Based on roadmaps for each division, we will give concrete substance to this from 2023. The uniform measurement methodology we developed in 2022 and now use throughout the company gives us tools to take the right measures.

In 2022, we made several investments in line with our strategic ambitions. The Engineering Division, which was established in 2021, continued to develop with the acquisition of a 50% stake in Van Vuuren Electrotechniek and a 75% stake in Nexton. We also invested in property development and in management and maintenance. These investments are fully in line with our strategic ambitions. In addition, we are trying to reduce costs, with stronger focus on project control to realise a reduction in failure costs, which was due in part to further digitalisation of work processes.

Given the tight labour market and trends in our sector such as digitalisation and innovation we are also increasingly investing in skills development of our employees.

We lay out career paths and encourage our people to make the most of their talents. After recruitment, we are committed to staff retention. We also ensure continuity by offering attractive employment conditions. Furthermore, there has been more emphasis on diversity and inclusiveness, both in terms of gender, cultural backgrounds and more opportunities for people distanced from the labour market.

We are particularly proud of the results of the employee satisfaction survey, in which they gave us a score of 8. Another source of pride was that in January, Dura Vermeer became one of the first construction companies to be certified as a Top Employer 2022.

In May, we were finally able to show extra appreciation for our people in the form of a grand staff party to celebrate our 165th anniversary in 2020, which we had had to postpone several times due to Covid-19. It was a day to remember. I would like to thank our employees for their commitment, agility and loyalty to Dura Vermeer, and the maximum flexibility they have shown in these uncertain times.

I am also grateful to our partners and clients who kept faith in us. Given the solid foundation they have laid for Dura Vermeer in this difficult year, I am positive about 2023, a year that will undoubtedly again be marked by unpredictability and a range of challenges.

Rotterdam, 6 March 2023

[Job Dura](#)

Chairman of the Management Board,
Dura Vermeer Groep NV

**WITH OUR
'NET ZERO'
STRATEGY,
WE ARE
REDUCING
OUR
EMISSIONS
TO 0"**

Job Dura JChairman of the Management Board





IN BRIEF

FOUNDED IN 1855

In 1855, Dura opened a carpentry shop on Rotterdam's Katendrecht and Vermeer started a road building company in Cruquius in 1961. In 1998, they merged to form Dura Vermeer, an independent construction company active in the Netherlands.

MISSION AND VISION

We are a reliable, long-term partner in the realisation of a high-quality and sustainably built environment, made for and by people.

CORE VALUES

In doing so, we always act on the basis of our core values: safety, quality and reliability.

SAFETY IS OUR NUMBER ONE PRIORITY

Our motto is: we work safely, or not at all.

CORE ACTIVITIES

Designing, developing and realising construction and infrastructure projects including maintenance, renovation and transformation.

KEY FIGURES 2022

SCHEDULED WORK

(amounts x € 1 million)

3,445



OPERATING INCOME

(amounts x € 1 million)

1,818



AVERAGE NUMBER OF FTES

2,859

NET RESULT

(amounts x € 1 million)

50.2



IF RATE

1.83

NET RETURN

2.8%

ENVIRONMENTAL PERFORMANCE OF BUILDINGS

0.65

SOLVENCY

30.8%



GENDER DIVERSITY

23.4%

MILESTONES

2022

In 2022, we realised many great projects and took important steps towards realising our strategic ambitions. In this overview, we highlight some of them.

20 JANUARY

DURA VERMEER IS AWARDED 'TOP EMPLOYER 2022' CERTIFICATE

The independent Top Employers Institute awarded Dura Vermeer this designation as one of the first Dutch construction companies.

5 MAY

DURA VERMEER ACQUIRES STAKE IN VAN VUUREN ELEKTRO-TECHNIEK

The Engineering Division acquires a strategic interest in this specialist company to fulfil its growth ambitions in the construction, management and maintenance engineering market.



14 JUNE

DURA VERMEER MAKES QUALITY OF LIFE IN NEIGHBOURHOODS MEASURABLE

The GoodLife Barometer charts qualities and challenges in neighbourhoods.

14 JULY

ETHERLANDS' FIRST EMISSION-FREE DYKE REINFORCEMENT PROJECT KICKS OFF

Dura Vermeer is collaborating on strengthening the historic Stenendijk in Hasselt with fully electric sheet pile wall installation



28 SEPTEMBER

ALLIANDER GETS OFFICE OF THE FUTURE WITH TIMBER CONSTRUCTION

The Amsterdam regional office is one of the first Dutch large buildings with a timber interior construction.



5 OCTOBER

PRINCE CLAUS BRIDGE WINS NATIONAL STEEL AWARD 2022

The jury praised the Dordrecht bridge as highly innovative and a sculptural landmark that puts Dordrecht on the map.

29 NOVEMBER

FIRST TREES OF DURA VERMEER FOREST PLANTED

In Eersel, Dura Vermeer and Trees for All are planting 12,000 trees to pass on to future generations.

◀ 2021

2022 ▶

30 MARCH

SAFETY CAMPAIGN 'IT CAME OUT OF NOWHERE!'

The safety campaign with videos on the top five hazards is being rolled out in the run-up to Safety Day.



21 MAY

EMPLOYEES CELEBRATE DURA VERMEER'S 165TH ANNIVERSARY



After delays due to Covid-19, Dura Vermeer finally celebrates its founding in 1855.

23 JUNE



MORE BIODIVERSITY WITH START OF BUILDERZZZ FOUNDATION

Dura Vermeer starts foundation to support nature projects as additional compensation for construction projects.

7 SEPTEMBER

DURA VERMEER AND YES!DELFT TO ACCELERATE INNOVATION IN THE CONSTRUCTION SECTOR

The partnership with YES!Delft allows Dura Vermeer to collaborate with innovative start-ups and scaleups.



7 NOVEMBER

DURA VERMEER ACQUIRES ENGINEERING SERVICES PROVIDER NEXTON

The Engineering Division will be strengthened from 2023 by this group of independent engineering companies in the mechanical engineering sector.

22 NOVEMBER

DURA VERMEER'S MARIEKE MENTINK IS COBOUW'S BOUWVROUW 2022

The jury praised her clear vision of building, her leadership qualities and her impact on diversity.



15 DECEMBER

DURA VERMEER INTRODUCES FIRST ALL-ELECTRIC ASPHALT SET

The set has been converted from diesel to electric. It allows us to lay completely emission-free asphalt in infrastructure projects.



ABOUT DURA VERMEER

ABOUT DURA VERMEER

Profile

Dura Vermeer is a family business whose roots go back to 1855. We are an independent construction company active in the Netherlands. Our independence and long-term continuity form the basis of our strategy. With over €1.8 billion turnover and more than 3,000 employees (2,859 FTEs), we are among the top construction companies in the Netherlands. We are active in residential construction, non-residential construction, infrastructure and engineering in the Netherlands. Our core activities include the design, development and realisation of construction and infrastructure projects, including management and maintenance, renovation and transformation.

Dura Vermeer is headquartered in the Cornerstone building in Rotterdam, opposite the entrance to Rotterdam The Hague Airport.

The projects are often complex, and safety, quality and project management are of crucial importance. Key features of Dura Vermeer are its solid financial basis and its open and reliable style of doing business. That is what our clients identify with. We are helping to build a world in which future generations will also be able to work and live. This crucially requires that we listen to our stakeholders and take their feedback to heart, and that we are flexible and respond promptly to new developments, not least in the area of sustainability.

Mission and vision

The construction industry is going through a transformation: the importance of working sustainably is greater than ever, the role of digitalisation has skyrocketed and demand for high-quality technology has increased sharply. This is resulting in new working methods and new forms of customer relations and partnerships. New revenue models are also emerging. Dura Vermeer wants to lead and help shape innovation. And we are doing this in our approach, our choices and our working methods. Based on the strength of the family business that we are and the independent position that we have, we embrace these changes to ensure the continuity of our company and to add value to Dutch society. We are a reliable, long-term partner in the realisation of a high-quality and sustainably built environment, made for and by people.

Core values

As a family business, we always focus on the long term and place great value on good relations with our employees, customers and partners. Equally important to us is our connection with society as a whole: the users and the people who live close to our projects. In our relationships and our work, we always act on the basis of our core values, with safety as our number one priority.

Our core values are:

1. Safety

To Dura Vermeer, safety means ensuring that everyone can travel safe and sound to work and back home every single day. We are creating a lasting safety culture and work constantly to increase the safety awareness of our employees as well as our partners. Being proactive and taking responsibility are key in this. To achieve it, we have an integrated security programme consisting of four pillars: Site Safety, Environmental Safety, Structural Safety and a Proactive Safety Culture.

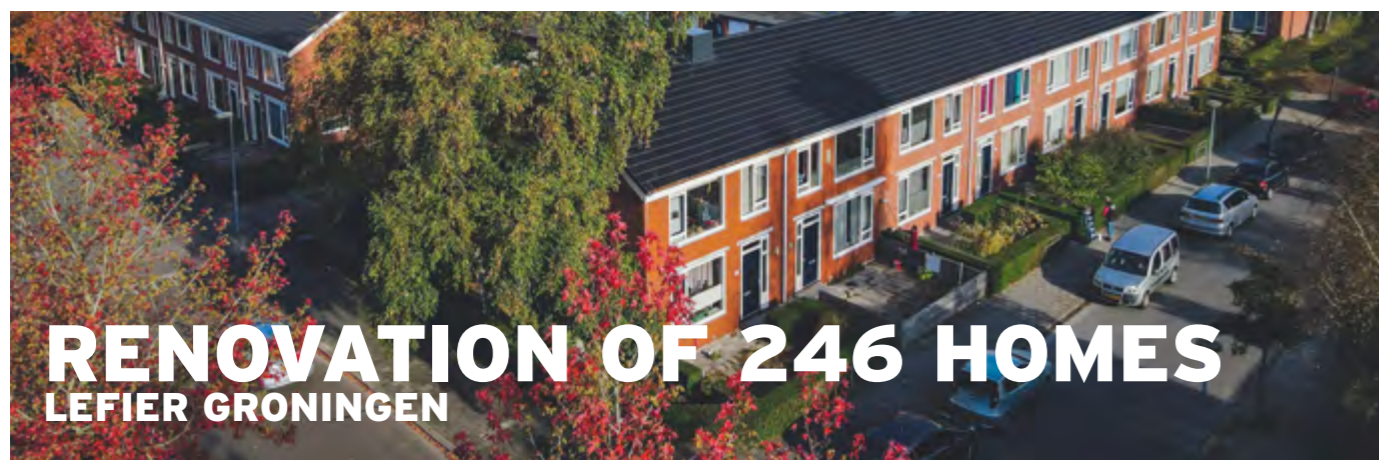
2. Quality

Quality lies in our people, in how we carry out our projects and the standards we use and impose on ourselves. In the materials we use. In the results we deliver: building quality, environmental quality and quality in use and experience value. In this, we want to remain leaders.

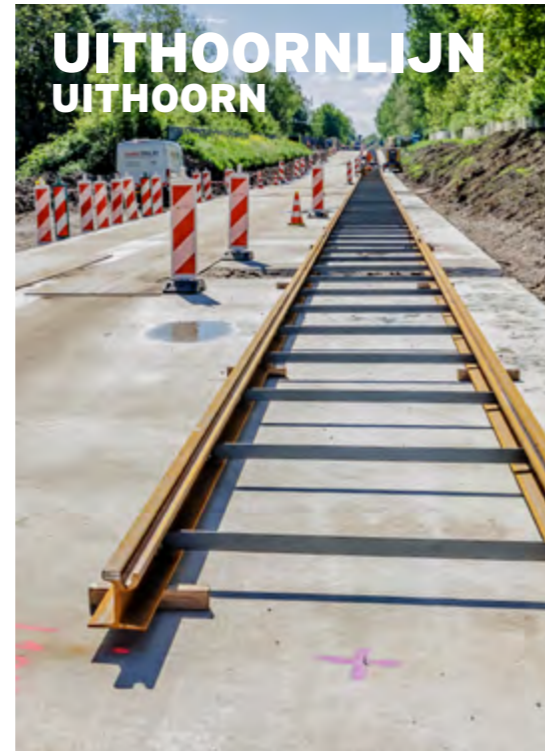
3. Reliability

Our clients recognise us by our reliable and transparent way of doing business. Reliability means being sincere and doing what we promise. We know what our responsibility is and we take it. In our collaboration, we are agile, proactive, transparent and ethical. We are a cooperation partner you can rely on and build on.

CONSTRUCTION PROJECTS



INFRASTRUCTURE PROJECTS



OUR ORGANISATION

DURA VERMEER GROEP*



* The organisation chart above includes only the divisions and the direct (wholly-owned) subsidiaries of the divisions.

Our role in the construction chain

As a main contractor in the construction chain, Dura Vermeer designs, develops, realises and maintains projects in construction, mechanical engineering and infrastructure, including management and maintenance, renovation and transformation for various clients within the Netherlands. This includes the transport of required materials to the site and construction logistics at the site. We often realise construction projects together with partners, fellow construction companies, developers, housing associations or investors. Other partners we collaborate strategically with are young innovative companies.

Our supply chain consists of our contractors and suppliers of building materials. As a construction company, we use steel, timber, concrete, fired bricks, bitumen and installation and other components in our projects. We source our materials from suppliers at home and abroad, where possible from Europe, such as from the Netherlands, Germany, Spain, Luxembourg and Scandinavia, but also from outside Europe (Asia).

Our understanding of our supply chains is becoming clearer. Covid-19 and the war in Ukraine have made us increasingly aware of the importance of reliable chains. Our commitment to increasing the use of the materials passport helps in this regard. More information on sustainable sourcing can be found on page 88.

On the following pages, we describe our activities, products and services, clients, employees and turnover by division.

When buildings or engineering structures are end-of-life, we investigate to what extent parts can be reused in new projects. Our company Urban Miner plays an important role in this.

Our activities

Our company has three divisions: the Construction and Property Division, the Infra Division and the Engineering Division. These divisions are supported in their day-to-day work by the Group, which includes the Communications, Finance & Control, HR, ICT, Legal and Risk & Insurance departments. They also receive support from our facilities companies: Materieel, Autobehaar and Onroerend Goed. With our divisions that comprise over twenty independent operating companies we combine strong regional roots with the knowledge, strength and resources of a company that operates nationwide.



Asphalting work Overhoeks, Amsterdam

CONSTRUCTION AND PROPERTY DIVISION

OPERATIONS

The Construction and Property Division develops, builds and transforms and sells for its own account and risk and for third parties. The division develops and builds homes and apartment complexes. The Construction and Property Division is also active in the development, construction and/or transformation of offices, schools, hotels, hospitals and laboratories. Finally, refurbishment contracts, from foundation repair to renovating neighbourhoods and even entire residential districts and making them more sustainable, fall within the scope of the work. A comprehensive approach is the norm.

CLIENTS

The division works mainly for investors, healthcare and educational institutions, the Rijkswaardebedrijf (Central Government Real Estate Agency), developers, social housing associations, municipalities and private individuals.

EMPLOYEES

At year-end 2022, the number of employees in the Dura Vermeer Construction and Property Division was 1,259 FTEs.

TURNOVER

In 2022, the turnover of the Construction and Property Division was € 1,083 million.

INFRA DIVISION

OPERATIONS

The Infra Division designs, builds, manages, maintains and renovates roads, bridges, tunnels and dykes. With the rail business, the Infra Division lays new tracks and renews tracks for trams (light rail) and trains (heavy rail). With ASSET Rail and Saferail, this division is also responsible for track maintenance and a safe workplace on and around the track, respectively. It is also involved in energy-related projects such as onshore wind farms. In port and industrial areas, the division designs and supplies load-bearing structures for process installations, such as sites with heavy loads and in factories and distribution centres. Finally, in partnership with various specialist companies, the Infra Division has the knowledge and expertise to take on complete projects.

CLIENTS

The division works mainly for government authorities such as Rijkswaterstaat, ProRail, provinces, municipalities and semi-public organisations such as the Port of Rotterdam Authority and TenneT, and for private companies, including in the docklands.

EMPLOYEES

At year-end 2022, the number of employees in the Dura Vermeer Infra Division was 1,226 FTEs.

TURNOVER

In 2022, the turnover of the Infra Division was € 724 million.

ENGINEERING DIVISION

OPERATIONS

Established in 2021, the Engineering Division operates as a design-focused total engineering company that contracts for design and implementation of the mechanical engineering scope in projects on a risk basis.

The actual implementation is carried out by contractors who are contracted and coordinated by the Engineering Division's project management team. Through its participating interests BRControls and Van Vuuren Techniek the division also carries out its own projects.

CLIENTS

In 2022, the Engineering Division worked partly with as well as for the other divisions in 2022, and through its participating interests BRControls and Van Vuuren Techniek also for various private and public clients.

EMPLOYEES

At year-end 2022, the number of employees in the Dura Vermeer Engineering Division was 33 FTEs.

TURNOVER

In 2022, the turnover of the Engineering Division was € 15 million.

New activities

In 2022, Dura Vermeer took various stakes in innovative and sustainable companies.

The interest that the Engineering Division acquired in BRControls in October 2021 for the development of hardware and software for web-based building management systems, was expanded as of 3 January 2022 from 49% to 70%. BRControls plays an important role in the development and realisation of projects in which customer requirements are focused on optimum user comfort, increased productivity, good health, and management and energy cost savings.

The 66.7% stake in A. de Reus Aannemersbedrijf B.V. which Dura Vermeer acquired at the end of 2021 to strengthen its port and industrial operations, was effected in January 2022. A. de Reus Aannemersbedrijf is a family business that carries out specialist work in the port of Rotterdam. With this partnership we will be able to offer customers comprehensive services.

In April 2022, the Construction and Property Division became a minority shareholder in BOEi, a pioneer in restoration and repurposing of cultural heritage. The organisation aims to give vacant heritage buildings a permanent place and role in society, be it a former factory building, a barracks, a church or a farm.

In May 2022, the Engineering Division bought a 50% strategic stake in Van Vuuren Elektrotechniek. Van Vuuren is a strong partner specialising in infrastructure technology, electrical engineering and security technology. Leveraging this interest, both Dura Vermeer and Van Vuuren can grow further, enter new markets and accelerate developments such as sustainability, increased circularity and the application of bio-based materials.

The Construction and Property Division invested in start-up Drystack in October 2022. This company makes cement redundant by clicking bricks into a plastic frame. This renders the bricks reusable and prevents CO₂ emissions due to lower use of cement. In January 2022, the company acquired an interest in Hamlet, a company specialising in construction design and realisation of stacked construction in solid timber.

In November, the Engineering Division signed a contract to acquire a 75% stake in Nexton in January 2023. Dura Vermeer will acquire the remaining 25% of the shares in January 2025. Technical services provider Nexton is comprised of a group of independent companies focusing on consultancy, design, product development, implementation and maintenance of (building-related) systems. As an integrated technical services provider, Nexton adds value in the area of smart buildings, the



Dura Vermeer at Provada real estate fair in Amsterdam.

energy transition, circularity, sustainability and as-a-service concepts. Through ventures, the company has access to a network of technology parties with a wide range of innovative and smart solutions.

The Infra Division entered into a partnership with young start-up Neolithic in November 2022. Neolithic is a 3D concrete printing company focused on providing standard infrastructure products that require a degree of customisation. Neolithic is not just another production company, but offers a digital product catalogue that

includes certified designs. Benefits of 3D printing include that it takes far less material to make products and has a lower environmental impact, there is more freedom in terms of form and products can be produced quickly and with a smaller workforce. By testing more sustainable concrete mixes, further optimisation is possible. By partnering with Neolithic, we are accelerating our ambitions in sustainable and digital innovations.

Finally, in December, the Infra Division resolved to partner with Ploegam, Van Oord and Betuwewind to build a unique and innovative fast-charging facility for heavy vehicles and trucks called WattHub. The charging facility will be powered by sustainable electricity supplied by Betuwewind. The reason for this charging facility is the Tiel-Waardenburg dyke reinforcement project, which is being carried out by Dura Vermeer, Ploegam and Van Oord, on this occasion in partnership with the Mekante Diek consortium. The ambition is to carry out the dyke reinforcement project completely emission-free.



OUR ENVIRONMENT AND OUR STRATEGY

TRENDS AND DEVELOPMENTS

Market developments

Both the construction and property and infrastructure markets are capricious. The effects of the Covid-19 pandemic still lingered when war broke out in Ukraine on 24 February. Since then, there have been shortages of building materials, and prices of energy and building materials have skyrocketed. Inflation and interest rates also started rising. Nitrogen emissions are another problem, especially after the cancellation of the construction nitrogen exemption in November. All this leads to great uncertainty in the market and even more delays, at a time when strong demand for housing and related infrastructure should and could actually offer good prospects to the industry. The industry is cyclical and sensitive to the economic climate, and its future development is partly dependent on economic developments and space in government budgets.

Construction industry

Residential construction

For housing, ambitions have been raised: government policy is for housing construction to be expanded strongly. So there are opportunities in housing construction, but they are partly negated by weakening consumer confidence due to a sharp rise in (mortgage) interest rates in 2022. In addition, the ministry for Housing and Spatial Planning, which the Netherlands regained in January 2022, has opted for a rent control policy with a rent indexation cap. This inhibits investment. Inflation, which spiked during the year, land prices and price increases of building materials and energy are some of the main factors that are in play. The uncertainty around nitrogen regulations hampers construction activity, as do delayed spatial planning procedures, the shortage of civil service officials preventing sites from being developed and a lack of cheap new residential development locations. As a result, the number of permits for new construction has decreased. Due to these factors, the new-build housing numbers to be realised are not being achieved, despite strong demand.

Building affordable housing is an even bigger challenge in times like these, due to high land prices and construction costs. Furthermore, the requirements for newly built houses are changing. They must be more energy efficient, and demographic trends are causing an increase in demand for smaller homes: the number of single-person and smaller households is increasing. Social housing associations have been unable to build much in recent years because of the landlord levy - a tax on social housing - but as of 2023 they will again have room to invest in new construction as this levy will be abolished. But they will also face increased construction costs and higher interest rates.

The housing scarcity and labour shortages in construction are an incentive for industrialisation in the construction chain.

Non-residential construction

The non-residential construction market is stable for now. Demand for new office buildings is still limited, but there is growth in areas like logistics, and in hospitals and laboratories. In education, there is work to be done in renovating and making school buildings more sustainable. By 2030, the indoor climate of all schools should be healthy and sustainable. Yet, there are also barriers in the utility market in the form of high material and energy prices, rising interest rates, lack of locations and shortage of capacity in the power grid. This means projects are often delayed.

Transformation and renovation

Attractive new construction locations in our country are becoming scarce; what remains are often sites with obsolete buildings laid out as offices. As the owners fail to invest in time, this trend is reinforced. Transformation can be an answer to this. Converting existing office buildings into homes or demolition and new construction has become an important market, not least because of the stricter requirements for energy performance and indoor climate. In addition, housing associations must make their properties more sustainable: the sector aims to make all homes carbon neutral by 2050. Many interventions for this purpose are carried out during maintenance. As the simplest measures have already been taken, bigger steps are now needed to achieve this goal. Businesses and office buildings must also have at least energy label C. These developments represent opportunities for the construction industry.

Infrastructure

New construction

The nitrogen crisis is having major effects on the construction of new national infrastructure. Projects are either being postponed or are stalled. As a result, the industry's focus is shifting to replacement and renovation.

Replacement and renovation

Many engineering structures built as of the 1950s have defects because they have been used far more intensively than anticipated when they were built. The urgency of improving infrastructure is high, but implementation is slow due to government budget shortfalls. One exception is rail infrastructure, for which the government has allocated specific budgets, both for new construction and for replacement and renovation.



De Zangvogel phase 2, Nieuwe Vogelbuurt in Vlaardingen

We are seeing growth with provinces, municipalities and water boards in dyke reinforcement projects in the context of the High Water Protection Programme.

Management and maintenance

The ageing infrastructure, changing climate conditions and limited budgets lead to a growing need for predictability around infrastructure deterioration, control of maintenance costs and life-extending solutions.

Technical building systems engineering industry

Building systems are becoming increasingly important in the built environment. The building systems engineering industry advises, designs, installs and maintains technical systems. This industry largely relies on new construction and refurbishments in the construction and infrastructure sector for orders. The developments mentioned above therefore also affect the building systems engineering sector.

Climate change and energy transition

The effects of climate change are undeniable. Prolonged drought alternating with extreme precipitation and flooding as well as land subsidence are obvious features. In 2015, the Dutch government committed itself to the targets of the Paris climate agreement for reducing greenhouse gas emissions, including CO₂. The Dutch Climate Agreement stipulates that a 49% reduction in carbon emissions compared to 1990 must be achieved by 2030. The EU has raised this percentage to 55% and the Rutte IV government is striving for 60%. By 2050,

greenhouse gas emissions must be reduced by 95%. Today, emissions have not been reduced enough to meet climate targets.

Under the banner of climate adaptation, the Netherlands is tackling the consequences of climate change. These include dyke reinforcement to protect the hinterland of rivers and the sea from flooding. To drain large volumes of water from the hinterland, rivers need to be widened, while at the same time enhanced water storage is important to endure droughts. Greening cities aids our country's climate adaptation. Nature-inclusive building lowers heat stress, improves water management in built-up areas and can combat biodiversity decline. It has also been shown to have a positive effect on public health. The construction industry has a key part to play in all these solutions,

as it does in the energy transition. New buildings and homes are increasingly climate-neutral and existing buildings and homes must be made more energy-efficient or zero-energy. The energy crisis that began after the war in Ukraine makes this need even greater. On the other hand, there is a growing demand for energy caused by the continuing rise of prosperity and population growth. More renewable energy production, such as solar and wind power, is needed and the electricity grid needs to be adapted to demand. Construction and infrastructure companies are helping to get this work done.

Nitrogen

With our lifestyle, we emit harmful nitrogen compounds into the air, water and soil. These are mainly nitrogen emissions from industry, traffic, livestock and construction, with construction accounting for 0.6% of nitrogen emissions (source: Remkes Commission). Nitrogen deposition disturbs the natural balance of flora and fauna and negatively affects biodiversity. Nature is the foundation of our living environment and food production. Therefore, a nature permit or other form of permission is required for activities that release nitrogen in or near Natura 2000 areas.

In 2019, the Council of State ruled that the nitrogen deposition calculation method was invalid. Since then, many construction projects have been delayed. In July 2021, the Nitrogen Reduction and Nature Improvement Act (Nitrogen Act) came into force. One part of this act was the construction exemption, formally referred to as 'the exemption for construction, demolition and one-off building projects'. This exemption had the effect of only counting the nitrogen deposit in the use phase, and not in the construction phase, for the purposes of the permit process, making it easier to grant permits for construction and infrastructure projects. According to the legislator, the construction exemption did not lead to the degradation of Natura 2000 sites due to a broader 'robust and effective package of measures'. On 2 November 2022, the Council of State concluded that the nitrogen construction exemption did not comply with European nature protection law and that the exemption could not be used in construction projects. This has not, however, resulted in a blanket construction freeze. As in the situation before the construction exemption, it remains possible to carry out a 'pretest' for a project and if necessary perform an appropriate assessment. In addition, projects of great public interest can be authorised if there are no alternatives and the harm to nature is compensated.

Resource scarcity

Non-renewable resources are being depleted. This has major implications for life on Earth. Circularity is one of the solutions: reusing raw materials as often as possible and to the highest quality possible. The goal set by the Netherlands for 2030 is to use 50% less primary raw materials (minerals, metals and fossil fuels) compared to 2014. By 2050, the Netherlands wants to be completely circular. This has been laid down in the Raw Materials Agreement. In construction, this is being detailed in the Circular Construction Transition Agenda, one of the initiatives coming out of the Construction Agenda. Circular construction actually starts with design choices that allow building with 'harvested' used materials.

For circular construction, collaboration in the chain is a prerequisite. Options for this include compiling a catalogue of harvested materials for reuse and developing sustainable variants of building materials.

Circularity demands great innovative capabilities from the construction industry. It is one of the five industries that the government is focusing on. This is reflected in the procurement policies of the central government and gradually also of the provinces and municipalities.

Over the next few years, market demand with requirements for the circular application of raw materials is expected to increase exponentially.



Renovation Heinenoordtunnel, A29 Barendrecht.

Price rises

Scarcity of raw materials leads to price rises. Building materials have become much more expensive in a short period of time, partly due to increased energy prices. The transition to circular materials such as wood is slowly gaining traction. The impact of price hikes in construction is huge, as project costs are skyrocketing, and in many cases these costs cannot be passed on to the client or buyer.

As early as September 2021, energy prices began to rise as the economy started growing strongly as the Covid-19 pandemic tailed off. At the same time, the supply of natural gas from Groningen was being scaled back. The driver of the huge price rise in 2022 was Russia's invasion of Ukraine. Because of subsequent sanctions imposed by the EU against Russia, the supply of gas and oil from Russia to European countries was greatly reduced.

The resulting scarcity combined with the uncertainty about the future drove up prices.

On 31 May 2022, the minister for Housing and Spatial Planning and various parties in the construction chain signed a declaration of intent entitled 'Building together in uncertain times' with agreements for jointly dealing with price increases and supply problems. Mutual trust and consultation are vital ingredients for construction continuity. One of the principles is that the financial risks should be distributed throughout the chain.

Technology and digitalisation

Digitalisation is having a major impact on the construction industry and offers many opportunities. This development is driven by continued pressure on margins, by the ever-increasing expectations of customers and by rising shortage of skilled workers. In addition, digitalisation helps to better meet customer expectations and needs. Technology also helps to make operations more efficient and reduce costs. The likelihood of errors is reduced by improved and more automated communication, and technology makes it possible to use data as a basis for strategic decisions. Moreover, digitalisation speeds up and improves cooperation, for example by ensuring that everyone always works with the most up-to-date version of a document, both within the organisation and with chain partners.

Digital transformation affects the primary construction process and all the technologies that contribute to performance, such as sensors and drones, smart use of data, robotisation and artificial intelligence.

Digitisation also affects administrative and support processes and employee tools (smart devices).

Besides opportunities, ongoing digitalisation also involves risks. For example, cybercriminals are getting more and more sophisticated at exploiting flaws in systems. This is something every company must guard against to ensure continuity.

Labour market developments

Initially it seemed that Covid-19 would have a dampening effect on the labour market, but in actual fact it did not. Demand for staff is very high, both on the operational side and in middle and senior management. The construction workload that lies ahead requires more staff, as does the replacement and renovation work on housing, infrastructure and engineering structures. The ageing population and lagging numbers of qualified staff, especially in engineering and operations, are other factors to take into account. To remain competitive, it is increasingly important to put a lot of time and energy into recruitment, advancement and retention of staff, as well as training and development at all levels. Taking employees' individual expectations into account is crucial. In time, further digitalisation and robotisation may resolve shortages in certain areas, but the human factor remains vital.

Society is calling ever more loudly for more attention to diversity and inclusion, and companies and their clients are listening. Diversity within employee groups is a prerequisite for getting different views on solutions and generating a broader view of projects. It allows companies to improve their performance. Diversity and inclusion also promote a pleasant working atmosphere and increase employee effectiveness.

Laws and regulations

Environment and Planning Act

After several postponements, the Environment Act was due to take effect on 1 January 2023, but the effective date has again been postponed to 1 January 2024. The Environment and Planning Act groups together a number of other laws, including the Nature Conservation Act. The new law changes the permit processes for all construction projects. Three categories are introduced for construction works: requiring notification, requiring a permit, and exempt from notification and permit. Construction is separated into a spatial part, which is laid down in an environment plan, and a technical part. The latter would no longer require a permit. The introduction of the law faced practical difficulties; the organisation of ICT with the central government in particular still requires work.

Nitrogen Reduction and Nature Conservation Act (Nitrogen Act)

The Nitrogen Act is a Dutch law that regulates obligations regarding the reduction of nitrogen emissions. The law requires that by 2025 at least 40% of nitrogen-sensitive nature in protected Natura 2000 sites has healthy nitrogen levels in which the critical deposition value is not exceeded; by 2030 it should be at least half and by 2035 at least 74%. Nitrogen deposition reduction measures

were detailed in the Nitrogen Reduction and Nature Improvement Programme. The law was created to find a way out of the nitrogen crisis after it emerged that the legality of the Integrated Approach to Nitrogen (Programma Aanpak Stikstof) was problematic, allowing construction projects to resume. In November 2022, a ruling by the Council of State rendered the application of the law impossible. It concluded that the construction exemption contained in it did not comply with European nature conservation law, which requires that individual protected natural areas should not be harmed, and that it was not acceptable to take into account measures at a higher scale level whose implementation was uncertain anyway. This meant that construction activities should also be tested for local nitrogen impact when applying for permits, resulting in (further) delay of construction projects, but it also accelerated the development and purchase of emission-free machinery.

Quality Assurance (Building Sector) Act

Simultaneously with the Environment Act, the Quality Assurance (Building Sector) Act will take effect. As things stand, this will happen on 1 January 2024.

Under this law, instead of the municipality, a quality assurance agency will test the building requirements before, during and after the construction process. A complete file with all statements and data is a prerequisite for being allowed to build a structure and then put it into use.

EU legislation and regulations

In the European Green Deal, Europe has laid down its ambition of becoming climate-neutral by 2050 and reducing emissions by 55% compared to 1990 by 2030. In the 'Fit for 55' programme, amendment proposals have been made at the European level for this purpose to update laws to more ambitious climate targets. The Sustainable Finance Action Plan is the plan of the European Commission to transform the financial system in such a way that it supports the goals of the European Green Deal. The Taxonomy Regulation and the Corporate Sustainability Reporting Directive (CSRD) - both of which are part of the Sustainable Finance Action Plan - apply to the construction industry.

The CSRD is detailed in reporting standards: the European Sustainability Reporting Standards. Companies should ultimately align their sustainability reporting to these latter standards. Dura Vermeer must meet these standards in 2026, in its annual report for the year 2025. This also means that in its 2025 report Dura Vermeer will have to report on its degree of 'alignment' with the EU Taxonomy.

STRATEGY 2022-2024: A LEAP FORWARD

Every three years we recalibrate our strategy. Our 2019-2021 strategy was so successful that we largely continued the strategic priorities from that period in our 2022-2024 strategy.

Continuity and independence remain fundamental, and continuity will always require healthy profitability. However, there are shifts in emphasis: we pay more attention to social responsibility, we are strengthening our external focus, we more often play a central management role for our customers and we are investing more in the skill levels of our people.

In the 2019-2021 strategy period, we achieved good results in a market that developed less positively than expected. In the first year of our new strategy period 2022-2024, market developments were even more unfavourable. However, we are confident that we can achieve further profitable growth by maintaining a tight focus on our strategic ambitions.

Principles

Dura Vermeer wants to be a reliable, long-term partner in the realisation of a high-quality and sustainably built environment, made for and by people. We see that as our mission, now and in generations to come. We deliberately choose to fulfil this task as an independent and autonomous construction company.

We focus on the Dutch market, in which we have long been socially rooted and regionally embedded. At the same time, we can offer the knowledge and resources of a large, independent, nationwide company.

- We aim for mainly autonomous manageable growth and diversification of activities to reduce risks and sensitivity to economic cycles. We consider acquisitions when they fit our strategic principles.
- Social responsibility is a vital part of our business and sustainability is integral to business operations.
- To be successful, it is more important than ever to look outwards: to listen and respond to clients, to see opportunities and to gain from them, and to keep innovating in order to respond to new developments in the market and in society.
- Projects are our core business, and we strive to play a central managing role as the main contractor and/or developer, working directly for the end-client, so that we continuously build up more client knowledge.
- Our people and their professionalism lie at the heart of our company. That is why we invest in the development of our people and strive to be the best employer in the industry.
- Healthy profitability is an essential requirement for our continuity.

Given the competitive market and disruptive developments going on around us, it is important to further strengthen our external focus. We want to be even more responsive to developments in society and among clients, and get even better at seizing opportunities in market segments with growth prospects. This demands more commercial clout and assertiveness in our market approach. We also want to expand the activities of our Engineering Division.

Our new strategy consists of three strategic priorities and three innovation ambitions, which we are working on based on our three core values.



Strategic priorities



Increasing our focus on client, market and society

We are committed to further professionalising the commercial process. By being agile, we can exploit opportunities in the most profitable markets and segments. We also focus on projects where Dura Vermeer's experience and expertise can deliver the greatest added value for clients and society.



Strengthening people and the organisation

We are investing more in the qualities and agility of our employees and our management. We leverage our reputation as an employer to attract excellent colleagues from more diverse backgrounds. We are also extending our network organisation so as to deploy our people where they can really make a difference.



Improving our financial result

We continue to focus on further margin improvement as a precondition for further growth and renewal. Operational excellence and cost reduction will also remain at the top of our agenda: we want to be even more tightly in control of our work processes and achieve greater efficiency, so as to further reduce failure costs.

Innovation ambitions



Sustainability

Sustainability is one of the biggest issues of our time. We want to make a significant contribution to it and be at the forefront of the industry. Within our sustainability innovation ambition, we distinguish three goals: Zero emissions, Circular construction and Greener and healthier.



Digitalisation

The digital transformation is set to shake up the industry. Dura Vermeer wants to be on the crest of the digitalisation and innovation wave in the construction industry. With the experience and expertise we have built up, we are going to make our working and construction processes faster, more efficient, safer, more sustainable and more predictable than ever in the years ahead. We are also developing products and services that give clients even more confidence that we understand their wishes.



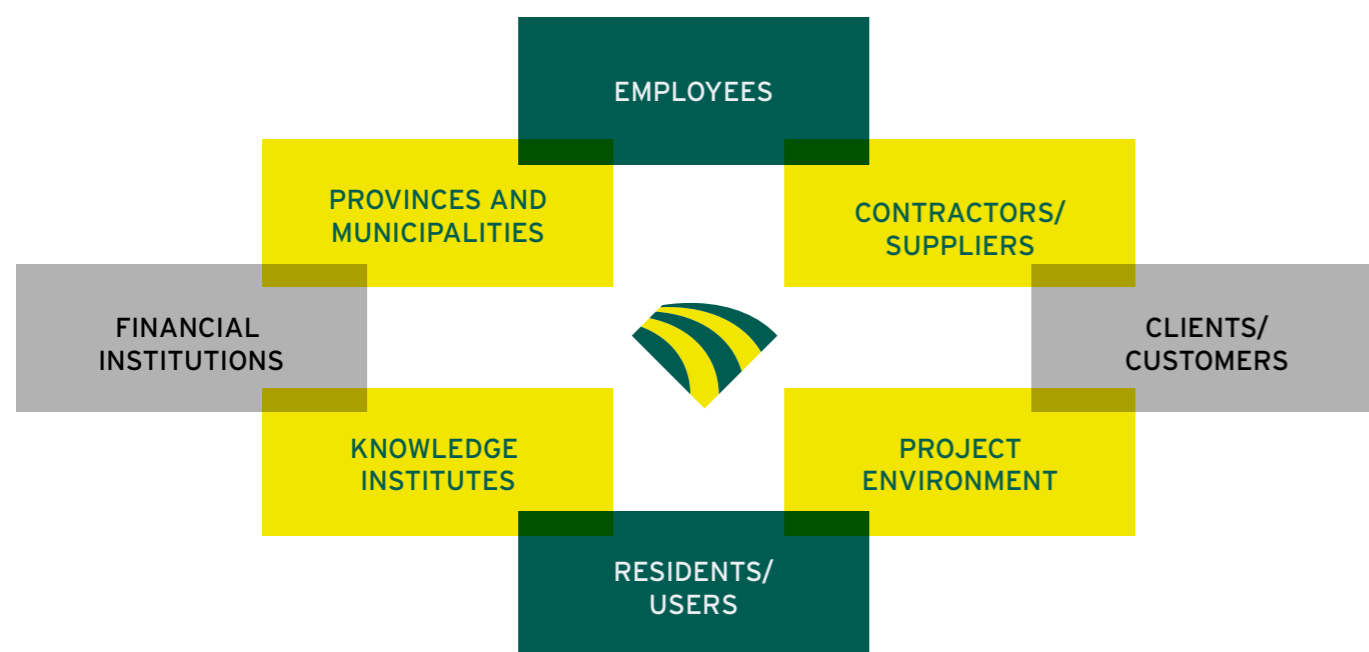
Innovation

We are aiming for a position among the top innovators in the construction industry. The industry is changing at pace and we believe it is important to help set the course. Of course, we do this in partnership with others, because we need our entire 'ecosystem' to devise innovative solutions.

In the chapter 'Policy and results' we discuss our strategic priorities, innovation ambitions and the corresponding objectives, operations and results in more detail.

VALUE CREATION

Our stakeholders



Our projects matter: they give meaning to the environment and their users. We make a difference by examining each issue with an open mind: what could be different, what could be improved, what is the long-term impact? This is how we create value for and with our stakeholders, taking account of the needs of future generations and society as a whole.

In order to be able to do this, we have to understand their interests, needs and expectations. Conversations with our stakeholders take place at different levels in the organisation and are mostly part of the daily work of our divisions and operating companies. The Management Board participates in key dialogues attended by a variety of stakeholders.

Material topics

In preparing this report, we have considered which topics are most important to us. We did this from two perspectives:

We looked at the impact of our activities, products and services on people and the environment, but also at the impact these issues (may) have, in the short term or longer term, on our financial position and results.

Looking at the material topics with financial impact, we have identified the following four:

- Customer satisfaction
- Operational excellence
- Digitalisation
- Innovation

The following topics have a great deal of social impact:

- Climate-adaptive and nature-inclusive construction
- Health and well-being of users
- Affordable housing
- Strategic environment management

The topics below have both financial and social impact:

- Safe and healthy construction
- Good employment practices
- Emissions
- Circular construction

The topic Partnerships/chain cooperation is a common thread in all our topics; cooperation is crucial to achieving our goals.

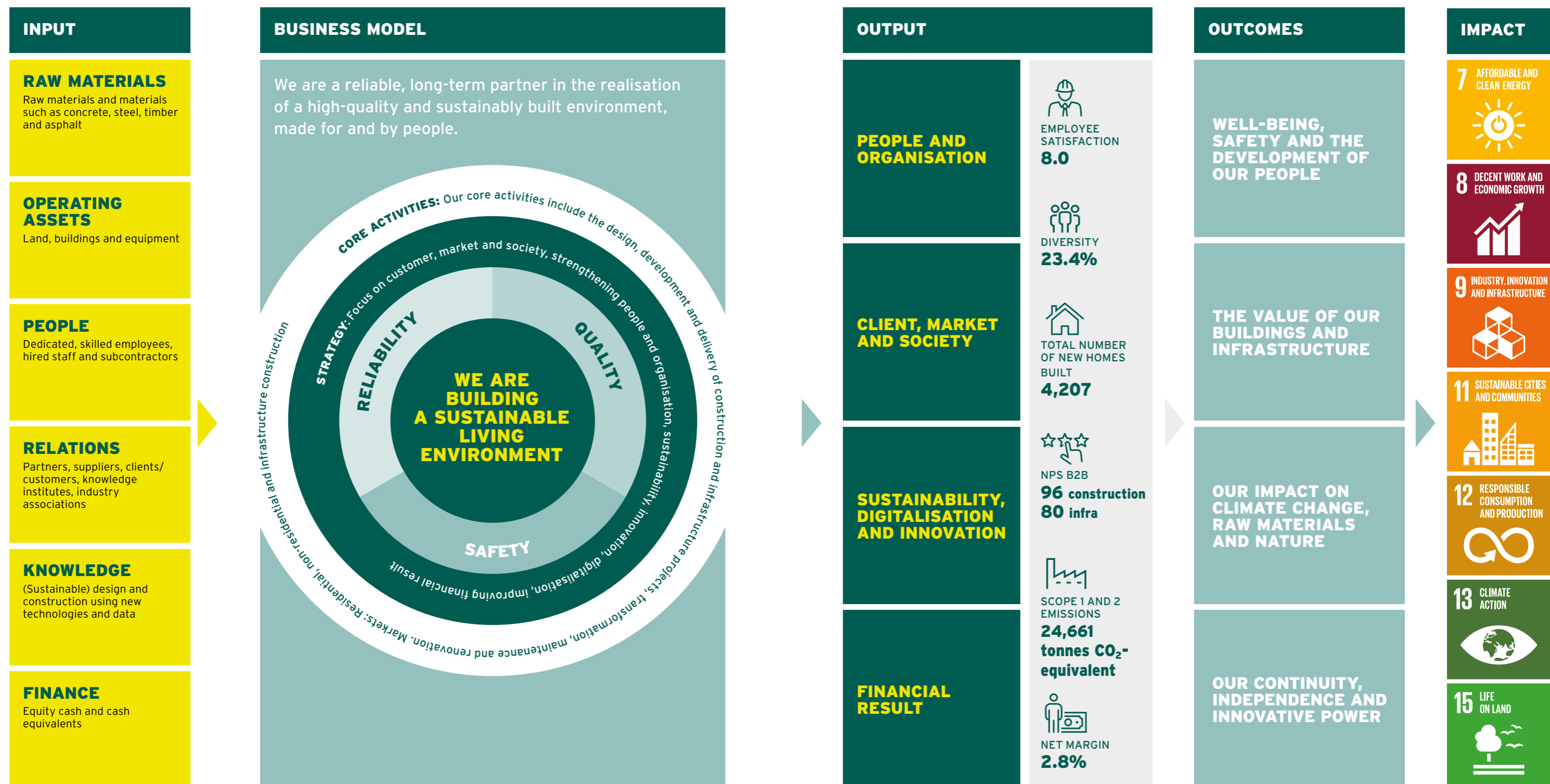
We report on all these topics in the context of our strategic priorities and innovation ambitions. In About this report, we explain the process of topic selection in more detail. [link opnemen](#)

The main change from last year is the addition of the topics 'Affordable housing'. We will address this theme in the section Policy and results/Client, market and society.

We create long-term **VALUE** for all our stakeholders

BUILDING A SUSTAINABLE ENVIRONMENT

The following overview shows how we shape our business and the relationship with our stakeholders and society.



BUILDING A SUSTAINABLE ENVIRONMENT

Dura Vermeer is a reliable, long-term partner in the realisation of a high-quality and sustainably built environment, made for and by people. An environment that contributes to a safe and healthy living environment for all, and which is fit for the next generations to live and work in. At the core of our value creation model, we have articulated our contribution as: 'We build a sustainable environment.'

We focus on long-term value creation for all our stakeholders. The most important positive outcomes are the values we create for the end-users with our infrastructure, homes and buildings. As a family business, we are focused on the long term and care about what our society needs and what future generations need. These things include mobility, connection and being able to live and work in a safe and healthy environment. Working in construction involves risks to the safety of our people, so safety is always our number one priority. At the same time, we offer good working conditions and create an environment where employees enjoy working, where they can fulfil their potential and feel valued as human beings for who they are and what they can do and where they can be proud of that.

Our impact on climate change, resource depletion and nature is a significant negative impact that is primarily related to the materials we use and the energy we consume in the construction process. However, we are also working to create positive value by designing and building in an increasingly energy-neutral, circular, climate-adaptive and nature-inclusive way.

Our business model summarises how we create value, while our core activities indicate what we do and our core values indicate how we do it. We integrate safety, quality and reliability in everything we do.

The most important tangible results (outputs) of our operations are our products and services, but also their additional effects, such as emissions.

To carry out our core activities, a number of people and resources (inputs) are indispensable to us. First and foremost, of course, our own employees, but also the people who work for us on a temporary basis and the clients and partners we collaborate with. The knowledge of our people and the methods and standards we develop ourselves form an important basis for carrying out our core activities. Availability of raw materials is critical for us to realise our construction works. Our relationships with our (chain) partners is also important: without them, we cannot realise our goals.

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, set the global agenda for sustainable development. Dura Vermeer endorses the ten principles of the UN Global Compact with regard to human rights and working conditions, the environment and anti-corruption. We also actively contribute to the Sustainable Development Goals, which is shown as our impact in the model on the previous page. To give more meaning to the concrete contribution to these SDGs, we have included in the 'About this report' section [link](#) an overview of the SDG sub-targets to which we are contributing and of how we do this.



Newly built houses in RijswijkBuiten.

POLICY AND RESULTS





STRATEGIC PRIORITY PEOPLE AND ORGANISATION

People are at the heart of Dura Vermeer; they are the key to our success. Ensuring the safety of our people and others working on our construction sites is our primary responsibility.

To achieve this, we focus on raising safety awareness among our employees and partners and on an optimal safety culture. We also create an enjoyable workplace for our employees and ensure that everyone in our organisation can be themselves and express themselves fully. We encourage drive and professionalism by giving our employees room to develop and to own their careers within Dura Vermeer. This leads not only to commitment and continuity, but also to the safety, reliability and quality of the work we deliver for our customers. In turn, continuity contributes to our ability to continuously develop and be at the forefront of the industry in terms of our three innovation ambitions: digitalisation, sustainability and innovation. This allows us to contribute to the Netherlands of today and tomorrow.

EVERYONE TO WORK AND BACK HOME SAFE AND SOUND EVERY SINGLE DAY

Our staff

As at year-end 2022, we employed 3,063 people. On top of that, 912 people were hired in. The latter are mainly people who work on our construction projects. In addition, many employees on our construction sites work under the direction of subcontractors engaged by Dura Vermeer. We have included a [detailed overview of the composition of our workforce in the About this report section](#).

Safe and healthy construction

For Dura Vermeer, safety is the number one priority, anytime, anywhere. We ensure that everyone can travel to work and back home safe and sound every single day. We are creating a sustainable safety culture and work constantly to increase the safety awareness of our employees and our contractors. Being proactive and taking responsibility are vital for this. We implement the Seeing Acting Learning programme for this purpose, and we extend it down the chain. We want to play a leading role in the industry in improving safety on and around construction sites.

Safety always comes first

Safety is our highest priority and is one of the core values of our organisation. We feel responsible for everyone who works on our projects.

We want to continuously improve safety performance across the entire process, from design to realisation. By foregrounding safety early on in the process, we can better ensure the safety of the construction sites and execute our projects more safely. Over the years, our safety focus has shifted from physical solutions and resources to behaviour and culture. We also make technical improvements where possible and adjust our working practices and procedures where necessary. We consider a proactive safety culture throughout the chain as a prerequisite for a safe construction site.

There are a number of major risks in the construction industry that Dura Vermeer workers are also exposed to. The biggest risks in our construction projects are falls from height and falling objects. When we build close to public areas, such as high-rise construction in city centres, additional measures are needed. On our infrastructure project sites, collisions are the biggest risk, both on the construction site itself with our own moving equipment and for through traffic along the site. Other risks include electrocution, working with hazardous substances, lifting and vertical transport and using tools. In addition, we have recently seen tripping and stumbling incidents. This risk spectrum means that ensuring safety has our continuous attention.

By proactive we mean, in addition to allocating safety and health as early as possible in the design process, also our taking responsibility for a safe and sound realisation of the project. This is all about ownership: we want everyone in the chain to actively participate and monitor their own safety and the safety of others.

We take our motto 'We either work safely, or not at all' literally. It has been clearly communicated throughout the organisation in recent years that people can and should feel free to stop work if safety is compromised. Our own staff feel that they can actually do this when they have to. Among our contractors, lower down the chain - and in particular the self-employed workers they hire - we unfortunately still too often see people take different decisions, to the detriment of their own safety. We therefore work with all our chain partners to realise projects safely.

Safety performance 2022

We want to avoid fatal accidents at all times. In 2022, fortunately there were none.

As of 2022, we have also formulated a KPI for the number of accidents with serious consequences. An accident with serious consequences is when an incident involving an employee working under the authority of Dura Vermeer occurs that we are obliged to report to the Dutch Labour Inspectorate. This indicator is a measure of the severity of the accident and also of the impact the accident has on the employee in question. One accident with serious consequences occurred in 2022. In July, a serious accident occurred during road works: a crane came too close to a high-voltage cable. Due to flash-over between the cable and the crane, an employee guiding the load was

exposed to an electric shock and sustained serious injuries. To prevent a recurrence, we immediately took action and installed height protection in all situations of a similar nature. We take every incident extremely seriously and investigate it to decide what action should be taken.

We aim for the lowest possible figure on the accident frequency index, the IF rate. Our target for 2022 was an IF rate of below 1. We did not achieve this.

In the Construction and Property Division, the IF rate increased from 0.36 in 2021 to 2.13 in 2022. The cause was a number of ankle injuries due to stumbles and trips. After analysing multiple sources, it was concluded that a clean and tidy workplace will have to be prioritised even more.

In 2021, the IF rate at the Infra Division was 0.55; it increased to 1.54 in 2022. Five accidents resulting in absenteeism occurred due to various causes. Root causes were identified using trend analysis. Several interventions were then initiated to prevent the number of incidents leading to absenteeism including the 'Line of Fire' safety campaign.

Our goal was to reduce the average absence days due to IF accidents to less than 10. We did not achieve this.

The Engineering Division had an IF rate of 0 in 2022; no accidents occurred.

At the Facilities companies, the IF rate was 0 in 2021; it increased to 4.27 in 2022. So we did not achieve our goal. The number of absence days came to 26. The IF rate and absenteeism days were caused by one incident on the Materieeldienst site.

Dura Vermeer Groep	REALISATION 2022	TARGET 2022	REALISATION 2021
FATALITIES	0	0	0
NUMBER OF ACCIDENTS WITH SERIOUS CONSEQUENCES	1	0	3
IF VCA*	1.83	<1.0	0.44**
AVERAGE ABSENCE DAYS DUE TO IF INCIDENT	21.3	<10	4.3**

* IF VCA is the number of incidents leading to absenteeism per million hours worked, within the Safety, Health and Environment Checklist for Contractors (VCA).

** In 2022, the methodology for this indicator changed. Therefore, the 2021 comparative figure for the IF SCC has been adjusted from 0.49 to 0.44 and for the average number of absence days from 42.2 to 4.3.

All indicators in the table above include employees of Dura Vermeer (fixed-term and permanent) and temporary workers, agency staff, secondees and self-employed workers working under the authority of Dura Vermeer. Workers employed by or hired by Dura Vermeer contractors are outside the scope of these indicators.

Safety Alerts

A Safety Alert is issued when an incident occurs with impact that an investigation shows could also occur elsewhere in the organisation. We then issue a Safety Alert to prevent similar incidents within and outside the organisation.

Safety Culture Ladder

For 2022, our goal was to maintain Tread 4 on the NEN Safety Culture Ladder (see below) in both our Construction and Property Division and Infra Division. Tread 4 represents a proactive safety culture. This goal we achieved. Within the Infra Division, Railinfra even managed to reach Tread 5 ('progressive') for the fourth year in a row. Dura Vermeer Materieel retained Tread 3 ('calculating') and is working on progressing to Tread 4. Our new Engineering Division now has an Approved Self-Assessment and going forward, as the organisation grows, it will also embark on the certification process.

Safety programme

With our SAVE (SAmén VEilig in de hele keten) [Safe together in the entire chain] safety programme we aim to create a lasting safety culture and increase the safety awareness of our employees and partners. With SAVE, we put into effect the Governance Code Safety in Construction through our programme consisting of the four pillars Occupational Safety, Public Safety, Structural Safety and Safety Culture.

1. Occupational safety

Dura Vermeer works on occupational safety in various ways. For example, we apply 10 Life-Saving Rules of Conduct on the construction site. We use safety as a selection and evaluation criterion for contractors and have included it as a core competence in the job classification system and assessment cycles. We also provide safety training. All Dura Vermeer business units have a safety

advisor with background in safety studies. This person is part of a safety organisation that is controlled by the divisions. Safety inspections are carried out on a regular basis at multiple management levels, from the Management Board right down to the execution teams. We also use safety advisory visits by an external organisation and organise behavioural observation audits.

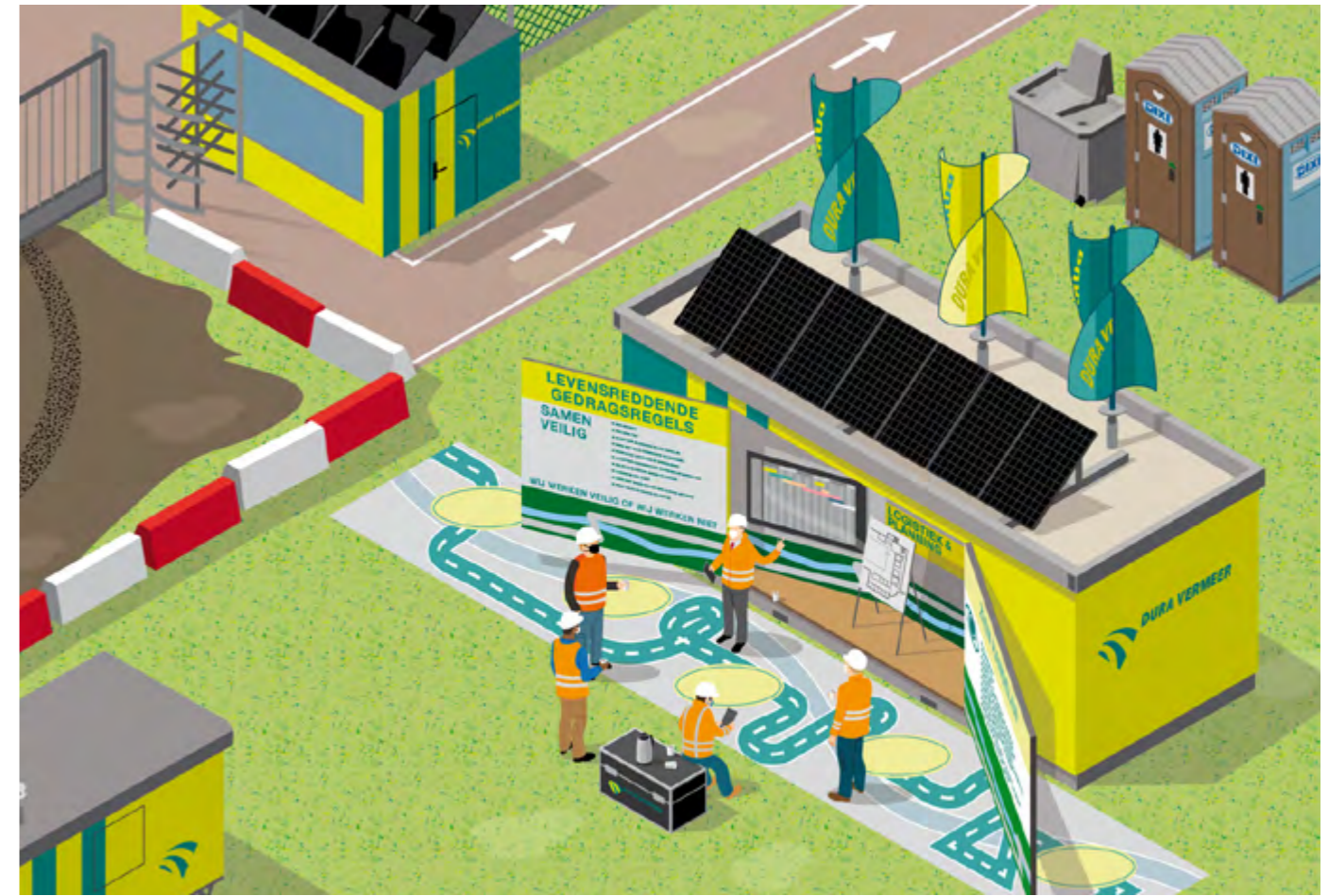
2. Public safety

We minimise safety risks to the surroundings of construction sites by preventing falling objects, guarding construction site entrances and exits, fencing off the construction site, and preventing nuisance caused by waste, noise and lighting. This requires additional management measures. Setting the level of these measures also requires proper coordination with the permit authority. We try to eliminate any issues with measures early on in the design phase or during tenders.

3. Structural safety

We ensure structural safety from the design phase up to and including the construction phase and maintenance phases in order to prevent accidents or damage due to supports or the main structure collapsing during the construction phase.

We strive for clear assignment of roles and responsibilities of structural engineers on our projects. We also enhance the knowledge and experience of our own employees so that they can assess dangerous situations in terms of strength and stability. In 2022, we took the initiative to further detail in digital form the checklist we use to ensure structural safety together with an external knowledge portal and make it available nationwide.



Safety on the construction site

4. Safety culture: also in the chain

Dura Vermeer has a culture in which working safely is promoted and rewarded and in which everyone feels free to report errors and make suggestions to improve safety. We strive for a learning culture and we ensure safety within the entire chain, from client to user.

- We embrace certification on the NEN Safety Culture Ladder (SCL) with the joint agreement Safety in Subcontracting (ViA). In recent years, we have invested heavily to guide our chain partners towards SCL certification, because the safety culture on any project is the sum of the safety cultures in the chain. Ultimately, this will reduce the number of incidents in the chain (See also below: Safety in the chain).
- The Seeing Acting Learning culture programme promotes the importance of proactive safety, both internally and externally. This should hopefully inspire clients and contractors to improve the safety culture in their own organisations.
- We give many training courses in knowledge and skills in occupational safety and safety leadership.
- With our SAVE app we inform the whole organisation about safety and health and share news. (See below: Engaging employees through the SAVE app)

Our safety management system

To ensure safe working practices, Dura Vermeer operates a safety management system. With this system, we comply with laws and regulations and continuously develop our safety policy. All our activities fall within the scope of this system.

The management system describes all relevant processes. Safety is integrated in this system from design to realisation; it aims to identify risks early and link them to management measures. To monitor that the management system permanently meets the various standard requirements and the needs of the organisation, we organise internal and external audits. The annual cycle consisting of an executive review and writing operational plans ensures that the organisation's performance remains in line with the management system and the standard operating procedures described therein. In addition, the system can be adapted or expanded in a controlled manner based on this cycle.

We want to use our influence to increase safety in the chain

Engaging employees through SAVE app

An important part of the Safety Together programme is the Seeing Acting Learning culture programme. This programme trains employees to recognise high-risk situations, take ownership to resolve them and help the organisation learn from them. One of the most important tools is the SAVE app, which allows all employees to report safe and unsafe situations, suggest ideas for improvement and share learnings. This SAVE app is used extensively in the workplace and gives the organisation insight into any safety policy bottlenecks. Improvement proposals are followed up in the organisation and discussed and implemented with the departments or managers responsible.

We are seeing an increase in the number of reports in the SAVE app. This is a signal that a socially safe environment has been created in which employees feel free to express themselves. We are also proud that the number of safe reports has increased; indeed, we recognise and encourage safe working more and more.

Education and training

We have defined mandatory safety training and courses for every job in the company. Provision and scheduling of training courses and invitations to them takes place through the Dura Vermeer Academy, as well as registration of results obtained for the training courses attended. The Academy also sends reminders to individual employees and to the management team through HR reports. In addition, key safety training is monitored with the safety dashboard that is part of the quarterly national safety consultation.



Making homes in Paddepoel more sustainable, Groningen

Safe working campaigns

The safety campaign 'It came out of nowhere' was launched in February 2022. In videos, Dumpert presenter René van Leeuwen and a Dura Vermeer safety expert highlighted the top five most dangerous situations. The campaign ended on Safety Day on 30 March.

The Infra Division ran the 'Line of Fire' campaign, which helped reduce the number of incidents in the second half of the year.

Hazardous substances

Besides immediate safety on our worksites, longer-term safety is also a key concern, for example regarding hazardous substances. In our digital working environment, we have created a Hazardous Substances Desk with background information on the hazardous substances generated in our operations, such as particulate matter and diesel emissions.

We also address procurement, storage, use, supply and disposal of chemical products such as adhesives, paints and polyurethane foam.

For safe handling of chemicals, we have partnered with Toxic. Toxic manages the safety data sheets of the chemical products used in Dura Vermeer operations. In the SAVE app, all Dura Vermeer employees have instant access to Toxic Workplace Instruction Cards with information about the chemical product in question and what to do in case of an incident, such as contact with skin or eyes.

For longer-term safety, a Dura Vermeer working group together with Toxic is researching less harmful alternatives for the products used. The working group started a consultation with several suppliers of chemical products, such as PU foam and form stripping oil, to discuss wishes for less harmful alternatives. A Hazardous Substances consultation was launched at the end of 2022 to which industry peers and knowledge and advice centre Vollandis are also affiliated. The aim is to jointly enter into industry-wide discussions with chemical suppliers to find less harmful alternatives that will increase safety on our construction sites in the longer term.

Safety in the chain

We feel responsible for everyone working on our projects. We also want to use our influence to improve safety in the chain. The tight labour market is changing the composition of the workforce working on our projects. We observe challenges in professionalism, an ever-lengthening chain of contractors and greater language diversity. To cope with them, we have taken a number of actions.

1. ViA [Safety in Subcontracting]

Viewed from Dura Vermeer the chain runs, in one direction, to developers, consultants and the client, and in the other to our first-line contractors and their chain of subcontractors. We have two goals: first, we aim to achieve a structural reduction in the chain in the number of incident reports involving injuries or absenteeism, and second, the ratio of first-line contractors complying with the ViA must be above 70% at the time of commissioning and must be 100% during the execution of the work. We engage with clients to increase their commitment to safety. We have tightened our ViA requirements for first-line contractors as of 1 October 2022.

Only contractors who have had their safety culture tested against the Safety Culture Ladder are eligible. Almost all permanent partners meet this requirement.

2. Selection and assessment of contractors

In a standardised assessment methodology, we periodically provide feedback to the procurement organisation on the safety performance of our contractors and their people. This data across all projects helps us to engage with contractors where necessary and improve safety performance.

Language diversity

An additional problem of outsourcing is language diversity: more and more people performing work on our projects speak no or poor Dutch. We have launched a campaign to clearly communicate the most important 10 basic rules about working safely without words. Through the reports in the SAVE app, we also gain insight into issues involving culture so that we can act on them.

FRAGMENTATION IN THE CHAIN

One dilemma is the outsourcing of work by our first-line contractors. This trend is partly due to the tight labour market and the high number of self-employed workers. The longer this chain becomes, the less well embedded the safety culture is with the people who actually carry out the work. In the performance of a contract, the number of individual employers in the chain grows to such an extent that it becomes increasingly challenging for the main contractor to ensure coordination and responsibilities with respect to health and safety. There is also not enough work supervision and we see in this sub-chain that instructions on safe working are often inadequate. Construction Site Access Security has given us a good understanding of the chain of contractors that is formed and we can now establish a link between deviating performance within the chain's responsibility 'tree' and our first-line contractor, whom we can then call to account. Going forward, we have resolved that our goal is to have more control over the level of subcontracting of work and the deployment of skilled individuals.

Good employment practices

Despite all the developments in our industry, which we described at the beginning of this annual report, there is still a large pipeline of construction work. As a result, competition within the industry is still increasing as well as, closely related to this, labour market tightness. The inflow into the industry of skilled and well-trained personnel is limited. We therefore need to broaden our view on labour supply and the deployment of qualities to ensure our competitiveness and continuity, especially from the perspective of the increasingly complex multidisciplinary activities that Dura Vermeer is developing.

Good employment practices are a material topic for Dura Vermeer. In order to attract and retain excellent professionals, we are constantly working to enhance a working environment that does justice to everyone, and respects both the team and the individual.

Sharing knowledge and finding the best ideas together is key for us, as are transparency, trust and ownership. These allow our employees to bring out the best in themselves. By strengthening our people and the organisation, we are working to achieve our ultimate goal of being the best employer in the sector.

We have set up dashboards that allow us to see the trends and correlation between the inflow, advancement and outflow of our employees. This allows us to adjust our policies in these areas, targeting training and development, for example, and to fine-tune our onboarding and labour market campaign to achieve the best work experience for (new) employees.

Topics related to integrity, including confidential advisors and SpeakUp, can be found in the Conduct and Integrity section on page 87.

Absenteeism

Our target for 2022 was an absenteeism rate of < 4.0%. We did not achieve this goal. The cause of increased absenteeism is unclear, making it difficult to address. Enquiries with other large companies reveal that they experience the exact same thing, and that they also cannot pinpoint the cause.

Absenteeism at Dura Vermeer is reasonably low compared to other large construction companies. Periodic occupational surveys show that mental strain and lifestyle are areas of concern. With our vitality programme, we address prevention, specifically in relation to these areas of concern. We also expect preventive action from managers when they become aware that an employee is struggling in some way.

We address the health and well-being of our employees in their work situation. Our offices meet the highest standards and we provide healthy food in the company restaurants. On site we work in accordance with all safety requirements. Furthermore, we attach great importance to a working environment where employees feel safe and comfortable. This is how we try to control absenteeism.



Labour market campaign 'Heart for construction, our eye on you'.

The impact of Covid-19 on our employees was limited in 2022. We followed the industry protocol, which resulted in little or no delays on our projects due to Covid-19. Our flexible working policy enables individual arrangements and encourages accountability, flexibility and optimal use of digital technology to facilitate work. We take account of social safety and enable managers and employees to function optimally.

Vitality programme

Within teams and operating companies, there is attention for the vitality and long-term employability of our employees. We have in place our organisation-wide vitality programme #DV4FIT, which supports both physical and mental health. In 2022, we focused on one of the four pillars from #DV4FIT every quarter in various webinars, starting with mental fitness (work-life balance), then nutrition, then physical fitness and finally financial fitness.

In 2022, we provided sessions on healthy eating, sleep and mental energy balance, as well as energy conservation. With our partner YincQ and with Budget Coach, we gave webinars on financial health. In total, we gave 11 webinars, which were each attended by 22 to 102 employees. We have also tried through contests and knowledge quizzes to raise awareness of the four pillars. Furthermore, we offer discounted gym memberships. We asked our staff in 2022 what they thought was important in the programme. They gave vitality a score of 8.7. This Zwaarwerkregeling allows employees covered by the Bouw & Infra Collective Labour Agreement to stop working up to three years before the state pension age.

Employee recruitment and retention

In our approach to the labour market, we show what we have to offer as an employer and try to get people to choose Dura Vermeer. We present ourselves as a top employer in the industry in order to attract ambitious professionals.

Campaigns

The labour market is tight. It is especially difficult to find suitable candidates for operational positions, such as foremen, cost experts and BIM modellers. So far, we have been able to fill our vacancies, but it takes longer than before. We actively campaign to attract people, including through campus recruitment of students for internships and traineeships. Furthermore, we continued our successful campaign 'Heart for construction, our eye on you', in which videos show employees talking about their experiences with Dura Vermeer and our core values of safety, quality and reliability are highlighted. We also continued 'Via via' in 2022, a campaign in which employees try to interest people in their network for a job at Dura Vermeer, for which they can earn a recruitment bonus. In the next few months we will evaluate our campaigns and decide whether to continue them or change course.

Numbers of employees*

	2022	2021
START OF YEAR	2,885	2,707
INFLOW	518**	461
OUTFLOW	-340	-283
YEAR-END (EXCL. HIRED STAFF)	3,063	2,885
HIRED STAFF	912	1,065

* Click [here](#) for a detailed overview of the composition of our workforce.

** Our 2022 inflow included 87 employees from our new equity interests.

Dura Vermeer Groep	REALISATION 2022	TARGET 2022	REALISATION 2021
ABSENTEEISM	4.2%	< 4.0	3.5%

Employee Value Proposition

In 2022, we set out our promises to employees in our Employee Value Proposition, the 'promise to our employees'. We create value for our employees - this is how we can attract and retain top professionals. We work on great projects, but also on creating a working environment where employees can be themselves and continue to challenge and develop themselves, and where we share knowledge and come up with the best ideas together. Besides the physical safety of our employees, we attach great importance to their social and mental safety. And this is reflected in our terms of employment. We also keep an eye on a good work-life balance.

Certificate from Top Employers Institute

In January, we became a Top Employer 2022 in the Construction and Engineering category. This makes Dura Vermeer one of just 66 Dutch companies and one of the first construction companies with this certificate from the Top Employers Institute. The certificate recognises that the company puts people first and that employees do their work under the best working conditions, which enables them to function well. With this recognition, we can strengthen our position as an 'employer of choice'. Being part of the community of Top Employers also has the benefit that we can exchange knowledge and ideas with other Top Employers, allowing us to fine-tune our human resources policies to remain at the top level.

Onboarding

In early 2022, we started a central onboarding programme for all new employees. The programme is also open to colleagues who have already been with us for some time. The programme introduces Dura Vermeer and provides information on our history, core values and strategic priorities, as well as on practical issues. The onboarding process is then continued by the respective operating company. After 90 days, we evaluate how the employee experienced the onboarding process. In these evaluations, 87% said it was a positive experience, and 92% said their perception of Dura Vermeer matched their perception before the first day of work. The programme promotes engagement with our organisation and strengthens the cohesion within the company.

Employee satisfaction

In May 2022, we called on all our employees to participate in our annual employee satisfaction survey (MTO). We used the same measurement and follow-up method as in 2021. At 69%, the response rate was slightly lower than in 2021 (77%), but significantly higher than in previous years (44% in 2020). On average, our employees give us a score of 8.0, which means we met the target of 8.0 or more. When asked whether they would recommend Dura Vermeer to others as an employer, 96% said yes. Furthermore, 96% felt at home with us 89% thought there were enough development opportunities. In addition, 90% stated they contributed in their position to safe working in the operating company, compared to 84% in 2021.

So our campaign in the context of Safety Day, for example, appears to have been successful. 74% of employees feel committed to our strategy and goals, 87% feel free to discuss difficult issues, 91% say they can be themselves, and 90% can deal with changes in work. We are proud of these outcomes and take the feedback to heart for further improvement.

In 2022, we offered a large number of our employees compensation for rising fuel costs and inflation.

Work-life balance

We adapt to the changing world and provide opportunities for appropriate work-life integration. So we make flexible working possible whenever we can. This means in practice that the employee and the manager agree together on how the work will be completed. We also offer various forms of leave. The leave forms are part of our General Terms and Conditions of Employment and can be found on our intranet DigiDV. Furthermore, we inform all employees of statutory or Dura Vermeer-initiated changes in leave in our semi-annual staff magazine WIJ. For example, Dura Vermeer supplements the statutory payment of the supplementary post-birth leave of 70% to 100% of the contractually agreed fixed salary.

Development and training

To remain at the forefront of the market, we tailor our training courses to the needs of the industry and the innovations that are leading the way. There is a strong focus on further developing sustainability and digital skills and the use of digital resources, as well as strengthening communication skills in customer relations and negotiation, so as to foster commercial awareness within the organisation.

In 2022, we took steps to make Management and Talent Development more targeted and set up programmes for this. We have developed training programmes aimed at each stage of advancement. In 2023, we will do the same for the further development of professional skills. The ultimate goal is to fill our vacancies by 70% internal growth and 30% external recruitment.

Applications for internal professional and career-oriented training courses are submitted via the Dura Vermeer Academy, for example to brush up on basic knowledge or to obtain certificates for Company Emergency Response (BHV) and mandatory certificates. Coaching and MBA courses are also possible. In 2022, we further professionalised the Dura Vermeer Academy by adding more educational expertise, so as to better match it to the needs and requirements of the organisation and the environment. The courses available in the Academy are determined by what is needed to perform work well, both in terms of competences and skills requirements.

In 2022, the ratio of our training and education costs was substantially above target. We have given our staff the opportunity in 2022 to take the training courses that had been postponed due to Covid-19, while at the same time working on other educational needs.



Top Employer Brand certificate: employers who are progressive in HR and offer employees the very best working environment.

Dura Vermeer Groep	REALISATION 2022	TARGET 2022	REALISATION 2021
EMPLOYEE SATISFACTION	8.0	≥8.0	7.9

Dura Vermeer Groep	REALISATION 2022	TARGET 2022
% TRAINING AND EDUCATION COSTS VS. WAGE BILL	1.65%	>1.0%

Diversity and inclusiveness

To continue doing business successfully in the future, to increase our lead over competitors and ensure that employees enjoy their jobs, we are focusing ever more strongly on diversity and an inclusive work culture. Companies with diverse teams connect better with customers and stakeholders and reflect the make-up of today's society. Diversely composed teams are also needed to drive innovation, change and technological advancement, taking Dura Vermeer forward. This will also ensure that Dura Vermeer is and remains an attractive employer.

With our diversity and inclusion policy we aim as a company to be a better reflection of society.

In 2022, we worked mainly on gender diversity, more diversity in terms of cultural background and more opportunities for people distanced from the labour market.

Gender diversity

Our gender diversity target for 2022 was for 23.5% of our UTA (executive, technical and administrative) staff to be female. At 23.4% we just missed this target.

To achieve our goal, we have taken a number of actions. An absolute target for male-female diversity has been introduced for each operating company. In our labour market communication and internal campaigns, we work with women and employees from culturally diverse backgrounds as role models. We are also focusing on more women in our internal advancement policy. Dura Vermeer also took part in the cross-mentoring programme Talent to the Top. It involved pairing two women, a mentor and mentee, with two people from other organisations. One of the ways we work on gender diversity is through our women's network EVA, which empowers and develops women in management and line positions to increase the proportion of female professionals in top positions with Dura Vermeer. We participated in Talent to the Top's Gender Diversity Monitor. We exceeded our target of 18% women in management by 2022, reaching 23.6%.

Every two years, we investigate whether there is a pay gap between men and women in positions of equal knowledge and experience. Our latest survey in 2022 showed that the total unadjusted overall difference between the average wage of women and men at Dura Vermeer was 11.2%, which is below the national CBS average of 13%. Further analysis of the data on this difference showed that it was explained by the distribution of men and women across job scales. From this, we can conclude that at Dura Vermeer there is no difference in pay for positions which require equal knowledge and experience.

Cultural diversity and distance to the labour market

We aim to increase cultural diversity among Dura Vermeer's workforce. We also want to offer people at a distance to the labour market full employment instead of hiring them on a project basis. To achieve both ambitions, we have taken several actions.

We participated in Talent to the Top's Culture Monitor, mainly to start to understand the targets of other charter signatories so that we can set a starting point for this in 2023. We also gained a better understanding of possible measurement methodologies. In April, we participated in the Dutch Business Summit on Refugees, organised by Tent Partnership for Refugees, a global coalition of 120 companies helping refugees. Our cooperation with the UAF foundation for refugee students has also been further expanded and extended until the end of 2023. Finally, we participated in the SER 2022 Diversity Charter, the results of which will be known in 2023.

Bureau Social Return

Dura Vermeer's Bureau Social Return (SROI) supports creating opportunities for people at a distance from the labour market by offering them a job, training and/or work experience. In 2022, 114 social return candidates were registered by Dura Vermeer.



Promoting gender diversity is a priority at Dura Vermeer.

We are increasingly committed to hiring and sourcing from social enterprises. This allows these employees to continue to work in their own safe environment under the right guidance that they are comfortable with. In 2022, we made € 2 million in social purchases from companies that have a Prestatieladder Sociaal Ondernemen (PSO) or Code Sociale Ondernemingen (CSO) certificate, or that have sheltered employment status with a municipality. In 2021, this was approximately € 750,000.

Bureau Social Return is fully engaged in promoting and improving knowledge on how to generate social impact. We gave presentations on this in 2022. We also launched an intranet page about the agency and worked on an interactive tool for visualising all social return activities within projects and regions, intended for external stakeholders. In this way, we visualise the social impact achieved.

Our 2023 Social Return procurement strategy stipulates that we make agreements with contractors and suppliers for their social contribution. This gives us influence in the chain. Our facilities department also includes a social return condition in tenders and weighs the effort in this area among potential contractors and suppliers in the selection process.

Dura Vermeer Groep

% FEMALE IN TOTAL NUMBER OF UTA* EMPLOYEES

	REALISATION 2022	TARGET 2022	REALISATION 2021
% FEMALE IN TOTAL NUMBER OF UTA* EMPLOYEES	23.4%	≥ 23.5%	22.3%

* UTA stands for executive technical administrative.

LEONTIEN DE WAAL OF ABN AMRO



As Construction industry banker at ABN AMRO, Leontien de Waal is an important sounding board for Dura Vermeer, also regarding sustainability. She explains where the challenges for the industry lie and how Dura Vermeer can deal with them.

What role does ABN Amro play in making construction more sustainable?

"We help both frontrunners and companies that are still finding their feet in their sustainable transition. The main tools in our financing relationships are dialogue and incentives such as interest rate discounts. The European Commission and the European Central Bank also play a role. For example, the EU Taxonomy directs us to ask our relations about their sustainable performance and what they are doing to improve it. In that process, we increasingly ask for substantiation. Demonstrability is important; the test for greenwashing is stronger."

You mentioned interest rate discount, does the bank have other options?

"We definitely look at those. For example, we have a client who wants to build a new precast concrete plant that is more energy efficient than the existing one. Precast concrete products cure through a natural process. This requires a bigger plant, so that also raises the financing requirement. In that process, we explore whether we can agree more favourable repayment terms. For example, a loan that matures after seven years instead of five. That is how we try to find a solution together."

"A FAMILY BUSINESS MAKES IT EASIER TO MAKE ROOM FOR WHAT IS IMPORTANT"

What is the government's role in this triangle?

"Final standards for 2030 have been put in place for buildings and energy labels. That allows you to make no-regret investments. It gets trickier when The Hague then comes up with new policies, creating inconsistency. Companies that focus on energy labelling in renovations for investors, for example, are suddenly faced with legislation regulating non-subsidised sector rent. This puts pressure on the business case for sustainability. Government policy needs to be consistent over time."

Where are the biggest sustainability opportunities right now?

"In reducing carbon emissions. In energy efficiency, but also in choice of materials. You can make huge strides there. Take for example the motto 'use wood where you can, concrete where you must'. We will not get rid of concrete tomorrow, but we can make circular concrete and concrete with lower carbon emissions and with less or even no cement. That is one of the biggest challenges for the construction business. The sector accounts for 38% of total CO₂ emissions. 27% of those comes from energy consumption during realisation, but as much as 11% is still emitted during production, transport and assembly of materials."

Surely circularity can also contribute to that?

"Absolutely. There are already many alternative solutions, but they are not always allowed or certified yet, also because the existing building industry has vested interests. For example, concrete without cement cannot be called concrete. Clients can play a meaningful role in this area by asking for alternatives - private parties in construction and property, and governments in infrastructure projects I challenge them to show more guts. Make circular procurement the norm. The Central Government Real Estate Agency is leading by example by tightening circularity requirements in tenders as of 2023, but investors should also make it the norm. Regulations, such as the EU Taxonomy, also generate pressure."

What is Dura Vermeer doing well in sustainability?

"I appreciate the tremendous openness and transparency with which Dura Vermeer took up the challenge. You see the steps reflected in its reporting, but also in what it

actually does. In a family business, continuity is the holy grail. Social engagement is always reflected in its core principles and that helps to move forward more quickly. In a family business more room can be devoted to what it considers important, and making less profit for a limited period of time is an option. It is different when investors are always looking at your share price and you have to pay dividend every year."

What can Dura Vermeer do better?

"Ensuring a common level of ambition. Dura Vermeer is a large company with many operating companies that each have their own character. That is great from an entrepreneurial point of view. The company might think: let a thousand flowers bloom, but you should also go for impact. That requires a dot on the horizon for everyone to aim for together, based on firm agreements. If you are clever about it, it doesn't have to clash with the autonomy of the operating companies."

What is important apart from CO₂ emissions?

"The human factor, the social impact. If you want to make good on your sustainable ambitions, you need good people. And you can retain them with a good salary, but certainly also with an enjoyable working environment and good benefits. I do not expect the shortage of specialists in construction to improve for the time being, as ambitions are growing. So as a company, you have to take very good care of your employees."

Can Dura Vermeer do something about that shortage with its Academy?

"Young people today are often more likely to choose an administrative job rather than construction, because the industry's image is still that you have to get up early and do hard physical work. So you have to entice them. So many great things are happening in construction, like digitalisation and technological advances. It is great if builders invest in their own academy, even counter-cyclically. In times of crisis, having your own academy is important to maintain inflow and advancement levels. Employees are increasingly becoming assets, and in an academy you can impart values and culture in addition to knowledge. Think of it as a recruitment tool." •



STRATEGIC PRIORITY CLIENT, MARKET AND SOCIETY

The market is more and more competitive and social and economic conditions are turbulent. Against that backdrop we are strengthening our external focus to better respond to these developments. We listen to customer requirements and translate them into concrete solutions. We are also professionalising the commercial process and increasing our agility, which allows us to seize opportunities in market segments where growth is expected. And we choose projects where Dura Vermeer can deliver the greatest added value for its customers. This translates into the material topics we describe in this chapter: customer satisfaction, environmental management, comprehensive design, health and well-being of the users, and affordable housing.

Customer satisfaction

The prominent role we give to customer and market approach in our organisation enables us to respond quickly to constantly changing demands. By investing in sustainability and digitalisation, we are better able to translate customer demand into a complete construction project. We want our customers to be satisfied both during the construction process and after completion. That means we provide the product and service that matches the customer's requirements. With the Net Promoter Score (NPS) we measure the extent to which a customer recommends Dura Vermeer to other customers. These are business clients, such as investors, housing associations and central and local government, not end-customers such as consumers. We do have a KPI for end-customer satisfaction, but it is not used throughout the group and so we do not report on it. The group-wide target for customer satisfaction at Dura Vermeer is an NPS of above 75. Both divisions met this target.

NPS and response rate	REALISATION 2022	TARGET 2022	REALISATION 2021	RESPONSE RATE 2022	RESPONSE RATE 2021
CONSTRUCTION AND PROPERTY DIVISION	96	≥ 75	93	52%	78%
INFRA DIVISION	80	≥ 75	88	58%	39%

Collaboration as a prerequisite

Close collaboration with the client largely determines customer satisfaction. The better the collaboration, the more predictable the end-result. Achieving (mutual) expectations requires timely management and periodic reflection on the collaboration. To do that, we make arrangements at the start of the project.

Responsibilities

At Dura Vermeer, responsibility for satisfied customers lies primarily with the project teams. These teams are in direct contact with the customer and have the greatest impact on customer satisfaction. The developer, project manager and project leader are ultimately responsible for achieving customer satisfaction targets.

Additional indicators

In the Construction and Property Division response rate and rating score are also considered part of business customer satisfaction. We achieved a 52% response rate (the target was 80%) and a rating score of 8.4 (the target was 9). For both targets, we have started an improvement process.

The Infra Division also uses the Better Performance methodology of CROW, the knowledge centre for mobility, public space and infrastructure. For qualitative questions in infrastructure projects, governments use these or similar methodologies. During and after completion of a project, the client assesses the working method and collaboration. Good scores can be used in private tenders or private awarding of contracts. Our aim is for everyone in the Regional Projects operating company to use this methodology, alongside the NPS as a group-wide KPI, from the second quarter of 2023.



Holding stakeholder dialogues is part of our concept of collaboration.

Research

A working group of the Construction and Property Division studied the findings of customer satisfaction surveys. Understanding customer satisfaction figures has resulted in us having more and better contact with customers and aligning our mutual expectations better. Technical officers are more aware of customer demand in the execution phase. Customer feedback is also used in other projects. Furthermore, ambassadorship works well: satisfied business customers are ambassadors who recommend us to other potential business customers. So this is something we are going to put more effort into.

Performance database

The Infra Division has a performance database in which all measurements and performance are stored in a searchable format. All project characteristics are also recorded. These are also searchable, so they can be found for substantiation in new tenders. The performance database allows us to assess not only our own performance but also that of clients. This database can also be of interest to clients for private tenders.

Environmental management

For Dura Vermeer, environment management means uniting the interests of stakeholders in the preparation and implementation of projects. Actively involving all stakeholders and identifying their interests provides us with a complete picture, so we know what we want to and should take into account. We incorporate this as best we can into the design and plan of action. This creates support among all stakeholders involved, speeds up procedures and makes the whole process more predictable.

Stakeholders have a great deal of influence on the success of a project. Resistance increases the likelihood of delays and objections, which is often expensive and can cause image damage. The design of an infrastructure work or

building can be successful only when (future) users perceive its benefits and when they see their interests are safeguarded. Therefore, we adapt our design to the needs of the users. Designs must also fit within the (area) vision of competent authorities.

During implementation, we make project analyses of the environment in consultation with stakeholders in which we identify risks and include measures. In doing so, we ensure safety, liveability and accessibility during implementation. We help local entrepreneurs to keep their business going.

Demand for deployment of environment management is growing. People are becoming more empowered and better at informing themselves. Legally, the role of participation is becoming more important and even mandatory. This requires an environment-sensitive builder who creates added value for both parties by proactively working with other parties and taking their views into account.

Stakeholders

Stakeholders that we almost always involve in projects are municipalities and provinces (competent authorities), utility companies, current and future users, entrepreneurs, users and local residents, organisations and agencies, emergency services and schools. Among the stakeholders are some that set the legal, regulatory and licensing frameworks. With these, we conduct periodic consultations. We often involve residents, employees and road traffic participants in the solution we envisage for the requested change. For example, we involve them in design sessions and identify their wishes and concerns. We also do this in neighbourhood surveys, individual interviews, meetings and digital tools. With (vital) organisations in an area, we always make arrangements on safety and accessibility.

Ambition

Our ambition is to be the best builder in terms of environmental management. We pursue this in a range of ways: first, with our distinctiveness in risk management; second, with a specific plan of action tailored to the target group for participation and communication; and third, by continuously improving our services based on our environment satisfaction surveys during implementation. Our target is to get an average score of at least 7.5 by 2023. So far, we have not taken structural measurements on all projects. We will start to do this in 2023. For the projects where we did measure, the average score we got was 7.8.

Knowledge sharing

In 2022, the Construction and Property and Infrastructure Divisions exchanged best practices. The approach to environment management is different in each division because of differences in contracts and in the nature of the work. A joint working group will share expertise and set up a Dura Vermeer-wide online platform.

Operations

By 2022, we have developed a vision in the Infra Division of two-phase contracts, contracts in which design and realisation are separate. We have gained experience with this over the past two years by starting participation processes together with the client.

As these processes require different competences from our people, we focus on their development so that they can understand customer requirements and meet them.

Within the Construction and Property Division, we have long been working with construction team agreements that are very similar to two-phase contracts.

We have developed a digital stakeholder satisfaction measurement that allows us to deliver what we promised in the tender phase and adjust projects where necessary.

We have been distinctive in environment management with the development of our area information model (GIM) in both infrastructure and property projects. Besides stakeholder concerns, it manages 13 other domains, including cables and pipes, archaeology and permits. By applying GIM and the building information model (BIM), we visualise common aspects in a project, which allows us to see immediately which environmental aspects are involved.

Preparations for the Environment and Planning Act

The Environment and Planning Act, that has yet again been postponed, sets new requirements for participation. For instance, participation will be mandatory in case of deviation from the zoning plan. This law also provides opportunities to demonstrate our distinctiveness in this area, and we are preparing for it with the Environment and Planning Act Task Force. We are testing innovative forms of environmental participation and are developing a website with laws and regulations and a toolbox.

Outlook

We are increasingly designing together with stakeholders within predefined boundaries. Going forward, we want to create more social value by involving crucial organisations more closely in the design process. We see social value increasingly emerging abroad: many public organisations and companies employ an environment manager to engage with the environment, for example, with local residents on urgent health issues surrounding the construction of a hospital.

We expect the same to happen in the Netherlands and for these environmental managers to become important discussion partners for our environmental manager in the design and implementation of our plans.

In 2023, we will explore how Big Data can play a role in anchoring environmental management more strongly still within and outside Dura Vermeer, both in social and technical terms. This will bring us closer to our goal of becoming the best builder in environmental management.

Comprehensive design

Comprehensive design means integrating the interests of all stakeholders - such as socio-economic, ecological and economic interests - into the best possible solution for development and construction. The whole chain participates: clients, contractors, consultants and suppliers. Within the company, we involve all disciplines that can help determine what and how we build. If clients involve us early in their problems and challenges, we can use our knowledge, expertise and networks to come up with comprehensive and creative solutions.

Comprehensive design can also provide an answer to the complexity of design processes and projects, which is increasing as we have to take into account more and more stakeholders and aspects, such as for instance climate adaptation, circularity and biodiversity. In addition, the number of disciplines involved has grown significantly. The increasing role of building systems in design solutions is just one example. That is why the fact that Dura Vermeer's Engineering Division masters those disciplines is so helpful.

Our impact

We want to do the right thing in everything we do. We create areas and buildings with identity and character where people are in balance with themselves, their environment and the earth. This gives us impact across the board, from data-driven concept development to our implementation teams delivering on what we promise. By taking responsibility for the design, we largely determine what is built and how.

We always put people first. We actively seek to create at all levels what residents need to stay healthy and fit, feel connected and enjoy living in their homes and neighbourhoods. With all our creativity, we pursue a strong identity that ensures connection and sustainable value especially in the relationship between people, context and the shared ambitions of all involved. By targeting all generations in an area, we create a balanced mix of housing products and amenities. This is how we develop vibrant neighbourhoods where travel distances are reduced and where people like to be, because generations live together and the streets are always full of life.

By finding the optimal balance between materials, energy efficiency, value in use and experiential value, we also have a positive impact on people, the environment and the economy at building unit level.

In infrastructure development, we mainly work for public clients, but there, too, our design solutions have a major impact on the environment. With a comprehensive design for a dyke reinforcement, for example, we increase water safety but we also improve the living environment for local residents, enhance biodiversity and incorporate climate adaptation.



Foundation construction at Zeewolde

Organisation

We work with comprehensive design teams led by design leaders who manage all disciplines. In construction and property, these include an architect, a structural engineer, a technical building systems consultant and a building physics consultant. Our organisation is set up to provide comprehensive solutions. We put customer requirements first. This means that we have to know the customer and the market well, and for that, environmental management is important. That is why in the Infra Division these teams are part of the design organisation. Infrastructural works increasingly involve two-phase contracts, meaning that we, as a designing builder, can enter the project even earlier and bring our knowledge to bear even better.

In 2022, we made a stronger commitment to developing our staff so that they can understand the customer requirements and address them together. We also ensure we have access to the necessary knowledge with a strong network of partners.

PROJECT: ZEEWOLDE WIND FARM

An example of comprehensive infrastructure design is Wind Farm Zeewolde, the largest Dutch onshore wind farm, where we have integrated wonderful sustainability solutions. For example, the maintenance roads in the park have been constructed in a circular way: the materials can be reused at the end of the wind farm's life. Working closely with Staatsbosbeheer, measures were taken to increase biodiversity, such as creating a beetle bank.



Hemsterhuis Bridge restoration, The Hague.

Partnerships in area development

In area development, partner selection is a new form of tender process. Municipalities choose a partner rather than a plan. We present our approach and explain how we deal with risks and how we shape the partnership. Although there (may) be different interests between the parties in the partnership, it is very important to have a shared ambition for the area development. That ambition defines the shared picture of what the project should ultimately look like when finished. To achieve this, we have developed a comprehensive working method in which we shape the design of the area and buildings with the municipality and housing associations as full partners. In this way, we work not sequentially but comprehensively towards the desired final picture. This way of working not only speeds up the process, but also enhances the quality of future neighbourhood.

Ambitions for the future

In area development, partner selection shifts the focus from developing based on one's position to developing from a base of conceptual strength, in which we explicitly position ourselves as a partner. We win such tenders not only on the quality of the final plan, but also on the trust we create as a partner on the way there. This also applies to our infrastructure customers, for whom we want to be a reliable and distinctive partner that can 'connect' the Netherlands with our comprehensive solutions.

Health and well-being of users

Dura Vermeer wants to create places and buildings where people live or work healthily and happily, with a positive impact on both nature and society. For this, we are prepared to make different choices for our planet with the aim of developing future-proof living environments. Based on ongoing projects and the solutions we provide in them,

using data and target group research, among other things, we make this measurable in practice.

We include the effects of the built environment on the health and well-being of users and residents in our projects, both in the development and construction phases and in the longer term. This is how we create safe and healthy living environments. A safe and healthy living environment is perceived as pleasant and inspires healthy behaviour, leading to a reduction in health risks and contributing to the well-being of all. Dura Vermeer creates such places by making people the starting point in the development and construction process rather than the final piece of the puzzle. It is how we build a better society overall, and improve the well-being of individuals. We also take responsibility on issues such as lower carbon emissions, more greenery and more zero-energy homes. That is our answer to major social issues.

To make best use of knowledge and expertise, we seek collaboration with stakeholders and partners, from municipalities and housing associations to investors, and with knowledge partners and experts from outside the construction sector.

Measurably happier and healthier

Who our target groups are, what they need, the identity of the neighbourhood and how we ensure connection between people are key questions for our projects. We have translated our implementation of this into our development vision Het Goede Doen [Doing the Right Thing]. Based on this vision we develop projects in partnership with our design studio ID and a host of outside experts. In this process we use a tool that strikes a balance between people and their (built) environment and makes it measurable: the GoodLife Barometer. It gives everyone insight into what we add to and improve in the places we develop. We measure a multitude of topics:

mobility, social cohesion, the environment, biodiversity, connection, behaviour and services. The findings, in conjunction with the neighbourhood research we do, form the ingredients for the development vision and strategy for a particular area. Examples of projects that have come to fruition in this way include the sustainable urban neighbourhood Elements in Haarlem, the inclusive urban district Suikerzijde in Groningen, RijswijkBuiten and the nature-inclusive and climate-adaptive Fruitmeester district in Beverwijk. Preparations for the construction of Legends E5 in Utrecht Leidsche Rijn are underway. The project will be designed to suit residents aged 55 and over meeting each other and exercising.

The inclusive city

Dura Vermeer strives to create living environments that feel good, in which everyone has an equal chance of having a good and pleasant life, where health is paramount and the community is at the heart of everything, at all levels. This is when a balance is struck between city, district and neighbourhood. We create an inclusive city together, partly by keeping our ear to the ground and partly by joining forces with partners and truly working in partnership, which we do with housing corporations, municipalities, welfare organisations, healthcare parties and public authorities, but also with (future) residents. Especially with such challenging issues at hand, it is important that we commit to diversity. Different perceptions lead to different perspectives. Only by including them all, will we continue to challenge each other and come up with solutions that fit tomorrow's world.

Affordable housing

Everyone in the Netherlands should be able to afford their housing costs. Housing is a fundamental right and a prerequisite for a decent life. Dura Vermeer's contribution to this is to help ensure sufficient availability of affordable housing that suits people's life stage: first-time buyers, people moving up the housing ladder, small households, families, older people who are scaling down their housing needs. For each target group, affordable housing means something different.

Affordability is not only important in the here and now, but we want the homes we build to remain affordable in the future. We are also committed to including sustainability in our choices and creating healthy and liveable neighbourhoods.

Challenges and opportunities

For a long time, the buying market was healthy and housing costs were low, but this has now been reversed due to increased mortgage rates, scarcity of raw materials and high energy prices. Market prices are fluctuating, and we follow the market. Our organisation is attuned to it. Our managers monitor price developments in the market and the chain on a monthly basis. This is necessary to keep our organisation robust in today's market. Such challenges, however, are set off by opportunities. Energy-efficient or even energy-generating homes reduce housing costs significantly. We can build such houses. Making the existing housing stock more sustainable also helps to make housing costs manageable. The same applies to vacant properties, which we transform into sustainable housing. And we build affordable housing for housing associations.

Programme

In 2022, in response to market developments, we set up a programme on affordable housing. In it, we scrutinised all our processes and resources as well as a number of reference projects with the aim of realising more affordable housing. We also used this programme to assess whether the residential concepts we currently offer sufficiently match market demand and customer requirements. The conclusions from the programme have been translated into a plan to respond to current market developments. The aim is to provide affordable and future-proof housing.

Conceptual construction

In area development, we realise affordable housing alongside housing in the mid-price range and the more expensive segment. One methodology for Dura Vermeer to deliver affordable housing is conceptual construction. In conceptual construction, a reference house is taken as the template for other houses, which allows us to speed up the construction process. We do this using the PCS platform. It has been around for a long time, but we are adapting it to changed circumstances by increasing the role of automation and digitisation. In this way, we make construction smarter and more efficient, so we can do the same thing with fewer people and resources through standardisation. Only cutting costs is not the right way, because that might compromise quality, and we refuse to do that. Our goal is to launch the revamped PCS platform in the first quarter of 2023. Concrete will still play a big role, but we now consider it as an intermediate step towards more bio-based and modular construction. Conceptual construction may offer housing associations a possible solution in their quest to build more houses quickly. It would be incorrect to assume that this leads to uniformity: this methodology allows for relatively great architectural freedom.

MAURICE UNCK

DIRECTOR OF RET ROTTERDAM

Rotterdam city transport company RET has hundreds of kilometres of infrastructure in operation. Director Maurice Unck explains how all those tracks and other facilities are maintained and expanded. Innovation in forms of contracts is proving beneficial to the company.



"I AM ALREADY FINDING THAT WE ARE HAVING DIFFERENT CONVERSATIONS"

How is RET working towards a future-proof network in Rotterdam?

"We do that in a range of ways: we have a lot of infrastructure in the city: some 200 kilometres of metro lines with 60 stations, and also 200 kilometres of tram lines with hundreds of stops. We now also run electric buses that use charging points, and we have big depots with lots of tracks and large buildings. Some of it is really old: trams started running in Rotterdam in the late 19th century, and the network was electrified in the early 20th century. We need to continuously maintain that infrastructure and replace it when necessary. At the same time we are constructing new routes, such as the Hoekse Lijn, a metro line to Hoek van Holland beach, and new tram lines. There are also expansion plans. There will be a new river crossing in the Feijenoord district that will become a major public transport hub."

How does sustainable maintenance or construction actually work?

"Take the Hoekse Lijn. We paved the walkway next to the track with olivine, a mineral that removes CO₂ from the air. And we keep emissions low in all kinds of ways. We no longer drive diesel buses around town and we are using green electricity. Our new Kleiweg workshop was built as sustainably as possible, with heat-retaining walls, and together with Eneco we built a 2,000 m² solar park that generates power for us. When we are not using that power, it is supplied to the local grid. That is how we like to work. We are right in the heart of society and then it makes sense for us to lead by example where we can. Wherever we work, we are always in contact with the environment, so we are naturally used to interacting with it. Circularity is also part of our working methods. Large projects are dealt with by the municipality or are regional or national, but replacement maintenance and smaller projects we carry out ourselves. When we do, we try to reach agreements with suppliers on circularity."

How important is Rijkswaterstaat's 'Towards a vital infrastructure sector' initiative together with the market?

"A lot of infrastructure in the Netherlands was built in the 1960s and 1970s. There was a construction boom at the time. Our metro was also built during that period, as were the tram viaducts. They must be maintained properly and replaced when necessary. In addition, we are dealing with growing urbanisation and that requires intensification of public transport services, especially new connections. To bring that about, you need a sector that is both collaborative and competitive, that uses new methods and comes up with innovative concepts. We have to build within the urban environment, which is very complicated. There are a number of parties in the Netherlands that can do this, but the number of commissioning parties is limited. They should be on good terms with each other, but then there are also tenders. And for those, you need a healthy infrastructure construction industry."

One of the goals is to have construction companies to stop shying away from bidding for high-risk projects.

"That's right. For a while, they did. We found that too. Due to perhaps overreliance on market forces in the past, companies and governments tried to offload risks onto market parties. That seemed like a good idea at the time, but when they hit snags, construction companies can go belly-up. Some projects showed how shaky that strategy was. I think it is good to strive for a balance. We have indeed put projects out to tender in the past thinking: you build this, you sort out how. We got burned on those, because it led to complicated contracts and awkward discussions afterwards. And some companies said: we won't do this anymore. So ultimately, there is always going to be a partnership of some kind. You have to strike a balance, so that projects remain attractive for the industry to carry out, but we have to spread the risks fairly in some way. It is too early to say whether we have found the solution, but I we are definitely having different conversations. And that's a positive." •



STRATEGIC PRIORITY FINANCIAL RESULT

In spite of the war in Ukraine, the nitrogen problem and other problems mentioned above, 2022 was again a successful year for Dura Vermeer. Nearly all the operating companies contributed positively to the results and scheduled work increased. Operational excellence and cost control are essential: we streamline work processes and reduce failure costs.

Operational excellence

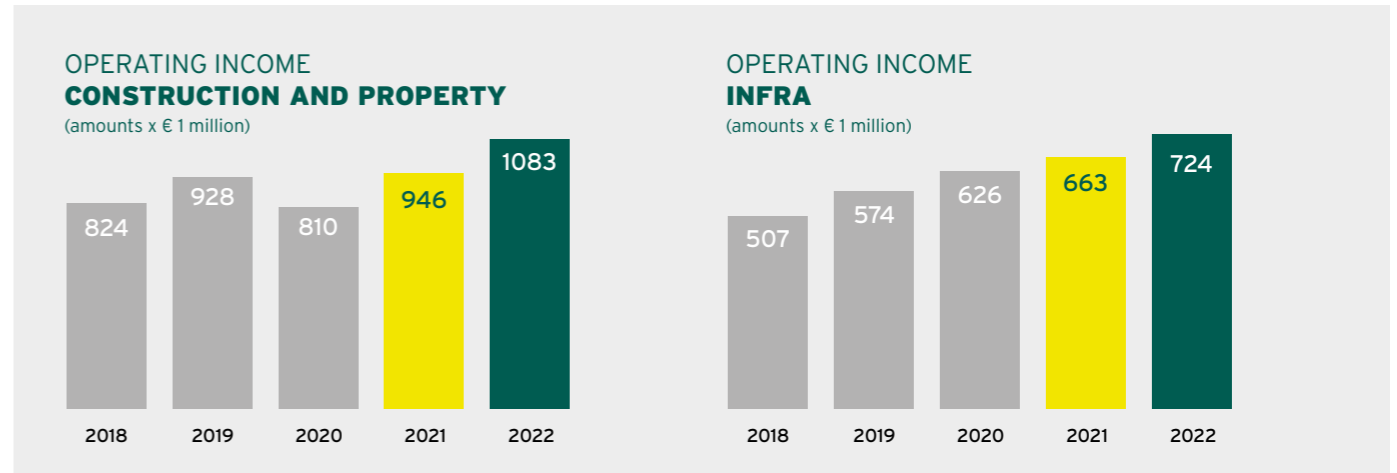
At Dura Vermeer, we define operational excellence as adding customer value by delivering quality, eliminating waste and being a reliable and predictable partner. We do this by optimising our organisation's objectives, our products and services, and our work processes, so we can ensure our continuity, remain competitive and be a continuous learning organisation. The result is a financially sound company with a reputation for being an attractive employer.

Operational excellence has been one of our key objectives for a number of years, but recent developments such as the tight labour market, price increases of energy and materials and the materials shortage are challenging us to improve processes even further. We are now wasting even fewer raw materials and person-hours and we distinguish ourselves as a well-organised and attractive party for customers and suppliers. It also leads to an improved financial position, which enables us to invest further in our company, our employees and our innovation ambitions. This keeps us at the forefront of the market.

An important factor in achieving operational excellence is a uniform way of working based on standards, so employees do not have to keep reinventing the wheel. These standards are continuously reviewed and updated based on the experience of our operating companies. In the Construction and Property Division, there were several improvement initiatives in this context in 2022. The most important was the conversion of the quality system into a digital Flow which incorporates the national standards. The Infra Division works with standardised processes, also known as 'our standard', which creates more focus on safety, quality and reliability. 'Our standard' was developed for and by our own colleagues and is continuously improved based on points of improvement submitted by staff.

Reducing failure costs remains a key goal. In the Construction and Property Division, failure costs at the end of 2022 were still slightly above the target of maximum 1% of turnover, but we are proud of the speed with which we have tightened up our operational plans in 2022 in the face of unpredictable market conditions. To promote reducing failure costs, the Infra Division is raising cost awareness among its employees. It has developed the Cost Focus toolkit to help achieve this, with modules on cost accountability and on preventing and reducing unexpected costs. In 2023, it will be rolled out across the Infra Division.

(Amounts x € 1 million)	2022	2021
Residential construction	700	726
Non-residential construction	384	220
Infrastructure	723	663
Engineering	15	0
Other	-4	2
Total operating income	1,818	1,611



Operating income, result and scheduled work

In 2022, our operating income increased and we were able to keep our result almost at the 2021 level despite all the challenges. Operating income increased by 12.9% to €1.8 billion (2021: € 1.6 billion). Our net income decreased by 4.1% to € 50.2 million. A net margin of 2.8% was achieved for 2022 (2021: 3.3%).

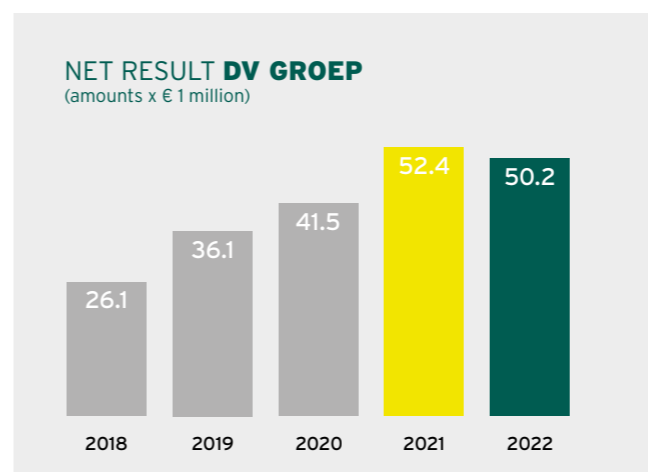
Operating income

Our residential construction activities made a smaller contribution to operating income; in 2022 we were unable to achieve revenue growth due to delayed permits and related factors. In 2022, the Construction and Property Division did complete more homes: 4,207 compared to 3,420 in 2021.

In our own development activities, we have faced complex and delayed permit procedures and, due to increased interest rates and high inflation, delays in the sale of homes. Partly as a result of this, the number of homes sold (ground-level and apartments) developed by Dura Vermeer fell from 1,105 in 2021 to 548 in 2022.

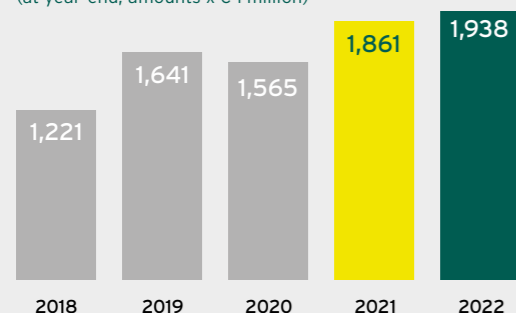
In 2022, operating income from our non-residential construction activities was 74% higher compared to 2021, mainly because we had more large-scale projects in our portfolio. On balance, the Construction and Property Division showed 14.5% operating income growth in 2022.

Initially, there was concern about the development of our infrastructure activities in 2022 due to a contraction in market volume caused by the limited number of large tenders and delays in medium and large-scale projects. This was due to the lack of clarity in the market on issues including nitrogen, the ongoing debate on contract forms and financial uncertainties among local and regional authorities due to Covid-19. Nevertheless, our Infra Division still had a good year. The division's operating income rose by 9.1%. The composition of the operating income of our Infra Division is changing; the role of mobility (new construction) is receding. At the same time, we are acquiring more and more work in the area of replacement and refurbishment (bridges and locks), orders in the water segment (e.g. as part of the High Water Protection Programme) and orders in the energy segment (such as foundations for wind turbines).



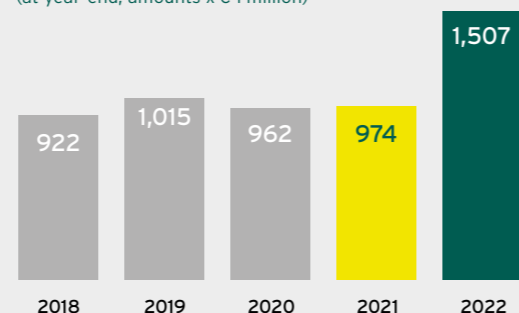
SCHEDULED WORK CONSTRUCTION AND PROPERTY

(at year-end; amounts x € 1 million)



SCHEDULED WORK INFRA

(at year-end; amounts x € 1 million)



Result

The profit after taxes for 2022 came to € 50.2 million and can be broken down as follows:

Despite the difficult economic and market conditions, we managed to maintain a reasonable result. We achieved this through strategic procurement, clear agreements with our clients and constant focus on project management. We are increasingly able to identify deviations from a plan or errors at an early stage (e.g. by using digital tools), so that we can quickly make adjustments or enter into discussions with our customer/client about what steps should be taken.

Scheduled work

Scheduled work (work in progress and newly acquired work) increased by 22% in 2022 to € 3.4 billion (2021: € 2.8 billion). When concluding new contracts, Dura Vermeer focuses on projects that strike a responsible balance between risk and return. Of the total scheduled work at year-end 2022, approximately € 1.5 billion is expected to be carried out in 2023. This covers 86% of the budgeted operating income for 2023. At year-end 2021, this ratio was 87% for 2022. The remainder of the scheduled work will be executed in 2024 or later.

Balance sheet

Dura Vermeer's financial position remained strong, with a solvency ratio based on equity of 30.8% (2021: 28.1%).

The balance sheet total increased by € 72.1 million to € 865.8 million at year-end 2022 (2021: € 793.7 million). The balance of cash and cash equivalents decreased by € 53.7 million to € 233.4 million, and the interest-bearing debt fell from € 4.1 million to € 3.6 million. The lower balance of cash and cash equivalents was mainly due to investments in land holdings and electric machines combined with lower (net) pre-financing of our projects.

Equity was € 266.7 million at year-end 2022 (2021: € 233.1 million), an increase of € 43.6 million. This includes the positive net result of € 50.2 million.

(Amounts x € 1 million)	2022	2021
Operating result before depreciation and amortisation (EBITDA)	85.1	79.1
Depreciation	-14.3	-15.0
Earnings before interest and taxes (EBIT)	70.8	64.1
Net interest income	-2.2	-1.6
Profit (loss) from participating interests	2.4	5.9
Taxes	-18.2	-16.0
Minority interest in result	-2.6	0
Profit (loss) after taxes	50.2	52.4

Financing

At year-end 2022, Dura Vermeer Groep NV had a committed bank facility with three banks. This facility concerns an Current Account Facility of € 50 million, a Revolving Real Estate Project Facility (for both commercial and residential property) of € 90 million, and a € 200 million Guarantee Facility. We had not drawn on the Current Account Facility and the Revolving Project Facility at year-end 2022. With regard to the Guarantee Facility, the banks had issued guarantees for an amount of € 70.8 million at year-end 2022 (year-end 2021: € 75.5 million).

Dura Vermeer has agreed solvency, leverage and interest coverage ratios with banks. We comfortably met these ratios in and at year-end 2022. In addition to financial ratios, non-financial ratios were also agreed. These are KPIs for gender diversity, Environmental Performance of Buildings (MPG) and the reduction of carbon emissions.

As security, the banking syndicate has been granted a first and second mortgage on buildings and land for an amount of € 31.0 million, and security was provided, mainly comprised of trade receivables.

In addition to the banks, three mutual insurance associations have provided guarantee facilities totalling € 175 million (2021: € 160 million). At year-end 2022, guarantees totalling € 109 million had been issued by the mutual insurance associations (2021: EUR 68.1 million).

Financial instruments

As part of its ordinary activities, Dura Vermeer makes use of a range of financial instruments that expose the company to credit, interest rate, cash flow, liquidity and market risks. Dura Vermeer holds no forward exchange contracts or interest rate or currency options, nor does it trade in these financial derivatives.

Tax policy

Our tax policy is aimed at complying with tax laws and regulations. This implies that we abide by the applicable tax rules and do not seek out grey areas. Compliance with tax requirements is monitored through our Tax Control Framework (TCF), that includes the relevant risks and control measures for the material tax types (VAT, transfer tax, payroll taxes and corporate income tax). These measures are part of our internal processes and procedures. In addition, we use external advisors where necessary. The correct implementation of the tax control measures is checked periodically.

We pursue an open and long-term relationship with the Tax Administration. This relationship is formalised by means of horizontal monitoring. The TCF is an important means by which we demonstrate that we adequately control our tax risks. In March 2022, we signed another individual covenant, this time for a period of three years.

BALANCE SHEET (Amounts x € 1 million)	2022	2021
Fixed assets	169.5	147.5
Current assets	462.9	359.1
Cash and cash equivalents	233.4	287.1
Balance sheet total	865.8	793.7
Current assets less current liabilities	147.8	122.0
Equity	266.7	233.1
Solvency	30.8%	28.1%

HEDY VAN DEN BERK OF HAVENSTEDER

Hedy van den Berk is chairman of the board of Havensteder, one of the four major housing associations in the Rotterdam metropolitan region with approx. 43,000 homes. She talks about making homes more sustainable.



"WITH CONCEPTUAL CONSTRUCTION, WE CAN MAKE RAPID PROGRESS ON SUSTAINABILITY"

What is the progress on making Havensteder's housing stock more sustainable?

"Sustainability is part of our portfolio strategy and investments, and we have made agreements with the minister. Our goal is to eliminate energy labels E, F, and G as part of our drive to have a gas-free housing stock by 2050. Insulation is the key to achieve this, which we usually combine with a maintenance overhaul. Progress on this is pretty rapid now. By 2028, we expect to have no more red labels. Insulation leads to lower housing costs, and support for it among tenants has risen sharply now times are hard. But we also consider demolition and new construction when sustainability is very costly. In Rotterdam, for example, there are many staircase-access flats. And for some of them, we have to decide whether it is best to preserve or demolish them."

What are the arguments for Havensteder to opt for demolition?

"Demolition is a last resort, because with the current housing shortage we want to preserve homes if we can, and then sustainability is a better option. Support among residents is a key factor. If you demolish a property, you demolish value, so we prefer to invest in renovation. And when we tear down homes, we immediately rebuild them. Often with a mix of public-sector rented housing, medium rent and higher rent, but that is expensive for us."

Are there other ways to make homes more sustainable besides insulation?

"Certainly, there are many things you can do with roofs: install solar panels, green roofs and water harvesting. But you can also use roofs to sustainably improve apartment complexes, that is to say: add extra floors. Dura Vermeer is currently doing that with timber construction for the Stichting Ouderenhuysvesting Rotterdam, and we are definitely looking at this as an option. We are rolling out our rooftop strategy until 2025. Every roof is given a use and every year we tackle around 600 roofs."

What is Dura Vermeer's role in sustainability?

"Dura Vermeer is very good at concept development. The company's management showed us what they are already doing in other cities and in Rotterdam. For insulation and adding floors, Dura Vermeer has developed conceptual construction, ready-made solutions that allow us to quickly adapt our stock to current requirements. There is a lot of standard construction in our housing stock, so concept construction is very effective and rapid. Fast and cheap construction is important for housing corporations and that is the added value of a major building company like Dura Vermeer. It is also developing timber construction, which is very attractive in sustainability terms. Innovation in materials and concepts is taking shape."

Are other housing associations also active in sustainability?

"Yes, it is a true watershed. The speed varies and some started earlier than others, but there are huge changes underway. With the landlord tax for housing associations out the window, there will be room to invest. We have set up the The Renewed City platform with 27 major city housing associations, and that shows the huge impact we are having. We want to set a good example, especially for our target group of people on a narrow budget, because of housing costs, but also because of the social role that we play. All our members subscribe to the target of eliminating low energy labels by 2028. And on such a platform you learn what works and what doesn't. Another piece of good news is that seven Rotterdam housing associations signed a covenant with alderman Zeegers at the end of December to accelerate sustainability efforts so as to combat energy poverty. We will be allocated extra money for this."

What will the housing stock look like in 10 or 15 years?

"There will be no more poorly insulated houses and far more gas-free homes. That development has been accelerated by the war in Ukraine and increased housing costs. I hope the snags will be resolved by then, such as heat pumps for which there is no room in small houses or that are noisy. That technology will then be properly developed. There will be far more solar panels. They are still pretty rare in Rotterdam. And there will be solutions in existing neighbourhoods to better match energy generation and consumption. And more electric cars and charging points. And electricity will be used, far more than gas. Either way, there is now plenty of ambition."

Are there things that could slow progress?

"Yes, lack of clarity from the government. The Climate and Energy minister has said that energy companies should not have a monopoly on district heating. A large part of Rotterdam is connected to district heating and the aim is to connect the whole city. The minister's statement risks giving investors cold feet. If you have already made arrangements, it is difficult to decide what would be the best way forward. But it would be a shame to miss the boat. Consistent policy is needed from the central government and municipalities. They should assist sustainability, make sure everyone gets the wind at their back, so that we can set investment programmes for periods beyond the usual terms of government. In other words, what we need is reliable government." •



INNOVATION AMBITION SUSTAINABILITY

In our strategy, Sustainability is one of our three innovation ambitions, alongside Digitalisation and Innovation.

In the Netherlands, the construction industry accounts for 50% of the consumption of raw materials, 40% of energy consumption and 38% of carbon emissions. Building also has an impact on nature through biodiversity loss, land use and local emissions. Developments in society, such as the war in Ukraine and the nitrogen crisis, underline the need to accelerate. Internationally, too, the urgency for sustainability is increasing and governments are imposing stricter measures. For example, the Dutch government will weigh circularity in tenders as of 2023. Import duties on certain raw materials are also imminent, and companies are expected to look in detail at their entire value chain.

Because we want to take responsibility, we will continue to speed up our efforts in this context. Our ambition is to play a significant role in sustainability within the construction industry.

Within our Sustainability innovation ambition, we are working on three goals that are mutually reinforcing:

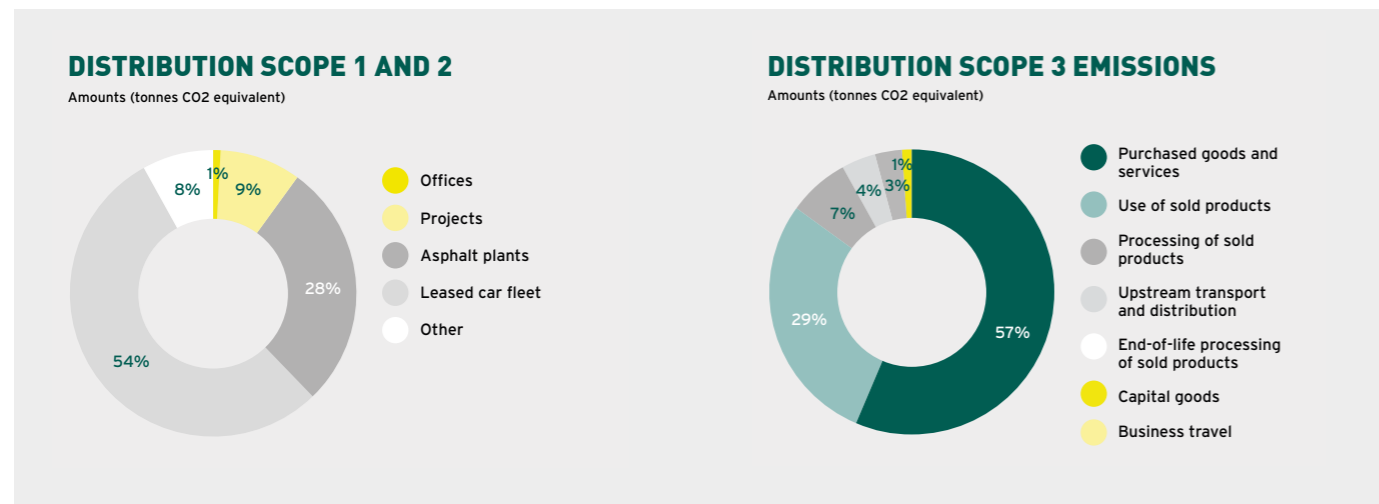
- Emissions to O: we want to reduce our emissions (CO₂, nitrogen and other harmful gases) to 0.
- Circular construction: we design and build taking future use into account, preferably by using renewable raw materials.
- Greener and healthier: projects are designed and built to be nature-inclusive and climate-adaptive.

We work together with our chain partners, with knowledge institutes and clients to achieve these goals. We are committed both to making our construction process more sustainable and to developing new products, processes, partnerships and business models.

ISO 14001

Dura Vermeer is ISO 14001 certified. The ISO 14001 standard sets out the requirements for an environmental management system. This standard helps us reduce our negative environmental impact. Periodically, internal environmental inspections test compliance with the ISO 14001 standard, and an annual ISO 14001 management review report is prepared on compliance and progress.

Outcomes of baseline measurement



Towards zero emissions

Our goal is to reduce greenhouse gas emissions to zero. This applies to our own emissions as well as to those in our chain. 'Emissions to O' is about reducing CO₂ and other emissions. In 2022, we established a group-wide measurement methodology for our scope 1, 2 and 3 greenhouse gas emissions, which is based on the Greenhouse Gas Protocol. We took stock of all relevant emissions in scope 3, and we conducted a baseline measurement based on this new methodology. Dura Vermeer committed itself in 2022 to setting company-wide Net Zero emission reduction targets, in line with the Science Based Target initiative (SBTi). In 2023, we will set our targets based on the baseline measurement, which we will submit to SBTi for validation.

For Scope 1 and 2, this mainly concerns less use of fossil energy in our leased car fleet, asphalt plants, our equipment and our offices. Scope 3 emissions refer to the emissions during the life cycle of our building materials and equipment during the use phase.

Reduction of scope 1 and 2 CO₂ emissions

Dura Vermeer's absolute CO₂ emissions in scope 1 and scope 2 in 2022 were 24,661 tonnes (2021: 22,877 tonnes). Our leased car fleet and our asphalt plants are the largest contributors to CO₂ emissions in scope 1 and 2 at 54% and 28% respectively (2022 figures). The increase in absolute scope 1 and 2 emissions is caused by energy consumption on the projects and electricity charged by our electric lease cars along the motorway which we have included as grey in our calculations because we cannot determine how green that energy is sourced.

Our fleet of leased cars

In scope 1, one of our goals was to reduce our CO₂ emissions by increasing the share of electric passenger cars in our fleet to at least 25% by 2022. By 2030, we aim to have reduced emissions from our total fleet (including commercial vehicles) to zero.

By 2022, we will have further expanded our electric lease car fleet. At year-end 2022, this ratio was 26.7% (2021: 19.3%) electric and 10.4% hybrid (2021: 8.8%). So we achieved our target. Over time, we want to move away from fossil fuels altogether in our fleet. In 2022, the number of diesel cars (passenger cars and commercial

vehicles) decreased by 24% to 463 cars (year-end 2021: 610). At year-end 2022, there were still 99 diesel passenger cars. Everyone who had a diesel passenger car now has a car on order or has a log-in to order one.

Our equipment

By 2028, we aim to have entirely zero-emission equipment on our infrastructure projects. This is two years ahead of Rijkswaterstaat's target for the infrastructure sector.

We have drawn up an investment agenda for zero-emission equipment that shows what equipment we are replacing and when. On projects without a fixed power connection, we deploy hybrid generators and have purchased our first hydrogen generator for zero-emissions energy on site.

Our asphalt plants

Apart from reducing the carbon emissions of our own asphalt plants, we are making efforts to increase reuse of asphalt. Reusing asphalt involves more fossil energy because higher temperatures are required, but results in a much greater reduction across the overall asphalt chain through savings on raw materials and transport.

ELECTRIC ASPHALT SET

In 2021, we started electrifying an asphalt set for emission-free asphalt in inner-city works. In mid-February 2022, we commissioned the world's first electrically powered tandem vibrating roller. Since December, we have been deploying the entire zero-emissions set, consisting of an asphalt machine, two rollers, an articulated loader and a sweeper. The set was converted to electric by Green Road Equipment according to the Cradle to Cradle principle.

	REALISATION 2022	TARGET 2022	REALISATION 2021
% OF FLEET THAT IS ELECTRIC*	26.7%	25%	19.3%

* This indicator refers to passenger cars in our fleet. Commercial vehicles are not included.

Our offices

Our ambition is to purchase 100% green electricity for our offices and projects. Virtually all our electricity is 100% renewable wind energy from Eneco's Hollandse Wind. The power is used for the projects and offices under our own management and where we can choose the power contract. Where we do not choose the electricity connection, we do not always know whether green electricity is being used.

Reduction of scope 3 CO₂ emissions

In scope 3, the emissions from the materials we use and those from the use phase of our buildings are the greatest. We are reducing emissions from our materials in various ways. See 'Circular construction' for this.

Construction logistics

We have developed a digital tool to determine the impact of our construction approach on energy consumption and emissions in the construction phase. We make the calculations based on the number of transport movements and the type of transport, among other things. This allows us to optimise.

Zero-energy construction

Zero-energy construction allows us to reduce energy consumption in the use phase of the projects we realise. As of 1 January 2021, all new buildings must meet the BENG (Nearly Zero-Energy Building) requirements set out in the Buildings Decree. In addition, we proactively offer zero-energy variants to clients. As of 2022, we will do this for all projects.

CO₂ Performance ladder

We have applied the CO₂ Performance Ladder since 2010. Dura Vermeer is at level 5 on the CO₂ Performance Ladder, the highest level attainable. A company at level 5 shows that it takes responsibility not only for its own organisation, but also for the entire industry. The reports can be found [here](#).

Sustainable procurement

Our strategies for the sustainable procurement of goods, materials and (consultancy) services are defined by working together with our internal organisation, the supply chain and possibly the customer to examine how we can work together better. Our objectives and innovation ambitions are key to this. For our most important product groups, we define specific targets and corresponding criteria for the selection of preferred suppliers. With them, we engage in discussions about our goals. Cooperation with supply chain partners is essential to achieve our sustainability goals. In 2022, we expanded the number of product groups for which we have set specific sustainable and circular ambitions from 15 to 25.

We ask our suppliers and contractors to take measures to keep carbon emissions as low as possible. We ask them for CO₂ footprint reports according to NEN-ISO 14064-1, preferably verified by a certification body.

We require our contractors to prove the origin of timber with internationally recognised independent Chain of Custody certification. In this context, we recognise PEFC, FSC and quality marks based on equivalent principles as evidence of proven origin from sustainably managed forests.

The General Procurement and Subcontracting Conditions (AIOV), in which various sustainability topics are laid down, are part of all procurement contracts we conclude. In addition, we refer to our Code of Conduct in all procurement contracts, which stipulates that all suppliers involved and their employees must observe the standards in the Code of Conduct at all times.

More on responsible procurement can be found [here](#).

Circular construction

Circular construction means working with renewable raw materials and materials as much as possible in all processes and products and reusing them for high-grade applications. Ultimately, we want materials to stay in the cycle to avoid resource depletion. By reusing materials, we are reducing raw material scarcity and at the same time working on lowering CO₂ emissions in the chain. It also ensures continuity and turnaround time for projects, as raw materials are often not available on time or are very expensive.

Environmental performance of buildings

From 2022, we have a target on the Environmental Performance of Buildings (MPG). The MPG is a measure of the environmental impact of the materials used in a building. When applying for a permit under the Environment and Planning Act, it is mandatory to calculate the MPG for new office buildings and newly built houses. To meet the legal requirement, homes must achieve a score of below or equal to 0.8. For offices, the figure is <1.0. The government wants to adopt a MPG of 0.5 as the new regulation for houses by 2030. Dura Vermeer is more ambitious and aims to reduce the MPG of homes in its own development to below 0.5 as early as 2030. For 2022, our target was below or equal to 0.6. We narrowly missed this target. However, our MPG did remain well below the regulatory requirement of 0.8.

This target has created more awareness within the organisation, and it has changed our invitation of external consultants, making them think about improvements. To lower the MPG, we pay attention to lifecycle extension and material choices, for example.

Sustainable materials

Of our materials, concrete is the biggest challenge in terms of emissions because of the polluting ingredient cement. We use concrete in great quantities, both in construction and infrastructure projects. Alternatives such as geopolymers have limited availability in the market or are not yet standardised, so we cannot yet use them on a large scale. Together with our concrete suppliers, we look for mixtures with a lower footprint, circular concrete and opportunities for reuse.

We are increasingly using timber for building rather than concrete in residential and other buildings. For this purpose, we have partnered with specialists to start up a timber network. After running pilot projects, we are setting new standards to scale up operations. Our goal is to build at least 20% of our homes with timber constructions by 2030. Timber bridge construction is also beginning to gain ground. For example, the 'second life bridge' at Floriade was realised in 2022. The premise was that reuse of materials during realisation would take precedence over variable planning and money.

Dura Vermeer will use more circular bitumen in base and intermediate asphalt layers. For this, we are partnering with our start-up Roof2Road. The bitumen comes from roofing bitumen, which is low in PAHs and tar and can be fully recycled. New bitumen is extracted from petroleum and in asphalt accounts for as much as 30% to 50% of the total environmental impact. The environmental benefit (MKI) of circular bitumen is between 12% and 42%, depending on the proportionate content. Roof2Road was nominated for the Circular Awards 2022 during the Circular Economy Week.

Measuring the circularity of infrastructure projects

Dura Vermeer makes CO₂ and circularity calculations for its infrastructure projects. This gives us insight into where we have the highest environmental impact and which sustainability measures have the greatest effect. We measure the circularity of all our infrastructure projects of more than € 5 million turnover. In the calculation, we include the proportion of secondary and

100% CIRCULAR ASPHALT IN JOHAN CRUYFF ARENA

Next to the Johan Cruijff ArenA in Amsterdam, we constructed a temporary road with our proprietary Circularpave mixture, which consists of recycled asphalt, secondary raw materials and recycled Roof2Road bitumen. This mixture is 100% circular and delivers an environmental gain of almost 40% for base and intermediate layers and even 70% for surfacing, while the quality is at least equal to that of regular asphalt.

biobased materials in the design, the proportion of high-quality reuse of released materials and the proportion of design of objects for future reuse.

Our target for 2022 was 58% reuse; actual reuse was 28%. This was due to the addition of the A16 Construction project by building consortium De Groene Boog in the 2022 circularity calculation. In this project, an amount of primary sand was used that was approximately equal in size to the total amount of materials of the other projects combined. As a result, overall circularity was down 30% compared to 2021. The remaining projects are performing in line with their targets.

Dura Vermeer Urban Miner

Urban Miner is our circular construction hub in 's-Gravendeel. Here, used building materials and components are stored and processed for reuse, either by Dura Vermeer or by external clients. The objective is to apply components directly and completely to the extent possible. To achieve that, designs are adapted to available components. Urban Miner also processes demolition material into high-grade new raw materials. This is done in our social workshop. There is also a separate social wood workshop for scrap timber. Properties scheduled for demolition are digitally surveyed, after which Urban Miner supervises the demolition and harvests materials for reuse. Examples include circular construction steel, as used in the Lorentz Casimir Lyceum in Eindhoven, and reusable bridge girders, some of which were used in the Hoog Burel circular viaduct across the A1 in 2022.

	REALISATION 2022	TARGET 2022
MPG RESIDENTIAL CONSTRUCTION*	0.65	0.60

* The MPG of residential construction refers to the MPG of the homes constructed by Dura Vermeer itself.

Urban Miner additionally lowers the number of transport movements. Inner-city logistics from the site at its own quay are electric, for which a hypercharger was constructed in 2022. And transport by ship relieves the surrounding road network.

Modular construction

Modular construction is a building technique where large parts of houses or buildings are manufactured in the factory. The modules are assembled on site to form a complete structure. This reduces construction time on site and lowers traffic movements. Industrialised modular construction can save on average up to 50% on CO₂ emissions in the construction phase.

Our innovative and sustainable residential construction concepts are Blokje Om, Blokje Omhoog, Blokje Opnieuw and Blokje Op. In Blokje Om, ground-level houses are demolished down to their foundations, after which we create a completely new sustainable home using timber construction. We can rebuild an entire block in 20 days. Blokje Omhoog means building affordable, modular, circular and sustainable flats. We use timber and we stack modules, so homes are completed 35% faster than using traditional construction. With Blokje Opnieuw, we take Blokje Om a step further: with maximum reuse of materials, climate-adaptive construction with, for example, green roofs and green walls, and nature-inclusive housing that supports and enriches local biodiversity. The components can be disassembled and reused.

NATURE-INCLUSIVE HOMES IN ZUYD QUARTER

We are making the homes in the newly built Zuyd Kwartier project more nature-inclusive. Each house will have its own water butt and a façade garden to encourage biodiversity and drain rainwater. Bat and swift boxes will be fixed to all walls. The plants and shrubs in the courtyard are selected to provide food and shelter to the animals in the area. Paving stones will be interspersed with grass.

With Blokje Opnieuw, we meet the conditions of the Environmental Investment Allowance (MIA). Blokje Op is adding floors to apartment complexes in timber. Another circular initiative is the PCS Circular residential construction concept. This means building with standard modules manufactured with sustainable or more sustainable materials.

New business models: as-a-service

In the as-a-service model, the contractor retains ownership of a road or other product and offers its use as a service to the municipality. This keeps the contractor incentivised to think about materials, maintenance and reuse after service life at an earlier stage and in a different way, which promotes circularity.

De Circulaire Weg

From 2020, Dura Vermeer and 11 partners - governments, knowledge institutes and market players - tested infrastructure-as-a-service in practice in the The Circular Road programme. TU Delft reported in June 2022 that infrastructure-as-a-service did indeed lead to more circular solutions in the pilots' design phase. Environmental costs, calculated using the Environmental Cost Indicator (MKI), fell between 30% and 65% and materials remained well protected, as measured by the Material Circularity Index (MCI).

Lighting-as-a-service

After a successful pilot, we are offering the province of North Brabant along 17 kilometres of the N279 North lighting-as-a-service. Over 600 light fittings along that road section are owned by Dura Vermeer and Hoeflake Infratechniek (jointly: LUMI-US). The light intensity setting can be adapted to traffic intensity and weather conditions.

Office and project waste reduction

Dura Vermeer works continuously to reduce waste streams. The biggest waste streams are related to our projects.

We reduced the amount of waste disposed by Renewi per euro of turnover by 23.4% compared with 2021, to 12.8 tonnes per million euros of turnover. The total amount of waste in 2022 was 23,077 tonnes (2021: 26,777 tonnes), over 80% of which was rubble and construction and demolition waste.

	REALISATION 2022	TARGET 2022	REALISATION 2021
% CIRCULAR REUSE ON INFRASTRUCTURE PROJECTS*	28%	>58%	62%

* In our circularity calculation, we fully include all projects, regardless of Dura Vermeer's interest in the project.

Greener and healthier

The construction industry should focus more on climate-adaptive and nature-inclusive construction to restore biodiversity and ecosystems and mitigate the effects of climate change. Buildings are nature-inclusive when they are part of and add to an ecosystem. Dura Vermeer wants to be at the forefront of this movement. Our Greener and Healthier ambition is about taking nature and people into account. We leave the environment in which we build behind at least as green or even greener. The health of the residents and users is also an important factor: a green environment demonstrably contributes to the well-being and health of residents. For more on this, see Health and well-being of users <link>.

Nature ladder

The plants and shrubs along our rail, water and motorways make up the largest nature reserve in the Netherlands. As it is largely managed by construction companies, the infrastructure sector can play a big role in making it climate-resilient. To this end, Dura Vermeer and Heijmans have jointly developed the Nature Ladder, which makes nature-friendly construction possible in practice. For example, counteracting soil compaction on a construction site by reducing tyre pressure of heavy equipment. The Nature Ladder is available to all parties in the market.

Uithoorn line

For the construction of the Uithoorn tramway line from Amstelveen to Uithoorn, we organised green thematic roundtables with residents, where they could express their wishes. The Uithoorn line has the highest score on the Nature Ladder because of our measures to strengthen biodiversity. Diverse native plants have been used, including berry bushes, mixtures of flowers and herbs and ecologically valuable climbing plants along the noise barriers, where nesting boxes for songbirds are also fitted. There are also two kingfisher walls, a bat post, six duck nest boxes and house sparrow boxes. There is no hard camp-sheeting in the water, but AquaFlora rolls on which aquatic plants grow, and there is a natural land-water transition.

	REALISATION 2022	TARGET 2022	REALISATION 2021
WASTE REDUCTION (OFFICES AND PROJECTS)	23.4%	25%	3.7%



DURA VERMEER FOREST

The government wants to expand the amount of forest in the country by 10% by 2030. The municipality of Eersel is therefore going to plant 400,000 trees; the first 46,000 were planted in 2022. Dura Vermeer has made a major contribution by planting 12,000 trees together with Trees for All and the municipality of Eersel. Besides being sustainable, the Dura Vermeer Forest is also an initiative for people to be inspired by and learn from.

Outlook: aiming for Net Zero

In 2022, we decided to commit to the following targets: we will reduce our emissions to 50% by 2030. By 2050, we want to achieve to at least 90% CO₂ reduction and offset the remainder. To realise this sustainability ambition, we have established our Net Zero strategy. With it, we will accelerate on our Sustainability innovation ambition, as we strive for a liveable future for every generation. We will continue unabated to make strides in areas such as timber construction, circular asphalt, zero-emission construction sites and sustainable materials. We have done baseline measurements, so our starting point is clear. Now that we know where greatest results can be achieved (concrete, circular housing and equipment), we can set concrete targets. Furthermore, we are partnering with like-minded people in the chain and launching internal programmes to create awareness and spur people into action. We do this on the basis of transparency and fairness. We believe that with concerted efforts, we can turn the tide. We can do that with Net Zero as a dot on the horizon, a clear point to work towards together, with all our colleagues and everyone in the chain. Let's aim for Net Zero.

CHRIS KUIJPERS

OF MINISTRY OF THE INTERIOR AND KINGDOM RELATIONS

Chris Kuijpers is Director General of Housing and Construction at the Ministry of the Interior and Kingdom Relations.

In his role, he faces many diverse challenges.



“WE NEED TO LOOK MORE CLOSELY AT WHERE WE WANT TO BUILD”

What are currently the biggest social developments in housing?

“They are a range of different things that intertwine. There is scarcity of housing due to various reasons, including population growth - partly due to migration - and family thinning and ageing. Scarcity drives up prices. As a result, housing is becoming less and less affordable for ever larger groups of people, including middle-income earners, and unwanted excesses arise in the market. At the same time, sustainability is an important factor. New EU regulations are on the way: there will be an Emission Trading System for the built environment that will focus on the sustainability performance of homes, which is becoming more relevant now that energy prices are very high. This is an even bigger challenge for the construction industry than others it has faced in recent years.”

Is new construction the solution to the housing shortage?

“It is not the only one. We can also make better use of existing homes and buildings. You can, for example, add floors to apartment buildings and build side wings. And in spacious post-war neighbourhoods, you can increase density. We have launched several programmes to tackle the shortage. One is about housing and the elderly. When an elderly person moves house, they often leave behind a large house, so by offering elderly people suitable housing, you can create extra space. We have prepared a policy vision jointly with housing associations and the healthcare sector. That is a promising market.”

What does the sustainability task look like?

“In building new communities, you can add quality. For example, greenery, nature-inclusive building and more bio-based and circular construction. We learnt from the Vinex districts that we need to ensure public transport and infrastructure are in place from the start. In the past we failed to do that. Another thing to keep in mind is that what we are building is meant to last a hundred years,

so water and soil are vital factors to take into account. Two-thirds of the Netherlands lies below sea level. We have good dykes, but we still need to look more closely at where we build. We should perhaps consider wadi-like solutions, such as green ditches that can store water. And building on water is getting interesting. That is no longer climate mitigation, but climate adaptation. I also expect more people will be moving north and east in the future. That would be making better use of the space we have in the Netherlands. We cannot all live in the Randstad.”

What developments in construction can help sustainability?

“Innovation in construction is moving fast. Industrialisation speeds up the construction process and makes it cheaper, and reduces CO₂ emissions. It also offers more opportunities for circular construction. Another issue is the overall process. We are used to construction projects taking 10 years, but only a fraction of that is actual construction time. To speed up preparation, builders can partner with the government and take over certain jobs from us. The Environment and Planning Act is also going to help us in this regard, as it lists all requirements, sector by sector. But there is still a lot of work to be done.”

Are we on the right track?

“Definitely. Ten years ago, we considered sustainability a secondary concern, but now the environmental performance of buildings is very important. Making the existing stock sustainable is still complicated, but with new buildings, there is a lot we can do. There is paint that generates energy and there are all kinds of solar panels, not just for roofs. Circularity is going to help construction, and also affect how houses look in the future. Timber construction, for example, appeals to people. I hope builders do not see that as burdensome, but as an opportunity. It is good for the industry’s image and it attracts employees. So it is interesting in more ways than one.” •



INNOVATION AMBITION DIGITALISATION

Digitalisation is one of our three innovation ambitions. The digital transformation is set to shake up the industry. This development is driven by three forces: new technological capabilities, the ever-increasing expectations of customers and ongoing pressure on margins. Dura Vermeer aims to be a leader in the digitalisation and innovation of the construction industry. We work strategically with digital and innovative partners to move forward and link up with relevant developments.

For the period 2022-2024, we have the following ambitions and goals in terms of digitalisation:

- We aim to realise a fast, efficient, safe, sustainable and predictable construction process.
- We are frontrunners in digital construction and we will make successes widely available.
- We are experimenting with new technologies and applications.
- We will improve customer satisfaction by using digital solutions and data.
- We are experimenting with complementary revenue models.



Dura Vermeer wants to be a leader in digitalisation.

We work towards these ambitions and goals based on the vision that Dura Vermeer, as a director in the construction chain, must take in a technological position that enables us to be flexible, agile and adaptive. To achieve that, we need to develop our own applications where we exchange data, but retain ownership of it, so we do not become too dependent on suppliers and we can make a difference for customers.

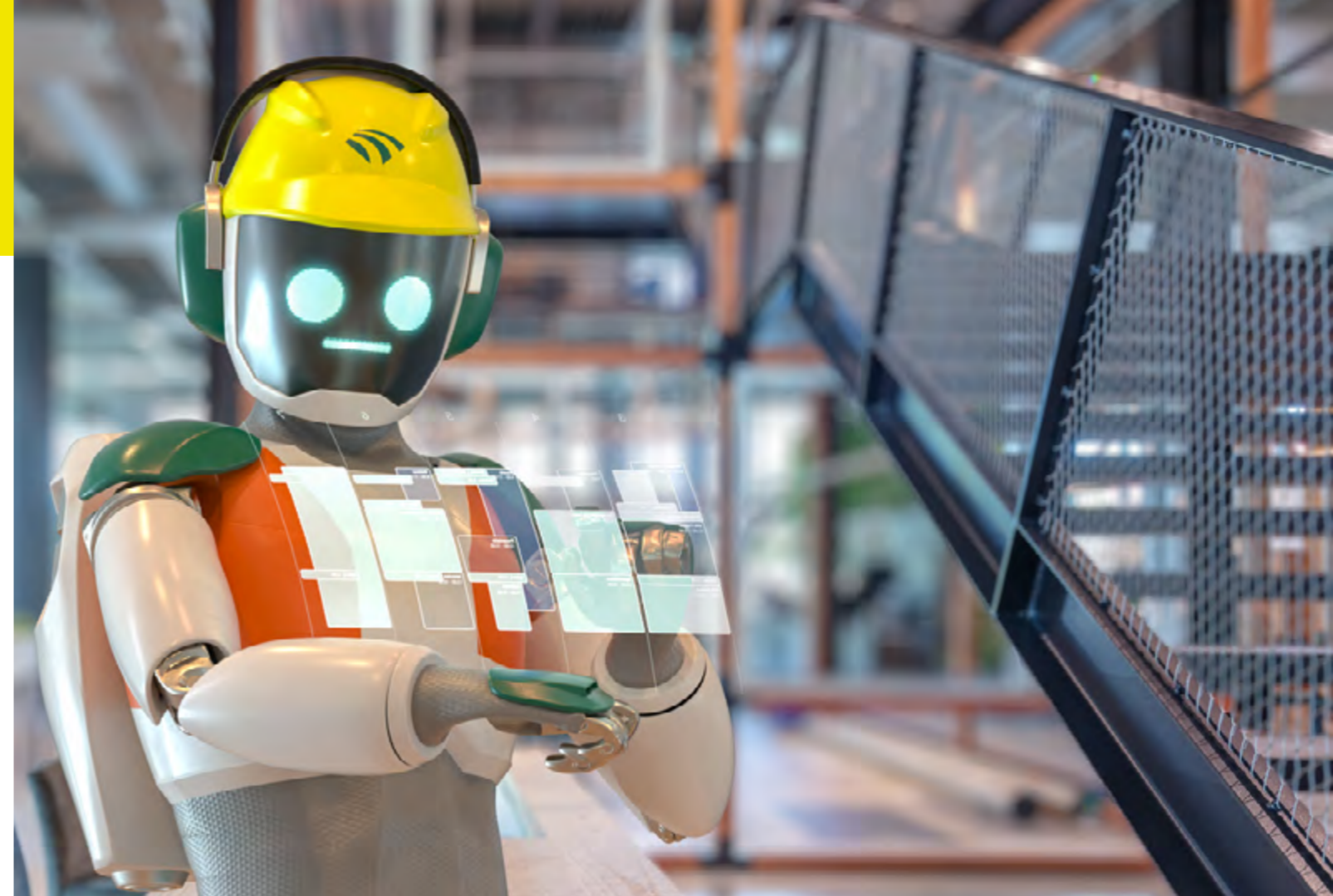
Digitalisation of the construction process

We are developing new user-friendly standardised processes and investing in training for our people. We optimise the construction process by further embedding the building information model (BIM) and through standardisation, among other things. This is how we increase the quality, efficiency and speed of the construction process. It also increases our agility and allows us to work together as a network organisation in different locations. We are moving from document-based working to data-driven working, which allows us to control the work in real time.

Standardisation

Standardisation (via Flow and De Standaard) is a long-term issue in an organisation that naturally thinks in terms of unique tasks, but it is a prerequisite for capitalising on the opportunities that digitisation and data offer. In 2022, the following activities contributed to standardisation:

- Phase-based work for Flows housing construction, renovation, apartment building and non-residential construction: we developed tools that support our staff in capturing and transferring information. This standardisation also enables employees to participate in projects they would not have come into contact with before, partly because they are no longer site-bound.
- A standardised scan showing how a BIM recommendation for the Infra division can best be included in a tender.
- Digitisation of reporting within the Construction and Property Division and Railinfra: our employees now use a tablet for everything, rather than paper.
- The launch of Rail Data Op de Kaart (RDOK) on the Programme Hoofdstructuur Spoor project in Tilburg. This is a platform where building information (BIM), area information (GIS) and all project control



Lou the Builder, Dura Vermeer's virtual digitisation ambassador.

documents are all merged onto one platform, allowing us to better assess situations and increase the predictability of projects.

- Introduction of the FIXXET methodology in the Infra Division: employees learn to better understand problems with the help of software, thus arriving at solutions that meet the needs of the users of the buildings.

Digital construction

External standards are becoming decisive for digital collaboration in the chain and we want to maximise our influence on this. The development of digital tools is booming and offers great opportunities. For example, we first construct a building completely digitally in 3DBIM. Even before construction, the customer can walk around in it with VR glasses and suggest changes. Regarding digital construction in the Construction and Property Division, BIM enables us to play our role as director very well. We model and apply our own BIM models under the motto: 'one place, one truth'.

We enter all the data in one place and so the versions of the models are constantly updated. On the digital drawing, we place a QR code. With the QR plug-in we developed ourselves, anyone on the construction site can make an up-to-date printout at any time, so that everyone always works with the same up-to-date version.

New residents can use an iPad to inspect the house on screen during the pre-transfer inspection. Issues can then be resolved before the final transfer.

When building infrastructure, we use the Digital Twin, a virtual model containing a link to reality. During the construction of a tunnel, for example, we connect the virtual model to the software of the actual tunnel technical systems, allowing us to test the behaviour of these systems at an early stage. This allows us to test things like camera coverage, tunnel user escape routes and sightlines. Staff can also be trained in a virtual environment. This limits testing when the infrastructure is completed, and allows the tunnel to be opened earlier. Errors also come to light, reducing failure costs.

Data-driven solutions

The need for data-driven management information is growing. To address this, we are increasing data quality and developing tools to make best use of data. Some of the solutions we realised in 2022 include:

- A predictive model with which based on previously executed comparable projects we can make predictions about the probability of the Infra Division winning potential projects. Once we have more focus on data quality and uniformity in capturing information, we will apply this model more widely.
- Commissioning of the Commercial Management dashboard at the Regional Projects operating company. This supports regional directors and business leaders in strategically choosing which projects to bid for.
- Application of the learning cost programme at the Regional Projects operating company. This gives us a better grip on reducing failure costs and increases the chances of repeating successes.

There are further projects under development. To control construction and property projects and manage construction sites, we use Projectmaster, our proprietary software built on the technology for which we laid the foundations in the 1980s and that we renew every five years. We now integrate Projectmaster as a cloud-native application in other systems and modules. This makes information available anytime, anywhere and better aligned with employee support. Projectmaster provides a stable basis for management and further developments in the application landscape, so we become less dependent on market players and retain ownership of our data. In this way, we strengthen our position in the market by forging ahead in digitalisation.

DIGITALISATION DRIVES SUSTAINABILITY

Construction management system

To manage logistics on and around the construction site, where space is often at a premium, we have developed the digital system Ilips with an external party, based on suggestions from our foremen and project managers. Ilips uses all available data and information to plan logistical movements on the construction site. It is user-friendly and easy to share. We have connected Ilips to a digital activity schedule on site. When floors are being laid, for example, the transport is automatically scheduled in Ilips, including the freight order, route information and delivery location at the construction site. Ilips makes the process predictable, manageable and measurable. Based on suggestions from implementation teams, we keep making Ilips smarter. With Ilips, Dura Vermeer is leading the way in the industry.

Increasing safety

Structural safety is crucial in the construction process. To this end, the Construction and Property Division works with a checklist that must be completed in order to start work. But a digital tool is more scalable and reliable. One of the operating companies suggested we should develop it ourselves - a unique event in the construction world. Because won't compete on safety, we have partnered with other construction companies to develop a generic tool based on the knowledge we have gained. We did this together with Knowledge Portal Constructive Safety (KPCV). Several major builders have already joined and the first quick design spurt is behind us. We will continue to work on this in 2023.

Driving sustainability

Digitalisation also drives sustainability. More digital products are being developed in the field of sustainability, such as the digital materials passport. In addition, we are investigating how to properly measure the sustainability of the final product and anticipate it during design.

In our Utrecht office, we have already used build performance software, which allows us to determine and influence the smartness of a building. For example, classrooms with the ideal temperature, optimal humidity, the right CO₂ level and other variables that affect performance. So far, this concept was mainly focused on health. Now, together with YES!Delft, we have further developed the software into the Wattiv programme, which aims to save 40% energy, emit 35% less CO₂ and use space more efficiently by encouraging smarter behaviour. The first pilots with external customers have started.

Digitalisation is one of the keys to standing out in a challenging market and continuing to grow



Users are key to the adoption of digitalisation projects.

We are developing a tool to calculate logistical movements on construction projects, such as lifting and truck transport. Based on this information, we can influence overall CO₂ and nitrogen emissions and take environmental measures, e.g. designing the construction site better. We are building the tool for our own use for now, but we may offer it to the market in the future. In addition, digital surveying helps reduce car mileage.

Increasing customer satisfaction Digitalisation is one of the keys to standing out in a challenging market and to keep growing. We want to improve customer satisfaction by using digital solutions and data. To achieve this, we identify customer needs and tighten the standardisation of processes to improve the customer journey. We are developing products and services that give clients even more confidence that we understand their wishes.

New revenue models

We are exploring the potential of technology to develop new products and services and new revenue models, such as services based on data from our BIM models, but also smart sensors and systems that help us monitor and analyse how buildings and infrastructure are used, e.g. for predictive maintenance. For the latter, we partnered with NIRA Dynamics, a Swedish company focused on research and development of signal processing and control systems for the automotive industry. These generate data on, for

example, irregularities in the road surface or slipperiness. By combining NIRA Dynamics data from passenger cars with our specialised knowledge of infrastructure, we can develop innovative services for the entire value chain that will transform the infrastructure market. We focus on asset management, winter maintenance of the road network and road safety.

Challenges in digitalisation

Digitalisation provides many opportunities, but it also has downsides. For example, innovative initiatives in the construction sector still lack best practices and, as pioneers, we are often reinventing the wheel. Also, the market may catch up with us after a release. After all, many new digital and data-driven parties are entering the fray, so we need to keep a close eye on technological developments. On issues that we need to take up with the sector, such as sustainability, a joint approach can lead to delays. Furthermore, ICT costs are rising and dependence on software vendors is increasing. And although digitalisation ultimately leads to greater efficiency - something that is very welcome in a tight labour market - it initially takes time for employees to master new working methods. Getting employees on board with new ways of working and techniques can be difficult. By always putting the user first, we can increase the adoption rate.

Outlook

In 2022, we focused on improving the construction process itself. In 2023, this will result in setting up a virtual factory, where we use BIM to optimise the procurement process. Going forward, we will also focus more on analysing the added value we can create for our clients and on further modernising our IT and data architecture. This includes scaling up initiatives in which we use scripting and artificial intelligence.



HARM JANSSEN MANAGING DIRECTOR BPD

What exactly does BPD do in residential construction?

"BPD is a developer of new residential and living areas. We were founded to add affordable housing for middle-income groups. For public-sector rented housing we cooperate with housing associations, and we ourselves have a unique fund consisting of sustainable medium-rent new-builds: BPD Woningfonds. Another part is focused on affordable homes for owner-occupiers and other forms of affordable housing and partly also on the free market. With that combination, we are creating a substantial number of affordable homes."

How does BPD work?

"We acquire a position in a timely manner by buying land or vacant properties as soon as there are indications that housing development is possible in the foreseeable future. In consultation with authorities and housing associations, we make development plans, followed by a zoning amendment for building activities. We often already involve construction partners such as Dura Vermeer at that stage. BPD participates with its own capital and at its own risk. On average, developments take eight to ten years, but projects of thousands of homes may well take 20 years."

"WITH ECONOMIES OF SCALE AND SERIAL CONSTRUCTION, WE KEEP HOMES AFFORDABLE"

Is BPD in charge of the whole process?

"In principle, yes, but that is becoming increasingly difficult because in the world around us things are constantly changing. Like the market itself, but also the nitrogen issue, laws and regulations relating to noise, soil, water and energy. We often have to adjust our assumptions in consultation with municipalities to secure the desired development."

How can we solve the lack of affordable housing?

"We mainly hold discussions about larger locations so that we can move more quickly. Zoning procedures take a long time, and building 1,000 houses in one project takes less time than 10 times 100.

Economies of scale are key to affordability."

Where can we build so many houses?

"The previous government focused on inner-city densification. In practice, this is complicated and takes a long time. The current government is saying what we have been advocating for years: build on the periphery of cities and villages, close to existing infrastructure, as well as inside cities. But you have to include other tasks or even let them take precedence, such as climate adaptation and biodiversity. We are looking for places with hardly any natural value. Farmland, for example. We don't need very much. If you were to solve the total task of building one million homes outside cities - which we are not advocating, by the way - that would only use 1% more space. We have to look at the problem rationally. You cannot build housing for the growing population only in built-up areas."

Why is there so much scarcity?

"Previous ambitions for new residential construction were not met, partly due to the previous crisis. Many plans were put on hold and residential designations were removed. And securing a new designation takes three to five years. After the 2013 crisis we restarted in 2017, and then we got the debate about where to build and where not to build. Back then, the government focused purely on inner-city construction. Price rises have revealed how urgent the matter is: parts of the housing market are no longer accessible to large groups. Many young people keep living with their parents for a long time, or live in one-bedroom apartments with two children. But those pressures were already there in 2016."

Why didn't we see that then?

"The pressure was less obvious because people lost their jobs and could not afford to buy a house. The government said: the housing market is finished. But where we delivered affordable housing, we saw huge interest. Population growth continued. Then Covid-19 brought everything to a stop. And when it was over, governments poured stimulus funds into the market. Interest rates fell, expensive houses became affordable for more people and then prices soared. The minister now

wants to regulate medium rents, but that just shifts the problem to higher incomes. Adding housing is the only thing that will help. But there is a sense of urgency now."

How do you achieve affordability?

"Medium rent and homes for sale are major components of our programme. Previously, there was really only public-sector rented housing or the free market. But there is a group in between that you also have to cater for. We have set up a medium-rent fund for our own portfolio to maintain long-term affordability and we are maintaining a long-term presence in the area ourselves, in order to prevent the risk of reselling, which forces up prices."

What role can Dura Vermeer play?

"We need strong construction partners to build large numbers at once, sometimes in complicated places. Dura Vermeer is one such construction expert that we can achieve this with efficiently. Industrial serial construction is part of our programming. Our ambition is 50% standardised production. So not everything comes from the factory, we also use repeatable building systems. You don't want to have to build things even a little differently, because that is expensive and leads to far higher error rates. This is important - along with finding suitable locations - to keep housing accessible and affordable for everyone. Material and labour costs are not going to fall anymore, so you have to learn to be more efficient and smarter."

How can a construction company still make a decent profit from affordable housing?

"Like us, they have to strike a balance between the expensive and the affordable part. We discuss at an early stage with experts like Dura Vermeer which construction systems and façade types to choose and whether we can avoid underground garages. That is how we arrive at a fair price. We already take this into account in land costs. The key is in smart construction systems, and that is why we want to work with Dura Vermeer from early on in the process. Things go wrong when the builder is only called in at the last minute and says: that's too expensive. The good thing is that you get quality in architecture and appearance when you start working together early on, and it can still be done efficiently. We used to do everything ourselves, including working out the specifications and managing the project. What we now do, is design area plans with governments and then rely on Dura Vermeer's expertise to make it happen. Only by bringing Dura's expertise in early can we manage costs in a realistic way." •



INNOVATION AMBITION INNOVATION

Innovation is one of Dura Vermeer's three innovation ambitions. Projects in construction and infrastructure often have requirements in terms of sustainability, safety and circularity, and are getting ever more complex, with highly sophisticated technology. Such complex projects call for innovative solutions, simply because this is necessary in order to keep up with demand.

So we need to innovate in order to build smarter, create maximum value through smart and sustainable use of materials and use sensors and algorithms to predict maintenance requirements. This is only possible by embracing innovation.

Dura Vermeer aims to be among the top innovators in the industry. Through innovation, we can ensure our long-term survival and achieve our sustainable and digital ambitions faster. In relation to sustainability, this touches upon our licence to operate: stakeholders increasingly demand it. When it comes to digitalisation, innovation impacts our competitiveness in terms of cost, speed, flexibility and reduction of failure costs. Scarcity in the labour market calls for more innovation.

Innovation is broadly embedded in Dura Vermeer. All operating companies have programmes aimed at continuous innovation of our own processes. The operating companies have innovation ambassadors who drive innovations and link them to our projects. We also invest in start-ups with our business units NEXT (see below).

Method

In order to be able to give direction to the changes in the construction industry, we are working together with customers, employees, suppliers, subcontractors and partners: we need our entire 'ecosystem' to come up with innovative solutions. New products, services and revenue models are emerging at the intersection of digitalisation, sustainability and technology. For Dura Vermeer, innovation is about collaborating with parties outside the boundaries of our field. We want to speed up the construction transition by participating in an ecosystem of small, innovative players and start-ups. Many new companies are developing new sustainable and/or circular building materials or are helping to further digitalise construction. Through co-creation, we explore with them

where we can have a positive impact on making construction smarter and more sustainable. We also achieve ecosystem innovation by inspiring people internally and driving innovation culture, while looking carefully at what the market wants.



NEXT

We invest in and build new ventures from our NEXT business units. With NEXT, we broaden our knowledge of trends and of technological and social developments, and bring in innovation from outside the industry. We invest in start-ups and link up projects, customers and knowledge so as to allow the start-ups to grow and enhance their impact. The distinctive innovations from NEXT help us in tenders. With NEXT, we have found a model - unique to the industry - to accelerate innovation that can help inspire others to do the same. The same applies to our suppliers/partners. We include these in our innovation strategy and ambitions, for example by organising an innovation market.

NEXT had been active in the Infra Division for some time, but was also launched in the Construction and Property Division in mid-2021. In that division the platform continued to develop in 2022. The innovation ambassadors are very active. In the Infra Division, the focus has been on building on existing participating interests and less on new ones. All companies in NEXT have attracted new customers or contracts.

One of NEXT's objectives is to have three to four companies join our ranks every year. In 2022, there were five. We acquired a stake in Hamlet, a company specialising in stacked timber construction. Since October, we are invested in Drystack, which focuses on circular and low-carbon construction with a system to make bricks reusable by fitting them in frames without using cement. And in late 2022, NEXT partnered with young start-up Neolithic, a 3D concrete printing company that supplies

standard infra products that require some form of customisation. NEXT has also invested in VonWood, a platform for buying wood directly from sawmills.

The existing companies within NEXT were further professionalised in 2022. In Amsterdam, we piloted the construction of a road with asphalt using 100% circular bitumen from Roof2Road. The province of North Holland voted this bitumen as one of the five best examples of circular innovations. In autumn 2022, NEXT company Spotten's smart parking solution went live in Leidschendam-Voorburg. Based on an app and sensors in over 600 parking bays, drivers are directed to a free space, reducing transport movements and consequently CO₂ emissions.

Furthermore, we are proud of WattHub, the world's largest fast-charging facility in Geldermalsen that will open for business in April 2023. It is a charting station for trucks and heavy construction equipment that NEXT is developing together jointly with Ploegam, Van Oord and Betuwewind. WattHub is being developed for the dyke reinforcement project in Tiel-Waardenburg, which we want to run emission-free. The charging station's residual capacity will benefit the surrounding area. This is an example of how we use external partnerships to speed up sustainable ambitions.

Nexton takeover

In November, the Engineering Division completed the acquisition of Nexton, a group of independent companies focusing on consultancy, design, product development, execution and maintenance of building-related systems. As an integrated technical services provider, Nexton adds value in the area of smart buildings, the energy transition, circularity, sustainability and as-a-service concepts. Through ventures, the company has access to a network of technology parties with a wide range of innovative and smart solutions.

YES!Delft

In 2022, Dura Vermeer joined YES!Delft, the tech incubator that helps develop start-ups. It can help us accelerate innovations in construction. Through YES!Delft, we were linked to the start-up Tarnoc with which we are conducting a pilot with housing association Staedion in The Hague. In this pilot, an innovative turbine heat pump is used to make renovation houses gas-free, and energy and heat are stored. The Construction and Property Division and the Engineering Division are both actively involved in this pilot.

Other activities

Discussions on concrete applications in projects are ongoing with several start-ups. For example, the use of 'salt batteries' that allow residual heat from industry to be used to make apartment blocks gas-free. We are also discussing noise-cancelling in window units to reduce noise levels in buildings near busy roads and squares.

At the Windplanblauw wind farm in Flevoland, we conducted a second Vehicle-to-Load pilot with Hyundai and AirQon in which we used batteries from electric cars instead of generators to close in on an emission-free construction site.

The partner programme The Circular Way, an as-a-service programme through which we offer a total solution for a specific location based on circular products, originated from NEXT. More on this in the Sustainability section. <link>

The Infra Division has partnered with DeltaIoT to deploy precision GPS as a depth beacon, an instrument that measures height differences in soil layers.

Outlook

Our ambition is to use innovation to improve our core business, build sustainably and build smart. With those ambitions, we aim to work on at least two innovative reuse streams in 2023, facilitate at least four ecosystem connections that accelerate innovation, and deliver two new innovative solutions that are a more attractive and sustainable alternative than the market standard.

ANOUCK & NIELS

BOARD MEMBERS OF YOUNG DURA VERMEER

Anouck Gaastra is an environmental consultant at Dura Vermeer Infra Rural Projects. The Rotterdam office, where Niels de Ridder works as a structural engineer at Bouw Zuid West, is not familiar territory for her. Without Young Dura Vermeer, of which they are both board members, they would never have met. That would have been a missed opportunity.



“IT’S GREAT TO GO LOOKING FOR OPPORTUNITIES TOGETHER”

Anouck: “Young Dura Vermeer aims to inspire and connect new, young colleagues. They are often people stepping into their first or second jobs and running into the same issues. At Young Dura Vermeer you can discuss them with colleagues, and you get to know each other in a different way than in your day-to-day work. That broadens your horizon. We offer our members meetings, weekends and lectures, with this year’s theme being ‘Young Dura Vermeer, on top of change’. We cover topics such as climate, the energy transition, nitrogen and the war in Ukraine. We talk about these topics and the impact it has on our personal lives and our work, and try to help each other in different ways.”

Niels: “Of course, things from our own jobs also come up. I might perhaps run into a problem that people in Hengelo have a solution for. Without Young Dura Vermeer I wouldn’t be very likely to know that. It is good for us to have this network, which is why I became a board member and, as of this year, in fact chairman.”

Anouck: “Our changing world brings challenges, but we tend to think in terms of opportunities. For example, we want to go into a hospital to see how they changed the way they ran it during the pandemic.

We try to get our members to take a different approach and think how we can turn problems into opportunities.”

Niels: “We are in touch with management and also the Management Board itself, and they are very supportive, and it is great to have discussions with them. Management team members come to our meetings, so you get to talk to directors in a different context. In 2022, we held the first roundtable discussions between Young Dura Vermeer members and board members. The directors raised topics that they want to hear our views on. Our organisation is about establishing connections that allow us to learn from each other.”

Anouck: “And also connections between our members. They work in different divisions and different operating companies. It’s not unusual to hear that they run into issues in their job that you have also been struggling with. That is very instructive. Recently, we listened to a presentation from the founder of Neolithic, a start-up working on concrete printing. What they do, strikes a chord with what we do at Dura Vermeer because it shows how things can be done differently.”

Niels: “We also talk about our vision. Construction has to keep up with all kinds of transitions, and the sector has traditionally been rather conservative. There is a tendency to think: we have always done it this way, what’s wrong with that? But we have reached a point where things really need to change, for the climate and for nature, but also for the health and safety of people on the construction site. Precast construction allows you to work better and safer from a health and safety point of view, because it is done in a factory instead of on a scaffold. Delivering larger components reduces traffic movements, which is better for the environment and for the neighbourhood. We try to have positive social impact. A great example is the banner on many construction sites that says: teach your child that it is okay to work with your hands. I think that is telling the tale of how we are changing.”

Anouck: “The same is happening at Infra. Mobility is changing. Cities want fewer cars in the city centre, but they must remain accessible, partly through more cycling and public transport. And there is a great deal of replacement and renovation work to do. So we need to look ahead. Where can we make savings, what buildings do we demolish and rebuild, or can we reuse parts of them? How do we work with residual materials? We are becoming far more creative in the process, building smarter and more efficiently. Where we used to simply be given specifications for a building project that we had to follow, we now work in teams with the client. We start with a blank canvas, and work out a design that takes account of the environment, deals with technical challenges and contracts. The building has to cater for all those different interests.”

Niels: “Such changes are badly needed. This is a difficult time for construction. There is the nitrogen problem, materials are more expensive, manpower is more expensive, interest rates are rising and selling houses is more difficult. It is pretty frustrating, but let’s look for opportunities together. That is why we have set the theme ‘on top of change’, and our 180 members are thinking about it hard.”

Anouck: “All in all, Young Dura Vermeer is a fantastic bunch of people and it has been successful since the 1980s. Former members still attend our alumni drinks event every six months, and they feel proud of the company, exactly the way we do now. Our club is unique and a great way to bind people to our company.” •

OUTLOOK

In 2023, we will build on the momentum of 2022. We continue to work hard on realising our strategic agenda. The three strategic innovation ambitions of sustainability, digitisation and innovation will again be our major focus. We do expect 2023 again to throw uncertainties and challenges at us. The war in Ukraine is not over and its consequences will continue to be felt in the year ahead. Permit delays, the decline in residential construction and cost increases will affect our bottom line. Nonetheless, we expect a good year, which we enter with of € 3.4 billion in scheduled work.

2022 was successful for us and we expect that we can achieve the same in 2023. But the developments that had a major impact on the construction industry in 2022 will again affect Dura Vermeer going forward. Although energy prices are falling, they are still problematically high, and this keeps the price of building materials high. Inflation and rising interest rates also continue to have an impact. The costs increases do have the benefit of accelerating our focus on modular and circular construction

Despite high demand, the realisation of new-build houses has been delayed. This was due to the nitrogen regulations, high land prices, understaffed permit issuing authorities, shortage of area locations and laws and regulations with objection procedures. There are big question marks over the feasibility of building 100,000 homes a year. There is also uncertainty about potential construction locations. The government has announced that it is going to invest heavily in accelerating residential construction. That's a hopeful sign. However, a proposed measure by Housing and Planning Minister De Jonge to intervene in the rental market (raising the rent-control ceiling) is going to weaken the interest of certain investors, and this will affect both the rental market and the owner-occupier market. Our order book is still reasonably full, but we do expect these developments to have negative consequences over time. That is why investment in land positions is very important for Dura Vermeer.

For infrastructure, there is good news: the € 7.5 billion allocated to the Mobility Fund in the coalition agreement will be spent on the accessibility of 400,000 new homes to be built in 14 urban development areas until 2030. Over half of this is earmarked for public transport and the remainder for road and cycling facilities. This will be a boost to the lagging infrastructure market.

Investments in tangible fixed assets, other than property positions, will in the year ahead (if available) largely be aimed at the further electrification of our equipment and will otherwise be limited to replacement investment. Our liquidity position is expected to remain good. We have a facility with the banks of € 140 million. As at year-end 2022 it was unused, but where necessary and desirable we will draw on the facility to finance our own property development projects.

We expect the number of employees to increase slightly, partly due to the acquisition of Nexton and the acquisition of projects and employees of Jansma Drachten in January 2023.

Our Leap Forward strategy remains our guiding principle for the years up to and including 2024. We will keep focusing on external trends and developments and respond accordingly.

We expect this to strengthen our organisation and fulfil our innovation ambitions for digitalisation, sustainability and innovation.

After our first year of this strategy, we are confident that we are on the right course and moving at the right pace to deliver lasting value to our customers, to the market and to society. One of the important steps is that as of 2023, we will even more actively drive sustainability to fulfil our Net Zero ambition.

Finally, in 2023, safety will remain our number one priority. From the construction site to boardroom, we will keep safety in sharp focus. Because our goal is for everyone, every day, to get to work and back home safely.

Rotterdam, 6 March 2023

Management Board

J. Dura

L. Barg

R. Dielwart

T. Winter



Management Board

Left to right: Ronald Dielwart, Lowick Barg, Job Dura, Theo Winter

GOVERNANCE



RISK MANAGEMENT

Because doing business involves risks, Dura Vermeer has a risk management process in place that fully contributes to the realisation of our strategic ambitions and the achievement of our goals, and thus to a large extent determines the success of our business.

In recent years, we have seen the risk landscape becoming increasingly volatile. Risks have not only become more complex, they are increasingly interconnected and when they occur, they have greater impact. In the Netherlands, we are seeing an increase in citizen engagement with social issues, such as pollution of the built environment, and a movement in society towards zero tolerance for errors in business management and personal liability of directors.

As the annual report shows, 2022 was a year of extremes. More than ever, our risk management helped us to keep control. In addition to the nitrogen issue, the war in Ukraine caused an energy crisis and a shortage of materials from suppliers, which (partly) resulted in price hikes. These then translated into high inflation and rising interest rates, which in turn depressed consumer confidence and aggravated the government's already existing budget deficits.

Risk appetite and risk profile

Given the nature of our organisation, project management is the common thread in our internal control system. From the selection of a contract through to after-care, our internal control systems are aimed at striking the right balance between entrepreneurship and the desired risk profile. The market for new construction and renovation as well as infrastructure is multifaceted and challenging, and we carry out projects ranging from small in size and simple to large and complex. That is why we are constantly making new choices as to which projects are right for us and which are not, based on the general principle of a responsible balance between risk and return. To this end, a tender form or investment request is prepared for projects, which includes a detailed risk analysis that takes account of the size of the project. Depending on the nature, size and risk profile of the project, this analysis must be approved by the management of the operating company, divisional management, the Management Board and/or Supervisory Board.

In our view, a responsible balance between risk and return means that:

- the size and nature of the project should match Dura Vermeer's objectives and that the required experience, capacity and (technical) expertise should be available;
- the client finances the project to be secured. If Dura Vermeer has to finance the project independently, as is the case in property development activities, the extent to which the project can be financed is assessed. Aspects considered in this assessment include the method of financing, the duration and the result to be achieved, taking into account this higher risk.
- at project level, there should not be unlimited liability and risks should be insured where possible and desirable.
- the project is profitable, with a mark-up for profit and risk that is appropriate to the risk and contract form.
- 70% of the owner-occupied houses included in the project have been sold before the start of construction in the event that Dura Vermeer is risk bearer in the development of the project.
- if a project is carried out through a building consortium, the resources contributed by each consortium partner should be proportionate to their financial contribution, as should be each partner's risk exposure.

RISK CATEGORY	RISK APPETITE	EXPLANATION
STRATEGIC e.g. economic downturn and changed market conditions, digitalisation, innovation and sustainability		To be successful, it is more important than ever to look outwards, to see opportunities and to profit from them, and to keep innovating in order to respond to new developments in the market and in society. To achieve this, we are prepared to accept higher than average risks.
OPERATIONAL e.g. project risks		Projects are our core business, and we strive to take on the central management role in any project as the main contractor and/or developer. With regard to our projects, we are willing to accept a certain degree of risk as long as there is an appropriate return. However, for other operational risks (such as security), we do not accept any risk exposure.
FINANCIAL e.g. credit risks, liquidity, solvency and the availability of bank guarantees		We have a strong financial basis. We are only willing to accept low and, in special cases, medium risk in order to innovate, invest and collaborate.
COMPLIANCE/INTEGRITY e.g. non-compliance with external laws and regulations or internal regulations		Our social responsibility is an integral part of the company; reliability is one of our core values. In terms of compliance and integrity, therefore, we are not prepared to accept any risk.

RISK APPETITE



Underlying our risk profile is our risk appetite. Our risk appetite is reviewed annually - or at a higher frequency if circumstances dictate. The risks we face on a daily basis can be classified into the following four risk categories: strategic, operational, financial and compliance/integrity.

Our risk appetite in conjunction with actual risks determines our risk profile. For this we use a risk matrix that shows the main risks for each risk category, an estimate of their probability and impact, and the control measures that are in place. This risk matrix was prepared bottom-up, adding the overarching risks at Dura Vermeer Group level to the risks identified at divisional level. The risk matrix is updated annually - or early if developments warrant - by the Management Board and the divisional management. The potential impact of risks is determined not only by the financial impact, but also by any negative impact on our surroundings (people, environment and society) and our reputation. The accompanying chart shows our risk appetite by risk category, graded from low (left on the scale) to high (right on the scale).

Risk management

In order to identify and manage risks in time, but also to be able to take advantage of opportunities, procedures and measures have been determined and implemented at all levels of the organisation. Responsibility for compliance with this is largely decentralised and allocated to the divisions and the operating companies, which annually issue a compliance confirmation. The Management Board sets the boundaries and provides the resources, and is also responsible for the overarching risks at the Dura Vermeer Groep level.

The basis for our risk management system is the COSO ERM framework, in which risk management in relation to projects is the common thread. This means that our internal control system is top-down and includes control measures at the strategic, tactical and operational levels of our organisation. To this end, we use the following instruments, which are part of our planning and control cycle:



1. Strategy

The Management Board periodically (annually) evaluates the company's course and discusses its findings with the Supervisory Board. Strategic frameworks are recalibrated or redefined once every three years. These strategic frameworks are then worked out with the divisional boards and operating companies in a strategy document.

2. Annual plan and budget

Based on the principles set annually by the Management Board, the divisions, the operating companies and group companies draw up an operational plan and a detailed budget for the year ahead. After approval of the draft budget of the operating companies by the division and approval of the draft budget of the divisions by the Group, it is combined into a consolidated budget for the Dura Vermeer Groep. This budget is submitted by the Management Board to the Supervisory Board for approval.

3. Internal periodic reporting

Dura Vermeer divides the year into 13 periods of 4 weeks. After the end of each period, the profit and loss forecast for the current financial year is updated with the corresponding information and the scheduled work. On a quarterly basis, the report is expanded with additional information that meets the specific requirements of the operating company or division concerned. This report is discussed in the presence of the divisional management, the Group Finance Director, the CFO and the CEO.

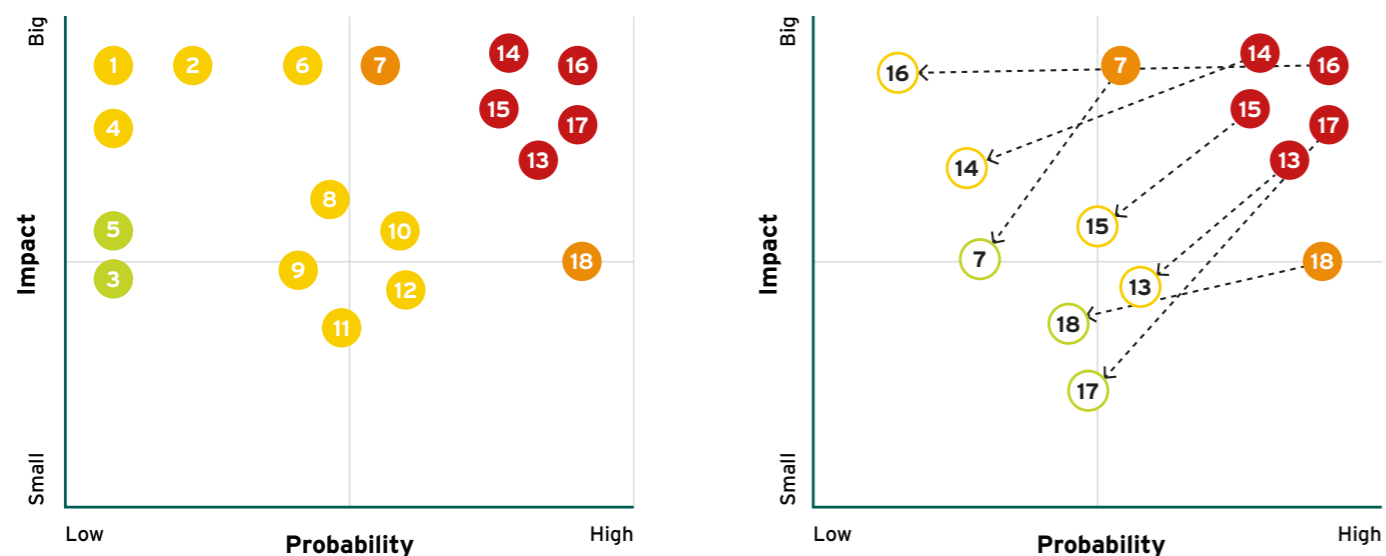
4. External reporting

The consolidated financial statements are part of the annual report of Dura Vermeer Groep NV. The financial statements are prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and include the data of Dura Vermeer Groep NV itself and those of its associates and group companies. The annual report is audited by KPMG Accountants N.V. Upon the auditor's request, the Management Board issues an annual confirmation statement with the financial statements. In this confirmation statement, the Management Board acknowledges its responsibility for the true and fair presentation of the financial statements and the Board members state that have provided all relevant information to the auditor. Just as the Management Board confirms this to the auditor, the management of the operating companies and divisions issue a similar statement to the Management Board.

In 2022, we fine-tuned our risk management process. In particular, we worked on further formalising and documenting the periodic update of the risk matrix. For the results, please refer to the figure below. This overview shows all the material risks based on their estimated probability and impact on the organisation. In determining probability and impact, the set of control measures in place has not yet been taken into account.

As part of the update, relevant risks were added to the risk matrix and the risk appetite and estimation of the probability of a risk actually materialising and its potential impact were recalibrated. To determine whether the risk is reduced to an acceptable level, the set of control measures in place was then assessed, specified and formally recorded.

RISK MATRIX



- | | | |
|--|--|---------------------------------------|
| 1 Liquidity, solvency, bank guarantees | 9 Failure to comply with internal rules of conduct or laws and regulations | 16 Safety |
| 2 Creditworthiness of clients | 10 Digitalisation | 17 Cybersecurity |
| 3 Creditworthiness of partners | 11 Land positions | 18 Scarcity of materials and services |
| 4 Integrity of clients | 12 Business continuity | |
| 5 Human rights | 13 Scarcity of staff | |
| 6 Sustainability | 14 Complex projects | |
| 7 Reputation and image damage | 15 Economic and market conditions | |
| 8 Innovation | | |

This has resulted in the risk management matrix as annexed to this annual report. Using the risks and control measures set out in the risk management matrix, a periodical assessment is then made of the extent to which the risk profile is reduced to an acceptable level and whether new or different measures need to be taken. The figure below shows the extent to which the control measures in place mitigate the risks identified. The comprehensive risk management matrix with risks and control measures can be inspected [here](#).

Risk manifestation 2022

The main risks Dura Vermeer faced in 2022 were the risks resulting from the war in Ukraine. Whereas last year there were materials shortages and price increases originating from a supply-demand imbalance caused by Covid, there were now further price increases and shortages mainly as a result of increased energy prices due to global unrest and sanctions following the war in Ukraine. The biggest impact of this was on products whose production involves high energy consumption, such as asphalt, concrete, bricks and cement.

Dura Vermeer closely monitors developments and ensures, among other things, that the organisation is provided with the right information to take sufficient account of the price risk in its tenders (including advice on the indexation to be applied). We endeavour to mitigate

the risk of shortages of materials by working with regular partners and contractually recording purchases at an early stage.

Rising prices have led to high inflation, which in turn resulted in rising interest rates and falling consumer confidence. In addition, we still face risks due to the nitrogen problem (including the invalidation of the construction exemption) and government capacity shortfalls and inadequate budgets. The nitrogen problem has led to delays in permit procedures, delays in projects under construction and Rijkswaterstaat's tender calendar drying up. We are also having to deal with extensive spatial planning procedures that cause delays and there was often a shortage of officials to allow development of sites to go forward.

The shortfall in government budgets for infrastructure projects, caused mainly by the decentralisation of responsibilities in conjunction with the unexpected extra expenditure related to the Covid-19 virus, has also led to the postponement and cancellation of tenders. These issues had a negative impact on the market volume and entailed considerable costs. Because we, as a company and an industry, are in constant dialogue with Rijkswaterstaat, provinces and municipalities, efforts are being made to jointly find a solution to mitigate these risks.

CONDUCT AND INTEGRITY

Integrity

Underlying Dura Vermeer's policy are three core values: safety, reliability and quality. Part of this is Dura Vermeer and its employees acting and behaving in a socially responsible manner. To promote ethical conduct, we operate an Employee Integrity Code of Conduct. Linked to these codes of conduct are a number of sub-codes on more specific topics:

- the Dura Vermeer Policy and Complaints Procedure for Undesirable Conduct;
- the Management Team members Code of Conduct for ancillary activities;
- the Applications and Equipment Protocol.

Anti-corruption, combating bribery and preventing anti-competitive behaviour are integral parts of our code of conduct.

These codes of conduct and protocols are published on the intranet and all our employees are informed about them upon joining (part of the onboarding process) and are kept up to date through mandatory e-learnings. Moreover, the codes of conduct are part of the General Conditions of Employment, making them part of the employment contracts with employees.

In addition, Dura Vermeer only wants to work with subcontractors and suppliers who tackle integrity issues head on and comply with the Code of Conduct for Suppliers and Subcontractors.

We find it very important that our employees are able to report (suspected) abuses adequately and safely. That is why we have an Integrity Reporting Procedure in place, which is open to all Dura Vermeer employees. Employees can report any suspicion of a breach of internal or external regulations to their manager or to the Compliance Officer.

The procedure describes how the employee can make a report and how the report is followed up. The procedure contains safeguards to protect the reporter. Furthermore, employees can report anonymously (by phone or online) via the SpeakUp app. This app can be accessed not only by employees, but also by external stakeholders, such as suppliers, subcontractors, clients and local residents. Dura Vermeer's website explains how external stakeholders can make a report via the app.

By abuses we mean a reasonable suspicion

- that a social interest is at stake, or
- the reputation, integrity and business operations of Dura Vermeer are at stake in connection with a criminal offence, breach of regulations, a danger to the public health or safety or to the environment, deliberate misinforming of public bodies, wasting the employer's or government money, or deliberately withholding, destroying or manipulating information about these facts.

In 2022, there were two incidents of breaches of the Employee Integrity Code of Conduct.

Measures were taken. Discussions were held with those involved and a written warning was sent to the person responsible. Authorisation and control procedures in the relevant business process and the legal control structure were also adjusted.

For complaints by employees about undesirable conduct, a separate procedure has been set up, the Policy and Complaints Procedure for Undesirable Conduct. Two internal and two external confidential advisors have been appointed. An employee wishing to report or discuss a complaint about undesirable conduct can contact one of the confidential advisors. The Policy and Misconduct Complaints Procedure describes the procedures and safeguards to be followed to ensure confidentiality.

Laws and regulations

Complying with laws and regulations is of vital importance to Dura Vermeer and part and parcel of the way we work. The risk appetite on this issue is zero. After all, these are risks that could harm our reputation. To ensure that we comply with all relevant laws and regulations, these risks are translated into policies and procedures for the relevant organisational units. Compliance with laws and regulations is also an integral part of our risk management process. The Management Board is responsible for compliance with all relevant laws and regulations. The Legal Affairs department advises staff departments and operations on relevant laws and regulations at the group and divisional level. In 2022, no significant breaches of laws and regulations occurred.

Fraud

Annually, as part of its risk management process, Dura Vermeer conducts an internal risk analysis that includes the subject of fraud. We take into account fraud risks relating to financial data and disclosures, the possibility of manipulation of information technology (segregation of duties), common fraud in the market (assessment and selection of buyers by a third party) and other possible forms of fraud.

In 2022, there were no incidents.

Human rights and labour rights

Dura Vermeer is highly committed to diversity and inclusion, and showing mutual respect is part of the culture. Therefore, we have a strict policy in place to prevent undesirable conduct, such as discrimination. In the unlikely event that a situation arises in which we must investigate and intervene, employees (or colleagues of such an employee) can refer to the 'Protocol on (Sexual) Harassment, Discrimination and Bullying in the Workplace' and/or make a report to the Compliance Officer or one of our confidential advisors. Again, in case of (suspected) abuses, it is possible to make an anonymous report via the SpeakUp app, which can be used by both own employees and external stakeholders.

WE HAVE A RESPONSIBILITY IN THE VALUE CHAIN

Dura Vermeer has an active employee participation body that works in harmony with the employer to achieve good results for all parties concerned. Dura Vermeer is also represented in various consultations with industry associations, ensuring that the labour rights of our employees are guaranteed in the best possible way.

Socially responsible procurement

Although Dura Vermeer operates only in the Netherlands, we are aware that there are risks in our value chain in which we bear responsibility. We therefore require our partners, including contractors and suppliers, to comply with all relevant laws and regulations. For this reason, we have included in our Code of Conduct for Contractors and Suppliers provisions on respecting the protection of internationally proclaimed human rights as defined in the United Nations Universal Declaration of Human Rights, complying with all international anti-discrimination laws and respecting the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, including on the prohibition of forced and child labour. All procurement contracts refer to this code of conduct.

Furthermore, we require contractors to comply with the applicable general safety laws and regulations and the Safety & Health Plan applicable to the work, while retaining their own responsibility, with the aim of achieving zero accidents. These requirements are included in all our agreements.

The implementation of the Wet aanpak schijnconstructies (Labour Market Fraud (Bogus Schemes) Act) has led us to impose strict requirements on our suppliers to prevent abuses in working conditions and ensure that all employees are paid fairly. When hiring staff, we work exclusively with SNA-certified employment agencies. We also implement strict access controls at our construction sites. People and companies offer their services and we then check across the chain how companies are certified. This is because there is often a chain of companies involved. This ensures that we know exactly who comes from where, how people working on our construction sites are paid and so on.

We also demand Social Return. We impose requirements on our suppliers and subcontractors in this area. In many of our contracts, we stipulate what percentage of people should be employees at a distance from the labour market.

Data Privacy

Dura Vermeer maintains a data privacy policy in order to handle personal data in an informed manner and to comply with legal frameworks and guidelines for adequate data protection. Our privacy policy applies to all business units and work locations and applies to all employees. The divisions are responsible for implementing Dura Vermeer's data privacy policy in their daily business operations. The divisions and the Group have set up a Privacy Platform for this purpose. A Privacy Platform has also been established at Group level in which the privacy policies of the Group entities are discussed and established.

A Privacy Officer has been appointed to implement, maintain and drive the privacy framework and associated products (such as a processing register, a data privacy policy for every business process, privacy statements, protocols and a data breach notification procedure). This officer supervises compliance and advises the organisation on privacy issues and developments in legislation and regulations. The Privacy Officer reports to the Management Board. The Privacy Officer is also responsible for managing our Privacy Perfect privacy application and for registering and handling data breaches. Annually, on the initiative of the Privacy Officer, Dura Vermeer audits by means of spot checks compliance with privacy regulations by the divisions and the Group. As part of the ISO 27001 certification (see also Information Security), an annual external audit is conducted of Dura Vermeer's privacy policy.

In 2022, there was one data breach that Dura Vermeer reported to the Personal Data Authority. It involved a data breach of buyer data that was viewable by a group of other buyers due to a technical defect in the software. Dura Vermeer has taken measures that have closed the data breach and prevent it from happening in the future.

Information security

For the implementation of information security, responsibilities have been assigned at different levels within Dura Vermeer. The Management Board is ultimately responsible for information security and for setting policy. The strategic digitalisation consultation provides direction for objectives and plans, and assigns responsibilities to roles within the organisation. The information security steering group is responsible for managing the implementation and operation of policy, guidelines and processes/procedures.

Data classification determines which rules apply to various types of information (public, internal or confidential). We want everyone in the organisation to have sufficient knowledge of the types of data we work with to handle them appropriately. To this end, employees receive training and we are constantly working on improving awareness.

Dura Vermeer operates an information security management system based on the ISO 27001 framework of standards. We were initially certified in 2021 and recertified in 2022. With this system, we ensure that information is available to users at the right place and time, that information is correct and cannot be modified unauthorised, and that information is only available to those who are authorised.

By 2022, information security maturity has grown further. We entered into a close partnership with Northwave, a leading cybersecurity specialist. This has taken the monitoring of Dura Vermeer's IT environment around cyber vulnerabilities to the next level. We had ethical hackers deliberately attempt to break in, and this attempt failed. In addition, a test email was sent asking employees to change a password for a non-existent website. Unfortunately, many colleagues did not recognise this email as fraud. Consequently, awareness around phishing has not yet proved adequate.

Incidentally, no incidents occurred in 2022.

CORPORATE GOVERNANCE

Corporate governance is about proper and responsible corporate governance. The ultimate goal is to secure long-term value creation for all stakeholders. Our stakeholders must be confident that their interests are carefully considered in everything we do. This requires the Management Board to act with integrity and transparency and the Supervisory Board to be accountable for its oversight.

Governance structure

Dura Vermeer is a public limited company with a structural regime and with Puissance Holding B.V. as its sole shareholder.

Within Dura Vermeer, the following governance organs can be distinguished:

- General Meeting of Shareholders
- Supervisory Board
- Management Board
- Divisional Management
- Operating company management

Dura Vermeer has a set of rules, procedures and guidelines in place setting out which decisions are subject to the approval of the General Meeting of Shareholders, the Supervisory Board, the Management Board and/or Divisional Management. We call this set of rules, procedures and guidelines the Group Guidelines; these guidelines are part of the General Terms of Employment, in turn making them part of the employment contract with employees.

Dura Vermeer Group and its Divisions ensure that activities take place within established frameworks, including with regard to the following aspects:

- Acting as a single economic entity.
- Striving for synergy.
- Striving for uniform quality, standards and values.
- Pursuing uniform safety policies, sustainability policies and HR policies, among other things.
- Adopting a uniform code of conduct policy.
- Acting publicly with one corporate identity.

Compliance with Dutch Corporate Governance Code

As a family business with a social role and a broad stakeholder base, Dura Vermeer subscribes to the importance of openness and transparency. Although it is not a listed company, Dura Vermeer subscribes to the intentions of the Dutch Corporate Governance Code 2016 (the Code) that is currently in force. Not all provisions of the Code apply to or are applied by Dura Vermeer. The provisions of the Code applied by Dura Vermeer are incorporated in Dura Vermeer's articles of association, the Group Guidelines and the various codes of conduct. The principles and best-practice provisions of the Code regarding risk management, remuneration and the prevention of conflicts of interest are largely included in the Management Board regulations.

Consultation structure

Various consultation structures can be distinguished within Dura Vermeer Group in the relationship between the shareholders, Supervisory Board and Management Board on the one hand and the divisions or operating companies on the other.

By means of a tiered meeting structure, information and related decisions (including those related to non-financial performance) are communicated from the top of the organisation to the divisions, staff departments and operating companies and vice versa. In this way, Dura Vermeer ensures that everyone is aware of the organisation's policies and how they are implemented. The decisions are also mostly made known to employees through communication channels such as the Intranet.



The timber-framed new regional office of Alliander, Amsterdam-Westpoort.

Role and authorities of the Management Board

The Management Board is responsible for the management of Dura Vermeer as a whole. The Management Board develops and adopts the mission, vision and strategy. The Management Board is responsible for the policies pursued by the company. This policy is aimed at achieving the strategy including the resulting financial and non-financial (including social) objectives. Financial continuity is a precondition for achieving our strategy and continuing to create long-term value for our stakeholders and for society as a whole. The strategy is reviewed and updated periodically and reformulated every three years. The development of the strategic ambitions takes into account the organisation's risk appetite and risk management on the one hand and the social context on the other. Divisional management is responsible for translating group strategy and policies, and their implementation by the relevant operating companies within their divisions.

The Management Board is further responsible for the budget, decisions on participation in major projects, investments in land positions and acquisitions. In addition, the Management Board deals with contacts with shareholders, supervisory directors, civil society organisations, customers and other stakeholders.

Role and authorities of the Supervisory Board

The Supervisory Board oversees the Management Board's policies and the general state of affairs at Dura Vermeer and its affiliated companies and provides advice to the Management Board. In doing so, the Supervisory Board focuses on the effectiveness of the internal risk management and control systems of Dura Vermeer and the integrity and quality of its reporting. As part of its efforts, the Supervisory Board also considers the social aspects that are relevant to the company. The articles of association of Dura Vermeer contain rules with regard to appointments, authorities and the decision-making process.

The supervision of management by the Supervisory Board includes:

- the way in which the Management Board shapes and executes the strategy, aiming for continuity and long-term value creation;
- the (interim) realisation of objectives;
- the risks associated with (new) business operations and investments;
- the design and functioning of internal risk management and control systems;
- the financial reporting process;
- compliance with laws and regulations;
- the relationship with shareholders;
- how the interests of different stakeholders are considered and weighed;
- the activities of the Management Board with regard to the culture within the company;
- the functioning of the reporting procedure for abuses and irregularities;
- the social aspects of entrepreneurship relevant to the company.

Diversity

Dura Vermeer strives for a complementary composition of both the Management Board and the Supervisory Board with a sufficient degree of diversity. In this context, diversity refers to aspects such as gender, knowledge, experience, skills and personality. The Management and Supervision of Legal Entities Act defines proportionate distribution as follows: at least one-third of the seats on management and supervisory boards of listed companies should be held men and at least one-third by women, and large public and private limited companies are required to set appropriate and ambitious targets. Dura Vermeer's policy for appointments of members of the Management Board and Supervisory Board is to specifically also look for female candidates, and to base the ultimate selection of candidates on the added value of persons in relation to each other. Since 2016, the composition of the Management Board has not changed, so the target percentage has not been achieved to date. The position on the Supervisory Board vacated as of 1 January 2022 was filled by a female candidate, which means that since, 40% of the seats on the Supervisory Board are held by women.

Remuneration

The articles of association stipulate that the policy on remuneration of the Management Board is adopted by the General Meeting of Shareholders on the proposal of the Supervisory Board. The remuneration of the Management Board comprises a fixed annual salary plus variable remuneration, which is dependent on the company's overall performance and the achievement of individual targets. The remuneration of the Supervisory Board is fixed and independent of the company's performance and is determined in advance by the General Meeting of Shareholders.

Conflict of interest

The articles of association state that if a member of the Management Board has a personal conflict of interest with the company, he will not participate in the deliberations and decision-making on the matter within the Management Board. The articles of association also state that if a Supervisory Board member has a personal conflict of interest with the company, he or she will not participate in the deliberations and decision-making on the matter within the Supervisory Board.

COMPOSITION OF MANAGEMENT BOARD AND SUPERVISION

Supervisory Board

B. Vree, Chairman
ing. D. van Well, Vice-Chairman
I.G.C. Faber MBA
ir. M.E. van Lier Lels P.S. Overmars

Management Board

drs. J. Dura MRE, Chairman
L.H. Barg RA, CFO
ir. R.P.C. Dielwart
ir. T. Winter

Management board Construction and Property Division

ir. R.P.C. Dielwart BSc, Chairman
M.A. ter Hark RA
M.A. Mentink MsC MRE MRICS (as of 1 February 2023)
ing. R.B. Steijn
N. van Rens

Management board Infra Division

ir. T. Winter, Chairman
mr. drs. R.B. Kalma RC

Management board Engineering Division

ing. W.J.A. Blom

Group Staff Directors

drs. J. den Heijer, ICT
G.B. Metselaar, Corporate Communication
H. Vervloet MBA, Human Resources
mr. T. Wilmink, Legal Affairs
drs. H.G. Wisman RA, Finance, Risk & Control

REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

We reviewed the financial statements and annual report for the 2022 financial year in the presence of the Management Board and the Finance director with the external auditor. The financial statements were audited by the external auditor, KPMG Accountants NV, which on 6 March 2023 issued an unqualified audit opinion. This audit opinion is included on page 135 of this report. We recommend that the General Meeting of Shareholders adopt the financial statements for 2022 and grant the members of the Management Board discharge from liability.

Meeting frequency

In 2022, the Supervisory Board held six regular meetings with the Management Board. Meetings are held at least once a year at a project site. The June meeting took place at the Floriade in Almere. The meeting was preceded by a guided tour. In addition to this project, we visited projects in various compositions during the year, including the A16 project in Rotterdam.

Depending on the specific areas of responsibility of supervisory directors, regular consultations are held with members of the Management Board. This applies in particular to the chairman and the vice-chairman of the Supervisory Board, who, in addition to the formal meetings, also had regular interim consultations with the chairman of the Management Board and the CFO on both strategic and operational matters. In addition, consultations were held by a delegation of the Supervisory Board with the Works Council and HR management.

Topics 2022

In 2022, the impact of the nitrogen problem on the industry in general and on Dura Vermeer in particular was on the agenda of every meeting. The same applied obviously to impact of the war in Ukraine on energy prices, inflation, interest rates and the resulting economic downturn. The consequences for the operating income, the result and the development of the scheduled work in 2023 and beyond were all discussed at length. The matters discussed during the meetings with the Supervisory Board also included the operational and financial control of the operations, tenders for and the progress of large and/or complex projects and the company's own property development projects. There were also extensive discussions about safe working in general and Dura Vermeer's safety programme in particular, about culture, diversity, staffing and filling of senior management positions. Finally, consultations took

place with the Management Board on progress on strategic objectives in the period 2022-2024, including the innovation ambitions: sustainability, digitalisation and innovation.

Results

At the March, June, September and November 2022 meetings, financial performance and the outlook were discussed in detail with the Management Board on the basis of management reports. These conversations focused on the price increases of materials and energy, the development of the results of the larger projects, the level of overheads and the result forecast.

Decision-making

In addition to the decision-making on tendering for projects, making investments (land purchases) and acquisitions, in 2022 we approved the annual report 2021 and the dividend proposal for 2021 included therein. In September 2022, the strategic course of Dura Vermeer was discussed in detail on the basis of the Strategy Memorandum for the period 2022-2024. During the November meeting, the budget for the financial year 2023 was discussed in detail and approved by the Supervisory Board.

Composition of the Supervisory Board

The Supervisory Board currently has five members. The composition of the Supervisory Board in 2022 was such that the required expertise, different backgrounds and managerial competences were present to perform its tasks properly.

We are grateful to the Management Board, the divisional management and all employees for their efforts and thank them for their contributions during the year under review.

Rotterdam, 6 March 2023

B. Vree, Chairman
D. van Well, Vice-Chairman
I.G.C. Faber
M.E. van Lier Lels
P.S. Overmars

FINANCIAL STATEMENTS



CONSOLIDATED BALANCE SHEET

(Before result appropriation, amounts x € 1,000)	Note	31-12-2022	31-12-2021
ASSETS			
Fixed assets			
Intangible fixed assets	1	22,093	9,118
Tangible fixed assets	2	90,966	90,049
Financial fixed assets	3	56,412	48,347
		169,471	147,514
Current assets			
Inventories	4	100,526	63,231
Work in progress*	5	144,764	117,325
Receivables	6	217,594	178,518
Cash and cash equivalents	7	233,403	287,087
		696,287	646,161
Total assets		865,758	793,675
LIABILITIES			
Equity		263,163	223,137
Minority interest of third parties		3,535	-
Equity	8	266,698	223,137
Provisions*	9	41,536	43,104
Non-current liabilities	10	9,055	3,311
Current liabilities*	11	548,469	524,123
Total liabilities		865,758	793,675

The notes on pages 114 to 125 form an integral part of these consolidated financial statements.

* Following changes in the Annual Reporting Guidelines, the 2021 figures have been restated for comparison purposes, see page 101.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amounts x € 1,000 million)	Note	2022	2021
Operating income*	14	1,818,300	1,610,700
Cost of raw materials and consumables, outsourced work and other external costs		1,456,152	1,272,248
Wages and salaries	15	223,487	210,569
Social insurance and pension costs	15	55,177	46,807
Depreciation and impairment on tangible fixed assets	1, 2	14,343	14,959
Other operating income and expenses	16	-1,674	1,989
Total operating expenses		1,747,485	1,546,572
Operating profit		70,815	64,128
Interest income and similar income	17	471	333
Interest expenses and similar expenses	17	-2,645	-1,986
Result before tax		68,641	62,475
Taxes	18	-18,169	-16,023
Result from participating interests	3	2,351	5,919
Result after taxes		52,823	52,371
Minority interest in result		-2,597	-
Net profit (loss)		50,226	52,371
Total profit (loss)		50,226	52,371

* Following changes in the Annual Reporting Guidelines, the 2021 figures have been restated for comparison purposes, see page 101.

CONSOLIDATED CASH FLOW STATEMENT

Net cash at start of financial year	Note	2022	2021
Operating profit		70,815	64,128
Adjustments for:			
• Depreciation, amortisation and impairment on intangible and tangible fixed assets	1, 2	13,653	14,959
• Movements in provisions*	9	-387	44,019
		13,266	58,978
Changes in working capital:			
• Receivables	6	-42,083	-410
• Inventories	4	-36,357	-15,299
• Work in progress	5	-55,448	44,627
• Liabilities	11	53,257	-47,194
		-80,631	-18,276
Cash flow from operating activities		3,450	104,830
Interest received	17	183	363
Dividend received	3	2,237	2,946
Interest paid	17	-2,410	-1,952
Corporation tax paid	18	-21,153	-17,215
		-21,143	-15,858
Cash flow from operating activities		-17,693	88,972
Investments in:			
• Intangible fixed assets	1	-5,795	-4,874
• Tangible fixed assets	2	-15,374	-13,581
• Acquisition of group companies	3	-2,896	-2,079
• Loans granted	3	-7,790	-19,649
		-31,855	-40,183
Disposals:			
• Tangible fixed assets	2	2,679	4,614
• Group companies	3	659	47
• Repayments on long-term receivables	3	3,212	1,155
		6,550	5,816
Cash flow from investment activities		-25,305	-34,367
Cash flow before financing		-42,998	54,605
Repayments on long-term liabilities	10	-486	-3,957
Dividend paid	26	-10,200	-32,600
		-10,686	-36,557
Cash flow from financing activities		-10,686	-36,557
Cash flow balance		-53,684	18,048
Net cash at start of financial year	7	287,087	269,039
Net cash at end of financial year	7	233,403	287,087
Change in cash and cash equivalents		-53,684	18,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

General

Dura Vermeer Groep NV ('the company') is a nationally operating construction and infrastructure group active in the construction, infrastructure and engineering sectors. The company's core activities are the development, design and realisation of construction and infrastructure projects, transformation and renovation.

The company is a public limited company with its registered office in Rotterdam. The head office is located at Rotterdam Airportplein 21, 3045 AP in Rotterdam. The company is registered in the Dutch Commercial Register under number 24289036.

These financial statements contain the financial information of both the company and the company's consolidated companies.

Reporting period

These financial statements relate to the financial year 2022, which ended on the balance sheet date of 31 December 2022.

Basis of preparation

The company's consolidated financial statements are part of the company's financial statements under the articles of association and have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code on a going-concern basis. Unless stated otherwise in the principles set out below, the accounting principles applied for the valuation of assets and liabilities and the determination of the result are based on the historical cost convention.

Application of Section 402, Book 2, of the Dutch Civil Code

The company's financial information is included in the consolidated financial statements. Therefore, in accordance with Section 2:402 of the Dutch Civil Code, the company profit and loss account states only the company's share of the profit (or loss) after taxes of entities in which it has an participating interest and its other income (or losses) after taxes.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE RESULT DETERMINATION

Application of new annual reporting guidelines

The figures for 2021 have been reclassified to enable comparability with 2022. It concerns the following reclassifications:

From 2022, based on the changes in RJ 221, the item 'Work in progress' will be presented as a separate item in the balance sheet. Work in progress with a debit balance are presented separately in the balance sheet under current assets between inventories and receivables. Work in progress with a credit balance are presented under current liabilities. Hence, projects with a debit balance and projects with a credit balance are no longer netted into one item in the financial statements. As a result, current assets and current liabilities at 31/12/2021 are € 117.3 million higher than in the 2021 financial statements. From 2022, based on the changes in RJ 270, the project revenues will be presented as net turnover in the profit and loss account. Project revenues from work in progress therefore are no longer presented as 'Change in work in progress'.

General

Assets and liabilities are recognised at historical cost, unless otherwise stated in the accounting policies below.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits will flow to the company and the asset has a cost price or value that can be measured reliably. Assets that do not meet these criteria for recognition are not recognised in the balance sheet and are instead accounted for as off-balance sheet assets.

A liability is recognised in the balance sheet when it is probable that the settlement of the liability will result in an outflow of funds and the amount at which the settlement will take place can be measured reliably. Liabilities also include provisions.

Liabilities that do not meet the criteria for recognition are not recognised in the balance sheet, and are instead accounted for as off-balance sheet liabilities.

An asset or liability recognised in the balance sheet remains on the balance sheet if a transaction does not result in a significant change in the economic reality with respect to the asset or liability. Nor do such transactions give rise to the recognition of results. The assessment of whether there is a significant change in the economic reality is based on the economic benefits and risks that are likely to occur in practice and not on benefits and risks that cannot reasonably be expected to occur.

An asset or liability is no longer recognised in the balance sheet if a transaction results in virtually all or all rights to economic benefits and all or virtually all risks relating to an asset or liability being transferred to a third party. The results of the transaction are in that case recognised directly in the profit and loss account, taking into account any provisions that need to be made in connection with the transaction.

If the representation of the economic reality results in the inclusion of assets which are not legally owned by the legal entity, then this fact shall be stated.

Income is recognised in the profit and loss account when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Expenses are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Revenue and expenses are allocated to the period to which they relate. Revenue is recognised when all significant risks and rewards of ownership have been transferred to the buyer.

Presentation and functional currency

The financial statements are presented in euros, the company's functional currency. All financial information in euros has been rounded to the nearest thousand.

Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods affected by the revision.

In the opinion of the company's management, the valuation of work in progress is the most critical for the presentation of the financial position and requires estimates and assumptions.

Consolidation principles

Scope of consolidation

The consolidated financial statements include the financial information of the company and its subsidiaries in the group, other group companies and other legal entities over which the company can exercise control or which are under its centralised management. Subsidiaries are participating interests in which the company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the management board members or supervisory board members. Group companies are participating interests in which the company holds a controlling interest, or on which decisive control can be exercised in some other way. In determining whether decisive control can be exercised, financial instruments are taken into account if they contain potential voting rights which can be exercised such that they consequently afford the company more or less influence.

Newly acquired participating interests are consolidated from the moment significant influence can be exercised over policy matters. When equity interests are sold, they are consolidated until the moment this influence ends.

For a comprehensive overview of the consolidated and non-consolidated participating interests, building consortia and other collaborations of Dura Vermeer Groep N.V., see the list filed with the Chamber of Commerce.

Consolidation method

The items in the consolidated financial statements are drawn up in accordance with uniform accounting policies of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. The results of transactions between group companies have also been eliminated insofar as the results were not realised through transactions with third parties outside the group and insofar as there is no impairment.

Subsidiaries are fully consolidated, with minority interests held by third parties being expressed separately within group equity.

If the losses attributable to the minority interest of third parties exceed the minority interest in the equity of the consolidated company, the difference, as well as any further losses, shall be borne entirely by the majority shareholder, unless and to the extent that the minority shareholder has the obligation and the ability to bear such losses. Minority interests in the result are deducted separately from the group result as the final item in the consolidated profit and loss account.

ACCOUNTING POLICIES FOR THE CONSOLIDATED BALANCE SHEET

Financial instruments

Financial instruments comprise investments in shares and bonds, trade and other receivables, cash, loans and borrowings, derivative financial instruments (derivatives) and trade and other payables. The company's financial statements include these categories of financial instruments with the exception of shares and bonds and derivative financial instruments.

Financial assets and financial liabilities are recognised in the balance sheet at the moment that contractual rights or obligations with respect to these assets and liabilities arise.

A financial instrument is no longer recognised in the balance sheet if a transaction results in all or virtually all rights to economic benefits and all or virtually all risks relating to a position being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation takes place on the basis of individual components of financial instruments as financial asset, financial liability or equity instrument.

Embedded derivatives which are not separated from the host contract are recognised in accordance with the host contract.

Financial instruments are initially recognised at fair value, which includes the share premium or discount and directly attributable transaction costs. If financial instruments are subsequently measured at fair value with changes in fair value recognised through profit or loss, any directly attributable transaction costs are recognised immediately in the profit and loss account.

Subsequent to initial recognition, financial instruments are measured in the manner described below.

Loans granted and other receivables

Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective interest method and less any repayments and, if applicable, impairment losses. The effective interest and any impairment losses are recognised directly in the profit and loss account. Purchases and sales of financial assets belonging to the category 'loans and other receivables' are recognised at the transaction date.

Long-term and current liabilities and other financial obligations

Subsequent to initial recognition, long-term and current liabilities and other financial obligations are measured at amortised cost using the effective interest method. The effective interest is recognised directly in the profit and loss account.

The repayment obligations of the long-term liabilities for the coming year are included in current liabilities.

Impairment of financial assets

A financial asset that is not measured at (1) fair value with value changes reflected in the profit or loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes the failure to meet payment obligations and/or arrears in interest or principal payments, restructuring of an amount due to the company under conditions that the company would not otherwise have considered, indications that a debtor will enter bankruptcy or probable financial restructuring, and the disappearance of an active market for a particular security. In addition, subjective indicators are considered along with objective evidence of impairment. Examples include the loss of active markets in the case of listed financial assets, a downgrade in the creditworthiness of the other party being the legal entity or debtor of the issued instrument, or a decline in the fair value of a financial asset below its cost or amortised cost.

The company considers evidence of impairment for receivables measured at amortised cost both individually and on a portfolio basis. All individual significant receivables are assessed individually for impairment.

The individually significant receivable that are not found to be individually impaired and receivables that are not individually significant are then collectively assessed for impairment by grouping together receivables with similar risk characteristics.

When assessing whether there is a collective reduction in value, the company uses historical trends regarding the likelihood of default of a debtor, the timeframe within which receivables are collected and the impairments already taken into account.

The outcomes are adjusted if the management believes that the current economic and credit conditions suggest that it is likely that the actual reduction in value will be higher or lower than suggested by historical trends.

An impairment loss on a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the profit and loss account.

If in a subsequent period the value of an asset subject to an impairment increases and the recovery can be objectively related to an event occurring after the impairment loss was recognised, the increase of the asset's carrying amount (up to maximum the original cost) is recognised in the profit and loss account.

Netting of derivative financial instruments

A financial asset and a financial liability are offset if the company has a valid legal instrument to offset the financial asset and financial liability and the company has the firm intention either to settle the liability on a net basis or to realise the asset and settle the liability simultaneously.

Intangible fixed assets

Intangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible fixed assets are measured at cost of acquisition or cost of manufacture, less accumulated amortisation and impairment.

Subsequent expenditure on a purchased or self-manufactured intangible asset is added to the cost of acquisition or cost of manufacture if it is probable that the expenditure will result in an increase in expected future economic benefits and the expenditure and the allocation to the asset can be measured reliably. If the conditions for capitalisation are not met, the expenditure is recognised as an expense in the profit and loss account.

The principles for determining and accounting for impairment losses are included under impairment of fixed assets.

Goodwill

Goodwill represents the excess of the cost of acquisition of the participating interests (including transaction costs directly related to the acquisition) and the group's share of the net fair value of the acquired identifiable assets and liabilities of the acquired participating interest, less cumulative amortisation and cumulative impairment losses. This principle is applied to both consolidated participating interests and non-consolidated participating interests. Goodwill generated internally is not capitalised.

Capitalised goodwill is recognised in intangible fixed assets and amortised on a straight-line basis over its estimated useful life.

Development costs

Development costs are capitalised insofar as they relate to projects deemed commercially viable. The development of an intangible fixed asset is considered commercially feasible if it is technically feasible to complete the asset, the company intends to complete the asset and subsequently use it or sell it (including the availability of adequate technical, financial and other resources to do so), the company has the ability to use or sell the asset, the asset is likely to generate future economic benefits and the expenditures during development can be reliably determined. Development costs are measured at cost of manufacture less accumulated depreciation and impairment losses. The cost of manufacture mainly includes the salary costs of the personnel involved. Capitalised costs are amortised after completion of the development phase (asset ready for commissioning) over the expected useful life. Amortisation takes place using the straight-line method. Research and other development costs are expensed in the period in which they are incurred.

A statutory reserve is formed for the unamortised portion of capitalised development costs.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Land and buildings, plant and equipment, other fixed operating assets and items of tangible fixed assets that are not used in the production process are measured at cost, less cumulative depreciation and, if applicable, impairment losses.

The cost of these assets comprises the cost of acquisition or cost of manufacture and other costs incurred in bringing the assets to their location and in the condition required for their intended use.

Depreciation is calculated as a percentage of the purchase price according to the straight-line method on the basis of the useful life, taking into account any residual value of the individual assets. The recognition of depreciation charges starts when an asset is available for its intended use and ends upon its decommissioning or disposal.

The company buildings and locations presented as 'not used in the production process' are depreciated based on their useful life of 20 to 30 years. Land is not depreciated. Plant and equipment are depreciated on the basis of the useful life of 8 to 10 years of the relevant assets. Other fixed operating assets are depreciated based on a useful life of 3 to 10 years.

The company applies the component approach for property, plant and equipment if significant individual components of an item of property, plant and equipment can be distinguished from each other. Taking into account differences in useful life or expected usage patterns, these components are depreciated separately.

Decommissioned assets are measured at the lower of their carrying amount before the time of decommissioning and net realisable value.

Financial fixed assets

Participating interests with significant influence

Participating interests in entities where the company can exercise significant influence on the business and financial policy are measured on the basis of their net asset value in accordance with the equity method. If a participating interest cannot be measured at net asset value because the required information cannot be obtained, it is measured at its visible equity value. In assessing whether the company exercises significant influence on the business and financial policy of an entity in which it has a participating interest, the company takes into consideration the totality of the facts and circumstances and contractual relationships (including any potential voting rights).

The net asset value is determined on the basis of the company's accounting policies.

Participating interests with a negative net asset value are stated at nil. This valuation also includes long-term receivables from the participating interests that should actually be considered part of the net investment. In particular this concerns loans whose settlement is neither planned nor likely in the near future.

A share of the profit of a participating interest is only recognised in later years if and insofar as the cumulative portion of the non-recognised share of the loss has been made good. However, if the company furnishes full or partial surety for the debts of an entity in which it has a participating interest, or has the constructive obligation to enable the participating interest (in respect of its share) to enable the entity to repay its debts, a provision is recognised equal to the repayments expected to be made by the company on behalf of the entity.

Participating interests without significant influence

Participating interests in which no significant influence is exercised are measured at the lower of the cost of acquisition or realisable value. If there is a definite intention to dispose of the interest, valuation takes place at the lower expected sales value, if applicable.

If the company transfers an asset or a liability to a participating interest measured at cost of acquisition, the gain or loss arising from this transfer is recognised directly and fully in the consolidated profit and loss account, unless the gain on the transfer is substantially unrealised.

Joint ventures

Participating interests in which the company has joint control with other participants (joint ventures) are measured according to the equity method based on their net asset value.

In the case of joint ventures that involve jointly performing activities but where each participant retains exclusive control of its assets, the company recognises the assets it controls, as well as the obligations it enters into, the costs it incurs and its share of the profit (loss) on the sales and/or services rendered by the joint venture. In the case of a joint venture where the activities are performed jointly using assets over which the participants have joint control, the company recognises the joint assets, liabilities, costs and revenues proportionally.

On contribution or sale of assets by the company to a joint venture, the company recognises in the profit and loss account that portion of the profit (loss) that corresponds to the proportional interest of the other participants in the joint venture. No profit (loss) is recognised if the non-monetary assets contributed by the participants are approximately equal in nature, use (in the same business activity) and fair value. Any profit (loss) not reported is deducted from the net asset value of the joint venture. Any losses on current assets or impairments of fixed assets, on the other hand, are recognised by the company directly and fully.

When the joint venture sells assets to the company, the company does not recognise the joint venture's share of the gain or loss on that sale in the profit and loss account until the asset concerned is sold or re-sold to a third party. However, if there is a loss on current assets or an impairment of fixed assets, the company recognises its share in this loss immediately.

Other financial fixed assets

Receivables from non-consolidated participating interests are initially measured at fair value plus directly attributable transaction costs. These receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

The accounting policies for other financial fixed assets are set out in the chapter 'Financial instruments'.

Dividends are recognised in the period in which they are made payable.

Dividends from participating interests measured at cost of acquisition are recognised as income from equity interests (under financial income).

Impairments of fixed assets

For property, plant and equipment and participating interests in which significant influence can be exercised, an assessment is made at each balance sheet date as to whether there are indications that these assets are subject to impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of its value in use or net realisable value. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount is determined based on the cash-generating unit to which the asset belongs.

When the carrying amount of an asset (or cash-generating unit) exceeds the recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. In the event of an impairment loss of a cash-generating unit, the loss is first allocated to the goodwill that is allocated to the cash-generating unit. Any remaining loss is attributed to the unit's other assets pro rata to their carrying amounts.

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. If any such indication exists, the recoverable amount of the particular asset (or cash-generating unit) is estimated.

An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset (or cash-generating unit) is increased to its estimated recoverable amount, but not in excess of the carrying amount that would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years.

An impairment loss for goodwill is not reversed in a subsequent period.

Disposal of fixed assets

Assets available for sale are measured at the lower of their carrying amount and net realisable value.

Inventories

Inventories of land, raw materials and consumables are measured at the lower of acquisition price and net realisable value. The cost consists of the price of acquisition plus other costs of bringing the inventories to their present location and condition. The net realisable value is based on the most reliable estimate of the maximum amount that the inventories will yield, with deduction of costs still to be incurred. The inventory of land concerns land positions acquired for development as construction sites in the near future.

Raw materials and consumables are measured at cost of acquisition based on the first-in, first-out (FIFO) method or lower net realisable value.

Stocks of finished products are measured at the cost of manufacture, consisting of the purchase costs of raw materials and consumables used and other costs can be directly attributed to manufacturing. No interest is allocated to the cost of manufacture.

Trade discounts, rebates and similar payments (to be) received in connection with the purchase of inventories are deducted from the cost of acquisition.

Work in progress

Work in progress is a project that has been agreed with a third party for the construction of an asset or combination of assets in which construction usually extends over more than one reporting period. Due to the nature of the work in progress, the date on which a project starts and the date on which the project is completed may fall in different reporting periods.

Revenues from work in progress is recognised on the basis of each individual agreement. In certain cases, however, they are treated on the separately identifiable performance obligations of a contract in order to reflect economic reality (where the goods or services promised in a contract are separate performance obligations).

Project revenue is presented as part of net turnover in the profit and loss account.

Work in progress comprises the balance of realised project costs, attributed profit, recognised losses and instalments already invoiced. Work in progress represents a receivable from the client (if an asset), or an amount due to the client (if a liability) for work yet to be performed or an amount received in advance. If the balance of the work in progress:

- has a debit balance, the net amount is recognised as an asset;
- has a credit balance, the net amount is recognised as a liability.

The work in progress is presented separately in the balance sheet under current assets between inventories and receivables if it has a debit balance.

The work in progress is presented separately in the balance sheet under current liabilities if it has a credit balance.

The valuation of work in progress includes the direct project costs (such as personnel costs for employees directly involved in the project, costs of materials, costs of land and sites and depreciation charges for plant and equipment used in the execution of the project), costs that are attributable to project activities and can be allocated to the project, and other costs that are contractually chargeable to the client. Interest expenses are not allocated to work in progress.

Revenues, costs and profits in respect of work in progress are recognised pro rata to the completion of the work (percentage-of-completion method). The percentage of completion of a project in progress is measured by reference to the contract costs incurred up to the balance sheet date as a proportion of the estimated total project costs or by reference to the instalments invoiced, if this is a good indication of the progress of the project. Recognition takes place as soon as a reliable estimate can be made of the result of the work in progress.

The result of a fixed price contract can be reliably estimated if the total project revenues, the project costs required to complete the project and the percentage of the completion of the project in progress can be reliably determined, it is probable that the economic benefits will flow to the company and the project costs attributable to the work in progress can be clearly identified and reliably determined.

The result of a cost-plus contract can be reliably estimated if it is probable that the economic benefits will flow to the company and the project costs attributable to the project in progress can be clearly identified and reliably determined.

If the result of a project in progress cannot be estimated reliably, project revenues are only recognised in profit and loss up to the amount of the project costs incurred that is likely to be recovered. Project costs are recognised in profit and loss in the period in which they are incurred.

Project revenues means the revenues agreed in the contract plus any revenues based on additional work, claims and fees. Revenues are recognised based on the determined transaction price, being the amount the company expects to be entitled to in exchange for the services rendered. In the case of variable fees, the company estimates the size in such a way that there is a low probability that the project revenues will have to be reversed later.

Expenditures relating to project costs that will lead to required deliverables after the balance sheet date are recognised under work in progress or prepayments and accrued income if it is probable that they will lead to revenues in the following period.

Project costs are recognised in profit and loss if the deliverables in the project are delivered and have been realised.

Expected losses on work in progress are taken directly to profit and loss.

The amount of the loss is determined irrespective of whether the project has already been started, the stage of completion of the project, or the amount of profit expected from other, unrelated projects.

The company takes into account all performance obligations included in an agreement and the total expected project costs and project revenues.

Projects originating from own development are measured at cost of manufacture including a pro rata share of the expected profit if the projects have been sold to third parties, less any amounts charged to provisions for expected losses and development risks.

Receivables

The accounting policy for receivables is described in the chapter 'Financial instruments'.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents that are not readily available to the company within 12 months are classified as financial fixed assets.

Current and long-term liabilities

The accounting policies for current and long-term liabilities are described in the chapter 'Financial instruments'.

Provisions

General

A provision is included in the balance sheet if:

- the company has a present legal or constructive obligation
- as a result of a past event,
- that can be estimated reliably; and
- it is probable that an outflow of funds will be required to settle the obligation.

Rights and obligations arising from the same agreement are not recognised in the balance sheet if and to the extent that neither the company nor the counterparty has performed. Recognition in the balance sheet takes place if the performance still to be received or delivered and the consideration are not in balance or are no longer in balance with each other and this has an adverse effect for the company. If it is probable that any of the expenses expected to be incurred to settle the provision will be reimbursed by a third party, the reimbursement is presented as a separate asset.

If the time value of money is material and the period over which the expenditure is discounted is more than one year, provisions are measured at the present value of the best estimate of the expenditure expected to be necessary to settle the liabilities and losses. Provisions are measured at nominal value if the time value of money is not material or the period over which the expenditure is discounted is at most one year.

Warranty provision

The provision for warranty obligations relates to the estimated costs of both legally enforceable obligations (products or services supplied do not satisfy the agreed qualities) and constructive obligations (by way of service/leniency, to the extent generally known and customary). These estimated costs are based on historical warranty data and the average of all possible outcomes multiplied by the probability that the outcome will occur.

Provision for deferred tax liabilities

The accounting policy for the provision for deferred tax liabilities is described in chapter Taxes.

Provision for long-service awards

The provision for long-service awards is a provision for future payments for long service. The provision reflects the present value of the estimated payments to employees for long service and other related costs. In calculating the provision, account is taken of future increases in salaries, ages and the probability that employees may not complete the necessary period of service.

Provision for onerous contracts

A provision is formed for an onerous contract and is formed for the negative difference between the expected benefits from the performance to be received by the company after the balance sheet date and the unavoidable costs of meeting the obligations. The unavoidable costs are the costs that must at least be incurred to dispose of the contract, being the lower of the costs of fulfilling the obligations and the fees or penalties in case of non-fulfilment. Part of this is a provision for rental losses, which is formed for rental obligations of vacant leased business premises until the end of the lease.

Equity

Financial instruments issued that qualify as equity instruments on the basis of their economic substance are presented under equity. Payments to holders of these instruments are deducted from equity after having first deducted any related income tax gain.

Financial instruments issued that qualify as financial liabilities on the basis of their economic substance are presented under liabilities. Interest, dividends, gains and losses associated with these financial instruments are recognised in the profit and loss account as expenses or income.

Share premium

Amounts contributed by shareholders in excess of the nominal share capital are recognised as share premium. This also includes additional capital contributions by current shareholders without the issue of shares or the issue of rights to subscribe for or acquire shares in the company.

Minority interest third parties

Minority interests of third parties are measured at the pro rata share of third parties in the net value of the assets and liabilities of a consolidated company, determined in accordance with the company's accounting policies

PRINCIPLES FOR THE DETERMINATION OF PROFIT OR LOSS

General

Income and expenditure are accounted for in the period to which they relate.

Operating income

The company recognises revenue by individual performance obligation. A performance obligation refers to a commitment in a contract to deliver:

- a distinguishable good or service or a combination of goods or services that are collectively distinguishable from other commitments in the contract; or
- a set of distinguishable services that are largely the same.

A promised good or service is distinguishable if the following criteria are met:

- the customer can independently exploit the benefits of the goods or services, whether or not jointly with resources that the customer has or can obtain; and
- the commitment to provide the goods or services is distinguishable from the other commitments included in the contract.

If two or more of the undertaking's commitments to supply goods or services included in a contract are not distinguishable from each other, the commitments are combined into a combination of goods or services that are collectively distinguishable from other commitments in the contract.

In case there are multiple performance obligations in a contract, the total transaction price is allocated to the performance obligations in proportion to the value of the performance obligations. The company bases this value on the independent selling price per performance obligation. If the independent selling price is not known, the company uses estimates.

Services

Revenues from rendering services are recognised in net turnover at the fair value of the consideration received or receivable, net of allowances and discounts.

Revenue from rendering services is recognised in profit or loss when the amount of revenue can be measured reliably, collection of the consideration is probable, the stage of completion of the service as at the balance sheet date can be measured reliably and the costs already incurred and still to be incurred (if any) to complete the service can be measured reliably.

If the outcome of a particular service contract cannot be reliably determined, revenue is recognised up to the amount of the service costs covered by the revenue.

Revenues from services rendered are recognised in the profit and loss account as net turnover in proportion to the stage of completion of the transaction at reporting date. The stage of completion shall be determined based on assessments of the work performed/the services provided up to that point as a percentage of the total services to be provided/the costs incurred up to that point in relation to the estimated costs of the total services to be provided.

Work in progress

See the accounting policies in the chapter 'Work in progress'.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives fees are recognised as an integral part of total rental income.

Cost of raw materials and consumables, outsourced work and other external costs

This includes the costs incurred for the purpose of operating income, insofar as these costs were charged by third parties and do not qualify as costs of raw materials or consumables.

Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employees render the related services and, insofar as they have not yet been paid out, are recognised as a liability in the balance sheet. If the amounts paid in employee benefits exceed the amounts payable at balance sheet date, this surplus is recognised as an asset under prepayments and accrued income to the extent that it concerns amounts that will be repaid by relevant employees or offset against future payments by the company.

For benefits with accrued rights, sabbatical leave, profit sharing, bonuses and share-based benefits, the expected charges during the period of employment are taken into account. Any expected profit-sharing and bonus payments are recognised if the obligation to make such payments originated on or before the balance sheet date and the obligation can be reliably estimated. Contributions received from life-course savings schemes are recognised in the period in which these contributions are owed. Additions to and releases from liabilities are charged or credited to the profit and loss account, respectively.

If a benefit is paid whereby no rights are accrued (e.g. continued payment in the event of illness or disability), the expected costs are recognised in the period over which this benefit is owed. A provision is recognised for obligations existing on the balance sheet date to continue to pay benefits (including severance payments) to employees who, on the balance sheet date, are expected to be wholly or partly unable to work due to illness or disability.

The liability recognised is the best estimate of the amounts necessary to settle the particular liability as of the balance sheet date. The best estimate is based on contractual agreements with employees (CLA and individual employment contracts). Additions to and releases from liabilities are charged or credited to the profit and loss account, respectively.

For disability risks that are insured, a provision is made for the part of the insurance premium payable in the future that is directly attributable to the company's individual claims history. If no reliable estimate can be made of the amount of the part of the insurance premium payable in the future that is directly attributable to the company's individual claims history, no provision is included.

Pensions

Basic principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period. A liability is recognised if the pension contributions payable have not been paid yet by the balance sheet date. If the pension contributions paid as at the balance sheet date exceed the pension contributions payable, an asset is recognised under prepayments and accrued income if the fund will refund this amount or offset it against future payable pension contributions.

Most of the employees have a pension under a scheme administered by the industry-wide pension fund for the construction sector (BPF Bouw). This pension scheme contains a career average pension scheme and a defined contribution scheme.

In the event that the above-mentioned industry-wide pension fund has a deficit or in the case of indexation of claims and rights, the company has no obligation to make additional payments other than future pension contribution increases. On 31 December 2022, the pension fund had a coverage ratio (market value of plan assets as a percentage of the provision for pension obligations according to the accounting policies of the Dutch central bank) of 122.0% (31 December 2021: 125.1%).

Severance payments

Severance payments are payments granted in exchange for the termination of employment. A severance payment is recognised as a liability and an expense if the company has demonstrably committed unconditionally to paying a severance payment.

Leasing

The company may enter into finance and operating leases. A lease is classified as a finance lease if it transfers all or substantially all the risks and rewards incidental to ownership to the lessee. All other leases classify as operating leases. The classification of leases depends on the substance of the transaction rather than the legal form. Lease classification takes place at the time the relevant lease agreement is entered into.

Operating lease

If the company is the lessee in an operating lease, the leased asset is not recognised. Fees received as an incentive to enter into an agreement are recognised as a reduction of the lease cost over the lease period. Lease payments and fees relating to operating leases are charged to the profit and loss account on a straight-line basis over the lease period, unless a different allocation system is more representative of the pattern of benefits to be obtained from the lease object.

Interest receivable and similar income and interest payable and similar expenses

Interest income is recognised in the period to which it relates, based on the effective interest rate for the relevant asset. Interest payable and similar expenses are recognised in the period to which they relate.

Taxes

Income tax expense comprises current tax payable and offsettable and deferred tax. Taxes are recognised in the profit and loss account, except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable (offsettable) in respect of the taxable income for the financial year, calculated on the basis of tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable for prior years.

If the carrying amounts of assets and liabilities for financial reporting purposes differ from their carrying amounts for tax purposes, these are temporary differences.

A provision for deferred tax liabilities is created for taxable temporary differences.

A deferred tax asset is recognised for deductible temporary differences, available carry-forward losses and unused tax deduction options, but only to the extent that it is likely that tax profits will be available in the future for set-off or compensation. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax liability is recognised for taxable temporary differences relating to group companies, participating interests and joint ventures, unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are presented in the balance sheet on a net basis if the company has an adequate legal instrument to set off the assets the taxes assets for a reporting year against deferred tax liabilities, to the extent they relate to the same financial year and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable legal entity, or the same tax group.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences of the manner in which the company intends to realise or settle its assets, provisions, liabilities and accruals on the balance sheet date. Deferred tax assets and liabilities are stated at nominal value.

Corporation tax is calculated on the operating result, taking into account tax facilities and non-deductible costs.

Profit (loss) from participating interests

The share in the profit (loss) from participating interests concerns the company's share of the profit (loss) of entities in which it has an participating interest, determined on the basis of the accounting policies of the group.

Gains and losses on transactions that involved the transfer of assets and liabilities between the group and the non-consolidated participating interests, or between its participating interests themselves, are not recognised if they can be deemed unrealised. Profits or losses from participating interests acquired or disposed of during the financial year are accounted for in the group's profit or loss from the date of the acquisition or until the date of disposal.

Cash flow statement

The cash flow statement is prepared using the indirect method. The cash and cash equivalents in the cash flow statement can be converted into cash without restrictions and without material risk of impairment as a result of the transaction.

Interest receipts and expenditure, dividends received and taxes on profits are included under the cash flow from operating activities. Dividends paid are included in cash flow from financing activities.

The cost of acquisition of a group company acquired is included in cash flow from investment activities, insofar as payment was made in cash. The cash and cash equivalents present in a group company acquired is deducted from the purchase price.

Fair value measurement

The fair value of a financial instrument is the amount for which an asset can be traded or a liability settled between knowledgeable and willing parties in an arm's-length transaction.

The fair value of non-listed financial instruments is measured based on their expected future cash flows, calculated using a discount rate that reflects the risk-free market interest rate applicable to the residual term of the instrument plus credit and liquidity premiums.

Related parties

Transactions with related parties are disclosed insofar as they have not been entered into under normal market conditions. The nature and the size of these transactions as well as any other information that is needed to provide understanding of the transaction concerned is disclosed.

Subsequent events

Events that provide further information about the actual situation as at the balance sheet date and that have occurred up to the date of preparation of the financial statements are included in the financial statements.

Events that do not provide further information about the actual situation at the balance sheet date are not included in the financial statements. If such events are significant for the opinion-forming of the users of the financial statements, the nature and estimated financial impact of these are disclosed in the financial statements.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Intangible fixed assets

(Amounts x € 1,000)	Goodwill	Other intangible assets	Total
Acquisition value	11,733	-	11,733
Cumulative amortisation	-2,615	-	-2,615
Carrying amount 1 January 2022	9,118	-	9,118
Changes in carrying amount:			
Investments	281	-	281
New consolidations (acquisition value)	10,434	1,379	11,813
New consolidations (cumulative depreciation)	-	-337	-337
Revaluations	3,093	-	3,093
Depreciation	-1,553	-322	-1,875
Total changes 2022	12,255	720	12,975
Acquisition value	25,541	1,379	26,920
Cumulative amortisation	-4,168	-659	-4,827
Carrying amount 31 December 2022	21,373	720	22,093

The new consolidations in 2022 relate to: the expansion of the participating interest in BR Holding B.V. to 70%, the acquisition of 50% of the shares in Van Vuuren Electrotechniek B.V. and the acquisition of 66.7% of the shares in A.de Reus. All three acquisitions took place as of 1 January 2022 and were accounted for using the purchase accounting method. The amount of new consolidations includes the purchase obligation of the remaining shares of BR Holding B.V. and A. de Reus up to 100%, totalling € 9.1 million.

The goodwill is amortised over a period of 10 years, given the long-term nature of the (maintenance) contracts of these entities.

2. Tangible fixed assets

(Amounts x € 1,000)	Land and buildings	Plant and equipment	Other fixed operating assets	Not used in the production process	Total
Acquisition value	43,865	68,243	61,293	34,353	207,754
Cumulative amortisation	-18,103	-49,154	-44,065	-6,383	-117,705
Carrying amount 1 January 2022	25,762	19,089	17,228	27,970	90,049
Changes in carrying amount:					
Investments	-	6,690	5,907	33	12,630
Disposals (acquisition value)	-	-3,421	-3,727	-	-7,148
Disposals (cumulative depreciation)	-	2,581	1,888	-	4,469
New consolidations (acquisition value)	259	1,478	6,833	-	8,570
New consolidations (cumulative depreciation)	-159	-781	-4,886	-	-5,826
Reversal of impairments	-	-	-	331	331
Reclassification (acquisition value)	-	-48	170	-	122
Reclassification (cumulative depreciation)	25	5	-67	-	-37
Depreciation	-867	-4,967	-6,120	-514	-12,468
Other changes (cumulative depreciation)	-14	11	-20	297	274
Total changes 2022	-756	1,548	-22	147	917
Acquisition value	44,124	72,942	70,476	34,717	222,259
Cumulative amortisation	-19,118	-52,305	-53,270	-6,600	-131,293
Carrying amount 31 December 2022	25,006	20,637	17,206	28,117	90,966

€ 22.8 million of the land and buildings serves as collateral for debts to credit institutions (31 December 2021: € 25.6 million). The market value of the relevant buildings and land amounts to € 31.0 million. The market values are determined on the basis of periodic valuations carried out by independent appraisers.

Future investment commitments of € 5.1 million have been entered into in respect of machinery, equipment and other fixed operating assets.

The property, plant and equipment presented under 'Not used in the production process' concerns two sites that are operated on a long-term basis. Dura Vermeer intends to take the two sites into production or sell them in the future.

3. Financial fixed assets

(Amounts x € 1,000)	Receivables					Total
	Equity interests	from equity interests	Deferred tax asset	PPP receivables	Other receivables	
Carrying amount 1 January 2022	25,082	6,062	179	281	16,743	48,347
Share in results	2,351	-	-	-	-	2,351
Dividends received	-2,237	-	-	-	-	-2,237
Investments	3,740	-	-	-	-	3,740
New consolidations	-	-	382	-	-	382
Amounts written off	-659	-	-	-	-	-659
Repayments	-	-2,698	-	-281	-233	-3,212
New loans	-	4,515	-	-	2,864	7,379
Impairments	-	-	-	-	-250	-250
Movement in deferred tax assets	-	-	132	-	-	132
Amounts used	-	-	-66	-	-	-66
Reclassification from/to	-	-211	-	-	211	-
Other changes	94	-	-	-	411	505
Carrying amount 31 December 2022	28,371	7,668	627	-	19,746	56,412

The investments in participating interests were largely due to the acquisition of 20% of the shares in Sunnyway B.V., 6% of the shares in Boei B.V. and a capital contribution to Groene Boog Holding B.V.

Of the deferred tax asset, € 0.5 million concerns the recognised available tax loss carry forward of three participations not belonging to the Fiscal unity. Of this, € 0.2 million is short-term valuations within the Fiscal unity.

Other receivables in 2022 included an interest-bearing loan of € 2.4 million granted to a development consortium for the purchase of land. The total receivable from this development consortium at 31/12/2022 was € 16.2 million. A right of first mortgage has been granted for the loan.

In accordance with statutory provisions, a list of the consolidated and non-consolidated participating interests and building consortiums and other partnerships has been filed with the Chamber of Commerce for inspection.

4. Inventories

(Amounts x € 1,000)	31-12-2022	31-12-2021
Land	89,109	54,669
Raw materials and consumables	9,604	7,681
Finished goods	1,813	881
Total	100,526	63,231

The value of the land positions was analysed at year-end 2022 based on the current expectations in relation to the development potential, development periods and price level.

The cumulative impairment on land positions at year-end € 2022 was 3.8 million (year-end 2021: € 4.8 million).

Stocks of finished products have been measured at manufacturing costs. No interest or other material mark-ups are allocated to the cost of manufacture.

5. Work in progress

(Amounts x € 1,000)	31-12-2022	31-12-2021
Realised project costs including attributed profit	1,830,779	1,714,189
Less: Progress billings to clients	-1,827,611	-1,777,294
Provision for expected losses	-74,548	-63,723
Total	-71,380	-126,828
Value of work performed < invoiced instalments	-216,144	-244,153
Value of work performed > instalments invoiced	144,764	117,325
Total	-71,380	-126,828
Projects for third parties, including PPP contracts	-101,371	-140,112
Own development projects	29,991	13,284
Total	-71,380	-126,828

Project revenues recognised in the profit and loss account in the financial year amounted to € 1.8 billion (2021: € 1.6 billion). Revenues, costs and profits in respect of work in progress are recognised pro rata to the completion of the project (percentage-of-completion method).

The balance of work in progress at year-end 2022 consists of a positive balance of € 144.8 million (2021: € 117.3 million) for work in progress where the project costs exceed the already invoiced instalments and of a negative balance of € 216.1 million (2021: € 244.2 million) for work in progress where the project costs are lower than the instalments already invoiced.

6. Receivables

(Amounts x € 1,000)	31-12-2022	31-12-2021
Trade receivables	128,050	79,472
Receivables from non-consolidated participations	909	210
Corporation tax receivable	2,188	3,723
Other taxes and social insurance contributions receivable	4,490	7,076
Work yet to be invoiced	45,487	36,411
Receivables from building consortiums	20,138	19,333
Prepaid expenses	3,468	10,477
Other receivables	12,865	21,816
Total	217,594	178,518

All items under receivables, prepayments and accrued income fall due within one year.

The provision for potential bad debts at year-end 2022 amounted to € 2.8 million (2021: € 1.3 million).

7. Cash and cash equivalents

(Amounts x € 1,000)	31-12-2022	31-12-2021
Current account banks	233,375	287,068
Cash resources	28	19
Total	233,403	287,087

Cash and cash equivalents are readily available in the amount of € 151.3 million (2021: € 151.8 million). The cash and cash equivalents not readily available concern an amount of € 65.2 million (2021: € 98.3 million) in cash and cash equivalents at consortium works and € 16.9 million (2021: € 37 million) in cash in G-accounts.

8. Equity

For an explanation of equity of the company, see the notes to the company balance sheet.

9. Provisions

(Amounts x € 1,000)	Warranties	Jubilee provision	Deferred tax liabilities	Other provisions	Total
Carrying amount 1 January 2022	23,380	6,768	441	12,515	43,104
Addition	5,258	30	-	4,808	10,096
Withdrawals	-5,161	-261	-	-50	-5,472
Release	-1,023	-1,842	-	-3,120	-5,985
Reclassification to financial fixed assets	-	-	132	-50	82
New consolidations	-	-	59	7	66
Movement in deferred tax liabilities	-	-	-565	-	-565
Other changes	168	42	-	-	210
Carrying amount 31 December 2022	22,622	4,737	67	14,110	41,536

Warranty provision

The warranty provision is recognised for the estimated costs that may be incurred due to warranty claims in respect of delivered work. € 5.1 million of the receivable is current. The addition to the provision is related to the turnover generated from the projects completed in the financial year. The costs incurred due to warranty claims (withdrawal) are charged against the provision. The amount of the provision is regularly reviewed on the basis of the estimated risks.

Provision for long-service awards

The provision for long-service awards relates to payments to employees based on the duration of employment. € 0.3 million of the provision is current. The provision concerns the estimated amount of long-service awards payable in the future. The calculation is based on commitments made, likelihood of staying and ages. In determining the provision, account is taken of an average future salary increase of 2.8% (2021: 2.8%), an average likelihood of staying of 91% (2021: 91%) and an average discount rate of 3.7% (2021: 0.8%).

Other provisions

Among the other provisions of € 14.1 million, the provision for onerous contracts of € 10.3 million is the largest. € 1.4 million of the other provision is current.

10. Long-term liabilities

(Amounts x € 1,000)	31-12-2022	31-12-2021
Non recourse project financing	-	3,311
Other long-term liabilities	9,055	-
Total	9,055	3,311

(Amounts x € 1,000)	Non-recourse project long-term	Other financing liabilities	Total
Carrying amount 1 January 2022	3,761	-	3,761
Repayments	-486	-	-486
Other changes	-	9,055	9,055
Carrying amount 31 December 2022	3,275	9,055	12,330
Current as at 31 December 2021	450	-	450
Long-term as at 31 December 2021	3,311	-	3,311
Total	3,761	-	3,761
Current as at 31 December 2022	3,275	-	3,275
Long-term as at 31 December 2022	-	9,055	9,055
Total	3,275	9,055	12,330

The non-recourse project financing relates to Dura Vermeer Groep NV's share in the non-recourse financing of a site presented under property, plant and equipment as 'not used in the production process'. A first mortgage has been granted on the site. The remaining term of the loan is 1 year, and is therefore classified under current liabilities. The interest rate consists of 1-month EURIBOR with a mark-up of 2.25 percentage points.

Other non-current liabilities relate to the purchase obligation of the remaining shares of BR Holding B.V. and A de Reus up to 100%.

Long-term debt facilities

At year-end 2022, Dura Vermeer Groep NV had a syndicated bank facility with three banks. This facility involves a Current Account Facility of € 50 million, a Residential Real Estate Facility of € 60 million, a Commercial Real Estate Facility of € 30 million and a Guarantee Facility of € 200 million. The facility has a term until 8 November 2027 with an option to extend twice for one year. The Current Account Facility, Residential Real Estate Facility and the Commercial Real Estate Facility has not been drawn at year-end 2022. With regard to the Guarantee Facility, the banks had issued guarantees for an amount of € 70.8 million at year-end 2022 (year-end 2021: € 75.5 million).

Security in the form of bank balances and trade receivables has been provided to the bank syndicate. In addition, a first and second mortgage on buildings and land have been granted for an amount of € 31.0 million.

The bank facilities are subject to solvency, leverage and interest coverage ratios. As was the case at year-end 2021, all ratios at year-end 2022 apply satisfied the covenant ratio's included in the financing contracts.

In addition to the banks, three mutual insurance associations have provided guarantee facilities totalling € 175 million (2021: € 160 million). At year-end 2021, guarantees totalling € 109.0 million had been issued by the mutual insurance associations (2021: € 68.1 million).

11. Current liabilities

(Amounts x € 1,000)	31-12-2022	31-12-2021
Amounts owed to credit institution	340	376
Current portion of long-term liabilities (10)	3,275	450
Work in progress (5)*	216,144	244,153
Pre-invoiced amounts	22,065	9,029
Debts to suppliers	132,901	93,943
Amounts owed to participations	2,490	1,205
Amounts owed to building consortiums	3,126	3,245
Invoices to be received	80,262	81,511
Corporation tax payable	1,833	5,530
Other taxes and social insurance contributions payable	44,356	39,947
Employee-related liabilities	28,673	25,766
Other payables	13,004	18,968
Total	548,469	524,123

* From FY2022, the debit balance and credit balance of Work in Progress will be presented separately in the balance sheet. As a result, the comparative figures have been adjusted, the current liabilities at 31/12/2021 are € 117.3 million higher than in the 2021 financial statements.

All current liabilities fall due within one year.

The other taxes and social security contributions consist of € 41.4 million in VAT payable (2021: € 39.6 million).

For an explanation of work in progress, see note 5.

12. Financial instruments

General

As part of its ordinary activities, Dura Vermeer makes use of a range of financial instruments that expose the company to market, interest rate, cash flow, credit and liquidity risk. These are financial instruments that are recognised in the balance sheet. To manage these risks, Dura Vermeer has drawn up a policy including a system of limits and procedures to limit the risks of unpredictable adverse developments in the financial markets and thus the financial performance of the company. Dura Vermeer holds no derivative financial instruments such as interest rate swaps, forward exchange contracts or currency options and does not trade in these derivative instruments. If a counterparty defaults on payments due to the company, any resulting losses are limited to the market value or the carrying amount of the relevant instruments.

Credit risk

Dura Vermeer is exposed to credit risks on loans and other receivables recognised under financial fixed assets, trade and other receivables and cash and cash equivalents. The maximum credit risk the company is exposed to is nominally € 487.8 million (2021: € 499.0 million), and is composed as follows:

(Amounts x € 1,000)	31-12-2022	31-12-2021
Financial assets		
Long-term loans granted	27,414	22,805
Long-term receivables	-	281
Receivables	220,406	179,834
Cash and cash equivalents	233,403	287,087
Lease receivables	6,592	9,013
Total	487,815	499,020

The credit risk is spread over approximately 1,250 customers. The company's exposure to credit risk is mainly determined by the individual characteristics of each of the customers, instead of by concentration on a limited number of customers.

The Management Board has formulated a credit policy under which an individual creditworthiness assessment takes place of each new customer and periodically of existing customers before Dura Vermeer's standard payment and delivery terms and conditions are offered. This analysis includes looking at external credit ratings, when available, and in some cases also bank references. Mitigating measures are also taken such as advance payments, bank guarantees or sureties. These measures reduce the credit risk for Dura Vermeer to an acceptable level.

The company's cash and cash equivalents are held at several leading banks supervised by a central bank.

Interest rate risk and cash flow risk

Dura Vermeer is exposed to interest rate risk on interest-bearing receivables and debts. In respect of receivables and debts with floating interest rates the company is exposed to a risk associated with future cash flows, and to fair value risk in respect of fixed-interest loans. The interest rate sensitivity of the floating rate loans is low, given the size of the interest-bearing receivables and debts. Therefore, Dura Vermeer has not concluded any derivative interest instruments.

Liquidity risk

Dura Vermeer monitors its liquidity position with weekly liquidity forecasts. The management ensures that the company at all times has sufficient liquidity to meet its payment obligations with sufficient funding under the available facilities to remain in compliance with the existing financing covenant.

At 31 December 2022, the undiscounted contractual financial liabilities and rights are as follows:

(Amounts x € 1,000)	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Long-term loans granted	314	465	26,635	27,414
Long-term receivables	-	-	-	-
Current receivables	220,406	-	-	220,406
Cash and cash equivalents	233,403	-	-	233,403
Lease receivables	2,896	3,696	-	6,592
Total	457,019	4,161	26,635	487,815
Financial liabilities				
Non-current liabilities	3,275	9,055	-	12,330
Current liabilities	545,194	-	-	545,194
Rental obligations	8,508	21,680	16,284	46,472
Lease obligations	14,295	23,426	-	37,721
Total	571,272	54,161	16,284	641,717
Balance	-114,253	-50,000	10,351	-153,902

To cover fluctuations between its payment obligations and financial assets, Dura Vermeer has a committed overdraft facility of € 50 million with a term until 8 November 2027.

Fair value

The fair value of the financial instruments recognised in the balance sheet under cash and cash equivalents, current receivables and current liabilities approximates their carrying amount.

Market risk

Market risk is the risk that Dura Vermeer's revenue or the value of its financial instruments is adversely affected by fluctuations in market prices. This concerns the change in the market price of raw materials and consumables and outsourced work in the period between the quotation process and the execution phase. Dura Vermeer mitigates the aforementioned risk mainly by: (1) an indexation arrangement into the agreement for long-term projects and/or (2) agreeing to prices and conditions with suppliers and subcontractors at an early stage.

13. Off-balance sheet assets and liabilities

Liability and warranties

By the end of 2022, Dura Vermeer had issued guarantees for the benefit of clients through credit institutions and surety companies up to € 179.8 million (year-end 2021: € 143.6 million).

Dura Vermeer is jointly and severally liable for all liabilities of the commercial partnerships (building consortiums) in which Dura Vermeer participates. At year-end 2022, these liabilities, exclusive of bank guarantees, totalled € 212.2 million (2021: € 243.8 million). Dura Vermeer's share in this amounts to € 92.0 million (2021: € 112.1 million) and is recognised in the consolidated balance sheet.

Long-term financial receivables and liabilities

Dura Vermeer rents land and buildings. The lease liabilities have remaining terms ranging from 1 to 12 years. One of the company buildings has been sublet. The lease receivable has a remaining term of 2 years.

In addition, instalments are payable by Dura Vermeer under operating leases (for motor vehicles and rolling stock).

The average term of the lease contracts is 4.5 years and the average remaining term is 2.1 years. The statement on which these instalments are payable by Dura Vermeer are shown in the overview of undiscounted payment obligations (note 12).

At year-end 2022, Dura Vermeer had no obligations to purchase land (2021: € 19.6 million).

Tax group

Most of the consolidated participation interests are part of Dura Vermeer Groep N.V.'s tax group for the purposes of corporation tax and VAT and are therefore jointly and severally liable for any tax payable by the companies in the fiscal unity. The full list of the Dura Vermeer Groep N.V.'s participating interests belonging to the fiscal unity is available for inspection at the Chamber of Commerce.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

14. Operating income

The operating income is generated entirely in the Netherlands. The distribution by type of activities is as follows:

(Amounts x € 1,000)	2022	2021
Residential construction	699,681	725,422
Non-residential construction	383,688	220,098
Infrastructure	723,856	663,269
Engineering	15,061	-
Other	-3,986	1,911
Total	1,818,300	1,610,700

15. Wages, salaries, social insurance contributions and pension costs

The composition of wages and salaries, social insurance contributions and pension costs is as follows:

(Amounts x € 1,000)	2022	2021
Wages and salaries	223,487	210,569
Social charges	32,687	28,467
Pension costs	22,490	18,340
Total	278,664	257,376

During the 2022 financial year, the average number of employees was 2,859 FTEs (2021: 2,696 FTEs). All these people were employed in the Netherlands. This workforce can be broken down into various categories of personnel as follows:

	Average 2022	Average 2021
Construction site workers	622	611
Executive, technical and administrative staff	2,237	2,085
Total	2,859	2,696

16. Other operating income and expenses

Other operating income of €1.7 million consists of € 1.5 million from the sale of fixed assets and € 0.2 million from the movement in the other provision related to the structural vacancy of (part of) the office buildings.

17. Net interest income

Interest expenses of € 2.6 million consist mainly of commitment fees and costs related to refinancing.

18. Taxes

Taxes are calculated on the accounting profit, taking into account the change in the provision for deferred tax liabilities, non-taxable or deductible amounts and other tax facilities. The applicable tax rate is 25.8%.

The tax expense breaks down as follows:

(Amounts x € 1,000)	2022	2021
Tax charge tax group	-14,611	-10,090
Tax charge non-tax group	-3,558	-5,933
Total	-18,169	-16,023

The following numerical reconciliation between the applicable and the effective rate can be given:

(Amounts x € 1,000)	2022	2021
Result before tax	68,641	62,475
Tax expense based on applicable tax rate in the Netherlands	-17,709	-15,619
Tax effect of non-deductible expenses	-459	-404
Tax expense	-18,169	-16,023

The tax expense in the profit and loss account for 2022 amounts to € 18.2 million, or 26.5% of the result before taxes (2021: 25.6%).

19. Related party transactions

Related party transactions are defined as transactions between Dura Vermeer and persons or entities that are related to the company. These include the relationships between the company and its participating interests, shareholders, directors and key management personnel. Transactions are defined as a transfer of resources, services or obligations, regardless of whether an amount has been charged.

As part of its ordinary operating activities, Dura Vermeer buys and sells goods and services of and to various related parties in which the company holds an interest. These transactions take place at arm's length, on terms similar to those applying to transactions with unrelated parties.

20. Auditor's fees

The following fees of KPMG Accountants N.V. were charged to the company, its subsidiaries and other companies it consolidates, all as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code.

(Amounts x € 1,000)	KPMG Accountants N.V.	Other KPMG network	Total KPMG
	2022	2022	2022
Audit of the financial statements	815	-	815
Other audit engagements	10	-	10
Tax advisory services	-	388	388
Other non-audit engagements	105	-	105
Total	930	388	1,318
	2021	2021	2021
Audit of the financial statements	669	-	669
Other audit engagements	-	-	-
Tax advisory services	-	242	242
Other non-audit assignments	125	-	125
Total	794	242	1,036

The audit fees reported in the table refer to the total fees for the audit of the financial statements, regardless of whether the work had already been performed during the financial year.

21. Subsequent events

On 1 January 2023, Dura Vermeer acquired 75% of the shares and voting rights of technical services provider Nexton B.V. to strengthen its Engineering Division. Nexton comprises a group of independent companies with revenues of around € 50 million, a balance sheet total of € 15 million, a net profit of € 2.5 million and around 240 employees. Nexton focuses on consultancy, design, product development, implementation and maintenance of (building-related) systems. Nexton will be accounted for following the purchase accounting method.

On 1 January 2025, Dura Vermeer will acquire the remaining 25% of the shares.

COMPANY BALANCE SHEET

(Before profit appropriation, amounts x € 1,000)	Note	31-12-2022	31-12-2021
ASSETS			
Fixed assets			
Tangible fixed assets	22	3,563	5,458
Financial fixed assets	23	231,161	216,007
		234,724	221,465
Current assets			
Receivables	24	89,702	69,576
Liquide middelen	25	39,083	86,519
		128,785	156,095
Total assets		363,509	377,560
LIABILITIES			
Equity			
Issued capital	26	1,923	1,923
Share premium	26	32,178	32,178
Statutory reserve	26	40,911	37,191
Other reserves	26	137,925	115,474
Unappropriated profit	26	50,226	36,371
		263,163	223,137
Provisions	27	3,249	4,838
Current liabilities	28	97,097	149,585
Total liabilities		363,509	377,560

COMPANY PROFIT AND LOSS ACCOUNT

(Amounts x € 1,000)	Note	2022	2021
Company profit (loss) excluding profit (loss) from participating interests		-6,452	-8,802
Profit (loss) from participating interests		56,678	61,173
Profit (loss) after taxes		50,226	52,371

ACCOUNTING POLICIES FOR THE COMPANY FINANCIAL STATEMENTS

General

The company financial statements are part of Dura Vermeer's 2022 financial statements. Dura Vermeer's financial information is included in the consolidated financial statements of Dura Vermeer.

To the extent items from the company balance sheet and company profit and loss account are not explained in more detail below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Principles for the valuation of assets and liabilities and the result determination

The principles for the valuation of assets and liabilities and the determination of results are the same as those for the consolidated balance sheet and profit and loss account, with the exception of the principles mentioned below.

Financial instruments

In the company financial statements, financial instruments are presented on the basis of their legal form.

Participating interests in group companies

In the company balance sheet, participating interests in group companies are measured according to the equity method based on their net asset value. For further details, see the accounting policies for financial fixed assets in the notes to the consolidated financial statements.

Profit (loss) from participating interests

The profit (loss) from participating interests comprises Dura Vermeer's share of the profits (losses) of entities in which it has a participating interest. Gains and losses on transactions that involved a transfer of assets and liabilities between Dura Vermeer and its participating interests, or between its participating interests, are eliminated to the extent they can be deemed unrealised.

Taxes

The company is the head of the tax group. The corporation tax is included for the part that would be owed by the company if it were independently liable for tax, taking into account the allocation of the benefits of the tax group.

Settlement within the tax group between Dura Vermeer and its subsidiaries takes place via the current account relationships.

NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

22. Tangible fixed assets

(Amounts x € 1,000)	Other fixed operating assets
Acquisition value	33,785
Cumulative depreciation	-28,327
Carrying amount 1 January 2022	5,458
Changes in carrying amount:	
Investments	1,214
Depreciation	-3,109
Total changes 2022	-1,895
Acquisition value	34,999
Cumulative depreciation	-31,436
Carrying amount 31 December 2022	3,563

23. Financial fixed assets

(Amounts x € 1,000)	Equity interests	Receivables from equity interests	Deferred tax assets	Total
Carrying amount 1 January 2022	216,007	-	-	216,007
Share in results	56,678	-	-	56,678
Dividends received	-49,600	-	-	-49,600
Investments	896	-	-	896
New loans	-	7,504	-	7,504
Movement in deferred tax assets	-	-	132	132
Other changes	-456	-	-	-456
Carrying amount 31 December 2022	223,525	7,504	132	231,161

In accordance with statutory provisions, a list of the consolidated and non-consolidated participations and building consortiums and other partnerships has been filed with the Chamber of Commerce for inspection. This list also shows for which companies a statement of joint and several liability has been issued in accordance with Section 2:403 of the Netherlands Civil Code.

24. Receivables

(Amounts x € 1,000)	31-12-2022	31-12-2021
Trade receivables	227	106
Receivables from group companies	79,520	56,852
Taxes and social insurance contributions receivable	3,859	1,098
Prepaid expenses	2,705	2,071
Other receivables	3,391	9,449
Total	89,702	69,576

All items under receivables fall due within one year.

25. Cash and cash equivalents

The cash and cash equivalents consist solely of bank balances and are at the disposal of the company.

26. Equity

(Amounts x € 1,000)	Issued capital	Share premium	Statutory reserve	Other reserves	Unappropriated result	Total
Carrying amount 1 January 2021	1,923	32,178	11,871	115,887	41,507	203,366
Profit (loss) 2021	-	-	-	-	52,371	52,371
Dividend paid for 2020	-	-	-	-	-16,600	-16,600
Interim dividend 2021	-	-	-	-	-16,000	-16,000
Profit appropriation 2020	-	-	-	24,907	-24,907	-
Addition to statutory reserve	-	-	25,320	-25,320	-	-
Total changes 2021	-	-	25,320	-413	-5,136	19,771
Carrying amount 31 December 2021	1,923	32,178	37,191	115,474	36,371	223,137
Profit (loss) 2022	-	-	-	-	50,226	50,226
Dividend paid for 2021	-	-	-	-	-10,200	-10,200
Profit appropriation 2021	-	-	-	26,171	-26,171	-
Addition to statutory reserve	-	-	3,720	-3,720	-	-
Total changes 2022	-	-	3,720	22,451	13,855	40,026
Carrying amount 31 December 2022	1,923	32,178	40,911	137,925	50,226	263,163

Issued capital

The authorised capital amounts to € 9.0 million (2021: € 9.0 million), divided into 1.8 million ordinary shares of € 5 each. 384,517 of these shares have been issued. The company had repurchased 64,599 shares at year-end 2022.

Share premium

The share premium reserve includes the proceeds from the issue of shares insofar as these exceed the nominal amount of the shares. The full balance of the share premium reserve qualifies as paid-up capital for tax purposes.

Statutory reserve

The statutory reserve is the statutory reserve for participating interests and relates to participating interests measured at net asset value. The reserve concerns the retained earnings from participating interests which the company cannot pay out in dividends without the cooperation of third parties. The legal reserve is set at determined on an individual basis. The change in the reporting year amounted to € 3.7 million, which was charged to the other reserves.

Unappropriated profit

Profit appropriation for the 2021 financial year

The 2021 financial statements were adopted in the General Meeting held on 15 March 2022. The General Meeting adopted the profit appropriation for the 2021 financial year in accordance with the board's proposal. Of the unappropriated profit of € 36.4 million, € 10.2 million was distributed as dividend. The remaining balance of € 26.2 million was added to the other reserves.

Proposal for profit appropriation 2022

The Management Board, with the approval of the Supervisory Board, proposes to the General Meeting to appropriate the result after taxes for 2022 of € 50.2 million as follows: to distribute € 20.0 million as dividend and to add the remaining balance of € 30.2 million to the other reserves.

27. Provisions

(Amounts x € 1,000)	Deferred tax liabilities	Jubilee provision	Other provisions	Total
Carrying amount 1 January 2022	433	209	4,196	4,838
Withdrawals	-	-38	-	-38
Release	-	-31	-1,087	-1,118
Movement in deferred tax liabilities	-433	-	-	-433
Carrying amount 31 December 2022	-	140	3,109	3,249

The provisions are largely long-term.

For more information about the provisions, see the notes to the consolidated balance sheet.

28. Current liabilities

(Amounts x € 1,000)	31-12-2022	31-12-2021
Debts to suppliers	711	3,830
Payables to group companies	72,465	123,165
Invoices to be received	4,018	-
Corporation tax payable	1,676	3,089
Other taxes and social insurance contributions payable	2,272	-
Employee-related liabilities	14,793	11,109
Other payables	1,161	8,392
Total	97,097	149,585

All current liabilities fall due within one year.

29. Remuneration of the managing director and the supervisory directors

Wages, salaries and social insurance costs include directors' remuneration amounting to € 7.6 million (2021: € 7.6 million).

The remuneration of the members of the Supervisory Board totalled € 259,000 in the reporting year (2021: € 259,000).

30. Off-balance sheet assets and liabilities

In addition to the off-balance sheet liabilities disclosed in the notes to the company balance sheet, the company has for most of its subsidiaries accepted joint and several liability for all their debts arising from legal acts. For more information, please refer to the list of these subsidiaries that has been filed with the Chamber of Commerce.

31. Subsequent events

For events after the balance sheet date, see note 7 in the notes to the consolidated balance sheet and profit and loss account.

Rotterdam, 6 March 2023

Management Board

J. Dura, Chairman
L.H. Barg, CFO
R.P.C. Dielwart
T. Winter

Supervisory Board

B. Vree, Chairman
D. van Well, Vice-Chairman
I.G.C. Faber
M.E. van Lier Lels
P.S. Overmars



**OTHER
INFORMATION**

OTHER INFORMATION

PROFIT APPROPRIATION

Provisions in the articles of association concerning profit appropriation

Under Article 42(1) of the company's articles of association, the profit is at the disposal of the General Meeting of Shareholders.

AUDIT OPINION

Independent auditor's opinion

To: the General Meeting of Dura Vermeer Groep N.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2022 of Dura Vermeer Groep N.V. ('the company'), based in Rotterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Dura Vermeer Groep N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2022;
2. the consolidated and company profit and loss account for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Dura Vermeer Groep N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In section Governance of the management report, the Management Board describes the procedures regarding the risks of fraud and non-compliance with laws and regulations.

As part of our audit, we obtained an understanding of the company and its environment, and assessed the design and implementation of the company's risk management in relation to fraud and non-compliance with laws and regulations. Our work included assessing the company's code of conduct, whistle blower procedure, guidelines and procedures to identify signs of potential fraud and non-compliance with laws and regulations. We also made inquiries in this regard with the Management Board, those charged with governance and other relevant departments, such as Legal Affairs, and read minutes of meetings of the Management Board and Supervisory Board.

In addition, we performed procedures to obtain an understanding of the laws and regulations applicable to the company and identified the following areas of law that could most likely cause a material effect on the financial statements:

- legislation concerning tenders (in connection with the nature of the company as a project organisation)

We, together with our forensic specialists, have evaluated the risk factors for fraud and non-compliance with laws and regulations to determine whether these factors indicate a risk of material misstatement for the financial statements.

In accordance with the above and with auditing standards, we have identified the following risks with respect to fraud relevant to our audit, including the risks set out in the auditing standards that were presumed relevant, and have addressed them as follows:

Management override of controls (a standard presumed inherent risk)

Risk:

Management is in a unique position to perpetrate fraud in financial accounting and reporting by overriding internal controls that otherwise appear to operate effectively.

Audit approach:

- We evaluated the design and implementation of internal controls relevant to mitigating the risks of fraud, including the procedures related to (manual) journal entries.
- We conducted data analyses on journal entries with an elevated risk related to revenue recognition. Where we identified unexpected journal entries or other risks through our data analyses, we performed additional audit work including tracing transactions back to source information.
- We evaluated significant estimates as well as judgements and assumptions of management, including performing a retrospective review of the judgements made in the prior year financial statements.
- We included elements of unpredictability in our audit approach by performing certain additional subsequent testing procedures.

Revenue recognition on projects in progress (a standard presumed inherent risk)

Risk:

In a project organisation like Dura Vermeer, making estimates on the progress and results of projects in progress is a standard part of revenue and result recognition. We identified the risk of incorrectly estimating the result on work in progress. The degree of risk of a materially incorrect result estimate, depends on the size and complexity of projects. In the financial statements, this risk relates to the completeness of projects in progress in the balance sheet and the completeness of revenue and result recognition in the profit and loss account.

Audit approach:

We evaluated the design and implementation of internal controls. For all projects, we tested the costs incurred, invoiced instalments, trade debtors and revenue of completed projects by means of total reconciliations and statistical samples.

For the valuation and revenue recognition of projects in progress, we use a risk-based approach in which projects are selected for further testing based on size and risk profile. We also used data analyses to select projects based on quantitative and qualitative characteristics. For the selected projects in progress, depending on the reason for selection, we performed a selection of the following work:

- Discussions with project board, project managers and controllers on the estimation elements in the projects;
- Assessment and reconciliations with underlying documentation, such as contracts, change orders, calculations, quotations to test the assumptions made in determining the forecasted project result;
- Analysing the forecasted project result, both individually and across multiple projects, to confirm consistency of valuations and to identify tendencies.

- Retrospective review of project results estimated in the previous year.
- Data analyses on projects as the final element of our risk-based approach.

We communicated our risk assessment and audit approach and results to the Management Board and the Supervisory Board.

Our audit procedures did not reveal any indications and/or other reasonable suspicions of fraud and non-compliance with laws and regulations that are of material importance to our audit.

Audit response to going concern

The Management Board conducted a going concern assessment and did not identify any going concern risks. Our procedures to assess the Management Board's going concern assessment include:

- considering whether the going concern assessment performed by the Management Board contains all relevant information known to us as a result of the audit;
- analysis of market developments, the financial position at the end of the financial year and compared to the previous financial year, and taking note of the budgeted operating results and related cash flows for the new financial year on indicators that may indicate going concern risks
- inspection of the (renewed) financing agreement on conditions that may lead to going concern risks, including maturity and any covenants;

The results of our procedures did not trigger additional test work on the going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the Management Board and Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 6 maart 2023
KPMG Accountants N.V.

J. van Delden RA



OTHER INFORMATION

ABOUT THIS REPORT

SCOPE AND PERIOD

In this report is an integrated report on the financial and CSR performance of Dura Vermeer Groep NV for the reporting year beginning 1 January 2022 and ending 31 December 2022. The scope of non-financial information is virtually identical to that of financial reporting. The CSR KPIs do not include ASSET Rail and the newly acquired equity interests A. de Reus Aannemersbedrijf, Van Vuuren Elektrotechniek and BRControls.

SELECTION OF MATERIAL TOPICS

To determine what information to include in this report, we started by selecting the topics. For this, we looked at the sustainability issues that Dura Vermeer can influence and also at those issues that, in the short or long term, may impact our financial position. The identification of (new) material topics took place on the basis of a media analysis, a peer analysis, analysis of sector-specific standards and existing information on relevant topics for stakeholders. A representation of (divisional) directors was involved in validating these topics and determining their impact. Furthermore, the CFO and the director of Finance, Risk and Compliance played an important role in this process.

In this report, we report on the following topics:

MATERIAL TOPIC	LOCATION IN ANNUAL REPORT
Safe and healthy construction	Policy and results / People and organisation / Safe and healthy construction
Good employment practices	Policy and results / People and organisation / Good employment practices
Circular construction	Policy and results / Innovation ambition Sustainability / Circular construction
Emissions	Policy and results / Innovation ambition Sustainability / Emissions to O
Climate-adaptive and nature-inclusive construction	Policy and results / Innovation ambition Sustainability / Greener and Healthier?
Customer satisfaction	Policy and results / Customer, market and society / Customer satisfaction
Digitisation (including industrial design)	Policy and results / Innovation ambition Digitalisation
Innovation	Policy and results / Innovation ambition Innovation
Operational excellence	Policy and results / Financial result / Operational excellence
Health and well-being of users	Policy and results / Customer, market and society / Health and well-being of users
Operational excellence	Policy and results / Financial result / Operational excellence
Data security	Governance / Conduct and integrity / Data privacy + Information security
Affordable housing	Policy and results / Customer, market and society / Affordable housing
Strategic environment management	Policy and results / Customer, market and society / Environmental management
Partnerships/chain cooperation	Policies and results - all chapters

ACCOUNTING POLICIES

The GRI Standard is the most widely used standard for sustainability reporting worldwide. With this report, we report with reference to the GRI 2021 standard. In doing so, we included the GRI 'General Disclosures' as much as possible and increased the number of GRI disclosures on our material topics compared to last year. Our GRI Content Index (page 153 of this report) provides insight into what we report and where it can be found in this report. For the preparation of our value creation model, we have taken inspiration from the IIRC's Integrated Reporting Framework. We looked at how our material topics relate to the United Nations Sustainable Development Goals. The SDGs to which we actively contribute are included in our value creation model. In addition, in the SDG table (page 149 of this report), we provide insight into the sub-targets we focus on and how we contribute to them.

QUALITY ASSURANCE

The CSR KPIs have been audited by LRQA. LRQA has verified the CSR KPIs with limited assurance on the sustainability data in the report. The scope of the verification concerns the KPIs as included in the 'Overview of KPIs' in this chapter.

Based on expert judgement, LRQA has determined that there are no material misstatements in this information. LRQA's full statement is available on [Dura Vermeer's website](#).

CHANGE IN SYSTEM

In this annual report, the safety figures for 2021 have been adjusted to reflect a change and further uniformisation of the system as shown in the table below. As of this reporting year, both indicators no longer include the accidents involving contractor personnel nor the hours worked by contractor personnel by any business unit. This change is in line with the latest VCA guidelines.

	ANNUAL REPORT 2021	REFORMULATION 2021 IN 2022 ANNUAL REPORT
IF VCA	0.49	0.44
AVERAGE ABSENCE DAYS DUE TO IF INCIDENT	42.2	4.3

OVERVIEW OF KPIS

Strategic priority	KPI	2022	DOEL 2022	2021
PEOPLE AND ORGANISATION; SAFE AND HEALTHY WORKING	Number of fatal accidents*	0	0	0
	Incidents with serious consequences*	1	none	3
	IF VCA (own + hired)*	1.83	<1.0	0.44
	Average absence days IF VCA incidents*	21.3	< 10	4.3
	Tread on the Safety Culture Ladder of Construction and Property Division and Infra Division	Tread 4	Tread retained 4	Tread 4
PEOPLE AND ORGANISATION; GOOD EMPLOYMENT PRACTICES	Absenteeism (12 months' rolling %)	4.2%	< 4.0%	3.5%
	Gender diversity (# female UTA employees / # UTA employees)	23.4%	≥ 23.5%	22.3%
	Employee satisfaction	8.0	≥ 8.0	7.9
CLIENT, MARKET AND SOCIETY	Training and education costs (EUR / wage bill)	1.7%	> 1.0%	nvt
	Net Promoter Score (European / B2B) Construction and Property	96	>75	93
SUSTAINABILITY	Net Promoter Score (European / B2B) Infra	80	>75	88
	% of electric vehicles in our total yellow license plate fleet.	26.7%	25.0%	19.3%
	Percentage of circular reuse Infra Division projects	28%	>58%	62%
	MPG Residential Construction (own development) Construction and Property Division	0.65	≤ 0.60	nvt
	Waste reduction (kg/million euro turnover)	23.4%	25.0%	3.7%
	DV CO ₂ Performance Ladder Scope 1 (tonnes CO ₂ emissions)	22,689	N/A	22,877
	DV CO ₂ Performance Ladder Scope 2 (tonnes CO ₂ emissions)	1,972	N/A	0

* The scope of safety indicators includes both Dura Vermeer employees (fixed-term and permanent) and temporary workers, agency staff, secondees and self-employed workers working under the authority of Dura Vermeer. Workers employed by or hired by Dura Vermeer contractors are outside the scope of these indicators.

KPI DEFINITIONS

Number of fatal accidents

A sudden unwanted event involving own/hired personnel during working hours on a (combination) project, office or site resulting in a fatality.

Incidents with serious consequences

An incident with serious consequences involves a workplace or industrial accident resulting in permanent injury and/or hospitalisation.

IF VCA (own + hired)

Number of industrial accidents involving own/hired staff leading to more than 1 absence day per million hours worked excluding the day of the accident.

Average absence days IF VCA incidents

The average number of absence days arising from recorded IF VCA incidents involving own/hired personnel.

Tread on the Safety Culture Ladder

The Safety Culture Ladder (formerly known as the Safety Ladder) is an assessment method for measuring safety awareness and intentional safe action (culture & behaviour) in companies. The emphasis here is on safety culture.

Absenteeism

The sickness absence rate is calculated by dividing the number of days of absence of Dura Vermeer staff, with attendance and part-time percentage processed, by the full number of calendar days within the selected month. Absence due to pregnancy or childbirth is not counted as sick leave. The calculation includes the days of absence of both permanent and temporary Dura Vermeer staff.

Employee satisfaction

Weighted average of the results of the annual employee satisfaction survey using the Schouten & Nelissen web application, based on the question of a rating for personal satisfaction with the work situation at Dura Vermeer. All Dura Vermeer staff on permanent and temporary contracts are asked to give a rating.

Gender diversity

The percentage of women in an office position (UTA or executive technical/administrative) compared to the total number of employees in an office position on permanent and temporary contracts, as at the end of the financial year. In other words, construction site workers are outside the scope of this KPI.

Training and education costs

Total external costs booked and invoiced and spent on external training. This total cost is calculated based on the total wage bill. This yields the percentage of training

investment for construction site and UTA employees salaried by Dura Vermeer.

Customer satisfaction

Customer satisfaction with Dura Vermeer is measured using the Net Promoter (NPS) Score. Clients and customers answer the question: on a scale of 0 to 10, how likely are you to recommend Dura Vermeer to your relations? For the NPS measurement, the EU variant is used. This means that in the calculation of the score, respondents stating 8, 9 and 10 are considered Promoters and 6 and 7 as Neutrals (6 is a pass).

% electric lease cars

The percentage of electric leased vehicles at year-end, calculated as the number of electric (leased) vehicles in the Dura Vermeer fleet on the road (with yellow number plates) in relation to the total fleet of leased vehicles on the road (with yellow number plates).

Proportion of circular reuse infra projects

The degree of circularity of a project is determined based on the sub-KPIs below:

- A. % secondary and bio-based materials in design;
- A. % high-grade reuse of released materials;
- A. % design of objects detachable for future reuse.

We calculate the circularity of all implementation projects with a turnover greater than EUR 5 million. The full share of project quantities is included in the calculation.

MPG residential construction

The MPG is a measure of the environmental impact of the materials used in a building. The lower the MPG, the more sustainable the use of materials. We calculate the average MPG of residential construction projects under own development.

Project waste reduction

The reduction in construction waste (in tonnes) from Dura Vermeer projects compared to the previous financial year. The volume of construction waste released is based on the total volume of waste disposed of by Renewi. The construction waste released is measured against turnover in millions of euros.

Scope 1 (tonnes of emissions)

Scope 1 emissions (direct emissions) are emissions emitted from facilities owned or controlled by Dura Vermeer, such as emissions from its own gas use (in e.g. gas boilers, combined heat and power plants and furnaces) and emissions from its own vehicle fleet.

Scope 2 (tonnes of emissions)

Scope 2 emissions (indirect emissions) are emissions that arise from the generation of electricity, heat and cooling and steam at facilities not belonging to Dura Vermeer, but used by Dura Vermeer, such as emissions released when generating electricity in power plants.

FIVE-YEAR KEY FIGURES

(Amounts x € 1 million)	2022	2021	2020	2019	2018
Operating income and scheduled work					
Operating income	1,818	1,611	1,437	1,504	1,337
Scheduled work*	3,445	2,835	2,527	2,686	2,205
Earnings and assets					
Operating result before depreciation and amortisation (EBITDA)	85.2	79.1	63.8	56.7	42.6
Operating profit including result from participating interests before depreciation	88.0	85.0	68.4	59.3	44.6
Operating profit (EBIT)	70.8	64.1	51.0	45.0	33.1
Result including from result from participating interests	73.2	70.0	55.6	47.7	35.1
Net result	50.2	52.4	41.5	36.1	26.1
Depreciation on fixed assets	14.3	15.0	12.8	11.7	9.5
Net funding position **	229.8	283.0	260.0	108.4	80.9
Equity	266.7	223.1	203.4	177.9	149.9
Total assets	865.8	676.4	615.7	513.8	481.2
Ratios					
Net return ***	2.8%	3.3%	2.9%	2.4%	2.0%
Net result as % of average equity	20.5%	24.6%	21.8%	22.0%	18.7%
Current ratio	1.27	1.30	1.31	1.29	1.23
Solvency ****	30.8%	33.0%	33.0%	34.6%	31.2%
Number of employees					
Average number of employees expressed in FTEs	2,859	2,696	2,588	2,511	2,465

* Scheduled work is the sum of (1) the unfinished part of the contract values of the projects, which were still in progress as at the balance sheet date, plus (2) new projects of which the implementation is largely certain.

** The net financing position is the sum of cash and cash equivalents, less interest-bearing debts.

*** The net return is the net result as a percentage of the operating income.

**** Solvency is calculated by dividing the equity by the total assets, (= equity, short-term loan capital and long-term loan capital), multiplied by 100 per cent.

RISKS AND CONTROL MEASURES

STRATEGIC				
RISK	RISK APPETITE	PROBABILITY	IMPACT	KEY CONTROL MEASURES
Changes in economic and market conditions.				<ul style="list-style-type: none"> Balanced portfolio with spread of activities across market sectors and clients. Monitoring and timely anticipation of market developments. Maintain room in financing facilities. Periodic review of long-term strategy.
Reputation and image damage.				<ul style="list-style-type: none"> Crisis management (external assistance on public opinion).
Insufficient attention and response to sustainability developments.				<ul style="list-style-type: none"> Commit to using clean, green energy, with the ambition to reduce emissions to zero. We strive for working methods in which materials remain within the cycle without any loss of value. Cooperation with Nyenrode on making the construction sector sustainable. Introduction of nature ladder to make impact on living environment measurable and controllable.
Suboptimal use of digitalisation.				<ul style="list-style-type: none"> Preparation of a strategy document for primary business and staff departments. Maintain sufficient contact with ICT market leaders. Alignment/policy on supply and demand of hardware and software.
Insufficient innovative capacity.				<ul style="list-style-type: none"> Promoting the development of innovative products and concepts. A separate operating company has been set up for this and an innovation prize is awarded annually.
Scarcity of staff.				<ul style="list-style-type: none"> Launching of new labour market campaign. The "via via" programme, in which employees are asked to motivate people from their own network to apply for a job with us. Supervising, training and developing employees by means of a management and talent development programme and other means.
Scarcity of materials and services.				<ul style="list-style-type: none"> Determine impact of price increases contractually in advance. Factor price risk into bids. Early involvement and contracting of suppliers, consultants and subcontractors. Stock up on critical parts/materials in a timely manner. There is a procurement plan.

OPERATIONAL				
RISK	RISK APPETITE	PROBABILITY	IMPACT	KEY CONTROL MEASURES
Inadequate control of complex projects.				<p>PROJECT MANAGEMENT</p> <ul style="list-style-type: none"> Invest in a high-quality work preparation department. Handle investment requests submitted to divisional management, MB and/or SB for approval. Only projects are taken on that fit within Dura Vermeer's risk appetite. Spread risks by entering into partnerships. Take stock of the risks present and the measures to control them. Further detailing of the project in tender and working budgets based on detailed calculations. Compile project team that includes all the necessary disciplines and fields of expertise. Quality system and including guidelines, work instructions, procedures and checklists. Monitor enforcement of procedures and instructions. ISO 9001 and VCA certification. <p>CONTRACT MANAGEMENT</p> <ul style="list-style-type: none"> Secure contract and risk management in both tender, preparation and implementation phases. <p>DISPUTES AND PROCEEDINGS</p> <ul style="list-style-type: none"> When taking on projects, take stock of contractual and legal risks. Take out insurance, including CAR insurance.
Safety is not adequately guaranteed.				<ul style="list-style-type: none"> Security programme (including controlling IF rate) with the aim of raising safety awareness among all parties involved in the construction process. In terms of occupational safety, Dura Vermeer at least complies with laws and regulations and standards certificates. Promote and assess safety culture on projects.
Increase risk profile of land positions.				<ul style="list-style-type: none"> Only take on positions with short time horizon. Destination of position must be certain before it is acquired. Acquisition of positions should be approved (depending on size) by divisional management, MB and/or SB. Monitor positions. Conservative valuation of land positions.
Cybersecurity incidents due to: <ul style="list-style-type: none"> Phishing. Ransomware. Business email compromise. 				<ul style="list-style-type: none"> Policies and procedures (all IT is centralised, ISO27001 certification, information security policy, awareness campaign, security officer). Network security. End point security. Application security. Continuity measures.

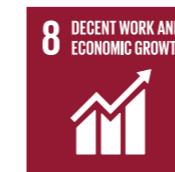
OPERATIONAL				
RISK	RISK APPETITE	PROBABILITY	IMPACT	KEY CONTROL MEASURES
Systems failure putting Business Continuity at risk.				<ul style="list-style-type: none"> Making backups of all systems. Backups are stored physically separate from Dura Vermeer's network. Data centre backup. Annual test of making the backup location operational. Increasing use of Cloud applications. A disaster recovery plan is in place. Geographic redundancy of internet connections, WiFi, data lines and firewalls.
FINANCIAL				
RISK	RISK APPETITE	PROBABILITY	IMPACT	KEY CONTROL MEASURES
Partners are insufficiently creditworthy.				<ul style="list-style-type: none"> Apply standard procedures in the selection of partners involved in execution and risk-bearing partners. Work with established partners as much as possible. If deemed necessary, risks are hedged through credit insurance, bank guarantees and/or prepayments. Monitor creditworthiness.
Clients are insufficiently creditworthy.				<ul style="list-style-type: none"> Pre-check creditworthiness of clients. If deemed necessary, risks are hedged through credit insurance, bank guarantees and/or prepayments.
Too little liquidity available.				<ul style="list-style-type: none"> Keep tight control on short- and long-term liquidity forecasts. Investment requests are assessed for liquidity needs. Prepare what-if scenarios.
Insufficient solvency.				<ul style="list-style-type: none"> Investment requests are assessed for tying up capital. The acceptance of projects with unusual financing requirement is subject to the prior approval of the Management Board; Prepare what-if scenarios. Return requirements of organisation as a whole. Dividend policy.
Not enough bank guarantees available.				<ul style="list-style-type: none"> There is a guarantee policy in place against which all guarantee applications are assessed. Multiple bank guarantee facilities are available. Tight monitoring of headroom on guarantee facilities. Inform guarantee providers of financial position.

SUSTAINABLE DEVELOPMENT GOALS

COMPLIANCE/INTEGRITY				
RISK	RISK APPETITE	PROBABILITY	IMPACT	KEY CONTROL MEASURES
Failure to comply with internal rules of conduct or laws and regulations.	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<ul style="list-style-type: none"> A broad set of corporate guidelines has been established. There is a power of attorney and authorisations matrix. Dura Vermeer is committed to several industry-related codes of conduct. A confidential advisor has been appointed. A covenant has been concluded with the tax authorities under Horizontal Monitoring. Prevailing collective labour agreements will be followed. Directors under the articles of association issue annual compliance confirmations.
Failure to comply with the GDPR.	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<ul style="list-style-type: none"> There is a privacy policy in place. A data breach notification protocol is in place. There are privacy statements and a processing register, and processor agreements are concluded. A Privacy Officer has been appointed. New employees are required to take an e-learning course.
Unethical contractors (money laundering/ financing of terrorism).	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<ul style="list-style-type: none"> Scrutiny of business partners.
Human rights violations.	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<div style="width: 25%; height: 10px; background-color: #004a33;"></div>	<ul style="list-style-type: none"> In the code of conduct for contractors includes provisions on respecting the protection of internationally proclaimed human rights. All procurement contracts refer to the code of conduct.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
7.2	Significantly increase the share of renewable energy in the global energy mix by 2030	We contribute to increasing the share of renewable energy by: <ul style="list-style-type: none"> electrifying our equipment and lease car fleet; procurement of renewable energy for offices and projects; building zero-energy houses
7.3	Double the global rate of improvement in energy efficiency by 2030	We contribute to increasing energy efficiency by: <ul style="list-style-type: none"> zero-energy construction optimising construction logistics.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, as well as equal pay for work of equal value	Across our business we contribute to decent work for all women and men by: <ul style="list-style-type: none"> Dura Vermeer's Bureau Social Return (SROI) that supports creating opportunities for people at a distance to the labour market by offering them a job, training and/or work experience. In 2022, 114 social return candidates were registered by Dura Vermeer. We participated in the Gender Diversity Monitor. We met our target of 15% women at the top in 2021 and for 2022 we raised it to 17%.
8.8	Protect labour rights and promote safe and healthy working environments for all workers, including migrant workers, especially female migrants, and those in precarious working conditions	We monitor a safe and healthy working environment for our employees in their work with the following: <ul style="list-style-type: none"> We have in place our organisation-wide vitality programme #DV4FIT, which supports both physical and mental health. With our SAVE (SAmen VEilig in de hele keten) [Safe together in the entire chain] safety programme we aim to create a lasting safety culture and increase the safety awareness of our employees and partners.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
9.1	Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	We contribute to developing quality, reliable, sustainable and resilient infrastructure by means of: <ul style="list-style-type: none"> long-term focus on mobility, connection and being able to live and work in a safe and healthy environment.
9.4	By 2030, 2030 upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities	We contribute to modernising infrastructure by 2030 by: <ul style="list-style-type: none"> In infrastructure development, we mainly work for public clients, and our design solutions have a major impact on the environment. With a comprehensive design for a dyke reinforcement, for example, we increase water safety but can also improve the living environment for local residents, strengthen biodiversity and incorporate climate adaptation.



SUBTARGET	OMSCHRIJVING	BIJDRAGE DURA VERMEER
11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums	Dura Vermeer improves access for all to adequate, safe and affordable housing and basic services by 2030, and slums by: <ul style="list-style-type: none"> Establishing a programme specifically focused on affordable housing.

STAFF OVERVIEW

SUBTARGET	OMSCHRIJVING	BIJDRAGE DURA VERMEER
11.2	By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	We contribute to safe, affordable, accessible and sustainable transport systems for all by: <ul style="list-style-type: none"> In Perrons op Norm, Dura Vermeer adapts train platforms to European standards so that train passengers, including those with disabilities, can board and alight trains more easily. One of the places where we are doing this is Hoensbroek, where we work with circular platform retaining walls, which are also made using renewable energy. We also lay pavement stones that are 85.7% circular, and use electric machines for the work.
11.3	By 2030, enhance inclusive and sustainable urbanisation and capacities for participatory, integrated and sustainable human settlement planning and management in all countries	Dura Vermeer contributes to inclusive and sustainable urban development by: <ul style="list-style-type: none"> We create an inclusive city together, partly by keeping your ear to the ground and partly by joining forces with partners and truly working in partnership, which we do with housing corporations, municipalities, welfare organisations, healthcare parties and public authorities, but also with (future) residents.
11.7	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, particularly for women and children, older persons and persons with disabilities	We contribute to safe, inclusive and accessible, green and public spaces by: <ul style="list-style-type: none"> means of the GoodLife Barometer we know what social topics deserve attention and what qualities we must retain and reinforce, such as green, loneliness, social cohesion and safety. The findings of the GoodLife Barometer, in conjunction with the neighbourhood surveys we do, form the ingredients for the development vision and strategy for a particular area.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
12.2	By 2030, achieve sustainable management and efficient use of natural resources	We realise the sustainable management and efficient use of natural resources through: <ul style="list-style-type: none"> our ambition to design and build in a circular way and to recover materials. We want to build with renewable raw materials or raw materials that are already in circulation
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	Our ambition is to significantly reduce waste generation by 2030: <ul style="list-style-type: none"> By reusing materials, we are reducing raw material scarcity and at the same time working on lowering CO₂ emissions in the chain.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Dura Vermeer contributes to resilience and strengthening the climate's adaptive capacity by: <ul style="list-style-type: none"> Reducing scope 1, 2 and 3 emissions We also contribute by building in a climate adaptive way, such as by strengthening dykes to ensure flood safety.



SUBTARGET	DESCRIPTION	CONTRIBUTION BY DURA VERMEER
15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Dura Vermeer contributes to the sustainable management of all types of forests by: <ul style="list-style-type: none"> working with wood from sustainably managed forests. We feel it is important that the origin of the timber is proved through Chain of Custody certification based on internationally agreed requirements and standards. In this context, we recognise PEFC, FSC and quality marks based on equivalent principles as evidence of proven origin from sustainably managed forests.

Employees (FTEs at year-end 2022)*	TOTAL	FEMALE	MALE
NUMBER OF EMPLOYEES	2,778	539	2,239
NUMBER OF EMPLOYEES ON PERMANENT CONTRACT	2,449	422	2,027
NUMBER OF EMPLOYEES ON FIXED-TERM CONTRACT	329	117	212
NUMBER OF EMPLOYEES WITHOUT GUARANTEED HOURS	13	5	8
NUMBER OF FULL-TIME EMPLOYEES	2,266	247	2,019
NUMBER OF PART-TIME EMPLOYEES	512	292	220

Interns and hires (FTEs at year-end 2022)	TOTAL
INTERNS	78
HIRES	445

Inflow and outflow (m/f)	TOTAL	FEMALE	MALE
START OF YEAR	2,747	510	2,237
INFLOW	391	122	269
OUTFLOW	360	93	267
YEAR-END	2,778	539	2,239

Inflow and outflow (age)	TOTAL	<30	30-50	>50
START OF YEAR	2,747	367	1,450	930
INFLOW	391	161	178	52
OUTFLOW	360	82	179	99
YEAR-END	2,778	446	1,449	883

* All FTE numbers exclude 83 FTEs employed by our participating interests BR controls, Asset Rail and Van Vuuren Electrotechniek.

GRI CONTENT INDEX

	TOTAL
Collective labour agreement	
CLA CONSTRUCTION & INFRASTRUCTURE INDUSTRY	89,7%
CLA METAL AND ENGINEERING INDUSTRY	3,4%
CLA RAIL INFRASTRUCTURE	5,3%
CLA RETAIL NON-FOOD	1,60%
TOTAL EMPLOYEES UNDER A CLA	100,0%

STATEMENT OF USE	Dura Vermeer Groep NV has reported the information cited in this GRI content index for the period 01/01/2022 to 31/12/2022 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

	DISCLOSURE	LOCATION IN AR
GRI 2: GENERAL DISCLOSURES 2021	THE ORGANIZATION AND ITS REPORTING PRACTICES	
	2-1 Organizational details	About Dura Vermeer - Profile About Dura Vermeer- Our organisation
	2-2 Entities included in the organization's sustainability reporting	About this report - scope and period About Dura Vermeer- our organisation
	2-3 Reporting period, frequency and contact point	About this report - scope and period Colophon- contact Dura Vermeer
	2-4 Restatements of information	People and organisation - safe and healthy work- safety performance 2022 About this report
	2-5 External assurance	About this report - quality assurance Governance - risk management - external reporting Other information- audit opinion- audit by the independent auditor
	ACTIVITIES AND WORKERS	
	2-6 Activities, value chain and other business relationships	About Dura Vermeer- Our activities and organisation Building a Sustainable Living Environment
	2-7 Employees	About Dura Vermeer - Profile Good employment practices - employees (headcount) Tables - our employees
	2-8 Workers who are not employees	Policy and results - good employment practices - employees (headcount) Annexes - employees overview
	GOVERNANCE	
	2-9 Governance structure and composition	Corporate Governance - Design of governance structure Corporate Governance - role and powers Management Board Governance - role and powers Supervisory Board
	2-10 Nomination and selection of the highest governance body	Governance - Diversity and remuneration management board and supervisory board - diversity
	2-11 Chair of the highest governance body	Corporate governance; Composition of board and supervision
	2-14 Role of the highest governance body in sustainability reporting	About this report - selection of topics
2-15 Conflicts of interest	Governance - Diversity and remuneration management board and supervisory board - conflicts of interest	

DISCLOSURE	LOCATION IN AR
2-16 Communication of critical concerns	Corporate governance - conduct and integrity; integrity Corporate governance - conduct and integrity- human and labour rights
2-20 Process to determine remuneration	Governance - Diversity and remuneration management board and supervisory board - remuneration
STRATEGY, POLICIES AND PRACTICES	
2-22 Statement on sustainable development strategy	Foreword Strategy 2022-2024: leap forward Our environment and our strategy - building a sustainable living environment
2-24 Embedding policy commitments	Policy and results - sustainability innovation ambition Governance- conduct and integrity - socially responsible procurement
2-25 Processes to remediate negative impacts	Governance - Conduct and integrity- Integrity Governance - Conduct and integrity- Human and labour rights
2-26 Mechanisms for seeking advice and raising concerns	"Governance - Conduct and integrity - Integrity Governance - Conduct and integrity - human and labour rights"
2-27 Compliance with laws and regulations	Governance - conduct and integrity - laws and regulations
2-28 Membership associations	Bouwend Nederland, NEPROM
STAKEHOLDER ENGAGEMENT	
2-29 Approach to stakeholder engagement	Our environment and our strategy - value creation - our stakeholders Strategic priority - client, market and society - environment management Strategic priority - client, market and society - stakeholders Governance - role and powers Management Board
2-30 Collective bargaining agreements	Annexes - employees overview

DISCLOSURE	LOCATION IN AR
MATERIAL TOPICS	
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics About this report - selection of topics
	3-2 List of material topics Our environment and our strategy - value creation - material topics
SAFE AND HEALTHY CONSTRUCTION	
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics Policy and results - people and organisation - safe and healthy construction
GRI 403 OCCUPATIONAL HEALTH AND SAFETY	403-1 Occupational health and safety management system Policy and results - safe and healthy construction - safety programme Policy and results - safe and healthy construction - our safety management system
	403-2 Hazard identification, risk assessment, and incident investigation Policy and results - people and organisation - safe and healthy construction - 2022 safety performance Policy and results - people and organisation - safe and healthy building - engaging employees through the SAVE app Policy and results - people and organisation - safe and healthy construction - safety in the chain Policy and results - people and organisation - safe and healthy construction - our safety management system"
	403-3 Occupational health services Policy and results - safe and healthy construction - safety culture: also in the chain
	403-4 Worker participation, consultation and communication on occupational health and safety Policy and results - safe and healthy construction - safety programme Policy and results - safe and healthy construction - engaging employees through the SAVE app
	403-5 Worker training on occupational health and safety Policy and results - safe and healthy construction - safety programme Policy and results - safe and healthy construction - safety in the chain
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships Policy and results - safe and healthy construction - safety programme - occupational safety Policy and results - safe and healthy construction - safety programme- structural safety Safe and healthy construction - safety programme - safety culture: also in the chain
	403-8 Workers covered by an occupational health and safety management system Safe and healthy construction - our safety management system
	403-9 Work-related injuries People and results - safe and healthy work- safety performance 2022
GOOD EMPLOYMENT PRACTICES	
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics Policy and results - people and organisation - good employment practices
GRI 401 EMPLOYMENT	401-1 New employee hires and employee turnover Employee tables
GRI 404 TRAINING AND EDUCATION	404-2 Programs for upgrading employee skills and transition assistance programs Policy and results - people and organisation - good employment practices - development and training

	DISCLOSURE	LOCATION IN AR
GRI 405 DIVERSITY AND EQUAL OPPORTUNITIES	405-1 Diversity of governance bodies and employees (b.i.)	Policy and results - people and organisation - diversity and inclusiveness - gender diversity
OWN INDICATOR	Pay gap research	Policy and results - people and organisation - gender diversity
	% training and education costs compared to wage bill	Policy and results - people and organisation - development and training
EMISSIONS		
GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	Sustainability - emissions to 0 - reduction of scope 1 and 2 CO ₂ emissions About this report - CSR KPIs About this report - definitions
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability - emissions to 0 - reduction of CO ₂ emissions scope 1 and 2 About this report - CSR KPIs About this report - definitions
	305-5 Reduction of GHG emissions	Sustainability; emissions to ; Reduction of scope 1 and 2 CO ₂ emissions; offices, leased cars, asphalt plants and equipment Sustainability; emissions to 0; Reduction of scope 3 CO ₂ emissions
OWN INDICATOR	Electric as share of leased car fleet	Sustainability innovation ambition - emissions to 0
CIRCULAR CONSTRUCTION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Sustainability - circular construction
OWN INDICATOR	Waste reduction (kg/million sales)	Sustainability - Office and project waste reduction
OWN INDICATOR	MPG Residential Construction	Sustainability - more sustainable materials
OWN INDICATOR	% Circular reuse on infrastructure projects	Sustainability - measuring sustainability of projects
CLIMATE-ADAPTIVE AND NATURE-INCLUSIVE CONSTRUCTION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Sustainability - greener and healthier
HEALTH AND WELL-BEING OF USERS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Client, market and society - health and well-being of users
AFFORDABLE HOUSING		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Client, market and society - affordable housing
STRATEGIC ENVIRONMENT MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Client, market and society

COLOPHON

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