VolkerWessels

Sustainability Report 2019

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Profile, activities and markets

VolkerWessels is a leading integrated and diversified construction group with a "think global, act local" mindset. VolkerWessels' operating model combines a local sales and client focus with a centralized control and support structure at divisional level that optimises scale and expertise across its operating companies. VolkerWessels operates primarily in the Netherlands, the United Kingdom, North America and Germany.

Operationally, its business is organised in six segments. In the countries in which VolkerWessels operates it has over 120 local operating companies, which have national and regional offices and management.

This report focuses on our activities in the Netherlands. For a limited number of indicators we also report figures for the United Kingdom, North America and Germany. For further information please refer to the 'About this report' section.

The Netherlands

Construction & Real Estate Development

- Construction and renovation of residential and non-residential real estate including industrial and logistic facilities
- Real estate development
- In-house technical installation services capabilities
- Industrial production and supply of construction materials, including pre-fabricated building supplies

Infrastructure

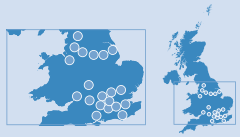
- Road construction, service and maintenance and asphalt production
- Railway construction, services and maintenance
- Civil engineering activities for roads, waterways and rail
- Multi-disciplinary project management capabilities for complex projects
- Traffic management systems for roads and railways

Energy & Telecoms Infrastructure*

- Construction and maintenance of energy infrastructure (oil, gas and electricity)
- Construction and maintenance of telecoms infrastructure including fibre-optic and wireless networks

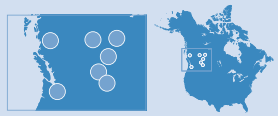
*Segment includes Belgium

United Kingdom



- Civil engineering and infrastructure
- Railway infrastructure, renewals and enhancements
- Rail systems and maintenance
- Construction and maintenance of water and energy infrastructure including ports and harbours, flood risk management, utilities and waste facilities
- Highway and airport infrastructure construction and maintenance
- Industrial and commercial building and infrastructure

North America



- Operating particularly in the Alberta and British Columbia provinces with focus on municipal road and highways maintenance and underground utilities (sewage and water management) construction
- Operating in the broader Seattle area in roadwork construction and maintenance, civil engineering (such as bridge construction and flood risk management) and underground utilities
- Asphalt and gravel production

Germany

- Construction of residential real estate
- Real estate development
- Focus on selected major urban areas in Germany, in particular around Berlin, North Rhine-Westphalia and Frankfurt

Preface

Our vision is: Working together to build a better quality of life. We are convinced that the path that we have chosen in 2018 is the right one. Our focus fits well with society's wish to move towards a sustainable construction sector. At the same time, the sustainable transition needs to speed up. It remains a challenge to get the pace right.

Our society is aiming for a climate-neutral, circular and healthy living environment. VolkerWessels shares this common goal. In order to achieve it, we – at company, sector and society level – need to keep adapting in order to keep pace with this development.

In a company that employs approximately 17,000 people, it is not surprising that different views exist about the cause of climate change. Something on which there is no difference of opinion, however, is that cleaner air, more circular use of materials and a healthier living environment have a positive effect on quality of life. After all, regardless of the causes of climate change, we all benefit from the effects of a cleaner and healthier environment. We see that many of our clients struggle with the question how to realise their sustainable ambitions. At VolkerWessels we try to lend a helping hand, for example by coming up with smart solutions for existing assets such as outdated infrastructure. Another example is the growing use of public data in an era of increasing digitalisation. At the same time this ongoing and ever-accelerating change is a challenge for us, too. For example, our companies need to ensure a timely preparation for future laws and regulations arising from the implementation of the Dutch national Climate Agreement. For instance, within just a few years we will need to be able to deliver zero-emission construction sites in the larger municipalities of the Netherlands.

Being prepared

Social developments in the area of sustainability are moving fast, and so we are putting a lot of energy into adapting our companies to these developments. For example, we are working on smart and sustainable construction logistics by developing new BouwHubs and making our vehicle fleet more sustainable. These measures are our way of preparing our organisation for the new standard of zero-emission construction equipment and logistics – as far as we can.

Our proactive stance helps us in realising our vision "Working together to build a better quality of life." However, making the construction sector more sustainable is not something we can do on our own; what VolkerWessels is able to deliver is largely determined by how our clients interpret their social tasks, what budget is available for this and what part sustainability plays in this. At the end of the day it is our clients who largely determine the sustainability of their projects. We recognise how important it is for both the business sector and the government to accelerate the drive towards sustainability. In doing so it remains important to maintain a level playing field and that the economic impact of measures is carefully considered. Predictable and decisive action by the government is essential to a successful transition. Unfortunately we are seeing the opposite in relation to the nitrogen issue. The failure to come up with a timely response to the abolition of the Integrated Approach to Nitrogen (Programma Aanpak Stikstof-PAS) resulted in hundreds of projects in the sector in the Netherlands being put on hold. This seriously undermines support for the necessary sustainability measures. Nature and climate have become topics that polarise opinions.

We are advocates of a national approach under which the granting of permits is separate from the existing background values and urge that at the same time there is a structural increase in the resources made available for source and remedial measures.

We must also take our responsibility as a business and as a construction group. VolkerWessels has chosen six spearheads to focus our approach. These six spearheads are:

- circular design strategies
- sustainable use of resources
- sustainable equipment services
- making our vehicle fleet more sustainable
- improving our waste separation rate
- embedding social return at our companies

Successes in 2019

We have noticed that our sustainability policy has matured. We are making good progress towards embracing sustainability right up to the highest level. Various sustainability topics now feature more prominently on the agenda for innovations and projects compared to some years ago. The change is noticeable, not just at organisational level but also in relation to projects and innovations. Let us take a closer look at some of this year's successes.

An example of how we are putting our ambition with the six spearheads into practice is the development of the NieuwWonen Navigator, a software tool designed specifically to make industrial and other renovation projects more sustainable. We use the software to show housing corporations and investors what the best sustainability measures are, given the available budget or the maximum heat requirement desired. In other words, Navigator helps compare the required investments associated with the various measures (read more about it on page 45). We also designed our own Material Passport app, which will be tested and rolled out in 2020. The app makes it easy to generate a Madaster Material Passport for a home or building (read more about it on page 45).

Management Board of VolkerWessels From left to right: Alfred Vos, Jan de Ruiter, Dick Boers, Alan Robertson and Jan van Rooijen.

We are proud to have launched our new circular housing concept PuurWonen. After a few years of intensive development, we are happy that we will be able to realise the first six pilot homes in 2020. PuurWonen has been developed based on circular principles. What makes this concept unique is that it has a wooden structure, and uses mainly natural materials. Prefab elements are attached using dry connections to make them easier to dismantle.

We are working to create a new circular BouwHub in Amsterdam's western port area. This will be a logistics hub which will be used as a base for coordinating incoming and outgoing building materials and equipment to and from projects in urban and inner-city areas. Materials harvested through demolition and residual flows from newbuild and other construction projects will also be returned to the hub and repurposed for new applications. Research shows that the use of BouwHubs significantly reduces the number of transport movements, thus reducing CO_2 emissions. The hub's location on the North Sea Canal means that raw materials and equipment can also be transported by water, thus easing the pressure on congested roads in and around Amsterdam. The BouwHub is scheduled to be fully operational by 2021.

During the year, we also set up a workshop at this new BouwHub where we can train people who are at a disadvantage on the labour market and help them find a job. They perform work such as processing materials from demolition projects. The plan is to enrich every future BouwHub with one of these so-called TalentHubs. This is consistent with our ambition to contribute to a better quality of life with specific attention for social return.

At the Schiphol Trade Park business park in Hoofddorp we used 100% recycled asphalt on a large scale for the very first time, applying it in the sub-base layer, base layer and surface layer of the asphalt road. The asphalt is produced using the HERA (Highly Ecologic Recycling Asphalt) system, which is part of the Rotterdam asphalt plant. A saving of 75% on CO_2 emissions was achieved on the overall asphalt construction.

During the year under review our External Review Committee, comprising the two independent scientists André Nijhof and Michiel Haas, helped increase the measurability of the circular design strategies spearhead. Together we dissected the topic to new performance indicators which are meaningful for measuring purposes. In the year ahead we will continue to flesh out these indicators.

Being a good employer

We tell our employees that – no matter what their position and the values they hold – our way of working is determined by the core values of integrity, safety and sustainability, which means that these are non-negotiable. This is emphatically borne out in our communications. For example, each year we draw up a Safety Agenda. In 2019 the theme and core message was 'Commit and comply'. At the end of 2019 we also launched 'The Wheel of Integrity', a game for playing at every level of the organisation with the aim of ensuring that the importance of ethical business practices can be discussed anywhere.

We can only advance our spearheads with the help of our employees. In light of this, we decided to develop training courses for our VolkerWessels Academy on the spearheads that call for new knowledge, skills and behaviour on the part of our employees. In each quarter of 2020 we will launch a new training course about one of the spearheads. In order to inform our employees of this, we issued a brief e-learning on sustainability at the end of 2019. The e-learning deals with knowledge questions about the three pillars of our sustainability policy: health, natural environment, and work and social activities.

In 2019 we launched our new job market campaign 'Maak Morgen Mogelijk' ('Make Tomorrow Possible') and developed an internal career page listing all the vacancies within the group. The purpose of the page is to make it easier for employees to switch jobs between our operating companies.

Looking ahead to 2020

We are on the right track for realising our ambitions. We have drawn up a roadmap for each of the six spearheads, to give us a clearer picture of our performance and enable us to ensure continuous improvement. In early 2020 we will start to analyse the implications for our business of the Dutch Climate Agreement concluded in 2019.

In this report we also present our more detailed targets for 2025. These will be constantly reviewed against the societal framework in which we operate.

Management Board of VolkerWessels
Jan de Ruiter
Dick Boers
Jan van Rooijen
Alfred Vos
Alan Robertson

Summary

Highlights 2019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1 New logistics distribution centre in Breda.

2 The Green Village, testing ground for sustainable innovations.

3 The VolkerWessels Material Passport app.

4 The first electric truck in the construction sector.

5 Successful sawing training courses.

6 Boosting Zwolle's role as a major transfer station.

7 The Safety Agenda 2019: Commit and comply.

8 The school Klein Amsterdam, built of movable wooden modules.

9 SUPERLOCAL project in Kerkrade.

10 100% recycled asphalt at Schiphol Trade Park business park.

Highlights 2019 (continued)


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11 Technical installations at the new office of Goede Doelen Loterijen in Amsterdam-Zuid.

12 The new ING head office.

13 The first in the Netherlands using a hybrid roller.

14 Windpark Fryslân wind farm.

15 'Maak Morgen Mogelijk' (Make Tomorrow Possible) labour market campaign.

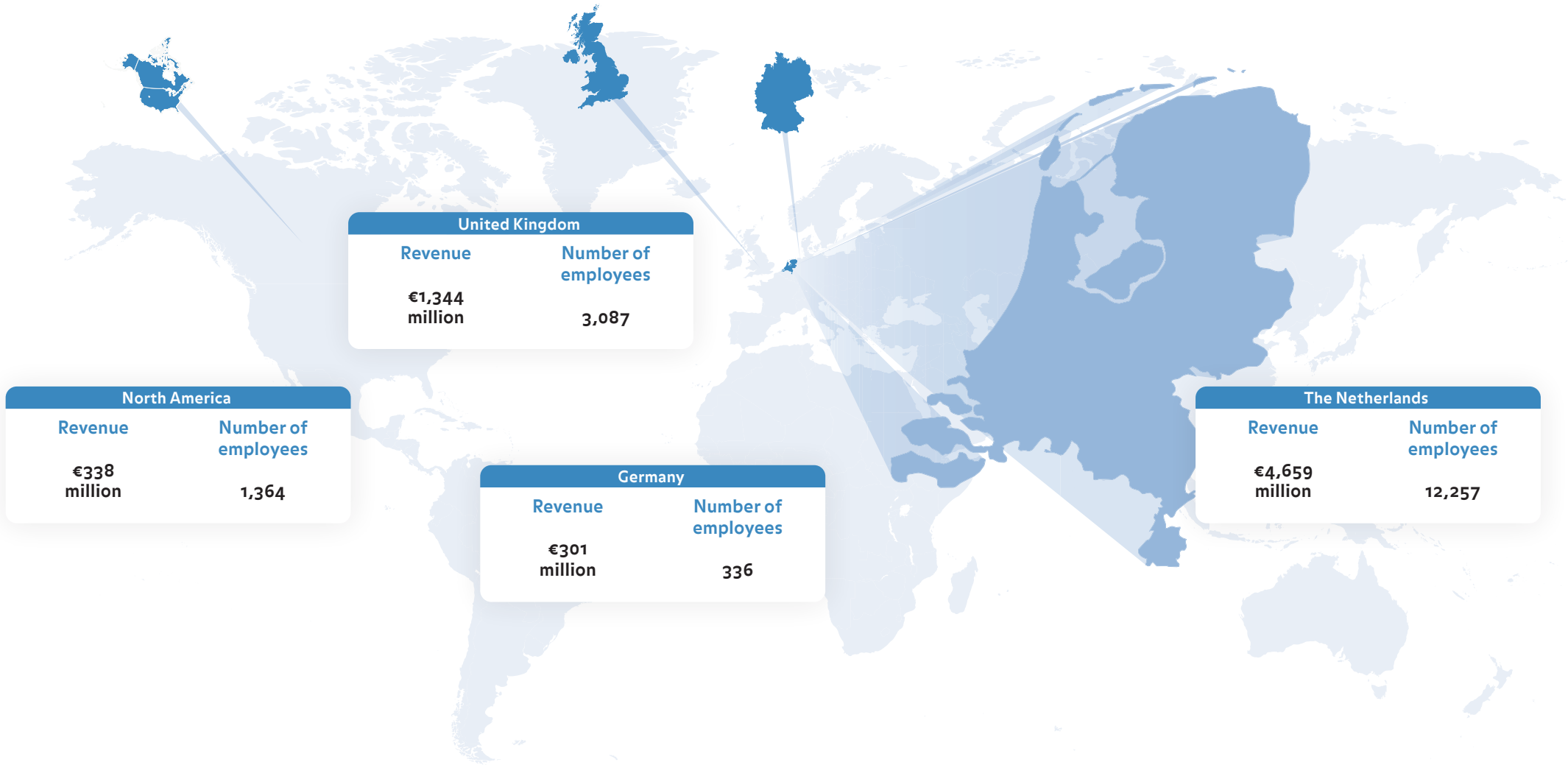
16 Zero-energy bill complex in the Oppe Brik district of Beesel.

17 Wooden dune crossing from the promenade to the beach in Cadzand.

18 Retraining enthusiastic members of our own staff as engineers, work planners and project coordinators.

19 Project Graindaire in Berlin.

VolkerWessels at a glance 2019[1]



United Kingdom

Revenue	Number of employees
€1,344 million	3,087

North America

Revenue	Number of employees
€338 million	1,364

Germany

Revenue	Number of employees
€301 million	336

The Netherlands

Revenue	Number of employees
€4,659 million	12,257

[1] VolkerWessels the Netherlands includes the foreign branches of our Dutch companies and therefore differs from the legal structure of VolkerWessels Nederland BV.

VolkerWessels the Netherlands

Revenue 2019[1]

€4,659 million

2018 **€4,190 million**

↑ **+11%**

Number of employees 2019[1]

12,257 persons

2018 **11,987 persons**

+2.3%

Social Return 2019*

1.2%

2018 **0.7%**

↑ **+71%**

IF-rate 2019*

3.3

2018 **4.6**

↑ **–1.3**

Sickness rate 2019*

4.6%

2018 **3.9%**

↓ **+18%**

Use of sustainable timber 2019

98%

2018 **98%**

Waste separation rate 2019*

94%

2018 **93%**

↑ **+1%**

Recycling rate 2019

99%

2018 **99%**

CO_2-footprint 2019*

129 kilotonnes

2018 **127 kilotonnes**

↓ **+2**

Number of zero-energy bill homes 2019*

568 homes

2018 **769 homes**

↓ **–26%**

* KPMG provided limited assurance on this indicator, refer to page 81.

[1] VolkerWessels the Netherlands includes the foreign branches of our Dutch companies and therefore differs from the legal structure of VolkerWessels the Netherlands BV.

VolkerWessels the Netherlands

Health

Achieved · On track · Not on track

SAFETY	2017	2018	2019	INITIATIVES IN 2020	TARGET FOR 2014-2020	PROGRESS
IF rate	5.3*	4.6*	**3.3***	■ Major modifications to the WAVE app ■ Improved monthly management reporting ■ Safety Ladder certification	IF rate < 3.5	On track
Accidents resulting in absence from work	129*	116*	**87***			
Sickness rate	4.2%*	3.9%*	**4.6%***			

Natural environment

RAW MATERIALS	2017	2018	2019	INITIATIVES IN 2020	TARGET FOR 2014-2020	PROGRESS
Use of sustainable timber	97%	98%	**98%**	■ Construction of first PuurWonen homes ■ Further development of Material Passport software ■ Launch of NieuwWonen Navigator	100% of timber use is sustainable	On track
Volume of waste (in kilotonnes)	72*	680* 101[1]	**783*** 100[1]		25% reduction in waste for disposal for each euro of revenue compared to 2014	Not on track
Waste separation rate	53%*	93%* 53%[1]	**94%*** 53%[1]		100%	On track
Recycling rate	87%	99%	**99%**		97%	Achieved
Secondary materials in concrete products (% recycled)	10%*	4%* 6%[2]	**3%*** 7%[2]		25% reduction in primary concrete procured compared to 2014	Not on track
Secondary materials in asphalt products (% recycled)	41%	41%*	**43%***		10% reduction in asphalt raw materials procured compared to 2014	Achieved

* KPMG provided limited assurance on this indicator, refer to page 81.
[1] Due to a change in the definition we include two figures for 2018 and 2019. The bottom figure shows the result based on the old definition.
[2] Due to an expansion of the scope we include two figures for 2018 and 2019. The bottom figure shows the result based on the old definition.
[3] The decline in the figure for 2018 is mainly due to the measuring method rather than a change in performance.

VolkerWessels the Netherlands

Natural environment

Achieved | On track | Not on track

CO_2 AND ENERGY

	2017	2018	2019	INITIATIVES IN 2020	TARGET FOR 2014-2020	PROGRESS
CO_2 footprint (scope 1 and 2 in kilotonnes)	134*	127*	**129***	■ Expand new BouwHubs in the Netherlands and fully circular BouwHub in Amsterdam	10% CO_2 reduction per € revenue compared to 2014	Achieved
CO_2 emissions of concrete products (scope 3) in kg CO_2 per m^3	154*	161* 141[1]	**169*** 162[1]	■ Complete energy pilot at the group head office	5% CO_2 reduction per m^3 of revenue compared to 2014	Not on track
Zero-energy bill homes	758	769*	**568***		2,000 per annum	Not on track

Work and social enterprise activities

EMPLOYMENT

	2017	2018	2019	INITIATIVES IN 2020	TARGET FOR 2014-2020	PROGRESS
Total average number of employees	11,783	11,987	**12,257**	■ Establishing Flex Academy ■ Broad roll-out of TalentHub ■ Launch e-learning 'Learning about social return in the workplace'	■ focus on internal succession planning ■ Invest in long-term employability	
Construction & Real Estate Development	3,716	3,768	**3,879**			
Infrastructure	4,983	4,903	**4,791**			
Energy & Telecoms Infrastructure	2,789	2,950	**3,178**			
Others	295	366	**409**			
Percentage of people at a disadvantage on the labour market (Social Return score)	2.3%	0.7%*	**1.2%***		3.7%	Not on track

* KPMG provided limited assurance on this indicator, refer to page 81.

[1] Due to an expansion of the scope we include two figures for 2018 and 2019. The bottom figure shows the result based on the old definition.

VolkerWessels International

Health

SAFETY

	2018	2019
IF rate		
United Kingdom	1.1*	1.8*
North America	7.5	14.3*
Germany	14.7	14.9*
Accidents resulting in absence from work		
United Kingdom	7*	12*
North America	21	39*
Germany	8	8*
Sickness rate		
United Kingdom	1.1%*	0.8%*
North America	0.1%	0.2%*
Germany	4.3%	3.8%*

* KPMG provided limited assurance on this indicator, refer to page 81.

Natural environment

RAW MATERIALS

	2018	2019
Volume of waste (in kilotonnes)		
United Kingdom[1]	321*	771*
North America	86	194
Germany	0.14	190*[2]
Waste separation rate		
United Kingdom	93%*	94%*
Noord-Amerika	99%	88%
Duitsland	78%	92%*

CO_2 AND ENERGY

	2018	2019
CO_2 footprint (scope 1 and 2 in kilotonnes)		
United Kingdom	32*	32*
Noord-Amerika	71	72*
Duitsland	2	2*

[1] Much of the waste in the United Kingdom comes from waste land. In the United Kingdom, unlike in the Netherlands, it is compulsory to report soil removed as waste. Fluctuations in the volume of waste can therefore be attributed mainly to this residual stream.

[2] The strong increase in the volume of waste, compared to 2018, can be explained by the fact that we started to calculate the volume of waste differently for each type of construction project. For further explanation, see page 76.

Work and social enterprise activities

EMPLOYMENT

	2018	2019
Total average number of employees		
United Kingdom	2,890	3,087
Noord-Amerika	1,400	1,364
Duitsland	353	336

INITIATIVES IN 2020

- Set up quarterly reporting process
- Further implement quality control system
- Follow up on recommendations for improvement from external assessment

Key financial figures VolkerWessels

Financial

	2017	2018	2019
Revenue (in mln euro)			
The Netherlands – Construction & Real Estate Development	2,043	2,105	**2,358**
The Netherlands – Infrastructure	1,474	1,414	**1,513**
The Netherlands – Energy & Telecoms*	674	751	**865**
United Kingdom	995	1,116	**1,344**
North America	351	350	**338**
Germany	244	268	**301**
Order book (in mln euro)	8,091	8,924	**8,916**
EBITDA (in mln euro)	265**	251***	**269****
Operating expenses (in mln euro)	5,563	5,796	**6,490**

* Includes revenue of our Energy & Telecom activities in Belgium.

** Excluding €13 million third-party result and €5 million staff-related charge in connection with the share incentive plan.

*** Excluding €6 million staff-related expense in connection with the share incentive plan.

**** Excluding €4 million staff-related expense in connection with the share incentive plan.

VolkerWessels

Our living environment

The tight housing market and ever-growing demand for infrastructure is putting pressure on the construction sector. Building production needs to increase and at the same time, the existing building stock needs to be made more sustainable. The construction sector is faced with the challenge of dealing effectively with this growing demand for buildings in the middle of an energy transition. A shortage of labour, high prices for construction materials and the environmental impact of our raw materials and resources mean that our own processes also need to be organised differently.

A challenge which calls for pooling of resources

The demand for additional homes and improved accessibility can be at odds with the transition towards a more sustainable living environment. Think for example of the legislation regarding nitrogen oxides and PFAS. A high concentration of these substances can have a negative impact on nature and our health, and in our projects we therefore try to find solutions to minimise the negative impact on the environment. To do so requires collaboration between various disciplines and active engagement with our stakeholders and knowledge partners. Only then will we be able to put successful sustainable alternatives with major social added value on the market.

What do these developments mean for us?

To keep up with the developments in society it is important that we get the various disciplines and parties to work together. Below we take a closer look at a number of important developments that impact on our business operations.

Climate change

Extreme weather has many negative consequences for our living environment, for example a decline in biodiversity, dangers to public health and damage to infrastructure and property. Climate-adaptive construction is one way of addressing the effects of extreme weather. As a market party that is active in both design and execution, we offer smart and sustainable solutions to problems such as flooding, heat stress, drought and subsidence.

Scarcity of resources

One of our greatest challenges lies in minimising consumption of primary resources and energy. The construction sector is still a major consumer of raw materials, and we can see the supply of primary resources is running out. If we can learn to use rather than consume resources and materials, it will save a great deal of energy and money and put less pressure on the environment, thus helping to slow down the depletion of the earth's resources. The key question is: "What do we need to do to get resources circulating as much as possible?" We will need to improve the reusability of objects and extend their lifespan, as well as recording information on the properties of materials and the possibilities for disassembly and reuse. For this we will need better cooperation with governments, chain partners and the scientific sector. VolkerWessels contributes to the transition to a circular economy by pursuing a policy of circular design, reuse and recycling of resources and waste reduction.

Shortage of labour

The ageing and changing workforce places high demands on our existing and future employees. For example, we need to train our specialist technicians to keep pace with advances in technology. The focus within our organisation needs to be on smart organisation of the work and redoubling our efforts to train and retain staff. Personal needs and long-term employability of our existing and potential employees are therefore a priority.

Growing importance of well-being and health

People are increasingly health aware. Contributing to the health and well-being of end users is playing an increasingly important role in tenders and design requirements. This importance is for example reflected in the higher demands being placed on the homes and offices we occupy. New housing concepts whereby sustainability, health and circularity are the norm are consistent with this trend. In addition there are a growing number of inner city zones to which polluting diesel vehicles are denied access, thus preserving air quality.
In relation to our vehicle fleet we are therefore focusing on clean, more energy-efficient means of transport.

Ommelanderdiek The 12-kilometre long seawall is the first in the Netherlands to be reinforced in accordance with the latest safety standards and earthquake protection measures.

Business model

Input

What we need in order to perform our activities

Economic

Financing and capital for assets and innovation

Building equipment, leased cars and company cars

Environmental

Resources and building materials

Energy for asphalt plants, construction sites, transport and offices

Social

Knowledge and experience of employees

Cooperation partners, suppliers and subcontractors

Activities and output

What we do: design and build an entire living environment

Result

A living environment that contributes to quality of life

Health and wellbeing

Safe neighbourhood and construction site, well-being and vitality, healthy homes and outside air

Natural environment

Circularly built, climate-neutral and adaptive, nature-inclusive

Work and social activities

Social partner on the labour market, conscious and honest builder, attractive company for employees

This graphic depiction of the living environment shows a simplified version of our business model: the activities we perform, what we use in the process and the result we ultimately achieve for the living environment.
In so doing we are not so much interested in the physical objects and networks that we create but rather in how they contribute to quality of life. We achieve this by using comprehensive collaboration to combine the local knowledge and expertise of our companies.

What input do we require for this?
In order to realise our projects we require all kinds of resources: economic, social and environmental. For example:

- Economic financing and capital goods such as equipment.
- Social knowledge and experience of employees and subcontractors.
- Environmental resources, building materials and energy.

To support our building sites we aim to make our supply and logistics as safe, economical and efficient as possible, for example by means of the BouwHub and by using sustainable materials and modes of transport.

What are our activities?
Our core values of safety, sustainability and integrity are key in performing our work. This means things like maintaining a tidy, safe and sustainable construction site (for example by using Eco-Units), economical use of our equipment and good waste separation at source to optimise recycling.

In the Netherlands we operate in three sectors with a very diverse range of activities.

- Construction & Real Estate Development: from property development to residential, industrial and non-residential construction.
- Infrastructure: civil engineering, road and railway construction, traffic systems.
- Energy & Telecoms Infrastructure: infrastructure for energy networks and telecommunications.

VolkerWessels holds a leading position in a number of specific markets in the United Kingdom, Germany and North America. Our business consists of over 120 local companies employing approximately 17,000 people. The majority of the 25,000 projects we carry out a year are local and small-scale, with low complexity and a high degree of repetition. This solid foundation enables us to take a selective approach towards additional large-scale, more complex projects. VolkerWessels acts primarily as the lead contractor, specifically focusing on activities such as project, contract and risk management. The actual construction work is largely outsourced to the chain, allowing us to maintain a strategic and tactical position across the entire value chain.

What output do we realise with this?
In collaboration with our employees, chain partners and other stakeholders we are able to realise not just individual structures such as homes, viaducts and masts but even design and build an entire area. Working together with companies from all sectors we have the ability to design a complete living environment, for example a whole residential area with demountable homes, complete with roads, green areas, sewage system and internet connection. Or a modern business area comprising a mix of offices, homes, catering and hospitality establishments, and cultural venues.

What result are we aiming for?
For us it is expressly not just about the physical living environment but rather the impact of the living environment on people's quality of life. It is about living enjoyment, happiness, health, accessibility and greenery. We put this into practice within three quality of life pillars where VolkerWessels has a great deal of influence:

1. Health
2. Natural environment
3. Work and social enterprise activities

What does this mean for our sector?
The construction sector is a strong contributor to economic growth. Building output continued to grow in 2019 and we expect to see continued growth in the coming years.

Requests from clients in tenders show that sustainability, innovation and digitalisation are becoming ever more important. Examples of digitalisation include Building Information Modelling (BIM), which enables any mistakes to be identified early on in the construction process ('at the drawing board') and which allows a better overview to be maintained on large projects. Moreover, BIM models make it easy for us to generate material passports, using the Material Passport App we developed in-house (you can read more about this on page 45). Another example is the use of sensors, which provide an insight into how buildings are used, thus enabling future maintenance to be optimised. Prefabrication, 3D printing and robotisation are examples of industrialisation which will in time make the construction sector less dependent on factors such as the weather and the availability of employees. They also help towards preventing wastage of materials.

Realising campuses and multi-tenant business buildings, where employees of various organisations can meet up and develop products and services across organisational boundaries, is an example of social innovation. Digibase, our centre for digital construction in Nieuwegein, is a case in point, creating a network which allows better and faster sharing of knowledge with the VolkerWessels companies and employees.
The pace of the transition to a more sustainable sector has increased, but at the same time is hampered by low margins and rapidly rising costs of materials and labour shortages. In order to realise the high ambitions of the Netherlands, the sector will need to undergo further transformation in the coming years. This means that expectations on the part of society and major clients such as governments are high. For example the central, local and provincial governments need a joint strategy to bring about the transition to a circular economy. This calls for an interdepartmental agenda with clear objectives and tasks for the various government agencies. We believe that clear sector-wide legislation is a precondition for a successful transition.

The construction sector is an important player in realising the climate targets, such as making homes more sustainable. Value chain partners and clients will have to act in concert to achieve the shared final objective: a climate-neutral and circular construction sector. Our clear direction, together with the rapid pace of development in the market, enables us to predict accurately what the sector can expect in the medium term.

The challenge is not to approach the various topics (e.g. CO_2 reduction, climate adaptation, circularity and health) individually but to tackle them all. In doing so we face complex challenges that require sustainable solutions. This gives us opportunities to further develop our knowledge and to innovate. Our sound financial position and the innovative concepts and expert knowledge we already have form an important starting point in this respect.

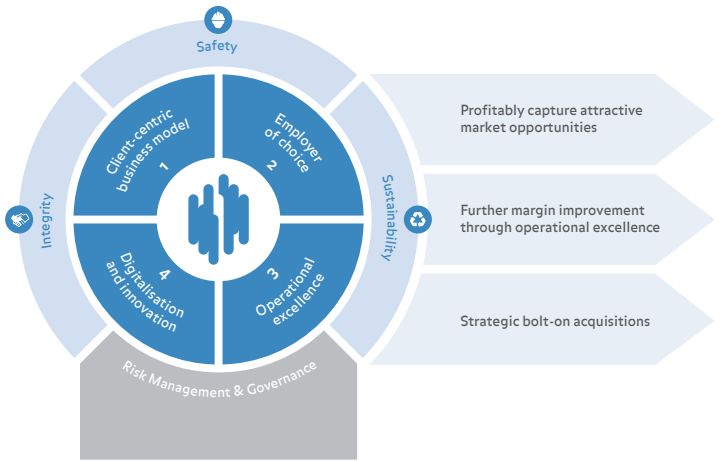
What does this mean for our projects?
VolkerWessels has a diverse range of businesses. The various disciplines and areas of expertise within our group give us several ways of responding to changes in the market.
The decentralised structure of our organisation is what makes the difference here. It means there is room for personal initiatives, and that our employees feel responsible for their own organisation and environment. As a result many new ideas and innovations happen in the workplace, for example the development of a new type of evaporator that is installed in the ridge of the roof and generates energy to heat homes (read more about this on page 52). At the same time the challenge lies in combining this decentralised expertise and market knowledge into integrated solutions. Exchanging knowledge internally and scaling up pilots for broader application are crucial in this respect.

The core competency of our companies is: 'the successful completion of a large volume of local projects in local markets'. The collective knowledge within our group enables us to carry out both small and medium-sized projects and large multidisciplinary projects.

Strategic pillars
Our core values safety, integrity and sustainability form the heart of our strategy. We have formulated four strategic pillars based on these three core values:

1. Client-centric business model
2. Employer of choice
3. Operational excellence
4. Digitalisation and innovation

These four pillars translate into three tactical priorities: (1) to profitably capture attractive market opportunities., (2) to improve margins through operational excellence and (3) to pursue strategic bolt-on acquisitions.



Risk management

Good risk management and taking advantage of opportunities is essential to the successful achievement of our strategic objectives. We measure our dependence on fossil fuels and raw materials with indicators for CO_2 emissions, use of primary resources and the proportion of secondary materials in asphalt and concrete mixes. We use our safety indicators to measure risks surrounding health and safety. These indicators are discussed in the various chapters of this report. You can read more about risk management in our organisation in the Risk section of our Annual Report.

Climate change is a risk because the increase in extreme weather conditions can hamper the execution of our projects. We are therefore expanding our knowledge in the area of climate-adaptive construction and taking mitigating measures, both in projects and in our own organisation (for example with smart building logistics, energy-efficient asphalt plants and electrification of equipment). We also pursue policy aimed at improving the circulation of resources in the biological and technical cycle, for example by opting for secondary materials and focusing on design strategies aimed at releasability and disassembly of objects.

Regulations in the area of sustainability are becoming increasingly strict. For example, we expect the Netherlands to introduce additional legislation in the area of CO_2 reduction measures or even CO_2 pricing, which will have the effect of internalising environmental costs. Future legislation and regulations will have an impact on our organisation, but because they are still under development it is as yet unclear what the precise implications will be. There is a risk that we will not comply with the stricter criteria that clients will set, and that we will miss out on contracts as a result. We prepare for new regulations as best we can by determining our strategy using a timeline of future developments, which we update on a continual basis. In this way we make sure that we act timely and set in motion the necessary actions and changes in our organisation.

New logistic distribution centre In 2019 we completed the new logistics distribution centre in Breda. The city has direct motorway connections to places including Utrecht, Rotterdam, Antwerp and Eindhoven. There are also nearby rail terminals with daily connections to the seaports of Antwerp and Rotterdam.

The Management Board has overall responsibility for identifying, prioritising, managing and monitoring risks. It does so using tools including quarterly meetings with the boards of the operating companies and specific indicators for monitoring risks over time.

What do these developments mean for our value chain?

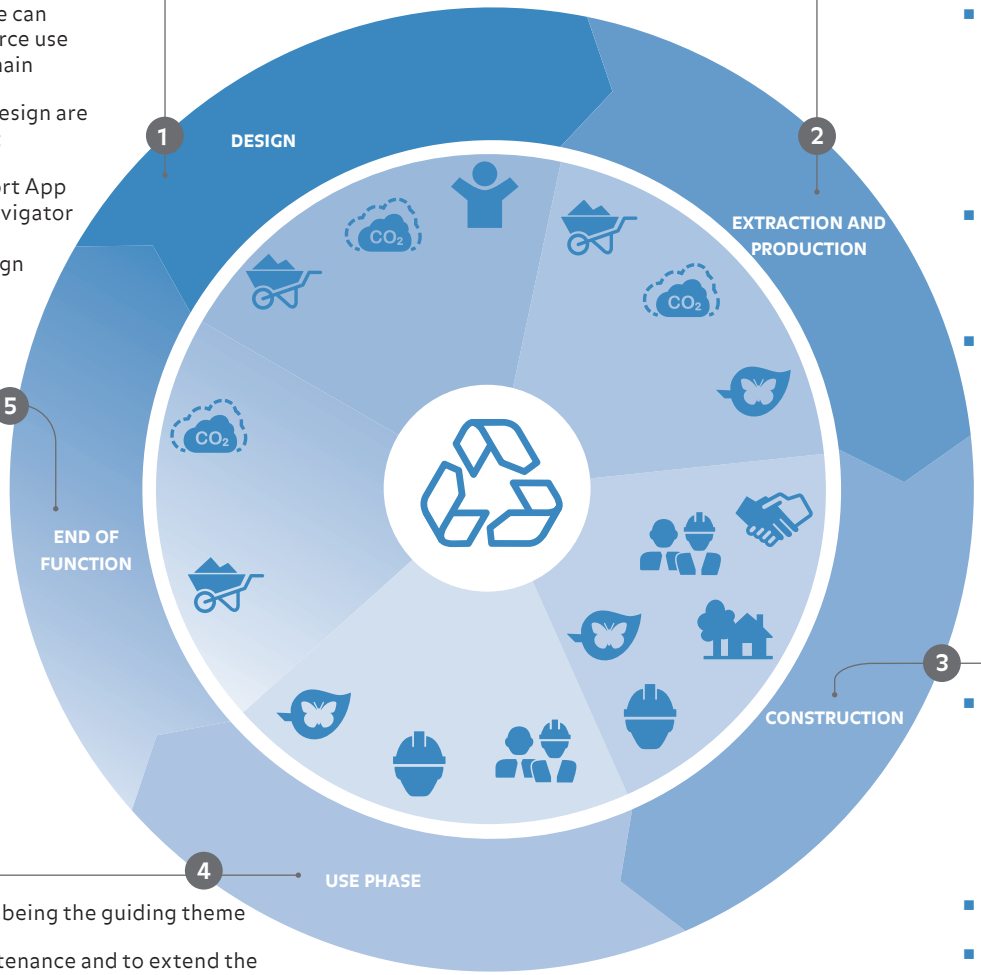
A climate-neutral and circular construction sector means converting the existing construction process – from the extraction of resources to production, consumption and waste – from linear to circular: in other words, creating closed cycles. It also means using sustainable energy during the construction process. We should no longer base our thinking on an individual product or construction phase but on integrated solutions for the entire value chain.

The challenge for VolkerWessels lies in recognising and responding to opportunities to play a connecting role within the value chain. The biggest challenge lies at the front end of the value chain: to make objects easier to reuse, to extend their lifespan and to reduce or avoid the use of primary resources and fossil and other types of fuel.

The design and construction phases are crucial in this respect. This is where we can leverage our influence to have a positive impact on the rest of the value chain. For example through the central pooling of our design departments within the infrastructure sector, and closer collaboration with our suppliers, so that we can also benefit from the knowledge present there. The caveat here is that our clients also must want to go along with this, so that we can achieve even more sustainability in the sector.
Furthermore collaboration in the value chain makes it easier to circulate flows of resources. For example, by building smart, clean and safe inner-city hubs we are able to achieve ever-better coordination between the demolition phase and the construction phase. These developments and experiences mean that we increasingly play the role of knowledge partner as well as that of contractor, increasing our involvement at every stage of the lifecycle. It gives us greater influence, from the planning through to the use phase.

VolkerWessels value chain

This overview shows our value chain along with the sustainability topics relevant to each step in the chain. These topics are discussed in more detail elsewhere in this report. Our influence is greatest during the design and construction phases, when we leverage our influence as much as we can to activate the rest of the chain.



1 DESIGN

- Needs of the end user
- Research how to contribute to quality of life and how we can reduce energy and resource use across the entire value chain
- Circularity and flexible design are important in this context
- Our own Material Passport App and the NieuwWonen Navigator software tool contribute towards sustainable design

2 EXTRACTION AND PRODUCTION

- Innovative and efficient extraction and production
- Strategic cooperation with suppliers, for example through the Green Deal on Concrete for instance, and by setting sustainability requirements for our procurement
- For example FSC, the environmental impact of concrete products or social return requirements
- Researching alternative materials and ways to use waste

3 CONSTRUCTION

- Acting as a good neighbour is the basic principle, by working in accordance with Considerate Constructors and focus on safety with our WAVE programme
- Safety program WAVE
- Creative solutions to minimise nuisance, for example by setting up efficient logistics to support the construction process

4 USE PHASE

- Needs of the end user, with quality of life being the guiding theme
- Focus on efficient management and maintenance and to extend the lifecycle of structures and infrastructure as much as possible
- Avoid demolition wherever possible
- Energy pilot at group head office: investigate own energy consumption and indoor climate

5 END OF FUNCTION

- The final step in the chain is essentially also the first step
- When a structure reaches the end of its function is reached, materials and resources are freed up again
- Strategic collaboration with raw materials suppliers, manufacturers and waste processors
- By making this explicit in the design, we are able to increase reuse and recycling levels

Building a better quality of life

VolkerWessels wants to build a better quality of life. Our ambition is a sustainable development of society, to build a working and living environment where people can live happy and healthy lives.

As an international construction group, we are able to influence how the future living environment is organised when acting as a client ourselves. Our influence in the design phase presents a great opportunity for example to realise fully circular buildings and infrastructure. But as a manufacturer, purchaser and operator we also have the ability to impact how society is organised. While our influence is more limited in situations where we are acting as a contractor, we still expressly look for ways of helping the client make their design more sustainable.

At the same time, the transition to a sustainable society brings uncertainty. What is really relevant? And which topics deserve priority? This also applies to the construction sector.
The changing public opinion and non-stop developments at a social, economic and environmental level test our ability to adapt. In order to be future-proof we must look ahead; we must anticipate in terms of both our behaviour and our decision-making.

A shared goal to aim for is helpful in this respect. VolkerWessels wants to contribute to a climate-neutral, circular and healthy living environment. We offer innovative solutions in the areas where we as a construction company can make a difference, for example by applying more secondary materials and innovative technologies. Our solutions create energy-neutral homes, offices and building sites, ultimately enabling us to improve people's quality of life.

Proactive collaboration
Anticipating developments is not something we can do on our own, we need our stakeholders and cooperation partners. We no longer see ourselves just as a building contracter but more as a knowledge partner. A knowledge partner works with clients and takes an open and proactive stance in the partnership. We believe that as a discussion partner for sector peers and clients we can contribute to discussions on sustainability.

When it comes to circular construction we are a true knowledge partner. We have been investing in developing the methodology of the Madaster Material Passport for many years now. At the end of 2019 we signed a letter of intent stating our ambition to issue a material passport for every building developed or built by VolkerWessels.

During the past year we also launched a sector-wide initiative with industry organisation Bouwend Nederland, TBI, Dura Vermeer and the provinces of Overijssel and Noord-Holland to initiate 15 pilot projects with the aim of introducing material passports for infrastructure projects. In contrast to the Construction and Real Estate Development segment, material passports are really still in their infancy here. VolkerWessels has contributed two projects: a large-scale long-term maintenance project at Schiphol airport and the construction of a bus lane as part of a wider public transport network in Utrecht.

A circular construction sector will require a total overhaul of the construction process, but how this should be tackled is still unclear. VolkerWessels is involved in formulating the new national standards, good practice guidelines and technical agreements concerning circular construction. We are also developing measures to help enable sustainable refurbishment of existing structures and renovations. We have developed the NieuwWonen Navigator software tool which analyses the heat requirement of existing buildings and presents housing corporations with a clear insight into the various sustainability measures and the costs associated with them.

The three pillars of quality of life
We are not able to influence all aspects of quality of life. For example we have no direct bearing on the right to vote or good healthcare. A few years ago we and our stakeholders looked into which aspects of quality of life we have the ability to influence in a positive way. The conclusion was that there are three pillars where our influence is greatest:

1. Health
2. Natural environment
3. Work and social activities

Since then, VolkerWessels has targeted its sustainability policy at these three quality of life pillars. This gives us something to focus our long-term vision on. During the various annual rounds of stakeholder dialogue we check whether the pillars are still current. So far the pillars have been reconfirmed each year.

Each pillar is connected to a number of topics which are directly linked to the built environment. The 'Health' pillar for example focuses on the VolkerWessels core value of safety, on improving indoor and outdoor air quality and on promoting physical activity. The 'Natural environment' pillar is mainly focused on sustainable use of resources, cutting CO_2 emissions and promoting biodiversity and restoration of the natural environment. The 'Work and social activities' pillar is all about keeping local communities involved and informed about building projects, about being a good employer and about acting with integrity.

Our priorities
Our sustainability policy is maturing all the time, and we are becoming more successful at making sustainability part of our activities. In addition, we discuss at management level how quality of life can specifically be incorporated in our policies. We also focus our management more actively on the three pillars. Whereas we were previously mainly focused on accurate reporting of the sustainability figures and launching pilots and initiatives, we are now gradually making the transition to having an impact in the area of sustainable innovations.

Early 2019 was a landmark point, because that was when we finalised six spearheads at group level, which operationalise our vision 'Working together to build a better quality of life'. The six spearheads can be seen as priorities for the short and medium term, for the next five years.

The spearheads were determined based on background analyses, discussions with stakeholders and projected trends and developments in the various markets. We divided the spearheads into 'making an impact' and improvements in our organisational hygiene, in other words 'putting our house in order'. These six topics will be our priority in the coming years and provide the starting point for the policy for the period 2020-2025.

Ambitions for 2025
Our current 2020 targets are nearing expiry. Over the past year, we have been working on new targets for 2025. We use the six spearheads for the short and medium term as a framework for embedding sustainability at every level of every company. To formulate the new targets, we actively sought feedback from our companies and our boards. In the coming year they will continue to work on formulating a plan for each segment (Construction and Real Estate Development, Infrastructure, and Energy & Telecom Infrastructure) with clear roadmaps for the spearheads and ambitions. Depending on the outcomes, we may tweak the ambitions and targets further. This process represents another step towards a more mature and ambitious sustainability policy. The ambitions for 2025 are set out in the table above.

VolkerWessels sustainability targets for 2020-2025

Our own house in order	
1. Sustainable fleet of vehicles	25% reduction in CO_2 emissions from the vehicle fleet compared to 2020 (per FTE and in absolute terms)
2. Waste separation	> 95% of waste separated and recycled *Target for high-grade re-use and high-grade recycling still to be determined.*
3. Social return	SR-score of 1.9%
Making an impact	
4. Circular design strategies	80% of construction and real estate development projects under own development and 80% of Infra projects to have a material passport with a score for material usage and releasability
5. Sustainable use of materials	70% of all ground-level homes we develop is a zero-energy bill home 25% reduction in CO_2 emissions resulting from the use of concrete and asphalt compared to 2020 *Target for CO_2 emissions resulting from the production of concrete still to be determined.*
6. Sustainable equipment services (incl. BouwHubs)	25% reduction in VolkerWessels CO_2 emissions (Scope 1 and 2) (per € revenue and in absolute terms) compared to 2020 Roll out BouwHubs in urban areas where there is a positive business case

In order to get our own house in order we have set three priorities. The first concerns the vehicle fleet ,as it accounts for a large part of our CO_2 footprint. Moreover, we need to accelerate the greening process if we are to achieve a zero-emission fleet in the medium term. With regard to the residual flows we know that >95% waste separation and recycling is achievable. We consider it more important to gain a better insight into the residual flows and their value. It is therefore our ambition to accurately map high-grade reuse and recycling and improve our performance in this area. In 2020, we will investigate how we can increase the recycling rate for three construction projects. In terms of social return we have found that the current target (3.7%/PSO level 3 in 2020) is overambitious. A target of 1.9% (PSO level 2) is more realistic. Moreover it still represents an above-average target, given that the score would put us among the top 25% of companies in terms of performance.

Sustainable Development Goals at VolkerWessels

Our sustainability vision focuses on 'building a better quality of life'. The SDGs help us focus. They provide a guideline and an assessment framework: 'How can we contribute to today's major societal challenges? They also offer a common language to explain to others what we do.

We give substance to sustainability through our objectives. In determining the indicators, we looked at our impact on the three pillars of quality of life and how they contribute to the SDGs. The SDGs to which our objectives are linked are indicated for each individual chapter in the Sustainability Themes section. More information can be found in the Appendices to this report, which can be accessed via our website.

With regard to the circular design strategies spearhead, our policy will be focused on material passports and zero-energy bill homes. These targets are aimed at achieving a better performance in terms of circularity, modularity and energy in every object that we build. With regard to concrete and asphalt, in our role as manufacturer, buyer and design partner we want to exert our influence on the concrete and asphalt chain in order to minimise the environmental impact. As far as concrete is concerned, we closely follow the discussions in the concrete sector about sustainability. We are starting a study to find out which knobs we can turn in order to make a difference. We don't want to set an ambition that we can't achieve. That's why the 2025 target for CO_2 emissions from the use of concrete is not yet concrete. We have aligned our target for sustainable equipments and construction sites with the national targets set for example in the climate agreement. The same applies to the target of a 25% reduction in our overall CO_2 emissions in 2025. We are still hard at work on developing the ambitions for our BouwHubs and will continue to flesh these out in 2020. More strategic planning is needed before we can formulate a measurable target.

Getting to work

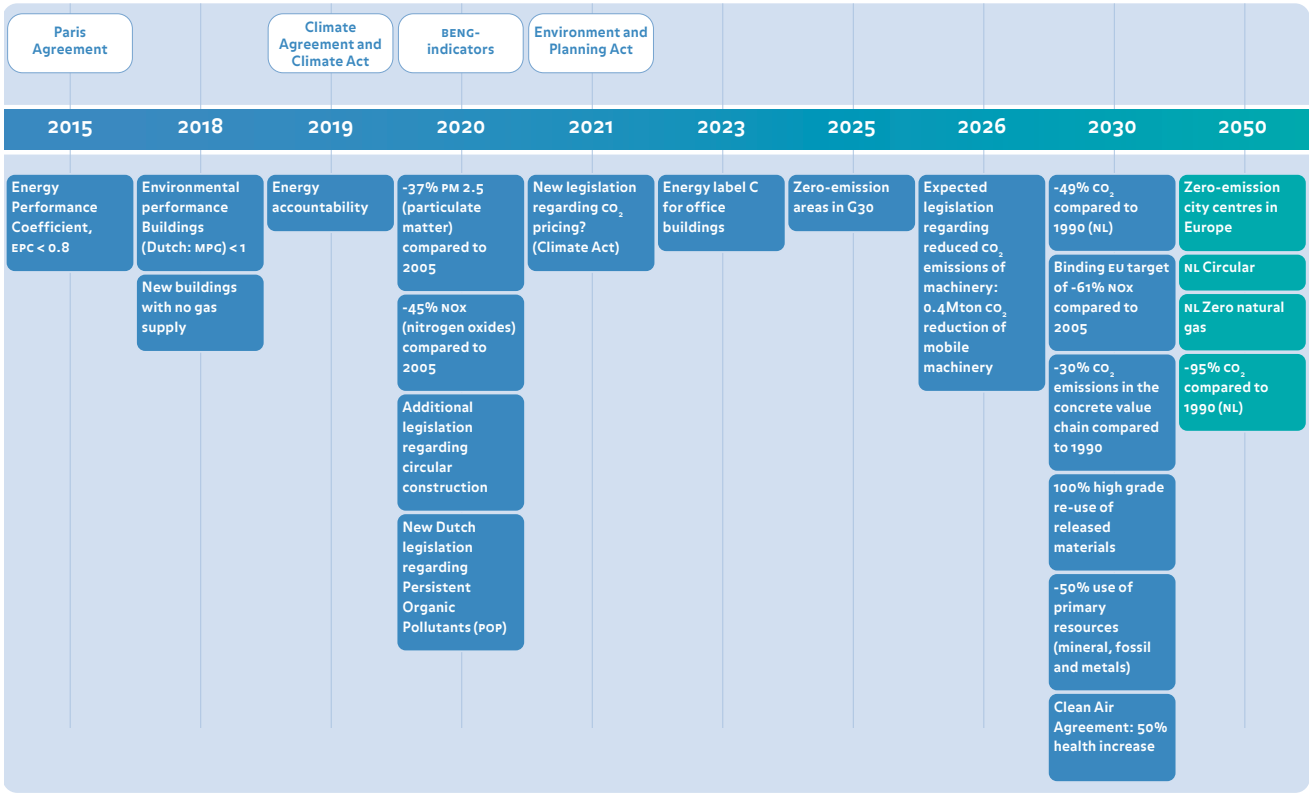
We believe that these six spearheads are a good way of preparing ourselves for the social developments that lie ahead. The adjacent figure shows a number of upcoming developments which we know will affect our business. We use the timeline for our planning and to ensure that we keep pace with these developments as much as possible.

For example, targets arising from the national climate agreement, such as the target of a 0.4 megaton reduction in CO_2 emissions from heavy building equipment in 2026. Having already acknowledged the urgency of this, we have made this topic a priority. In addition to making the actual equipment more sustainable, we are focusing on smart logistics. We are also expecting changes in the legislation and regulations relating to circular construction. In early 2020 the Management Board will hold a strategy session to plan how to respond proactively to social developments. Based on the outcome the targets and ambitions may be further tightened or adjusted.

The six spearheads are becoming more and more visible for our employees and our stakeholders. For example we are working on developing the circular BouwHub in Amsterdam. The site in Amsterdam's western port area covers around ten hectares. We will start by using two hectares as a BouwHub, drawing on our experiences with the existing BouwHub in Nieuwegein. The area will be expanded in future. The site is situated on the North Sea Canal and will contribute to the Amsterdam metropolitan region's objective of greening logistics within the city.

What successes can we celebrate this year?

What results are already visible? In 2019 we achieved a number of great successes. An important achievement concerns the demonstrability of circular construction. We are proud that our own Material Passport app is ready for testing. This software enables us to rapidly generate a material passport for a building. With the material passport providing information on the materials applied and the composition of structures, this is a major step towards the circular use of materials. Moreover, the software is well suited to the work of our designers, making it relatively easy to implement. In 2020 we are going to test the application, and we expect to be able to start using it in the

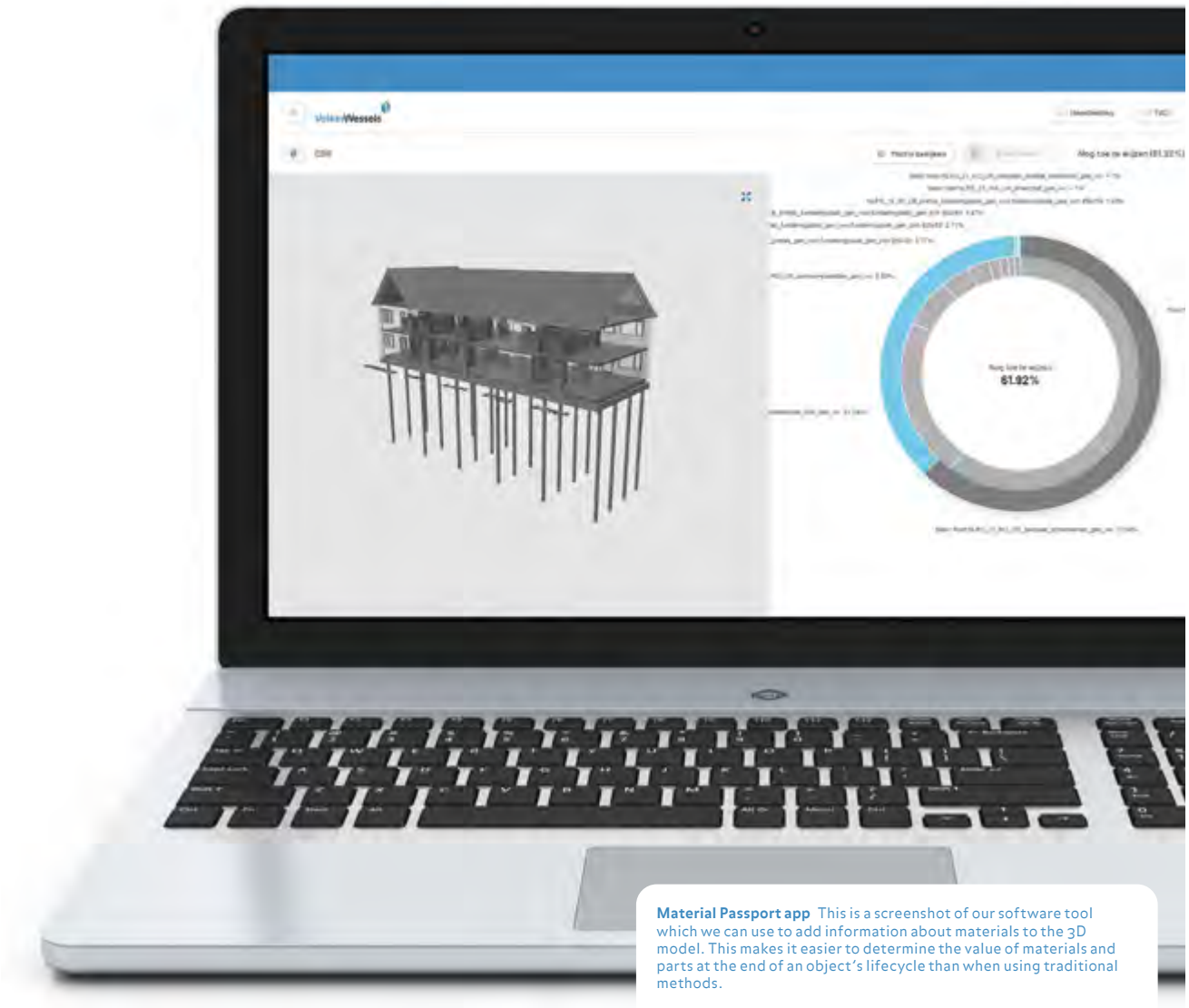


second half of the year (read more about this in the Resources chapter).

We are convinced that the great properties of timber mean that it will be used much more widely in construction in the future. Timber is renewable, suited to prefabrication and much lighter than concrete. Sustainably managed forests help to regulate the climate and sequester CO_2. Which is why we together with the Dutch Union of Forest Groups and FSC Nederland have signed an agreement to invest in climate-proofing 500 hectares of Dutch FSC forest. We want to use the timber from these forests in our own construction projects.

Over the last three years we have worked intensively on developing PuurWonen, a new healthy and circular housing concept. The technical design of this new concept was completed in 2019. We also analysed the materialisation and started selecting suppliers. What makes this concept unique is that it involves a lot of timber as well as using prefab elements, which are attached using dry connections. The site of the first show home will be announced at the beginning of 2020.

At Schiphol, we will be upgrading and maintain the airport infrastructure over the next few years, including all the gates and runways as well as the passenger boarding bridges.
In terms of both the design and the execution, we are taking many measures in the area of sustainability. The execution of the project will be climate-neutral, meaning that we will minimise our own CO_2 emissions and offset remaining CO_2 emissions, partly by climate-proofing Dutch forests. Furthermore we aim to halve emissions of nitrogen and particulates within nine years, by increasingly using electric and hybrid machinery and vehicles. In 2020 we will also set up a logistics hub to use as a base for managing the logistical supply and distribution of materials. This logistics hub will be delivered white label, meaning it will be freely accessible to all parties. A contributory factor to the success of this project is that Schiphol has high sustainability targets as a client.



Material Passport app This is a screenshot of our software tool which we can use to add information about materials to the 3D model. This makes it easier to determine the value of materials and parts at the end of an object's lifecycle than when using traditional methods.

Schiphol Together with transport company Vrijbloed, we developed the first electric truck in the construction industry. In 2019, this truck was used for clients, suchs as Schiphol.

What difficulties do we need to overcome?

We believe that our role as a knowledge partner is crucial if we want to make a positive impact in terms of the three pillars Health, Natural Environment, and Work and Social Enterprise activities. We face various challenges in this respect. Firstly, demonstrable circular construction is still quite a tall order, given the lack of consensus on definitions and design guidelines. Secondly, sustainability is not yet fully embedded in our organisation.

And thirdly, sometimes we do not get a chance to incorporate innovative solutions in the projects, for example because clients are still cautious when it comes to purchasing sustainable innovations. These three challenges are discussed in further detail in the following paragraphs.

Measurability of circularity

We believe that circular construction is both urgent and worthwhile. The challenge we face here is how to demonstrate circularity. How can we make our progress clear to clients? Because we want to show clients that we can do it. We have worked on a new target for this topic. This was no simple matter given that 'circularity' is a very broad term and there is as yet no consensus regarding its definition. So what is relevant to measure?

> “There is a lot of discussion about how to define circularity. It is very valuable that we now have a better idea of what is relevant to measure Jan de Ruiter – Chairman of the Management Board

"The material passport for the Cruquius bridge is teaching us to gain experience in what information is needed and how it should be entered in the data management system. Knowledge-sharing in the civil engineering sector during development will give us more support and uniformity."

Paul Jansen
(Province of Northern Holland)

ANOTHER PERSPECTIVE

To find an answer to this question in 2019 we asked the External Review Committee for input on the matter. Two independent scientists helped us to pare down the issue. They helped us to understand that we should focus on the 'problematic resources', i.e. those which have a major impact on the environment. The starting point for measuring circular construction is to ensure that resources circulate in cycles, in order to minimise the need for primary resources. You can read more about the result of this process elsewhere in this chapter.

Sustainability not yet part of our DNA

In order to help initiatives and innovations along, we need to know what we already have, where knowledge is already present and which sustainable innovations or products are promising and which are not. We need to know how a positive effect can be properly substantiated. Because we believe in delivering on what you promise. We take care when claiming that something is sustainable, establishing this by means of trial, learning and measuring. Lessons learned can then be incorporated in our business models. This way of thinking is not yet a matter of course within our business culture: it is not yet part of our DNA.

We learn from pilot projects and testing grounds. A good example is the first circular viaduct we built in 2018. The temporary viaduct is a real textbook example of cooperation, learning, coordination and knowledge. Afterwards the design process was used to formulate a number of circular design principles which provide a good basis for the whole of VolkerWessels. The aforementioned partnership with TBI and Dura Vermeer for the development of material passports for infrastructure objects is one such testing ground.

Scope for sustainable and economically responsible construction

Transforming the construction sector and the built environment is a major task. In our opinion we are still in the early stages of the transition to a sustainable construction sector. The sector is under a lot of pressure to become more sustainable, given the large quantities of energy and resources required for the construction process. At the same time the scope for sustainable construction is limited due the small margins, changing legislation and regulations and dependence on tight client budgets. What VolkerWessels is able to deliver is largely determined by how our clients interpret their social tasks, what budget is available for this and what part sustainability plays in this.

Within this limited scope for sustainable construction, we look for the actions that we can take. We are keen to engage in dialogue with stakeholders and look into sustainable alternatives for our products and production and construction processes. For example in the past year, we teamed up with TNO to research the possibility of using electricity to power our asphalt plants. Research shows that while this is technically possible, it is not yet commercially attractive because it pushes asphalt prices up to a level that clients are currently not (yet) willing to pay. The passing on of environmental costs in products should result in a level playing field. A CO_2 tax would currently appear to be the best mechanism for this.

Our stakeholders

As a construction group with over 17,000 employees operating in various sectors within the built environment we deal with the involvement of a large number of organisations, parties and other stakeholders. Our sustainability policy is aimed at satisfying the wishes of our public and private clients, our employees and the end users. We therefore engage in dialogue with our stakeholders on an annual basis, and use their feedback and needs to improve our strategy. This can for example lead to new partnerships in order to achieve shared goals.

We engage in dialogue with those stakeholders with whom we can make a meaningful change. This means that we have ceased to participate in a number of stakeholder initiatives, because sustainability mainly a topic of debate, but no action was taken. This is consistent with our vision of becoming a relevant knowledge partner.

Examples of collaborations which we do consider worthwhile include the Accelerating Together covenant programme and the Asphalt Quality Desk. We signed the Accelerating Together covenant programme in April 2019. We are contributing by dedicating seven specific projects for research into circularity. In the next few years an independent team of auditors will assess the projects of all partners involved.

We are also actively involved in the recently established Asphalt Quality Desk, a sector initiative aimed at speeding up asphalt-related innovations within the infrastructure sector. In the past six months one of our sustainable asphalt mixes, 'DZOAB 16 50% PR', became the first mix in the Netherlands to be certified by the Asphalt Quality Desk. The mix is produced using fewer primary resources.

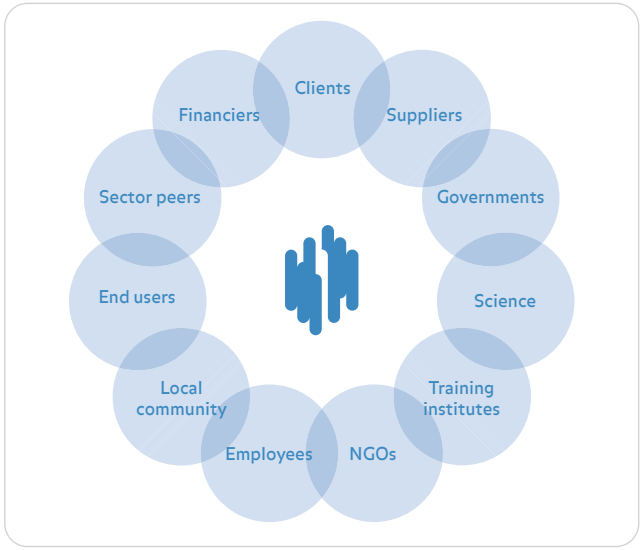
Within our own organisation we held discussions at operational level with employees and external stakeholders about more efficient use of resources and material flows. The topics of this dialogue were 'smart logistics' and 'sustainability in tenders'. How can we realise infrastructure that is well suited to circular local construction transport? And how do we make sure that we stand out in tenders?

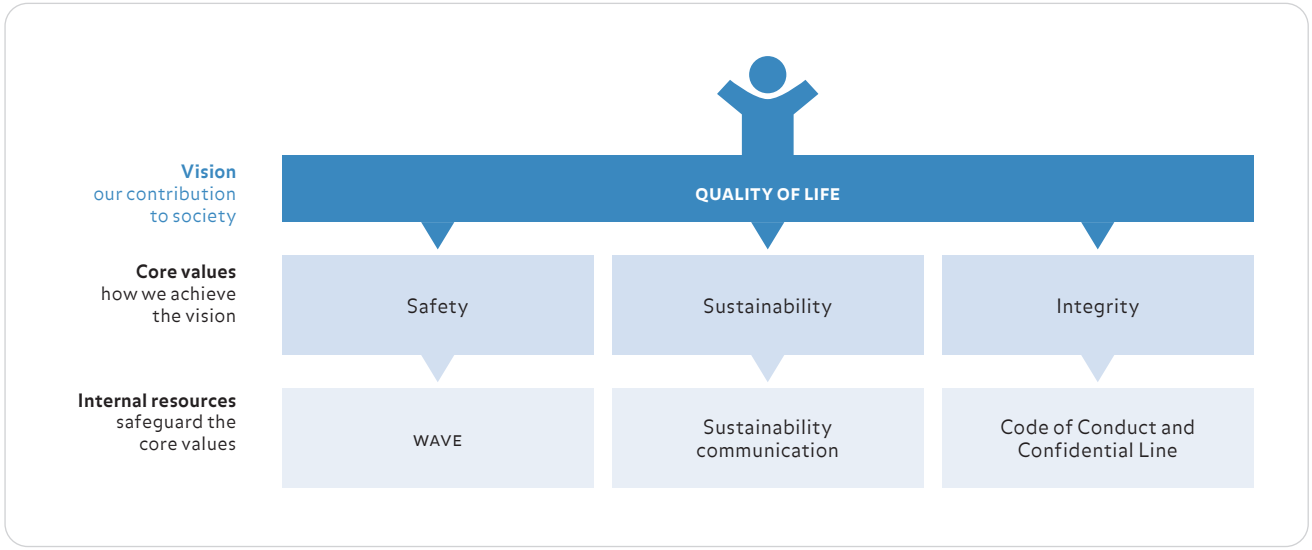
Our employees indicate that the organisation needs to devote even more attention to sustainability. We need to explain our vision more clearly to our employees, and encourage them to put it into practice themselves. This emerged from the employee survey of 2019. In view of this we are working on making sustainability visible in our internal and external communications. Messages about quality of life are increasingly included in our communications including labour market campaigns, introduction courses and press releases.

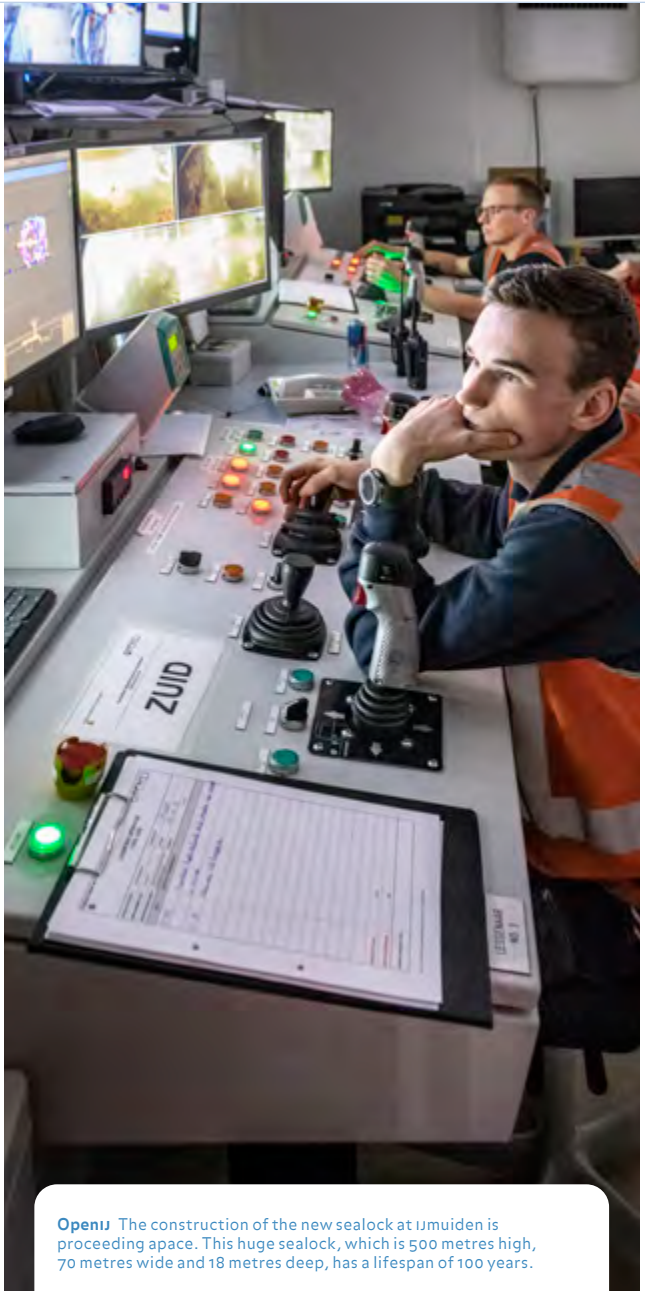
Our quality of life ambassadors have an important role in further disseminating the quality of life method and approach throughout the organisation, for example by composing the e-learning on our sustainability policy. These eight employees, who were appointed as ambassadors in 2017, are authorised to give solicited and unsolicited advice on applying quality of life to our projects and business management. Each ambassador does so based on their own area of expertise.

We believe that everybody has good ideas. In order to keep innovating effectively we need to support, coach and connect our professionals. Which is why we launched the HeliX innovation programme two years ago. The programme supports the innovation process and provides a digital innovation platform that encourages collaboration and knowledge-sharing between companies. As an open platform that can be accessed by all VolkerWessels employees it allows us to collect a large number of ideas in a short space of time.

Overview of key stakeholders







OpenIJ The construction of the new sealock at IJmuiden is proceeding apace. This huge sealock, which is 500 metres high, 70 metres wide and 18 metres deep, has a lifespan of 100 years.

In March 2019 one of our companies launched an ideas campaign for making our working lives, offices and the commute to work more sustainable. A total of 133 ideas were put forward, from small-scale ones for reducing water and energy consumption to major incentive measures such as bonuses related to sustainability and communication campaigns about the sustainability policy. A number of these have been fleshed out and implemented.

External Review Committee

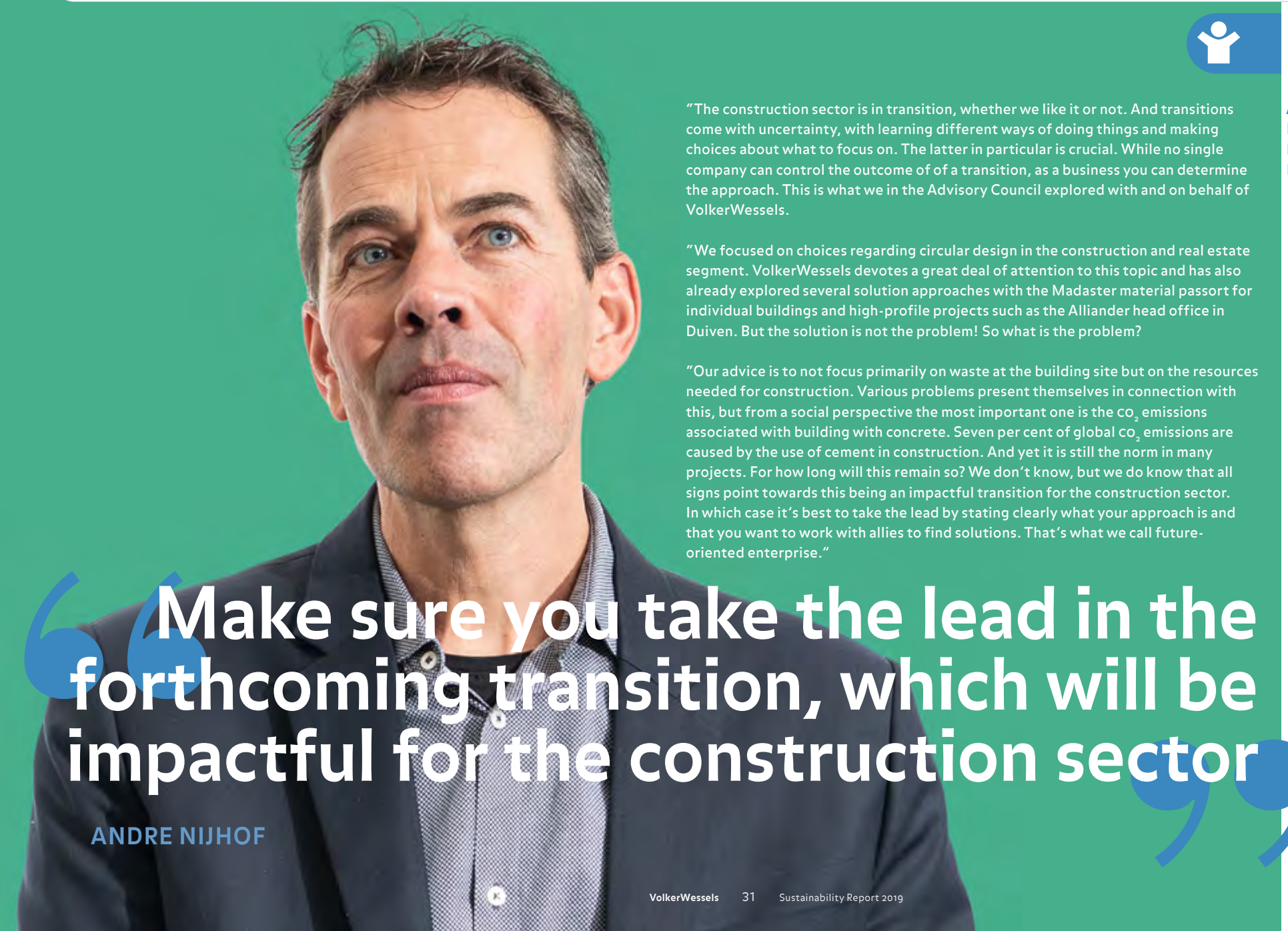
The annual formation of a External Review Committee has become a fixed element of the VolkerWessels sustainability policy. Depending on the requirements and the advice needed, a Committee is formed, comprising scientists and experts attached to Het Groene Brein, a foundation that brings together science and business in the interests of sustainable enterprise. The members of the Committee take a critical look at the policy and formulate an advice backed up by scientific insights. The advice is discussed in a strategic session with our directors, including the chairman of the Management Board and the relevant segment directors. This year the Commitee members looked at the measurability of circularity. VolkerWessels wants to be able to make the circularity of its projects and products demonstrable and measurable for clients. The result is an initial concept for three KPIs: for measuring concrete applications; for modular construction and reusing elements (from doors to entire concrete floors); and for the application of bio-based or high-grade recyclable materials, such as timber and steel. The following two pages contain reflections and advice from Council members André Nijhof and Michiel Haas.

Management and responsibilities

In a mature sustainability policy objectives and frameworks are effectively translated into every layer of the organisation. This is a professionalisation process which we started some years ago. In focusing our management on the performance our main concern is always to do our work well: safely, sustainably and with integrity. Our organisation is set up in such a way that we focus our management on the performance of our companies. We do so based on the 'comply or exceed' principle: companies must either meet the group targets or, in consultation with the Management Board, set more appropriate targets in order to achieve a better performance.

The KPIs for our material sustainability topics have been added to the balanced scorecard for the members of the Management Board. The Management Board is responsible for translating these to the management level below. The results are discussed on a quarterly basis. Internal benchmarking at segment level is an important management instrument for the companies.

We have a CSR (Corporate Social Responsibility) Committee which discusses the sustainability policy. A CSR director was appointed to head the committee in 2019. In addition to the CSR director the committee comprises board members from the various sectors, as well as the chairman of the Management Board, whose portfolio includes sustainability. The CSR department coordinates and supports the implementation of the sustainability policy.



"The construction sector is in transition, whether we like it or not. And transitions come with uncertainty, with learning different ways of doing things and making choices about what to focus on. The latter in particular is crucial. While no single company can control the outcome of of a transition, as a business you can determine the approach. This is what we in the Advisory Council explored with and on behalf of VolkerWessels.

"We focused on choices regarding circular design in the construction and real estate segment. VolkerWessels devotes a great deal of attention to this topic and has also already explored several solution approaches with the Madaster material passport for individual buildings and high-profile projects such as the Alliander head office in Duiven. But the solution is not the problem! So what is the problem?

"Our advice is to not focus primarily on waste at the building site but on the resources needed for construction. Various problems present themselves in connection with this, but from a social perspective the most important one is the CO_2 emissions associated with building with concrete. Seven per cent of global CO_2 emissions are caused by the use of cement in construction. And yet it is still the norm in many projects. For how long will this remain so? We don't know, but we do know that all signs point towards this being an impactful transition for the construction sector. In which case it's best to take the lead by stating clearly what your approach is and that you want to work with allies to find solutions. That's what we call future-oriented enterprise."

Andre Nijhof
Professor of Sustainable Business & Stewardship, Nyenrode Business University

"Make sure you take the lead in the forthcoming transition, which will be impactful for the construction sector"

ANDRE NIJHOF

External Review Committee

"What struck me during the conversations with the various employees and board members is that they are open to new ideas and innovations. In many cases they are already applying this on a small scale. One of them said: "We do a lot of things and if it is a success, we see this as completely normal and don't make a song and dance about it." That's a pity. A large company such as VolkerWessels needs to work constantly on innovations to be able to remain decisive in the future. You cannot afford to fail to keep up.

"The Social Advisory Council process is a great example of how VolkerWessels handles innovations. Visibly engaged, open, but not necessarily a frontrunner. The strength of the group's many companies lies in their diversity. That means that it is very well placed to encourage a number of special developments in the market and even implement them without too much of a fuss. Just do it.

"It would be so great if VolkerWessels had the courage to say out loud that it has an ambitious programme to become circular. Or perhaps not even say so, just do it. Make an ambitious internal programme. For example, develop 100% bio-based homes and show that you are able to do so. Same with cement substitutes. It is already possible and more than that, it is inevitable that demand will come given the huge CO_2 impact of cement. Political demand is already there, market demand as yet only marginally so. But be ready for it and then say: 'We already have years of experience with this.' How great would that be... and in the meantime, do the things that you're good at."

Michiel Haas
Emeritus Professor for Materials & Sustainability, Delft University of Technology

"Be prepared by having an ambitious circular programme"

MICHIEL HAAS

Sustainability topics

HEALTH

There is growing public interest in health in the built environment

As a developer and construction company, we are able to exercise influence over the health of the indoor and outdoor environment, for example by developing homes which are life cycle proof, ensuring good air quality in homes and offices and reducing emissions of particulates thanks to the type of asphalt mix we apply. Our activities come with associated risks: at the building site, on the road but also at the office. VolkerWessels actively pursues a policy aimed at a strong safety culture. We do everything we can to raise awareness of safe working practices.

Sawing training Employees are trained in the safe use of a saw.

Commit and comply

In the interest of working safely, it is important that we are not afraid to hold each other to account and that we accept it when we we are held to account. This was the central theme for 2019. We make no concessions when it comes to safety. Openness about working safely must be the norm.

Our safety policy focuses on the working culture. We have laid a strong foundation for a clear safety policy at VolkerWessels. We apply clear rules on our building sites and see to it that they are enforced. We make the topic visible through our WAVE (Wees Alert! Veiligheid Eerst! – Be Alert! Safety First!) safety programme.

WAVE 2.0

Since 2018 we have tightened our safety policy with the aim of achieving better safety figures and reinforcing our safety culture. This means setting an annual safety agenda outlining our priorities.

During the past year and in collaboration with our companies and the VolkerWessels Safety Platform, we set the agenda: WAVE 2.0. We believe that the WAVE programme should go beyond the safety philosophy and the main agreements and have therefore expand the programme with the topic 'induction and training of employees'.

These are the spearheads of WAVE 2.0:

1. Induction and training of employees
2. Expanding the safety culture
3. Healthy reporting climate
4. Better analysis of accidents and near misses

Induction and training of employees

For many years now it has been common practice for all new VolkerWessels employees to follow a safety training programme on joining the company. Employees learn about the WAVE app and watch the VolkerWessels safety film.
An additional requirement as from this year is for all contractors to follow not just the usual 'Safety Checklist for Contractors' training but also an extra course that takes a closer look at behaviour. This 'Brain-Based Safety' course will be rolled out in the coming year using the train-the-trainer principle: trainers train other employees and at the same time teach them to train others.

Training in the generic site safety instructions (generieke poortinstructie, GPI) is mandatory for all employees who attend building sites. In addition we organise an annual group-wide Safety Day, which all employees are obliged to attend.

Boosting the role of Health & Safety Coordinator in the contracting phase is a point of attention. The duties of the Health & Safety Coordinator in the contracting phase include ensuring that measures are implemented correctly at the building site and that all building site workers are properly briefed. They are also responsible for updating the Health & Safety plan and the project file, if this is deemed necessary as the project progresses. Finally, they have the task of ensuring that only authorised personnel are allowed access to the building site.

Analysis of incidents, accidents and near misses over the past year has shown that this role is not always performed adequately. This has resulted in the development of an e-learning on Health & Safety Coordination in the contracting phase, aimed at project leaders, contractors and work planners. The e-learning was rolled out to companies in the Construction and Real Estate Development segment at the end of 2019. The companies in the other segments will follow in 2020.

Expanding the safety culture

'Accountability and agreements' is what our safety policy is all about. These two topics need to become embedded in our business culture. We have found that we can only take the next step forward if we are open about unsafe situations.
Openness about working safely has therefore been incorporated in our communication towards employees and was

Targets for 2020

- IF-rate of < 3.5
- Reinforce the safety culture
- Further rollout of central registration of accidents
- Involve subcontractors in WAVE
- WAVE and Samen Slimmer Bouwen ('Building Smarter Together') as mutually reinforcing programmes
- Active cooperation to develop products arising from the Safety in Construction Governance Code

included in the safety game and supporting video which was played during the 2019 Safety Day. The topic has also been discussed in detail in the safety bulletin. To ensure the target group was reached the bulletin was distributed at the offices and large project sites.

Safety Ladder
The Safety Ladder is a tool for working on the safety culture. Safety Ladder certification expresses to what extent safety is part of people's actions and the culture of the organisation. The Safety Ladder has five levels, with level 5 indicating that safety has been fully integrated in the organisation's business processes.

Our objective is for all our companies to be operating in accordance with at least level 3 by no later than 2022. Many will even be certified at level 3. Level 3 stands for 'calculating: we have the system in place'. All companies in the Infrastructure and Energy & Telecom Infrastructure segments have level 3 certification as of 2020. Some of our companies are already operating at level 4, which stands for 'safety has a high priority, is deeply ingrained in the company's operations'.

All companies in the Construction and Real Estate Development segment must operate in accordance with level 2 from 2020 on. This means taking measures in response to accidents. We note that further steps are necessary in this area in order to move towards level 3 of the Safety Ladder. This is where we will concentrate our efforts in the coming years.

Safety enforcement policy
Colleagues who act unsafely are subject to sanctions, for example in the form of a written or verbal warning. If someone deliberately continues to act in an unsafe manner despite several warnings, which leads to they themselves and their colleagues having to perform their work in dangerous conditions, this may result in dismissal. The enforcement policy is based on proper compliance with the safety rules and has been in place for two years. The policy will be reviewed next year in order to identify points for improvement. Our focus will be on the practical applicability of the policy.

Safety values

Core value	
Safety	I work safely or not at all
Values	
Consistency	Safety is part of everything we do
Responsibility	I am responsible for my own safety and that of others
Willingness to learn	I want to learn from accidents and near misses
Openness	I alert others to unsafe behaviour and safety issues

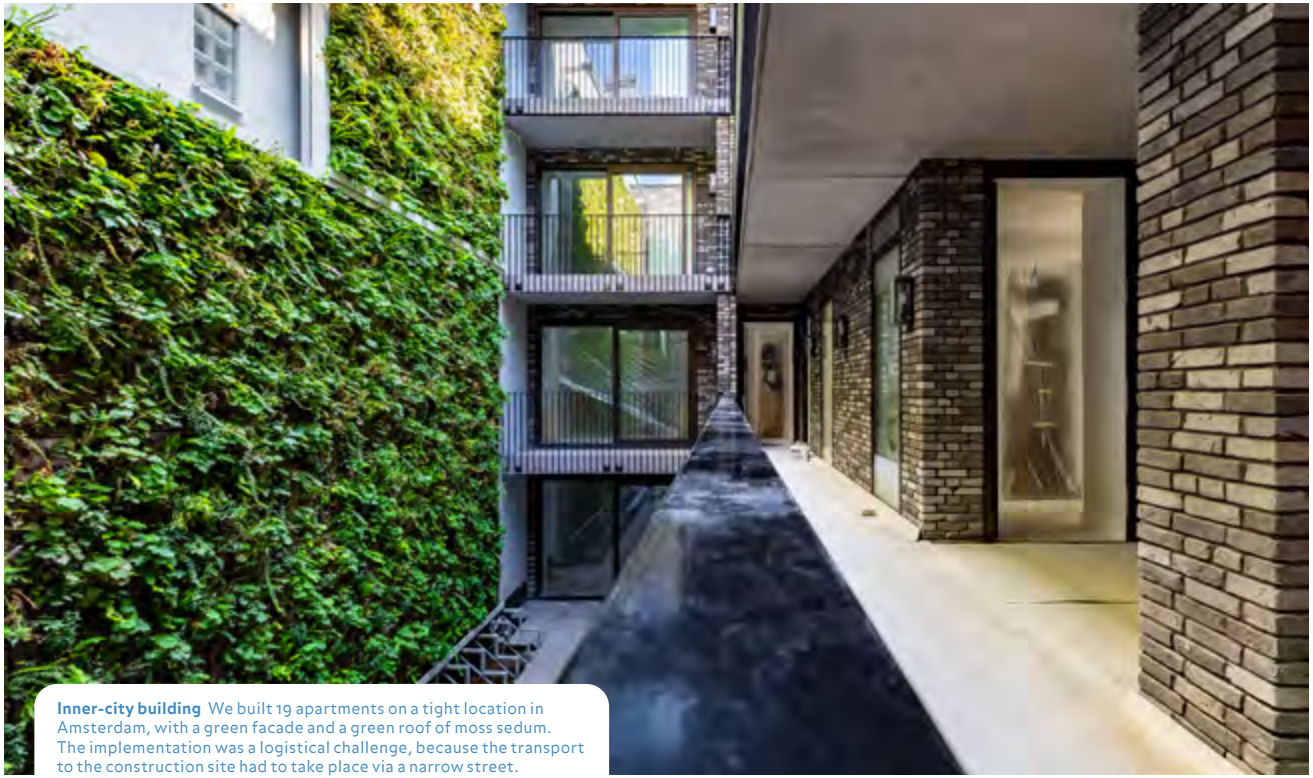
Safety rules

	Use the right personal protection equipment (PPE)
	Make sure the building site is safely cordoned off
	Use the correct (approved) equipment and tools
	Keep the workplace tidy
	Perform an LMRA (Last-Minute Risk Analysis)
	Do not work or drive under the influence of alcohol and/or drugs
	Do not smoke outside the designated areas

Healthy reporting climate
Clear insight into the risks and causes of accidents is dependent on a healthy reporting climate. It is important that employees always report any unsafe situation, so that we can act swiftly to avoid accidents. We call this UAUC reporting (reporting an unsafe act and/or unsafe condition).

We know that some unsafe situations go unreported. Particularly where an unsafe act or situation has no adverse consequences, employees do not automatically think to report it. We are therefore aiming for an increase in UAUC reporting in 2020, targeting a 10% increase compared to 2019 for all companies.

Because we believe it is important to take a positive approach the best UAUC reports will be rewarded on a quarterly basis, with each company deciding how to implement this reward policy. In addition there will be a quarterly group-level reward



Inner-city building We built 19 apartments on a tight location in Amsterdam, with a green facade and a green roof of moss sedum. The implementation was a logistical challenge, because the transport to the construction site had to take place via a narrow street.

for the best UAUC report on the WAVE app. Rewarding is a positive way to promote safety behaviour among employees.

Management building site visits

A safe working environment begins with a culture that attaches intrinsic importance to safety, starting with the Management Board and ending on the building site. In 2018 we introduced management site visits which focus on the theme of safety. All statutory directors and members of the Management Board are obliged to perform these visits. The visits are logged in the WAVE app so that we get a good picture of the number of visits made and – more importantly – the lessons we can learn from these.

Better insight

We are gaining an ever-greater insight into why accidents happen. We need this knowledge in order to determine how to minimise the risk of an accident happening. The WAVE app gives us an insight into points for improvement with regard to working safely.

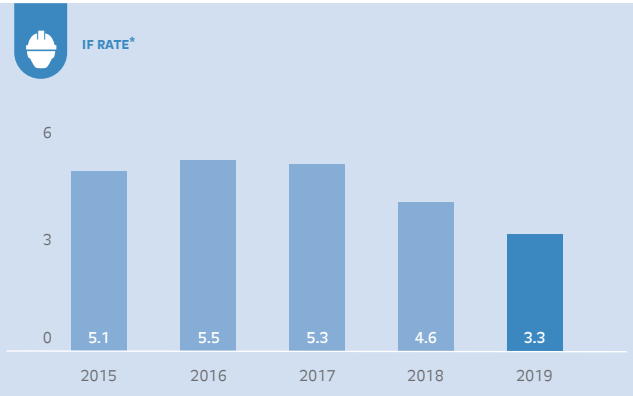
Good targets depend on reliable and complete figures, so over the past year we devoted a great deal of attention to obtaining better and more complete safety figures, by making some drastic changes to certain aspects of the WAVE app.

For example, the app now allows for more specific classification of accidents. After all, there are major differences between an accident requiring First Aid, an accident requiring medical treatment and an accident resulting in absence from work. This gives us a better insight into the seriousness of accidents and their consequences. This information enables us to focus our management more precisely on the underlying causes, thus improving our chances of preventing serious accidents. As from the year under review, it has also been possible to view a real-time Safety Dashboard in the WAVE app, which displays real-time statistics for the recent period, turning data into useful information.

From 2020 on, all our Dutch-based companies will make full use of the WAVE app. In 2019 we already switched from quarterly to monthly WAVE reporting, enabling us to respond more rapidly. The results displayed on the Safety Dashboard are a welcome addition to the existing VolkerWessels reporting and management cycle. The dashboard is used by all levels of management throughout the organisation.

> “All Dutch companies will be using the WAVE app from 2020

An example of a measure introduced in response to an accident is the requirement that uprights protruding from scaffold flooring must be at least one meter high. This change was made after a colleague suffered a fall and landed painfully on an upright which did not protrude far enough. A WAVE alert was sent out resulting in an immediate change to the rules.



* KPMG provided limited assurance on this indicator, refer to page 81.

Injury Frequency (IF) rate

Our performance in the area of safety is expressed by our KPI for injury frequency, or IF rate. This is the number of occupational accidents resulting in absence from work for every 1 million hours worked. Our target for 2020 is an IF rate of < 3.5.

In 2019 there were 87 accidents resulting in absence from work. This represents an IF rate of 3.3, a decline of 28% compared to the IF rate of 4.6 in 2018. All segments contributed to the decline. The result means that our IF rate target of 4.1 in 2019 was met. If we continue in this direction, the IF rate target of < 3.5 in 2020 appears achievable.

The number of accidents resulting in absence from work was at a historical low, which is a pleasing result. Analysis of the accidents resulting in absence from work shows that tripping, slipping and stumbling are the most common types of accident in all segments. In light of this, the theme for the 2020 Safety Day will be tripping, slipping and stumbling.

What we are really interested in is the 'story' behind the IF rate. Real-time registration in our WAVE app means that we get an up-to-date overview of the current situation with regard to safety, including the various causes of the accidents, on a daily basis. This is mainly important in that it allows us to learn quickly, and thus prevent similar accidents happening in the future.

Safety in the value chain

The Safety in Construction Governance Code is aimed at collaboration between clients and contractors in order to enhance safety throughout the construction value chain. The recommendations of the Dutch Safety Board report 'Bouwen aan constructieve veiligheid' ('building constructive safety') will be implemented within the organisation. We have actively participated in various working groups in the industry. Cooperation at industry level has led to the development of an

> What we are really interested in is the 'story' behind the IF rate

The Green Village The Green Village is a testing ground for sustainable innovations. The site in Delft is set up as a kind of laboratory for collaboration between local residents, businesses in the construction sector and Delft University of Technology. VolkerWessels is testing various innovations here, for example Circuton, a building material consisting of 100% recycled concrete derived from concrete released during demolition work.

Safety The Safety Agenda for 2019 focused on the topic 'Commit and comply'.

Safety at a glance

Highlights of 2019

- Introduction of 'Brain Based Safety' behaviour training
- Reward policy for reporting an unsafe act and/or unsafe condition (UAUC)
- Major overhaul of the WAVE app

Challenges in 2019

- Culture of 'Commit and comply'
- Accountability to agreements culture
- Role of Health & Safety Coordinator in the contracting phase

Action items for 2020

- All companies to start using the WAVE app
- Review enforcement policy
- Prepare implementation of Safety behaviour in relation to tenders and the Uniform reporting app

approach in terms of safety and other control, constructive safety and learning ability. In light of the results an internal working group has been established which will look at the specific implementation of the report.

In addition to these new value chain initiatives, we devote structural attention to other Safety in Construction Governance Code initiatives. These include the generic site safety instructions (generieke poortinstructie, GPI), which came into force on 1 April 2019. Safety behaviour in relation to tenders and the Uniform reporting app are other matters whose implementation we will start preparing in 2020.

A great example of promoting safety awareness in the neighbourhood concerns a project in the Frisian village of Wolsum, where we linked up with TenneT to hand out bike lights to passing cyclists and moped riders early in the morning. The initiative was aimed at raising awareness of the importance of visibility in traffic, especially in the vicinity of building sites where there is a lot of construction traffic.

Responsibilities

The VolkerWessels Safety Platform is responsible for developing the safety policy and monitoring our companies' safety performance. Chaired by the chairman of the Management Board the Safety Platform reports to and advises the Management Board.

The Safety Platform orders accident investigations, decides whether to send out a WAVE alert and determines which improvement measures need to be implemented based on the findings of the accident investigations. In addition, the platform is responsible for the everyday implementation of the group's WAVE safety programme. Safety is a factor in the remuneration of the management.

NATURAL ENVIRONMENT

In the future we envisage, materials will circulate continuously

Our end goal is to be able to realise full circularity of all projects and products. Better integration of nature in the built environment will strenghten the natural environment. We are working on the energy transition by making our machinery, our vehicle fleet and the innovative concepts we develop more sustainable. We aim for a positive impact by developing new concepts which are energy-neutral or energy-positive, for example in the area of residential and non-residential construction and innovations such as heating by means of low-temperature geothermal heat.

Cadzand In Cadzand we realised a unique dune crossing from the promenade to the beach, the beach pavilion and the sea. Beachgoers can now take a wooden boardwalk past a viewing point before descending broad wooden steps to the beach.

Closing cycles one step at a time

The construction sector uses a lot of resources, in most cases primary, costly and sometimes scarce resources. There is not enough high-grade reuse and recycling of resources when they reach the end of their life cycle. We need to move towards a construction sector where resources circulate in cycles.

As a purchaser, client and designer we can exert a lot of influence on the consumption of resources. We use this influence in working towards circular buildings and infrastructure. We want to contribute to closing the resource loop by changing our design and procurement methods, in addition to which we want to distinguish ourselves in the market. Realising our ambition will require not just a vision for circular design but also knowledge and expertise from our people. We also need to gain more experience in projects.

A great example of circular construction is Glaskring at Strijp-S in Eindhoven, where we will build 20 homes using recycled materials and products. These will include materials harvested from demolition work by the housing corporation. The project will be carried out in collaboration with a number of local partners. Over the past year we worked on developing the homes and preparing the construction; the actual building of the homes will take place in 2020.

Our policy

There are various aspects to circular construction, for example: how circular are the materials applied in the design? How easily can an object be dismantled? And what further use is there for the materials or elements used, once they are no longer needed again when the end of function is reached?

Our resources policy focusses on four areas:

1. Sustainable use of material, because we want to increase the share of secondary material we use.
2. Circular design strategies, because then elements and materials are more suitable for reuse when the end of function is reached.
3. Material passport with circularity index, to ensure that information on resources used in buildings and objects is recorded.
4. Good management of our residual flows in order to improve waste separation and high-grade recycling.

Using resources

It takes a lot of energy to extract resources and process them into useful products. We want to gradually increase the share of renewable and reused materials in our building components, for example by reusing materials from installations, pipes, cables, outside walls and floors. The four main resource flows at VolkerWessels are timber, concrete, steel and asphalt. Below we expand on the developments for each of these resource flows.

Asphalt

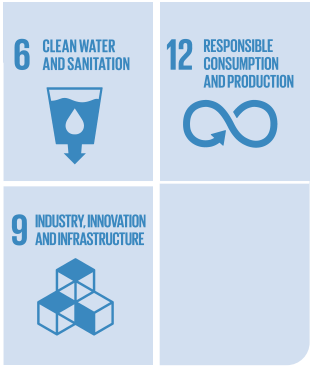
We are making good strides in terms of making more sustainable asphalt mixes, i.e. we are increasingly developing asphalt mixes which contain a high proportion of recycled asphalt or asphalt granulate. In the past few years we have modified a number of asphalt plants to enable us to produce these more sustainable mixes on a large scale.

A good example of a project involving the application of sustainable asphalt is the Nieuwe Leeuwarderweg in Amsterdam. In what is known as horizontal recycling, we milled the existing road surface in the morning and applied it as a new noise-reducing surface in the evening of the same day.

At the Schiphol Trade Park business park in Hoofddorp, we used 100% recycled asphalt on a large scale for the very first time, applying it in the sub-base layer, base layer and surface layer of the asphalt road. CO_2 emissions from the

Targets for 2020

- High-grade use of 100% of waste separated
- Complete reuse in high-grade applications: 97% recycling
- 25% reduction in waste for disposal for each euro of revenue compared to 2014
- Reduction in procurement of resources compared to 2014:
  - 25% reduction in primary timber procured
  - 25% reduction in primary steel procured
  - 25% reduction in primary concrete procured
  - 10% reduction in primary asphalt raw materials procured
  - 100% sustainable timber procured



"Developing circular homes is a new challenge, which is why we are working as one team on Glaskring at Strijp-S. Letting go of old working methods allows everyone to contribute, and we are learning a great deal from each other. This will enable us to really make it happen"

Marieke van den Wijngaard (Woonbedrijf)

On the right: Danny Thijssen (Glaskring resident)

ANOTHER PERSPECTIVE

production of the asphalt were 75% lower compared to traditional asphalt construction.

A challenge in developing a new asphalt mix is that it is subject to a long approval process. In the past six months we succeeded in getting approval for one of our sustainable asphalt mixes, 'DZOAB 16 50% PR'. DZOAB is the acronym of the Dutch words for 'sustainable porous asphalt concrete'. Porous asphalt concrete reduces traffic noise. The reuse of 50% asphalt granulate is new for this type of asphalt. We applied it on a large scale in a major maintenance programme on the A7 and A37 motorways in the northeast of the Netherlands. Normally only mixes for the base and sub-base layers contain a high percentage of reused material, also known as asphalt granulate.

Despite having sustainable mixes available, we do not apply them as much as we would like. The percentage of asphalt granulate reused in asphalt products in 2019 was 43%, up two percentage points on 2018. This is because it is now increasingly possible to incorporate higher percentages of asphalt granulate in our asphalt mixes. For example we are now able to include 50% asphalt granulate in the type of asphalt known as porous asphalt concrete (ZOAB), whereas previously the maximum was 25%. In addition it is now possible to use 100% recycled asphalt for the sub-base layer and the base layer. Other types of base layers have also been developed with more than 50% asphalt granulate, in which conventionally no or up to 40% asphalt granulate was used. These possibilities are not yet often to be found amongst the requests in our clients' selection criteria. Clients are, however, increasingly choosing asphalt mixes produced using our 'Highly Ecologic Recycling Asphalt' (HERA) system, which allows asphalt to be recycled an extra five times. We will continue to develop more sustainable mixes and expect the percentage to improve in the coming years.

Concrete

Concrete, and particularly its component cement, currently still has low circular potential. This is because high-grade reuse of concrete is not really possible yet. The necessary technology is still under development. This means that low-grade recycling tends to be the norm, with concrete rubble for example being used as a foundation layer for roads. We therefore want to focus on design for deconstruction of concrete elements, so that these can be reused. In addition, we are focused on reducing the use of materials and exploring the use of alternative concrete mixes, because sometimes a different way of designing can allow us to reduce the amount of concrete used.

Large amounts of concrete are used mainly in our infrastructure projects and building structures. VolkerWessels is working with various parties in the concrete value chain – in the context of the national concrete agreement of which we are signatories – to develop design guidelenes to improve the reuse of concrete elements.

Collecting data on concrete mixes is quite a challenge, as we also need suppliers to do so. This year we expanded our data with one of our own companies in the Construction and Real Estate Development segment. More data gives us a better insight into our performance. As a result of this step, there was a decline in the proportion of secondary material incorporated in concrete products. The figure for 2019 was 3%.
The drawback is that this gives a distorted picture of the trend, because if we compare the 2019 figure with the old scope we see a increase in the proportion of secondary material.

In general we can state that the number of projects in which clients requested sustainable concrete mixes during the year under review was relatively small. At the same time, interest in sustainable concrete is growing, with a small group of clients encouraging the use of sustainable concrete mixes or even making it obligatory. An example of a project in which we applied sustainable concrete is the Amare project, where we were able to reuse much of the concrete from the existing basement.

Klein Amsterdam This school building in Amsterdam built of movable wooden modules opened its doors in the first week of February 2019 .

Steel

Steel production is energy-intensive because of the high temperatures involved. At the same time, steel scores well in terms of circularity because it can be technically recycled endlessly without a loss of quality. There is also great potential for demountable design, given that objects such as steel beams lend themselves well to this. High-grade reuse of steel is not yet straightforward. This has to do with guaranteeing the material for the same function, for instance in terms of its bearing strength. To be able to guarantee a certain bearing strength first the 'old' steel needs to be tested. This is a complicated process that is very time-consuming. However, there are already good possibilities for low-grade reuse of steel, in which case the original function is not fully preserved. For example in the urban development plan for the Kabeldistrict area development plan in Delft, it has been decided that the steel trusses (i.e. supports) will be reused by incorporating them in the streets.

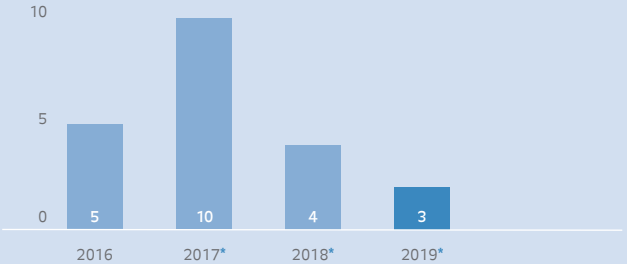
Timber construction

Timber is a very versatile resource. It can provide a solution for CO_2 and nitrogen reduction, energy conservation and resource depletion. Because timber is a renewable resource – and sequesters CO_2 – we see timber playing a major role in the future built environment. Almost all the timber we use for construction is FSC or PEFC certified timber. As a partner of FSC Nederland, we aim to only use timber from sustainably managed forests.

In 2019 we completed a unique primary school building in the north of Amsterdam. The building consists of movable wooden modules, which means that it can be moved once the final plot for the school becomes available in a few years' time.
The project involved close cooperation with architectural firm SEARCH Architecten and the school, Klein Amsterdam.

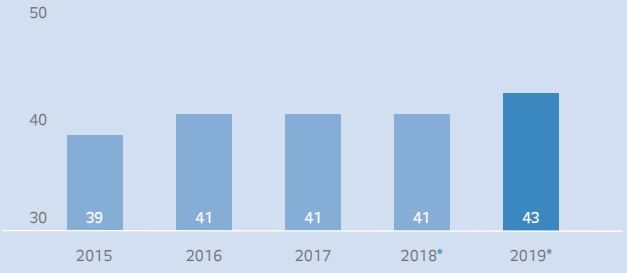
* KPMG provided limited assurance on this indicator, refer to page 81.

RE-USE OF SECUNDARY MATERIALS IN CONCRETE PRODUCTS
In percentages

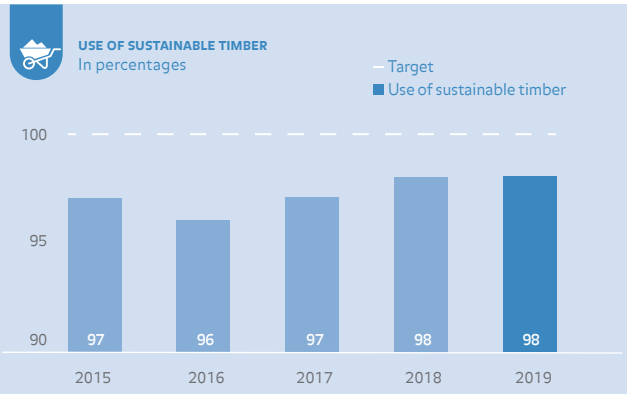


Concerns part of the activities of Van Hattum and Blankevoort (figures 2016 and 2017), BKB Infra (added since 2018) and Boele & van Eesteren (added since 2019). For further explanation please refer to the section 'About this Report'.

RE-USE OF ASPHALT GRANULATE IN ASPHALT PRODUCTS
In percentages



USE OF SUSTAINABLE TIMBER
In percentages



A success which could only be achieved thanks to a shared mindset of all the parties involved.

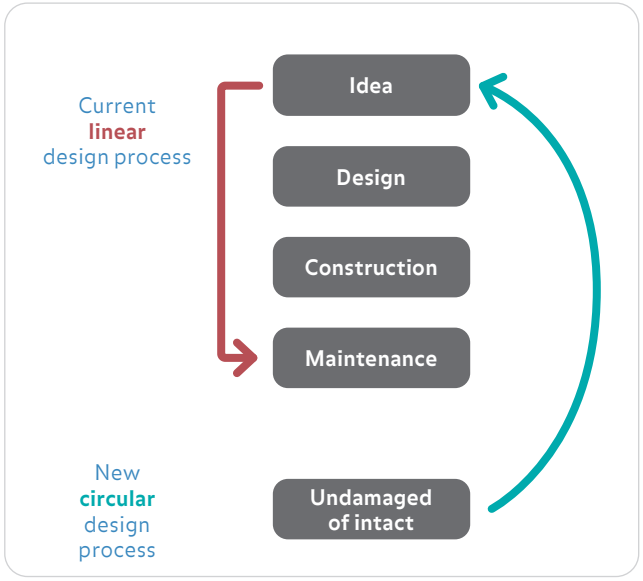
Prefabrication also provides opportunities for improving a building's circularity, because it involves working at element level, with materials being prefabricated into elements in a factory or workplace. The potential here lies in adding dry connections, such as screws, to ensure easy deconstruction and disassembly of the elements '. Examples include facades and roofs. Elements produced in this way are then transported to the building site for processing. Over the past year we supplied prefab wooden roofs for a renovation project in Hengelo in the east of the Netherlands, in collaboration with construction company Nijhuis Bouw. The added advantage of wooden prefab roof elements is that they allow the renovation to progress faster and more safely, because production is less susceptible to rain and wind.

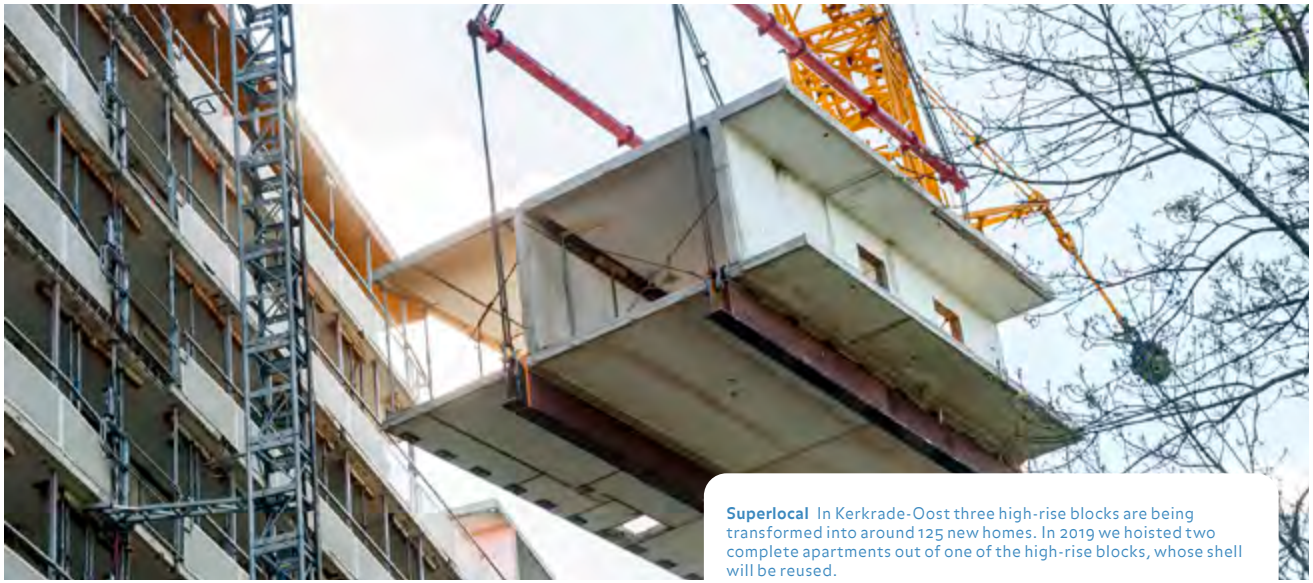
Circular design strategies

The next area of our policy focuses on design, because there we are able to make a big difference in terms of ensuring better circulation of materials. After all, the design phase is where decisions are made about the construction and which materials are needed to guarantee a certain lifespan. It is also when we think about how various elements will be connected, and whether they can be easily separated again. Finally, it is also when we look ahead to the management and maintenance phase. The most effective way of enabling high-grade reuse of materials is by taking this into consideration in the design.

We are becoming increasingly experienced in circular construction. Designing things differently means thinking ahead, so that we can move from a linear design process to a circular design process (see figure). We also share the knowledge we gain, for example by providing a training course on circular design to the design team, project leaders and work planners involved in the long-term maintenance contract at Schiphol. The course consisted of several half-day modules, from basic principles to a deep-dive technical follow-up for the design team.

A linear design process goes from top to bottom in the figure. A circular design process requires us think 'the other way around': start by thinking about how the materials used in an object or product can be recovered intact.





Superlocal In Kerkrade-Oost three high-rise blocks are being transformed into around 125 new homes. In 2019 we hoisted two complete apartments out of one of the high-rise blocks, whose shell will be reused.

Developing and learning at a conceptual level has proven successful. The concepts developed by our own timber construction company are good examples of this. The Festing and Finch concepts are used to create temporary and permanent accommodation for schools, businesses and housing corporations. The systems use standard grid sizes and modules to allow changes to be made easily in the event of a change in the structure's purpose or function.

PuurWonen
Over the past few years, we have developed a new housing concept: PuurWonen. It has been a long process of coordination, consideration, testing and development. We have had to make all kinds of decisions and choices in order to create a circular, healthy and commercially attractive housing concept. We set high standards in terms of appearance, construction, materials and building method. The structure is made of steel and timber, with elements being screwed together, and mainly uses natural materials. Another important element concerns the demonstrable sustainability benefits. The first pilot homes will be built in 2020 at a location to be disclosed in the early part of the year.

Material passport and measurability
A material passport provides insight into all the resources and raw materials used in an object, so that this information is comprehensible and transferable. This is necessary to close the resource loop. VolkerWessels has developed its own application that facilitates the recording of object information. We design a building in a three-dimensional digital BIM model. BIM, which stands for Building Information Modelling, is software that builders use for the technical design of a building.

Our own Material Passport app makes it easy to convert a BIM model into a Madaster material passport. It only takes a press of the button to load the necessary information about the object into Madaster, resulting in a Madaster material passport. We believe in this tool because it fits in well with the practicalities of designing. Builders and designers are used to working with BIM software, and so the action needed to generate a material passport is merely a small addition to the existing design process.

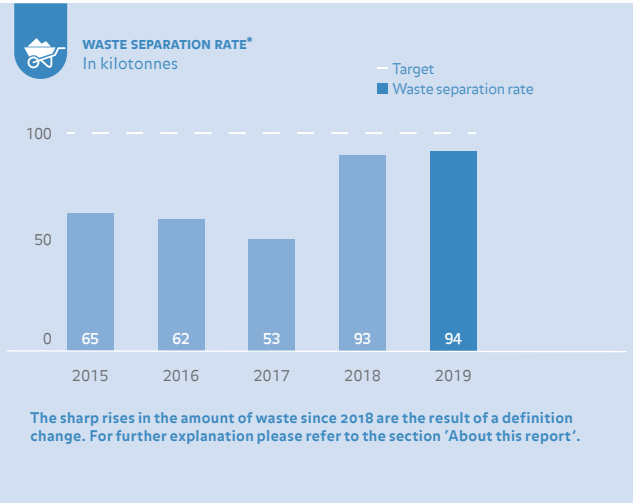
Our objective is generate a material passport for all our projects. On one of the projects we are carrying out for Schiphol, we are working on one of the first material passports for the infrastructure sector. We are doing so in connection with a sector initiative called 'Materialenexpeditie', which involves us working with TBI, Dura Vermeer and the provinces of Overijssel and Noord-Holland to implement pilot projects with a view to realising material passports for infrastructure projects. We share the knowledge that we gain.

VolkerWessels acts as a knowledge partner by sharing knowledge and experiences in relation to materialisation and reuse with our clients. The information gives our clients an insight into the type, volume and location of materials in buildings and other objects. This brings understanding of possibilities for reuse and advice on opportunities to reuse another step closer.

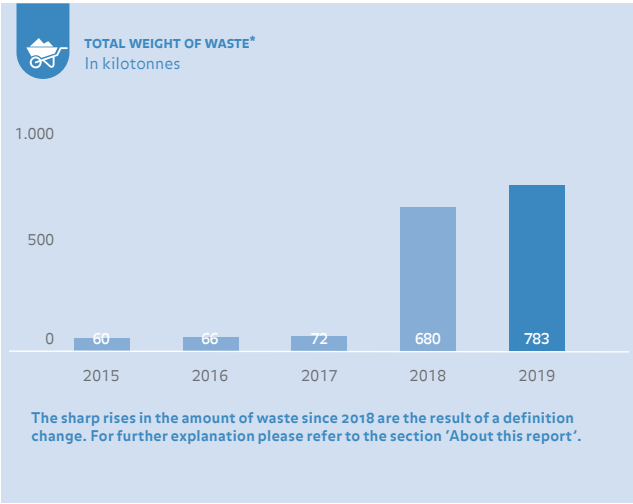
VolkerWessels is fully committed to enhancing the material passport with a circularity index, providing information on the extent to which an object has been built in accordance with circular principles. The circularity index is still under development. Our ambition is for all our projects with a material passport to achieve a high score on the circularity index. Over the past year we worked on which KPIs are meaningful to measure, also seeking help from the External Review Committee (see page 30).

Sustainable renovation: NieuwWonen Navigator
There is a massive need for renovation in the residential construction sector. We want to treat our environment well, in addition to realising comfortable renovated homes. But what measures are right for a particular home? And what sustainable materials can we best use for this? These questions formed the basis for developing our new tool, NieuwWonen Navigator. Various stakeholders such as housing corporations were closely

NoNox filter Over the past year, we have developed a technology that can reduce up to 99% of the nitrogen emissions of large, mostly stationary equipment during the realisation phase of our projects. The prototype is tested on several locations.



The sharp rises in the amount of waste since 2018 are the result of a definition change. For further explanation please refer to the section 'About this report'.



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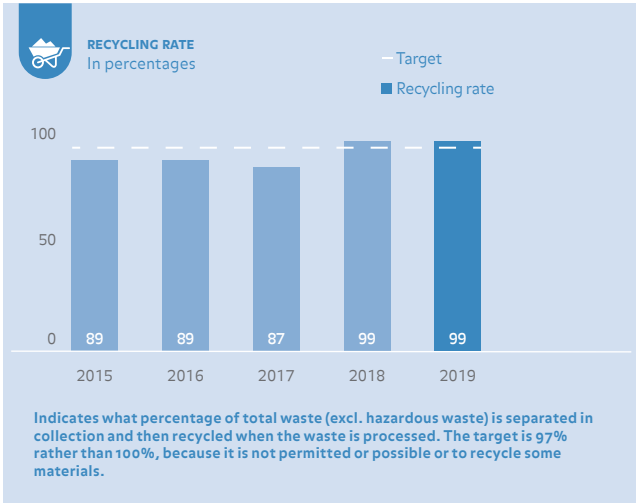


Indicates what percentage of total waste (excl. hazardous waste) is separated in collection and then recycled when the waste is processed. The target is 97% rather than 100%, because it is not permitted or possible or to recycle some materials.

involved in the process from the start, to make sure the tool meets the needs of the market.

The tool takes the budget and the heat requirement as its starting point. It then provides an insight into various factors that determine which solution is most suitable, such as initial costs, maintenance costs, a nuisance indicator for residents, and an energy and circularity index. The outcome of the best proposal is not fixed, but can be adapted according to choice to achieve a desirable solution. At the same time it gives the portfolio owner the opportunity to apply state-of-the-art technologies such as the decentralised heating units (ClimateFit), which adjust the heat and refreshment deman to the room in which they are located.

* KPMG provided limited assurance on this indicator, refer to page 81.

Dealing with residual flows

We want to move towards full waste separation, high-grade recycling and complete reuse. The residual flows from existing structures must be used as resources for newbuild. To achieve this we practice good housekeeping, which means that we separate residual flows at our offices and building sites.
Our performance in this area needs to improve. Resources are getting more important all the time and incineration or dumping should only be allowed in exceptional cases.
Separating waste begins with the right bin in the right place and consistent checks at the building sites. In addition, it is important to have good cooperation with the waste processors.

In 2019 the waste separation rate rose slightly to 94% compared to 93% in 2018. As from 2018, residual flows that go through the waste processor or are processed by one of our own companies so that they can be reused as raw materials are registered as waste. An example of such a flow is asphalt millings. This explains the huge increase in the amount of waste compared to 2017. As a result of this change we have almost achieved the 2020 target of 100% waste separation. However, according to the 2017 definition the waste separation rate in 2019 was 53%, the same as last year. In this respect our performance is not yet consistent with our ambition for circular business operations with zero waste and closed resource loops.

Responsibilities

In addition to asphalt, steel, concrete and timber we use many other kinds of materials. The knowledge on optimum reuse of these material flows resides mainly with our companies.
We have set central targets for the four main materials. Companies that use significant quantities of these resources must comply with these targets. They are also responsible for making knowledge about materials available and for the development of concepts and tools for the design teams.
New targets for concrete and asphalt will be set at central level in the future. These targets will be segment-specific, by translating them to the Infrastructure and Construction & Real Estate Development segments. Progress with regard to the targets is coordinated periodically with the Corporate Social Responsibility department.

Sustainable asphalt in Hoofddorp On a project for Schiphol Trade Park business park in Hoofddorp we managed to cut CO_2 emissions by 75% by applying 100% recycled asphalt.

Resources at a glance

Highlights of 2019

- 20 circular homes for Glaskring project
- Software for material passport and renovation (Navigator) at an advanced stage
- Completion of temporary school KIein Amsterdam

Challenges in 2019

- Developing circularity index
- Gathering data on concrete mixes
- Improving our waste separation

Action items for 2020

- Construction of first PuurWonen homes
- Further development of Material Passport software
- Launch of NieuwWonen Navigator

> High-grade reuse of materials from the construction process should be the aim wherever possible

In addition we have a central target for waste separation. We have framework contracts with waste processors which set out agreements on monitoring and processing of waste streams, for example providing for the high-grade reuse of materials from the construction process wherever possible. Progress with regard to all the targets for the resources topic is monitored centrally.

Our role in the FSC Covenant is implemented centrally. The contracts with our timber suppliers contain agreements concerning the use of sustainable timber and the monitoring of our timber procurement. All our timber-processing companies are FSC/PEFC-certified and monitor their own certification.

Towards a climate-neutral and adaptive environment

In fleshing out the national Climate Agreement we run into many challenges, such as making existing structures more sustainable and organising smart logistics involving collaboration by all value chain parties. Given that energy supply needs to be almost 100% sustainable by 2050, we will have to use the next few years to scale up the energy transition.

We can speed up the energy transition by increasing the availability of renewable energy and developing new energy-neutral and energy-positive concepts. In residential and non-residential construction, these include innovations such as our zero-energy bill solutions. Our own processes and business operations also generate a lot of emissions, which need to be cut back as much as possible. We are doing so by taking appropriate measures in relation to our vehicle fleet, our offices and our building sites.

Renewable energy

With our projects we play an active role in the energy transition, for example by developing wind farms. In Borssele we installed the high-voltage cables to connect offshore wind farms, which will generate electricity for two million households in the future, with a new land station.

We are also involved in the construction of the Fryslân wind farm in the IJsselmeer lake, which will generate electricity for around 400,000 households from 2021. VolkerWessels is responsible for laying the electricity cables along the 50-kilometer route connecting the IJsselmeer to the high-voltage grid in the province of Friesland. In the early phases of this project, we made agreements about the use of sustainable equipment, alternative electricity supply and reducing transport movements. These measures will enable us to keep CO_2 emissions to a minimum. Together, these two projects will result in 4.7 million tonnes of avoided CO_2 emissions.

Floating solar panels

Floating solar farms are a solution for locations where available land area is limited but energy demand is high. During the year under review we applied this innovation in constructing the energy-neutral Harga sports park in the Dutch city of Schiedam. Floating solar panels have a considerably higher yield than onshore panels. This is because solar cells can be fitted on both the top and the bottom of the panels, given that electricity is also generated from the sunlight reflecting off the water surface. The solar panels provide electricity for the lighting around the sports fields and the public roads in the vicinity.

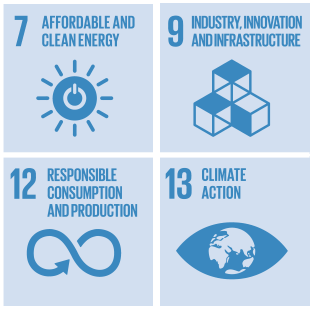
> “Building up the availability of renewable energy

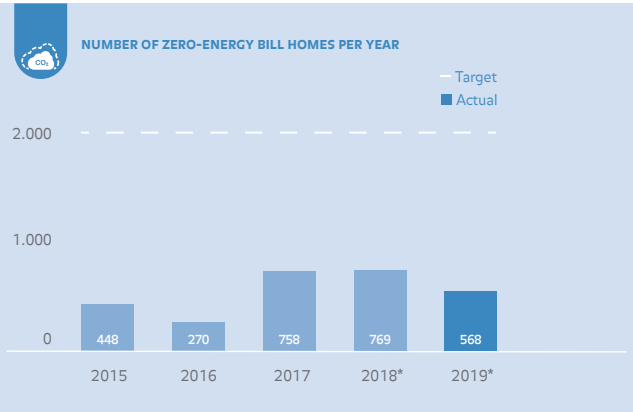
Built environment

Together with the extraction and production of raw materials, the use phase of buildings and infrastructure is responsible for the highest emissions of CO_2 in the lifecycle. That is why our approach is expressly focused on these two steps in the value chain. Sustainable buildings are future-proof, keep their value, have low or zero CO_2 emissions, low energy costs and a high level of comfort. These principles of sustainable construction require us to have extensive knowledge of innovative techniques, including ways of making sustainability performance transparent. Let us discuss a few examples of how we integrate this in our projects.

Targets for 2020

- 10% CO_2 reduction per euro of revenue compared to 2014
- 5% CO_2 reduction in Scope 3 emissions per m^3 of concrete products compared to 2014
- 5% CO_2 reduction in Scope 3 emissions from asphalt products per tonne of asphalt compared to 2014
- 2,000 zero-energy bill homes per year



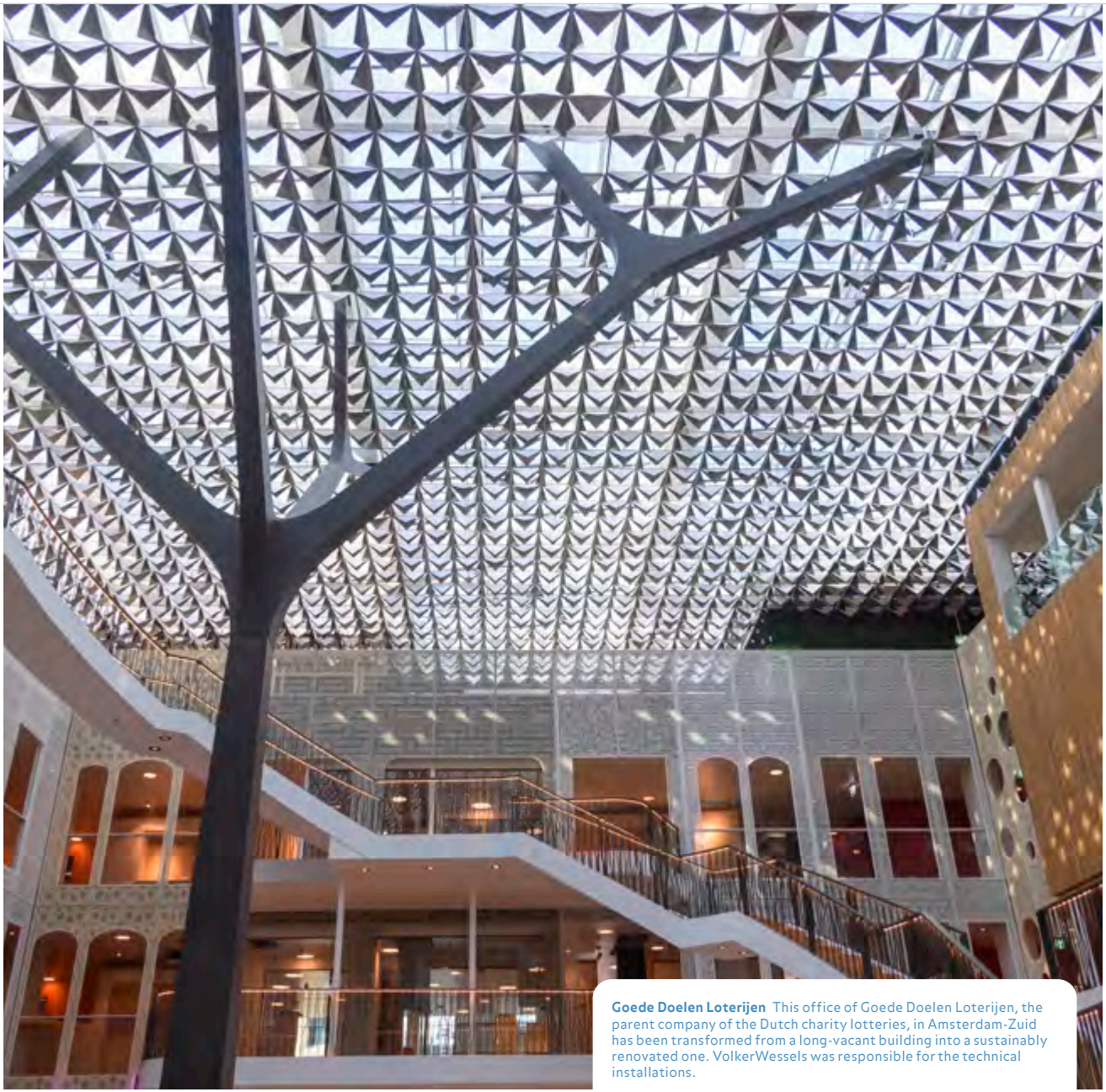


KPMG provided limited assurance on this indicator, refer to page 81.

Zero-energy bill
We are building an increasing number of homes according to the zero-energy bill principle. We are able to do so by using energy-saving and energy-generating features such as good insulation and solar panels. We built three apartment complexes based on this principle as part of the Oppe Brik project.

Energy-efficient non-residential buildings
In order to determine a building's sustainability performance, we need to be able to determine the effect of measures implemented. In the year under review VolkerWessels worked on realising various sustainable non-residential buildings. Right next door to our head office in Amersfoort we are building the Collection Centre Netherlands, which has been awarded the highest design certificate by BREEAM-NL: 'Outstanding'. BREEAM-NL is a standard assessment method used for scoring the sustainability performance of buildings. The Collection Centre will be used as a depot to house art objects from the collections of institutions including the Rijksmuseum.
The design principle was 'no installations unless strictly necessary.' Inasmuch as is possible, the building itself creates the climate required. For example, the floor at ground level is

Oppe Brik The municipality of Beesel aspires to playing an exemplary role in terms of sustainable and future-proof living and building. In 2019 we built a zero-energy bill complex in the Oppe Brik district.



Goede Doelen Loterijen This office of Goede Doelen Loterijen, the parent company of the Dutch charity lotteries, in Amsterdam-Zuid has been transformed from a long-vacant building into a sustainably renovated one. VolkerWessels was responsible for the technical installations.

not insulated to allow the building to make passive use of heat and cold from the layers of ground beneath.

The office of Goede Doelen Loterijen, the parent company of the Dutch charity lotteries, in the Amsterdam Zuidas business district has been transformed into the most sustainable renovated building in the country and has also been awarded a BREAAM-NL Outstanding certificate. Our company that specialises in technical installations was responsible for the building's installations and equipped the building with all the innovations you would expect for a modern sustainable property: solar panels, a heat recovery system, a thermal storage system, triple HR glass, LED lighting and climate ceilings.

Another example is the cutting-edge Amare project in The Hague city centre. Amare combines several cultural institutions: the Zuiderstrand theatre, The Hague Philharmonic, the Netherlands Dance Theatre and the Royal Conservatoire. The high energy performance is achieved thanks to solar generation, a rainwater toilet-flushing system and temperature control using the ground beneath as a source of heat and cold.

At the building site

Emissions from the work at and around our building sites account for a large part of our company's CO_2 footprint. This is mainly due to the machinery and the energy consumption at our building sites. We take measures to minimise CO_2 dioxide emissions as well as other harmful emissions such as particulates and nitrogen. These include using sustainable fuels, green energy and electric equipment. A challenge we need to bear in mind is the capacity of the power grid, given the ever-increasing burden being placed on it.

Hybrid roller VolkerWessels scores a first by being the first company in the Netherlands to use a hybrid roller. This innovative machine is more fuel-efficient than a conventional roller and reduces CO_2 emissions.

More sustainable construction equipment
Making our equipment more sustainable is a long-term process, given the investment required and the associated replacement cycle. The pace is partly dictated by the availability of affordable sustainable alternatives. VolkerWessels wants to use its influence to work with suppliers on developing and testing sustainable equipment. During the year under review, this resulted in the first electric truck and the first hybrid roller, both of which are deployed on our infrastructure projects. This not only reduces CO_2 emissions but also limits noise nuisance. The move towards more sustainable construction equipment could be accelerated by stricter rules, of which we are advocates.

Construction logistics

Construction projects cause a lot of nuisance, particularly in urban areas, for example in the form of traffic jams, unsafe traffic situations and harmful emissions. With the growing need for construction this is only set to get worse, resulting in cities grinding to a halt. In light of this VolkerWessels is taking measures to create sustainable construction logistics in the form of BouwHubs ('building hubs').

BouwHub has proven added value
It has been proven that BouwHubs improve efficiency, sharply reducing the number of transport movements and emissions as well as shortening construction times. We believe that the BouwHub is a prerequisite for sustainable construction in urban areas. In the coming years we are going to invest in developing and realising more BouwHubs. This will not only make transport more efficient but also create opportunities for storing and exchanging resources on site.

"At the BouwHub, we provide supplies for building projects on a just-in-time basis.
For example, we make wooden prefab elements. With my physical impairments I no longer have to climb and clamber, but instead am able to do adapted work at the hub.
I really love working here"

Johan Rajmakers
(BouwHub employee)

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SmartRoof: from upgrade to zero-energy bill

In our partnership with installation company Tegnis we work together to apply technical innovations in newbuild and renovation projects.

One such innovation is the SmartRoof, that provides an integrated solution for the house's heat and energy requirement. In addition to insulation and PV panels, an evaporator is installed in the ridge extending along the length of the roof. Together with natural airflow and a specially developed energy-efficient heat pump, the evaporator supplies energy to heat the house.

This means there is no need for a noisy fan to create air flow and the heat pump is more efficient. This represents a major technological step forward. The evaporator has already been applied in a number of pilot projects which are part of the Stroomversnelling programme.

Marketplace for demolition material

The approach for the new circular BouwHub in Amsterdam is that we want it to be a physical marketplace for gathering materials released through demolition and residual flows from newbuild projects, so that they can be reused for construction purposes. The location of the site on the banks of a major waterway allows raw materials, equipment and personnel to be transported by water, thus easing the pressure on congested roads. The BouwHub is expected to be fully operational in 2021.

Reducing our own CO_2 emissions

More efficient and sustainable energy consumption is a priority in the contracting phase of our projects. In line with the ambitions of our clients and the Climate Agreement we aspire to make our offices and vehicle fleet CO_2 neutral.

Vehicle fleet

We want to step up the pace of cutting CO_2 and other harmful emissions. This starts with our range of lease and commercial vehicles and reducing unnecessary mileage.

With the inclusion of more electric alternatives in our fleet an increasing number of employees are now driving electric cars. In addition, we welcomed our first hydrogen car in 2019. The next step is more sustainable vans, given that vans currently account for 40% of particulate emissions on Dutch roads. Following the purchase of our first electric vans we are welcome in emission-free zones, both now and in the future. These electric vans are used at the BouwHub in Amsterdam and for our activities at Schiphol.

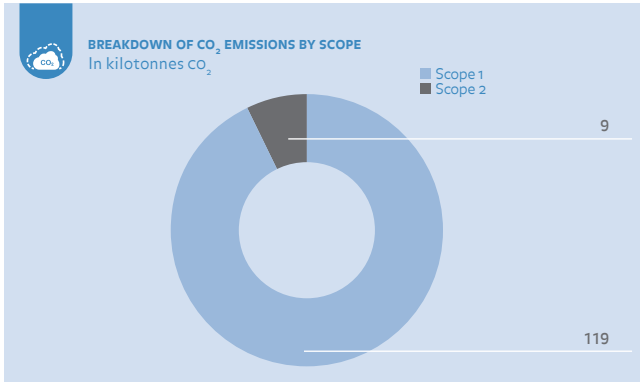
Including electric and hybrid vehicles in our fleet is a way of making sustainable enterprise at VolkerWessels visible. This enhances our credibility and positioning in terms of sustainability – something employees and clients increasingly expect of us. We aspire to zero emissions with a CO_2-neutral fleet of vehicles. Until we have achieved this goal we will offset the remaining emissions generated by the fleet. We do so by tracking the fuel consumption of the vehicles in the fleet and calculating the resulting CO_2 emissions. These emissions are then offset by investing in carbon credits which benefit environmental projects. The carbon credits are verified by a third party, to make sure that genuine CO_2 reduction is being realised. This agreement was reached with BP Target Neutral in 2019. BP Target Neutral is a non-profit programme run by fuel supplier BP aimed at helping to reduce, offset or neutralise CO_2 emissions from vehicle fleets.

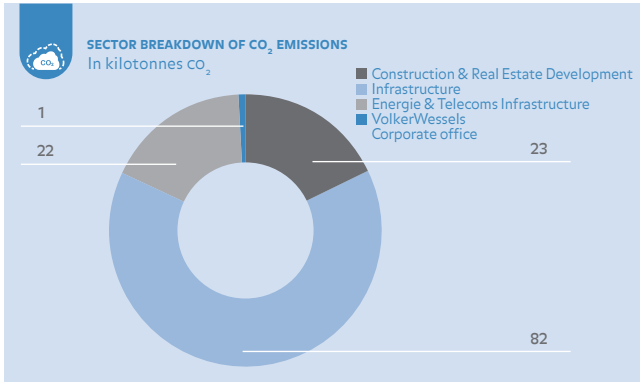
Offices

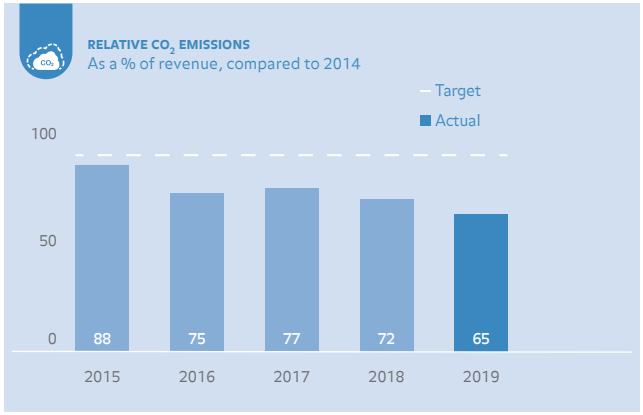
In terms of energy consumption at our offices there are further steps we can take in the area of electricity generation and more efficient energy consumption. At our group office, we launched an energy pilot at the end of 2019 to study the energy consumption and climate in the building over a number of months. This is done using sensors, which track the effect of various measures. These measures are evaluated both during and after the pilot. The energy-savings lessons learned will be used to improve energy efficiency at other offices in the group. This will represent a major step towards combating energy waste.

Most of our CO_2 emissions (94%) are caused by the combustion of fossil fuels, of which 61% are caused by diesel from our leased and commercial vehicles and by equipment. Absolute CO_2 emissions decreased slightly in the Infrastructure segment, but increased in the Energy & Telecom Infrastructure segment. As a result, VolkerWessels' total emissions rose slightly in 2019 compared to 2018.

Electric impact wrenches Our railway infrastructure company VolkerRail has purchased around 70 electric impact wrenches. As well as being more environmentally friendly they are also much lighter: the new impact wrenches weigh five kilos whereas previously our engineers had to lift tools weighing 18 kilos.







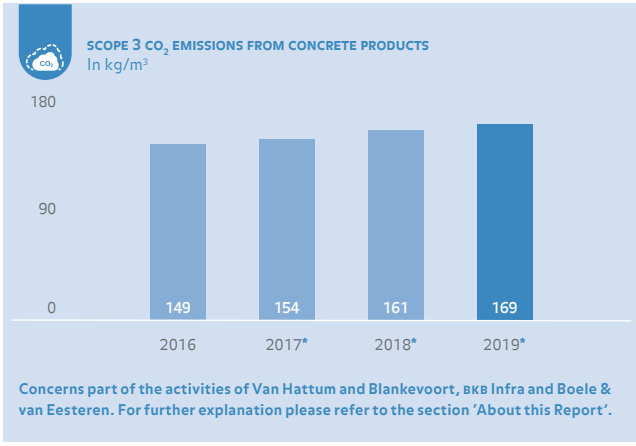
During the last years, our relative CO_2 emissions showed a steady decreasing trend. In 2019 our relative CO_2 emissions decreased by 9% compared to 2018. With this result, we are on track to meet the 2020 target. We carry out our activities in an energy-efficient manner. Our figures show that emissions from equipment (8%) and our fleet of vehicles (6%) have decreased, while turnover has increased.

Production and extraction of materials

Our main resource flows are concrete, asphalt and steel, extraction and production of which is energy and CO_2-intensive. These processes are by far the greatest cause of CO_2 emissions in the value chain. We want to take our responsibility in the chain by forming the right partnerships and encouraging our suppliers to work with energy-efficient alternatives.

Sustainable asphalt mixes

Within the organisation we can influence the asphalt production process through our own production sites. The establishment of the National Asphalt Quality Desk speeds up the process of applying sustainable asphalt mixes in practice. This is underpinned with advice and certification by a team of experts consisting of employees of Dutch research



Concerns part of the activities of Van Hattum and Blankevoort, BKB Infra and Boele & van Eesteren. For further explanation please refer to the section 'About this Report'.

* KPMG provided limited assurance on this indicator, refer to page 81.

Windpark Fryslân In the spring of 2019 we started work at a unique location: the Afsluitdijk. We laid 25 kilometres of cable to connect the high-voltage grid to a new, 'green' energy source: Windpark Fryslân wind farm.

CO_2 and energy at a glance

Highlights of 2019

- Circular BouwHub project started in Amsterdam
- SmartRoof innovation
- Purchase of electric vehicles
- Completion of sustainably renovated Goede Doelen Loterijen office

Challenges in 2019

- Increasing sustainability of vehicle fleet and equipment
- Gathering concrete-related data
- Formulating a 2025 target for CO_2 reduction by concrete products

Action items for 2020

- Expand new BouwHubs in the Netherlands and fully circular BouwHub in Amsterdam
- Complete energy pilot at group head office

institute TNO, the Dutch department for public works and Delft University of Technology.

Selective use of concrete

Concrete content can be reduced by making different design choices. This is where we can exert influence on the composition and application of concrete. For selective and conscious procurement of concrete it is important to have an insight into the composition of mixes and the environmental impact they have. This insight is improving all the time as more data is added to the Life Cycle Analysis (LCA) of the construction materials used. This allows us to select suppliers with a lower impact.

As described in the Resources section, in the year under review we expanded the data on concrete mixes with the addition of one of our companies in the Construction & Real Estate Development segment. As a result, the Scope 3 emissions from concrete products rose to 169 kg of CO_2 per cubic metre in 2019. This was because clients of the company that was added to the scope requested the use of sustainable concrete mixes in a relatively small number of projects. If we compare the 2019 figure to the old scope we see a slight increase in CO_2 emissions from concrete products.

Monitoring and managing

Responsibility for gathering data and pursuing an active policy to reduce CO_2 emissions rests with our companies. They report on their progress on a quarterly basis. In addition our companies hold a 'CO_2 aware' certificate from the CO_2 Performance Ladder, which provides a CO_2 management system that the organisation uses to continuously go through the cycle of understanding, monitoring and reduction.

More frequent sharing of experiences and reduction measures allows us to make increasing progress in terms of CO_2 reduction. Here lies a great opportunity, not just for CO_2 and energy but also for the other sustainability topics. One way to keep each other on the ball is to compare the results of segments and companies with each other. It is the reason why we added benchmarks for the vehicle fleet during the year under review.

Preservation and development of nature and biodiversity

We can achieve a lot in terms of improving biodiversity by adapting buildings and the public space, for example by creating reed marshes and ecopassages or by integrating greenery into the built environment.

Investing in climate-proof forests

Material consumption and CO_2 emissions are inherent to construction and have a negative impact on the natural environment. Sustainable use of materials, including timber from responsibly managed forests, is therefore one of our spearheads.

Last year VolkerWessels signed an agreement to invest up to €100,000 in climate-smart forestry for at least 500 hectares of Dutch forest. The Dutch Union of Forest Groups will spend the money on three FSC-certified forests in various parts of the Netherlands, implementing measures that will increase CO_2 sequestration by these forests, enhance biodiversity and give a positive boost to the forests' amenity value. Examples of such measures include promoting natural rejuvenation and planting varieties that are more resistant to climate change. Eventually we plan to use the timber harvested from these forests in our construction projects. In 2019 98% of the timber we procured was certified[1].

The climate-smart forestry will be applied using a method developed by FSC which can demonstrate whether measures are producing the desired effect, such as increased CO_2 sequestration by the forest or a boost to biodiversity. This allows VolkerWessels to draw well-founded conclusions regarding the effectiveness of the project.

Biodiversity in tenders

In 2019 VolkerWessels, biodiversity research centre Naturalis and the province of Zuid-Holland took the initiative to make biodiversity a standard aspect of construction projects, for example in tender procedures. Contractors will only offer

Targets for 2020

- Rollout of internal campaign to promote biodiversity
- 20 projects a year involving us taking at least two biodiversity measures
- 2 inspiring projects a year

15 LIFE ON LAND

[1] Certification means that only FSC-certified companies are permitted to sell PEFC products. Our contracts with timber suppliers include agreements concerning the use of sustainable timber and the monitoring of timber procurement. All VolkerWessels timber-processing companies are FSC/PEFC-certified and monitor their own certification.

Valley Valley stands out because of its integrated greenery and natural stone cladding, creating the image of a green valley. The building is expected to be completed in 2021.

"I am pleased that VolkerWessels sees high-quality timber as an important alternative to steel and concrete. That shows long-term vision"

Gerard Koopmans
(Dutch Union of Forest Groups)

ANOTHER PERSPECTIVE

solutions for biodiversity if the topic is included in the tender request. The purpose of the project is to raise awareness of the topic on both the client and the contractor side.

The project, which is being implemented as part of the IDOLS programme of the Federation of Dutch Creative Industries, has been dubbed Kruisbestuivers ('cross pollinators'). The IDOLS (Increasing Demand by Offering LearningS) programme was developed to find effective ways of linking social challenges to the creative and cultural sector.

Within the pilot project we work on concepts that have been demonstrated to have a positive impact on biodiversity. Most initiatives are insufficiently measured, meaning they cannot be used as a basis for applications in new projects. In the pilot project we focus on straightforward and cost-effective measures which promote biodiversity, meaning that they can be applied in various other projects. Examples include green facades, flowers along the roadside and nesting stones in the walls of buildings.

> There is growing demand for nature-inclusive and climate-adaptive building methods

Another example concerns connecting nature. As part of the project to redesign the N200 road between Haarlem and Amsterdam during the past year we realised an ecopassage to connect the nature areas of Spaarnwoude and Amstelland. The wide tunnel will allow animals to move easily from one area to the other, thus increasing the habitat of both animals and plants.

High-rise opportunities

There is a growing trend towards high-rise construction in the Netherlands. This has advantages for urban areas, in particular as it creates more living space while building tower blocks around stations creates accessible living and working space. This can be a disadvantage for local residents who usually have to look at concrete flats and glass towers. Covering tower blocks in vegetation can provide a solution. VolkerWessels is building two such towers: WonderWoods in Utrecht and Valley in Amsterdam.

Valley, the holder of a BREEAM sustainability certificate, contributes towards combating heat stress and flooding. Special plants have been selected for Valley; the watering is done by means of a sensor-controlled irrigation system and a permanent gardener will look after the vegetation. The sustainable design of this project is attributable to the ambitious aims of client Edge Technologies.

WonderWoods is a project in preparation with building work scheduled to start in 2020. The greenery surrounding the two residential tower blocks is key to the concept. A physical connection has been made between the vertical forest, atriums and roof gardens and the Utrechtse Heuvelrug national park, with the rolling, hilly landscape being carried through in the design. Only local varities of tree are used because these have been tested for extreme conditions. The trees which will eventually be planted in these flats were given a temporary home on Jaarbeursplein square in Utrecht during the past year.

Nature-inclusive and climate-adaptive

Clients are increasingly asking for a 'nature-inclusive' or 'climate-adaptive' building method in the development of neighbourhoods, urban districts and infrastructure.

Nature-inclusive construction is aimed at improving biodiversity. Installing bat boxes or nesting boxes for birds such as house sparrows and swifts is an example of a nature-inclusive measure. De Noordwaard, an area that borders the Nieuwe Merwede canal in Brabant, has been 'depoldered', i.e. trans-

Railway expansion at Zwolle More capacity is needed to cope with the growing volume of rail traffic around the city of Zwolle. We are laying extra tracks which will boost the role of Zwolle as a major transfer station.

Biodiversity at a glance

Highlights of 2019
- Agreement on investing in FSC forests
- Construction of N200 ecopassage

Challenges in 2019
- Insufficient focus on biodiversity in tenders
- Awareness of opportunities for biodiversity and nature in projects

Action items for 2020
- Start construction of WonderWoods
- Continue IDOLS 'Kruisbestuivers' project

formed from an area protected by dykes to an area open to high water. We are performing maintenance work in relation to this project. The area is grazed by sheep, wild cattle and horses to keep the grass at a certain length. We have installed beehives, bat boxes and nesting boxes to boost biodiversity in the area.

The purpose of climate-adaptive construction is to make the built environment resilient to extreme weather resulting from climate change, for example by applying vegetation in streets and on homes. Green roofs for instance capture water and buffer it. This slows down the flow of water into the sewage system or surface water, thus reducing peaks during extreme rainfall. Adding vegetation also has the effect of absorbing CO_2 and particulates from the air. In addition its appearance enhances spatial quality.

> Climate-adaptive construction makes the built environment resilient to extreme weather

In 2019 we created a roof garden with an area of over 12,000 square metres on the roof of a new multistorey car park on the Northern boulevard in Scheveningen. The garden will feature low dunes planted with shrubs and grasses that match those of the surrounding dune area. The roof will also include solar panels. The roof garden is part of a redevelopment plan for the Northern boulevard. We also created two roof gardens as part of the construction of the new Belvédère apartment complex in Den Bosch's Paleiskwartier district.

Monitoring and managing
Biodiversity is a topic that does not occupy a central position in our organisation. This is mainly because it requires specific professional know-how. We are working on sharing and disseminating knowledge within our organisation.

WORK AND SOCIAL ACTIVITIES

As a large employer, we have a major influence on people's job satisfaction

We realise that this influence can be positive or negative. Teams that function well contribute to a good work atmosphere, while high work pressure can result in stress or difficult situations in the workplace. VolkerWessels pursues an active policy aimed at offering a pleasant working environment with sufficient development and training opportunities. We aim to have a positive impact on society by engaging in social enterprise.

Being a good employer to all employees

In the last few years, we have experienced huge pressure in the employment market. Demand for staff is high across the construction sector and supply is under pressure. This applies to young talents as well as experienced professionals, and calls for a versatile organisation that looks at the long-term employability of its employees. This is something that VolkerWessels focuses on, so that we can continue to do our work properly.

If we want to remain successful, we have to take advantage of the changes that are happening around us. We are constantly looking for opportunities to improve ourselves, and for different ways of performing our work to the best of our ability. Innovation plays a key role in this respect. We aspire to being an organisation where we learn from our mistakes; an organisation where we know our clients, suppliers and partners, and where collaboration and developing sustainable alternatives takes centre stage.

In order to make this possible, we aim to be the employer of choice for our current and future employees. We want to attract employees who are competent, versatile, motivated and in tune with our culture; colleagues who are prepared to stand up and lead the way. In a competitive labour market it is important that our people feel that they are seen and that their opinion is heard.

Targets for 2020

- Invest in internal succession planning
- Invest in long-term employability
- Social return score of 3.7%
- Education to boost equal opportunities

8 DECENT WORK AND ECONOMIC GROWTH

Our policy therefore focuses on five aspects:

1. From management to leadership
2. A transparent culture
3. Training and development
4. Labour market communication 'Maak morgen mogelijk' ('Make tomorrow possible')
5. Reducing disadvantage on the labour market

From management to leadership

The success of our company is largely dependent on how our managers manage. We aim to have top-performing management teams. Our management programme helps achieve this. We give our executives and talented managers the room to develop into the leaders of the future. They need to know how they can coach and train our employees and to understand when decisive action is called for and when it is better to keep a distance.
The management programme fosters a more open and transparent way of working. In addition it helps to reinforce our status as a preferred employed in the labour market.
The programme has been rolled out to our Dutch companies. Our international companies have similar programmes, geared to their local markets.

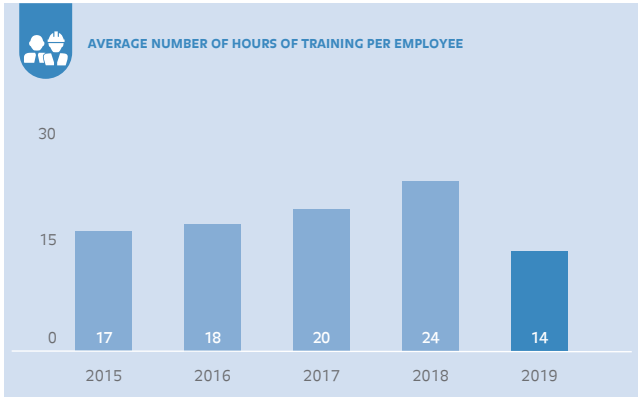
Transparent culture

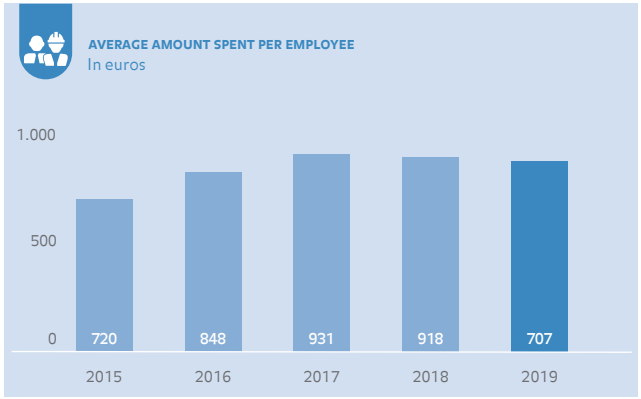
For a good work atmosphere it is important that our employees work in accordance with our core values integrity, safety and sustainability. We therefore invest a great deal of time and energy in campaigns and workshops to raise employee awareness of these core values. Integrity is a key value which can only be achieved in a culture of openness and honesty and where we feel comfortable with holding each other to account in a respectful way. With this in mind, we ask our employees annually to share their opinion about our culture and leadership. The most recent survey reveals a high score for openness and honesty, but room for improvement in terms of inspirational leadership. We also ask for feedback on topics such as social and physical safety, cooperation and career options. This input is very valuable so that we can continue to improve in order to learn how to make full use of our potential.

Training and development

VolkerWessels has its own training institute, the VolkerWessels Academy, which offers modular training programmes with a strong emphasis on learning about VolkerWessels, project management and leadership training. Moreover the Academy's programmes give our employees the latest insights into market development, innovative ways of working and opportunities to develop their skills. In addition to the VolkerWessels Academy for permanent staff we are planning to set up the Flex Academy in the second half of 2020, aimed at hired employees.

In 2019 the VolkerWessels Academy went digital with the introduction in the Netherlands of a Learning Management System (LMS), which provides an easy way for employees to search and follow training programmes. We are now able to combine, assign and manage certifications, classroom training, online training and microlearning. This helps keep our employees' knowledge up-to-date.





Retraining Since 2015 our subsidiary Visser & Smit Hanab has been retraining enthusiastic members of its own staff as engineers, work planners and project coordinators. The photo shows Jasper Broek, who retrained as an offshore engineer following a career in catering.

Maak Morgen Mogelijk ('Make tomorrow possible')

We have started building a strategy for online recruitment and labour market communication, which is aimed at boosting our brand recognition and finding the right people. The online campaign 'Maak Morgen Mogelijk' ('Make tomorrow possible') is the umbrella concept that enables all the different companies within VolkerWessels to take advantage of a strong brand in a competitive labour market. The campaign was launched at a kick-off meeting for all HR and communications staff.

To make sure that all these companies apply the new concept consistently we have developed a toolbox for all colleagues who deal with employer branding and labour market communication. The toolbox has been set up as an online community, giving colleagues from various companies an easy way of exchanging views and ideas. Which means that we don't have to keep reinventing the wheel.

In addition to the labour market campaign we have developed our own career platform listing all the vacancies within the group. We did so because we want to encourage employees in their development. The platform makes it easier for employees to switch jobs between companies and continue their development elsewhere within the business. It also helps us to prevent the loss of staff, for example speeding up the process of finding an alternative job for employees who are no longer able to perform physically demanding work as they get older.

Reducing disadvantage on the labour market

Being a good employer means looking after our employees. Are they in the right job and doing work that suits them? It can happen that our people are no longer able to do their work properly due to foreseeable and unforeseeable circumstances, for example age or an accident. In order to retain these employees in the organisation we try to find jobs that are suited to the new situation, potential and wishes of such employees.

A good example is one of our companies active in underground infrastructure that actively retrains employees to avoid them ending up at home as a result of physical problems or work

Connectivity We can no longer imagine a world without connectivity. VolkerWessels designs, builds and maintains fixed and wireless telecom networks and provides connectivity.

pressure. Extensive retraining enables the employee to do different work; for example, a former gas, water and electric fitter is now doing technical administrative work. He would like to continue his development by training to become a work planner and possibly assistant foreman. Another example is the successful retraining of a carpenter who suffered an accident which meant he was no longer able to do his job as a logistics worker at the BouwHub in Nieuwegein.

Using our influence

As a large employer in the construction sector we have many opportunities to employ people who are at a disadvantage on the labour market. With work that is well-suited to people in this group it is a win-win situation: people get chance to play their part in society and we gain a valuable worker.

Social return is an approach to create jobs for people who are at a disadvantage on the labour market. The social return target groups include people with a (partial) occupational disability, young disabled persons, the unemployed, people on welfare benefits, those working in sheltered workshops and students on BBL/BOL vocational courses. By more actively recruiting and deploying people from these groups, and increasing our procurement from social enterprises we contribute to our clients' ambitions and the national targets set out in the Dutch Participation Act.

On the Rotterdamsebaan construction project in The Hague we have been working successfully with our partner, work projects organisation GEJA, to put social return into practice. A total of 73 jobseekers from the social return target group have been put to work on the project, of which over 80% are either still working on the project or have now found a job. Even more jobseekers are set to start work here in the coming year.

On the project to renovate the Waalbrug – the bridge over the River Waal in Nijmegen – we employed a diverse group of 15 people who are at a disadvantage on the labour market. Their duties ranged from helping to lay the concrete road surface to making formwork and from helping to install concrete slabs to clearing up the building site.

TalentHub

During the year under review a workplace was set up at VolkerWessels' circular BouwHub in Amsterdam, with the aim of reintegrating people who are at a disadvantage on the labour market into the employment process. For example they will be set to work on processing materials from demolition projects. We hope to supplement more BouwHubs with a TalentHub in the future. This is consistent with our ambition to contribute to a better quality of life with focused attention on social return.

> "Offering meaningful and long-term employment to a growing number of people

Candidates from the TalentHub also go on to be hired to work on our projects, with for example the 'Vernieuwing Amstelveenlijn' project already gaining 14 motivated employees in this way. They were given three months of training to prepare them for the building site during which they learned about safety, planning and construction. After that they are ready to progress straight to the workplace.

Social Return Counter

The mission of the VolkerWessels Social Return Counter is 'to help more people who are at a disadvantage on the labour market find valuable work'. The counter is the central spot where we help companies apply social return with a sustainable result. This happens on the basic principle that employing people on a social return basis must never be at the expense of jobs for our own employees.

"Together we make things look better. Happy to work for the Best Employer!"

Michael Abraha Kebede (left) & Aman Goitom Tesfai
(De Groot Vroomshoop employees)

ANOTHER PERSPECTIVE

The Social Return Counter compiles central reports and provides support and inspiration. These services translate into giving guidance to our companies on meeting their social return obligations and monitoring the results. In addition the Social Return Counter is committed to increasing awareness of social return and promoting a positive outlook on this topic by sharing inspiring examples and giving presentations.

Dilemma
Social return is an increasingly common requirement imposed by clients in the form of a contractual obligation when contracting projects. This is a Dutch government measure aimed at encouraging companies to employ people who are at a disadvantage on the labour market. Different municipalities, provinces and national governments apply different frameworks for social return requirements in tenders. We believe that long-term employment relationships are more important than short-term, project-based solutions. The fact that the government is taking a project-based approach makes it difficult to find a workable model.

Widespread communication on social enterpreneurship
Social return is one of the six spearheads of our policy. 'Getting our house in order' in relation to this topic means providing meaningful and long-term employment for people who are at a disadvantage on the labour market. Given that good performance is demonstrable, it also increases our chances of being awarded contracts. It makes us an attractive employer for various target groups and provides opportunities for solving the challenges posed by the shortage of staff. In order to increase knowledge of and support for social return during the year under review, our policy was explained in detail to the directors of a large number of companies as well as HR employees.

It is important that all companies are aware of their social responsibility. To ensure that everyone has the necessary tools for this we are developing an e-learning for instructors – our employees who train up the builders of the future.
The e-learning will be available from next year. In addition information sessions were held for instructors in the Construction & Real Estate Development segment during the past year.

Our performance

Our performance in terms of social return is measured based on the direct contribution, by which we mean the number of people employed through social return relative to our total workforce. This is expressed as a social return score. This score equates to the highest level (3) on the Dutch Social Enterprise Performance ladder (PSO).

SOCIAL RETURN SCORE:
PEOPLE WHO ARE AT A DISADVANTAGE ON THE LABOUR MARKET
In percentages

The Social Return score (SR score) measures the degree to which an organisation engages in sustainable social enterprise. The benchmark is the weighted number of people who are at a disadvantage on the labour market in the Netherlands in relation to the total number of FTEs in the Netherlands, expressed as a percentage. The sharp decline compared to 2018 is the result of a change in the reporting scope. In light of this the target for 2025 has been changed to 1.9% (see About this report).

* KPMG provided limited assurance on this indicator, refer to page 81.

Preferred employer VolkerWessels wants to become and remain the employer of choice. In a competitive labour market, it is important that our people feel heard and seen, and that we are able to attract and retain new talent. In the photo: Pauline Haagen, Communication Manager at VolkerRail.

Employment at a glance

Highlights of 2019

- Maak Morgen Mogelijk' labour market campaign goes live
- Digitalisation of the VolkerWessels Academy

Challenges in 2019

- Attracting and retaining skilled workers
- Involving value chain partners in social return

Action items for 2020

- Establishing Flex Academy
- Broad roll-out of TalentHub
- Launch e-learning Learning about social return in the workplace

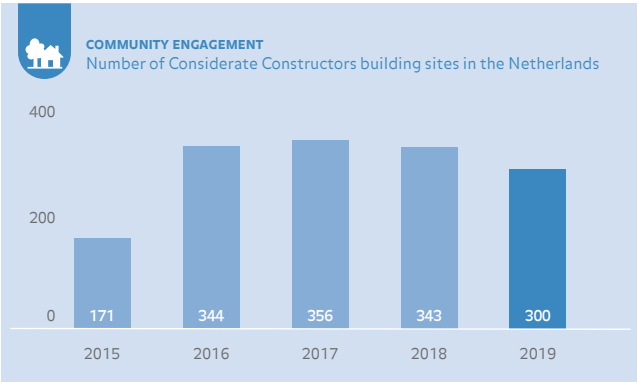
In 2019 the social return score was 1.2%, an increase of 68% compared to the previous year. We are seeing increasing awareness of this topic at a growing number of companies. In our quest for new employees we also look at people who are at a lesser or greater disadvantage on the labour market and how we can find a suitable place for them. Sometimes this will require a small adaptation to be made or some internal training. Those responsible on projects and in HR departments are increasingly recognising the possibilities of people from the various target groups and are therefore more actively focusing their management on this topic. At the same time we are seeing a few companies whose performance is still lagging. The Social Return Counter will therefore focus on this group in the coming year by sharing knowledge and lessons from the frontrunners.

> "It remains necessary to make the potential of social return clear within our organisation

An indirect contribution is when we procure from socially responsible businesses. The fact that we work on a large number of projects involving different value chain partners and suppliers makes it difficult to monitor the supporting data relating to the indirect contribution. We have therefore chosen not to include the indirect contribution in our calculations just yet. This remains a point for attention for 2020. In addition we will take a close look at our direct performance in the coming year. By taking the initiative we want to take our clients with us on the journey to a more successful translation of social return. With these revised parameters we do not expect to achieve the 2020 target of 3.7%. This is partly due to the fact that the target was set at a time when both the direct and the indirect contribution was measured. The target for 2025 has been changed to 1.9%.

A sustainable relationship with the community

Many of our projects are carried out in a complex environment where we share the space with various stakeholders, and many parties exert an influence. In such circumstances it is not enough to simply meet the technical demands. We use good community engagement in order to achieve the best possible project result while keeping the community happy. This means maintaining honest and timely communication and actively involving stakeholders.



Considerate Constructors

In carrying out our projects we are aware of the impact that the work can have on the local surroundings. We want to be a good and reliable neighbour who is mindful of the nuisance we may cause. That is why we are an initiator of Considerate Constructors in the Netherlands. The foundation works to ensure that community relations are properly managed while building work is going on. This might include for example limiting nuisance and perceived nuisance for the community and maintaining a safe and tidy building site. In 2019 we once again registered many of our building sites with Considerate Contractors: a total of 300 projects. While this was fewer than in 2018, it means that we met the minimum target of 150 registered projects a year for the fifth year running.

The construction of offices on Fellenoord in the business district of Eindhoven is an example of good community engagement, partly thanks to the organisation of regular 'Gluren bij de Buren' ('peeking in on the neighbours') tours. There was a strong focus on cooperation in this project, with a professional coach holding several sessions for our employees about the importance of multidisciplinary cooperation. The sessions emphasised the importance of their individual behaviour and how the goal can be achieved by working together as a team.

Another good example is the reinforcement of the Wadden Sea dyke on the Dutch island of Texel, a project we executed in partnership with Boskalis. Special vessels were deployed to transport the asphalt directly from the mill to the project site, thus allowing us to reduce disruption for local communities by saving around 4,700 truck journeys.

Clarity fosters support

In order to make our projects a success we need to ensure that stakeholders such as local residents are genuinely involved in these projects and are included in the choices that have to be made. Whether we are talking about road users or tenants in a housing corporation apartment complex: early provision of information and genuine involvement of residents has proven to be the key to success.

This was the case for example with a project to increase the sustainability of 29 family homes in the village of Berg en Terblijt in the Dutch province of Limburg. On this job we worked with a 'KlusBewustBudget', which involved giving the residents a 'credit' to spend on preparatory jobs before the actual renovation work started. If they chose to do the work themselves rather than spend the budget, they earned a voucher as a reward. As a result most of the residents chose to carry out the prepation work themselves.

Targets for 2020

- Targets for 2020
- 100% of projects must comply with Considerate Constructors guidelines
- At least 150 projects a year must be registered with Considerate Constructors
- 15 projects in which we take two measures under the Sustainable Construction Site guidelines
- 15 projects in which we take two measures from the Construction Logistics Menu

11 SUSTAINABLE CITIES AND COMMUNITIES

On a sustainable renovation project in the Zwanenveld district of Nijmegen we were able to gain broad support for the execution of the plan in a very short space of time after sharing the renovation proposal. In the preparation phase the project team established a sounding board group with residents, who who worked very actively to make the plan a success, for example by helping to adapt the measures to the residents. With an average age of 75, the residents are very keen to keep on living in the flats and therefore contributed ideas about modernising the apartments and making them more lifecycle-proof. Their involvement resulted in wide support for the renovation proposal.

Construction Day

Each year on Construction Day, an initiative of sector organisation Bouwend Nederland, we give the public access to our building sites. This time 13 VolkerWessels building sites which are normally closed to the public were opened up to visitors, who could take a tour of the site and use a VR headset to take a look at the future structure. Large-scale infrastructure projects often cause disruption for a considerable length of time. By opening up the building people can see how much is involved in a mega project and why it takes so much time. One project open to the public was the Rotterdamsebaan, where visitors could take a walk through the Victory Boogie Woogie tunnel. Another was the Amstelveen Line renovation site, where visitors could follow a puzzle trail or attend 'insight talks' in which experts shared information about the works.

Building site ambassador

Executing works in residential areas means a lot of communication. While disruption is inevitable, it is possible to reduce annoyance levels, for example by announcing when to expect noise nuisance or when materials will be delivered. It helps if there are residents who are involved with both the neighbourhood and the construction site. On the Badhuisweg project in Scheveningen a 93-year-old local resident acted as the liaison between the neighbourhood and the building site. He was in frequent contact with the contractor regarding the work and subsequently shared the information with other residents. Another example is a local resident who became both the contact for and expert on the building site at the village of Rijnsaterwoude. So much so, in fact, that our employees appointed her as an ambassador. By posting messages and pictures on social media she sought to keep other residents informed and at the same time create understanding for the nuisance.

The relationship between citizens, governments and businesses has changed. Greater community involvement is a positive thing. Involving local residents in the design process provides an understanding of what users need and creates support for the construction project. It can also be a challenging thing to deal with, for example when a project meets sustained resistance. From 2021 the new Environment and Planning Act in the Netherlands will increase the role of civic participation, further increasing the importance of those directly involved.

"Out of curiosity I started following the work and posting photos on the neighbourhood page. That way local residents could stay properly informed. It was something I really enjoyed doing and it also got me lots of positive reactions!"

Thea Mooij
(local resident)

Laying fibre-optic cables in The Hague VolkerWessels works on connectivity, an important factor in improving our quality of life. In addition to roads and railways we also work on the country's 'internet highway'. This photo shows us working in The Hague.

Community engagement at a glance

Highlights of 2019

- BouwApp updated to 3.0
- 300 building sites registered with Considerate

Challenges in 2019

- imely identification of all stakeholders and getting them involved
- Measuring local community satisfaction

Action items for 2020

- Improve our digital communication
- Prepare for the Environment and Planning Act

For us this means: providing even better communication about our projects, for example via project pages or the Bouwapp – a mobile application that enables the sharing of updates, images and positive developments concerning the building project. During the year under review we updated the app to a 3.0 version, which enables photos, videos and documents to be viewed using an attractive timeline.

It is a way of actively involving people because it makes it easier to share ideas. Moreover it is a matter of courtesy to keep people informed about the scheduling of the work.

Monitoring and managing

The divergent nature of the activities within our organisation makes it challenging to express community engagement in KPIs.

By regularly registering building sites with Considerate Constructors and conducting satisfaction surveys among local residents, we are able to get a picture of where the sticking points are and what measures have a positive impact.
In addition, we require the companies to report based on qualitative descriptions of the policy pursued. This reporting method provides more information about the actual effects and satisfaction levels of clients and the local community.

Work and social activities – Integrity

VolkerWessels does not compromise on integrity

Acting with integrity is a prerequisite for successful business operations, which is why integrity is one of our core values. We believe that everyone, regardless of their position, is responsible for ensuring that they themselves and their colleagues act with integrity.

VolkerWessels' integrity policy is aimed at raising awareness of integrity among employees, with the aim of making a positive contribution to an open and honest corporate culture. Clear rules and agreements on integrity form the basis for this. We have developed several e-learnings, which all employees were obliged to follow and all new employees must complete successfully as part of their induction. We have also conducted various communication campaigns. Finally, the Central Compliance Officer provides training to staff in workshops featuring dilemmas which arise in common practical situations. These workshops are given to directors as well as employees at the operational level.

The Wheel of Integrity

We conduct an annual employee survey on topics including the culture of openness and trust at VolkerWessels. Based on the outcome of the 2019 survey the Integrity Platform decided that in 2019 and 2020 priority should be given to promoting discussion between employees and managers about integrity issues. Discussing integrity dilemmas gives managers and employees a better understanding of the choices they make (and should make based on the code of conduct).

During the past year, VolkerWessels invested a lot of energy in developing a communication channel to get this discussion started. Representatives of all levels and all clusters got together for a number of sounding board sessions to help find the right format for this dialogue. From director to contractors and from infra to non-residential construction and telecom

Targets for 2020

All employees must know:

1. How to deal with integrity dilemmas in their field of work
2. Who to turn to if they wish to consult with someone about this
3. Who to report any breaches of the code of conduct to

8 DECENT WORK AND ECONOMIC GROWTH

Marit Reinders Within our organisation we are working together on the future. Everyone contributes his or her own qualities, knowledge and personality. In the picture Marit Reinders, next to traffic manager at VolkerWessels Infra Competence Centre, she is also a board member of JongVolkerWessels.

companies – everyone was represented in this sounding board group.

The sounding board group ended up choosing the format of a game: The Wheel of Integrity. The game uses dilemmas, true or false questions, cartoons and quiz questions to get managers and staff talking about integrity. The game can be played by 20 people divided into three groups, allowing people to discuss what is the best way to act, what considerations are made in making that decision and what is the best course of action according to the code of conduct.

The idea is that talking with each other about integrity issues will make it easier for employees to allert colleagues and managers tin future to behaviour that is perhaps not quite ethical. The game format developed by the sounding board group was subsequently tested in pilot sessions in all the clusters, which once again involved employees from all levels of the organisation. The rollout of the game started in November 2019 at the level of the Management Board and boards of the operating companies. The plan is continue the rollout of the game to all levels of the organisation between December 2019 and June 2020.

Compliance Officer training

A Compliance Officer is an official who is responsible for compliance with legislation, regulations and our code of conduct within the organisation. Each VolkerWessels company has its own Compliance Officer, who has the important task of seeing to it that rules are upheld and enforced. Their tasks and powers are set out in the VolkerWessels Compliance Charter. Furthermore, they support and advise the management and if necessary colleagues if integrity dilemmas arise. Breaches of legislation, regulations or the code of conduct which constitute an offence under criminal law or the Competition Act must be reported to the Central Compliance Officer immediately.

During the past year we provided training for our Compliance Officers. This turned out to be worthwhile, not just because of the topics explained by the discussion leaders but also because it was the first time they had all been together and were able to exchange experiences. In 2020 they will have the opportunity to take a follow-up course, which is currently under development.

In addition, all VolkerWessels companies have appointed an external confidential counsellor. Employees can seek assistance from a confidential counsellor if they experience problems in the organisation which they feel are not or inadequately acted on by their managers and/or HRM staff. Confidential counsellors can also discuss matters other than integrity issues.

Reporting

VolkerWessels employees can report integrity dilemmas or suspected misconduct to their line manager or the company's Compliance Officer. To keep the threshold for reporting integrity issues as low as possible, employees can also opt to contact the Confidential Line using the dedicated telephone number or dedicated email address. The phone number and email address are managed by an external agency (People in Touch). Incidents reported to this agency are forwarded anonymously to the Central Compliance Officer for investigation. The Central Compliance Officer is the only person at VolkerWessels with the power to order integrity investigations.

'Normal' integrity reports (i.e. reports that do not constitute a breach of criminal law or the Competition Act) are dealt with by the Compliance Officer of the company concerned.

In 2019 22 suspected integriteit violations and suspected misconduct were reported, resulted in 5 dismissals.
The number of reported incidents was is lower compared to 2018, when there were 49. The number has never been this low.

"41 zero-energy bill homes for various target groups – and that in 33 days with only six or seven transport movements for each home. The MorgenWonen industrial concept home provides a solution for ensuring diversity in the neighbourhood, limits disruption for local residents and reduces nitrogen emissions"

Jorg van de Sanden
(Stadslander Foundation)

E-learnings and workshops

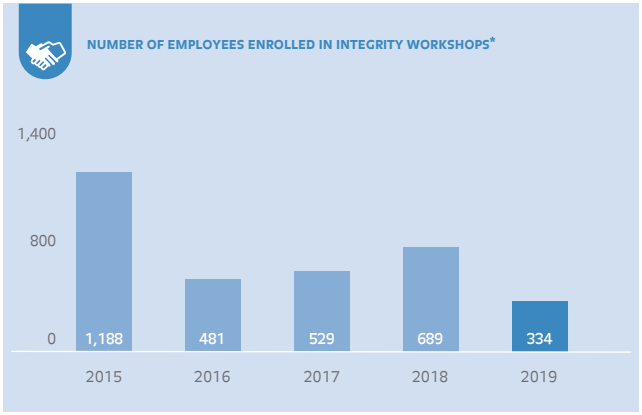
E-learnings are a good tool for raising integrity awareness and emphasising the importance of working ethically, because they provide a relatively easy way of reaching a large group of employees in a short space of time. The second Integrity e-learning was developed in 2018 and rolled out and completed in the spring of 2019. In 2019, 7,129 employees made the e-learning integrity. The e-learning consisted of nine groups of 10 dilemmas, with separate sets of dilemmas for senior managers, middle managers and employees of each of the three clusters. After answering each dilemma employees were given immediate feedback on their answer. All employees had to achieve a score of at least 70% correct answers and were allowed three attempts to achieve this.

The results of the e-learning were consolidated for each company, each cluster and for VolkerWessels as a whole and after being discussed by the Integrity Platform will be made available to the companies. This will enable the companies' boards to see which questions achieved a score of less than 70% correct answers (by the employees of that company). These will be the topics that will receive extra attention at that company in 2020.

In 2019 we developed an e-learning about compliance with the Dutch Competition Act. The e-learning is aimed at raising awareness of the provisions of the act amongst employees who deal with these in their everyday work. What are you allowed to do and what should you definitely not do? And what are the potential consequences of breaking the rules? The e-learning will be rolled out in early 2020.

The number of employees participating in integrity workshops fluctuates from year to year, with the number of participants partly dependent on whether or not workshops have been held as part of our companies' training programmes. The number of participants in this type of workshop is considerably higher (at over 100) than in standard workshops, where numbers are capped at 20. Although there was a drop in the number of participants in the past year, the number of workshops held actually rose compared to previous years.

New ING head office Green, transparent and flexible: words that characterise the new ING head office that we completed in March 2019. Moreover we gave the existing office a new future by converting it into affordable homes.



* KPMG provided limited assurance on this indicator, refer to page 81.

Young VolkerWessels On 14 October JongVolkerWessels organised an event at which over 170 enthusiastic young colleagues were given the opportunity to enter into discussion with the Management Board of VolkerWessels about topics including sustainability, innovation and diversity.

Integrity at a glance

Highlights of 2019

- Development and launch of Wheel of Integrity game
- Training of Compliance Officers

Challenges in 2019

- Putting the culture survey into practice
- Raising integrity awareness

Action items for 2020

- Complete Wheel of Integrity
- Rollout of e-learning on Compliance
- Follow-up training for Compliance

Integrity in cooperation

The clear rules that we have set for our employees also apply to our clients, suppliers, subcontractors and other stakeholders. Our conditions for cooperation are set out in our Code of Conduct, which provides a clear basis for acting and doing business with integrity. In our agreements we always declare our Code of Conduct (or an at least equivalent code of conduct of a counterparty) to be applicable. VolkerWessels also subscribes to the Guiding Principles for Commissioning Construction Companies, as do our partners in the supply chain.

In addition, in 2016 VolkerWessels signed the United Nations Global Compact (UNGC), thus committing to the 10 universal principles on human rights, labour, the environment and anti-corruption. We are members of the UNGC Network Netherlands and provide an annual account of how we put these principles into practice.

Responsibilities

The Integrity Platform is the forum within VolkerWessels that is responsible for policy and other initiatives and for providing support in relation to integrity topics. The Integrity Platform discusses key developments in the area of compliance, prepares the compliance annual plan and monitors the progress of all compliance-related activities within VolkerWessels. The Integrity Platform consists of two members of the Management Board, three board members of various operating companies, a representative of both HRM and the group communications department and the Central Compliance Officer. Decisions taken by the Integrity Platform are considered to be decisions by the Management Board and are binding in nature. The Central Compliance Officer acts as secretary of the Integrity Platform.

VOLKERWESSELS INTERNATIONAL

Innenhof In this new residential area there is a strong focus on greenery. The freely accessible courtyards of the O quarter will feature benches and playgrounds, all surrounded by trees.

VolkerWessels International

We have been reporting on the performance of our companies in Germany and North America in this report since 2018, when we started gathering the figures for our most important sustainability topics at a central level. We had been doing so for the United Kingdom since 2013. During the past year we focused on improving the reporting process, for example reporting sustainability figures on a quarterly basis for the first time.

The first step, before we can report accurately and focus our management on performance, is a good understanding of the situation. To what extent is the data available and reliable? What context are our international companies operating in, and how do regulations differ from those in the Netherlands? What are areas for improvement? In order to get answers to these questions we commissioned KMPG to conduct a readiness assessment in 2018 and 2019. A readiness assessment involves reviewing the reporting process, with attention being given to the robustness of the data. We seek to obtain auditing assurance on as much of the data as possible.

The assessments showed that the reporting processes have improved, with the four-eye auditing principle now having been introduced at all companies. Where is it not possible to gather factual information, estimates are made which are approved by the auditor. As from 2019, assurance is given on all material sustainability figures with the exception of two indicators: integrity figures in Germany and waste figures in North America. This is because we do not have a reporting system in place for these figures yet; the companies concerned need more time.

In the coming years we will continue to work on improving our sustainability reporting. In addition, we will seek to align the existing strategies of our international companies with our group as much as possible. The key focus is for all companies within VolkerWessels to base their work on the core values of safety, integrity and sustainability.

United Kingdom

In the United Kingdom we execute projects in the civil engineering sector, primarily infrastructure projects such as building and maintaining railways, bridges and roads. We also realise commercial and industrial buildings and are active in the offshore wind market.

Health
Safety is a core value. We seek to prevent work-related accidents and poor employee health on the one hand, and to support the general health and well-being of our employees on the other.

Our policy focuses on risk assessment, on health and safety planning and on providing the right information through instructions, training and supervision. We ensure that the information is fully aligned with the legal provisions, and supplement it with information on best practices in the sector.

A good example is the initiative to increase the safety of drivers at work with a programme for safe behaviour. The programme is aimed at improving risk perception among drivers and those who drive as part of their work. The programme mainly looks at risks associated with decision-making in traffic, whilst also looking at awareness and individual sense of responsibility. The purpose is to ensure that safety on the road during work hours is firmly embedded in the company ethos.

The IF rate has increased in 2019 (1.8) compared to 2018 (1.1), due to an increase in accidents resulting in absence. In total, there were 12 accidents with absenteeism. That is two more than last year. Compared to 2018, the biggest difference can be seen at our company VolkerHighways. Where there were no accidents at all in 2018, there were three in 2019.

While we have been keeping an eye on our employees' physical health for many years now, this applies to a lesser extent to their mental health, which is still a relatively new topic in the construction sector. Removing barriers surrounding mental health, creating a culture where our employees can talk openly and providing support options are just some of the ways in which we are trying to make a change.

Our operational staff undergo regular medical checks. Our health workers are tasked with performing this general well-being check on employees, looking at mental as well as physical health. This is having a noticeable positive effect with people paying fewer visits to their GP.

Natural environment
In the United Kingdom, as elsewhere, the construction sector is a major consumer of resources and producer of large quantities of building and demolition waste. The road, construction, rail and infrastructure projects that we realise become part of the landscape, which makes us responsible for the environmental consequences.

Our priorities are reducing and controlling residual flows, reuse and recycling of materials and preventing pollution. Other topics which receive attention include protection of local environmentally sensitive locations and preservation of natural resources.

An example of a project in which we added extra natural value was the maintenance programme for the Royal Borough of Windsor & Maidenhead, where we planted trees to offset the project's CO_2 emissions. The programme involves performing road maintenance work such as keeping gullies clear and repairing asphalt damage. In addition to planting trees we also installed so-called toad ladders. Each spring the toads' journey to their breeding pond takes them across a number of roads. They are prone to falling down drains, from which they are unable to escape. To address this we installed ladders in the drains so that the toads will be able to migrate safely in the spring.

Waste

In addition to sufficient waste separation, we also focus on reducing the total amount of waste we produce in the United Kingdom. In 2019 we switched to a more robust approach for waste and resource management, to ensure a better circulation of building materials.

The total weight of waste increased considerably compared to 2018, from 321 kilotons to 771 kilotons in 2019. Due to the diversity of the projects the amount of waste fluctuates across the years, but also across individual waste streams. A big component of the total amount of waste is discarded soil. In the United Kingdom, unlike in the Netherlands, it is compulsory to report soil removed as waste. Fluctuations in the volume of waste can therefore be attributed to this residual stream in particular. 70% of this year's strong increase is mainly due to an increase in the waste stream 'sand and minerals'. The separation percentage rose slightly from 93% to 94%.

CO_2 emissions

Relative CO_2 emissions decreased by 17% compared to 2018. Absolute CO_2 emissions have remained stable compared to 2018. The decrease is therefore mainly due to a change in turnover, which has increased by 20%.

Work and social activities

In a sector which is still characterised by low diversity and where there is a growing shortage of employees, the need for a strategy for equality, diversity and inclusion (EDI) is becoming increasingly clear. In 2018 we launched our 'Building Inclusion Together' strategy, and an EDI commitment was signed by the management team. In 2019 a number of EDI courses were held for the leadership team and all employees. We have also started including EDI behaviour skills in the personal development procedure.

Key figures for the United Kingdom

		2019*	2018*	2017*
Health				
Safety	IF-rate	1.8	1.1	3.4
Natural environment				
Resources	Total weight of waste (in kilotonnes)	771	321	500
	Separation rate	94%	93%	89%
CO_2 and energy	CO_2 footprint (Scope 1 and 2) (in kilotonnes)	32	32	26
Work and social activities				
Integrity	Total number of reported suspicions of a breach of integrity and suspicions of wrongdoing	1	5	43

* KPMG provided limited assurance on this indicator, refer to page 81.

Furthermore, we contributed to the shaping of future initiatives throughout the value chain by attending workshops in the sector, taking part in supplier diversity forums and working with inclusive employers. VolkerWessels UK has succeeded in achieving the Investors in Diversity Stage 2 award and is now working towards full accreditation of our investors in diversity. The EDI approach is led by a head of equality, diversity and inclusion, supported by a steering group, and comes under the responsibility of the Chief Finance Officer, on behalf of the Management Board.

Considerate Constructors

We are proud to be a partner of the Considerate Constructors Scheme (CCS), an organisation which focuses on improving the image of the construction sector and the impact it has on the environment, its employees and the local community. CCS is a sister organisation of the Dutch scheme Stichting Bewuste Bouwers. Its partners are companies that strive to demonstrate and promote the highest standards of considerate construction. In 2019 31 of our projects were registered with the Considerate Constructors Scheme.

North America

VolkerWessels North America is active in the infrastructure sector, in the Canadian provinces of Alberta and British Columbia and in the Seattle region of the United States. Our activities are focused on the construction and maintenance of roads and underground infrastructure.

Health
We have a good insight into absenteeism due to accidents. The IF rate in north America is 16.7. In 2019 there were 39 accidents with absenteeism. Compared to 2018 (IF rate: 7.5), this is a significant increase. In Canada, in particular, the number of accidents involving absence from work has risen strongly. There is no discernible reason for the increase in the frequency of safety incidents. Management continues to consider options to improve the results.

Fatal accident in Canada
Despite all our efforts in terms of safety we sadly experienced a fatal accident involving a colleague at our operating company in the Canadian province of Alberta.

Natural environment
The total CO_2 emissions in north America have increased by 2% in 2019. Sub-entities show varying performance when it comes to CO_2 emissions. Mainline Construction Ltd reduced their CO_2 emissions by 45% by reducing the use of heavy machinery. Other sub-entities saw an increase in their CO_2 emissions, mainly due to more accurate reporting of all consumed energy.

In the case of waste management, we see that there is currently no robust methodology available to collect waste data for our projects. In the coming years, we will continue to focus our efforts to develop a method which leads to either reliable estimates or the collection of sufficient primary data.

Key figures for North America

		2019	2018
Health			
Safety	IF-rate	14.3 *	7.5
Natural environment			
Resources	Total weight of waste (in kilotonnes)	194	86
	Separation rate	88%	99%
CO_2 and energy	CO_2 footprint (Scope 1 and 2) (in kilotonnes)	72 *	71
Work and social activities			
Integrity	Total number of reported suspicions of a breach of integrity and suspicions of wrongdoing	0 *	1

* KPMG provided limited assurance on this indicator, refer to page 81.

Work and social activities
The duration of projects at these companies varies enormously depending on the season. They therefore employ a large number of temporary employees or seasonal workers. Limited exchange of information with the unions that supply the seasonal workers means that it is difficult to gain a good insight into the level of absenteeism due to illness which is not the result of an accident.

Laycock Park Bridge The new Laycock Park bridge in Calgary (Canada) is made of wood and is characterised by cedar beams with a length of 37 metres. The bridge is also very innovative in that its wooden surface has been strengthened with a layer of fibreglass-reinforced polymer.

Germany

Our activities in Germany are mainly focused on the development and construction of homes for rent and purchase. We are primarily active in three urban areas: Berlin, Frankfurt and the state of North Rhine-Westphalia.

Health
The IF-rate in germany is 14.3, which is lower than 2018 (14.7). There were 8 incidents that resulted in absenteeism. Germany has relatively few employees. This means that every accident involving absence from work has a relatively high weighting on the IF-rate.

The IF rate in Germany is higher than in the Netherlands. Due to German labour legislation, employees who are ill or who have been involved in an incident are sent to the company doctor, who can prescribe on or more days of rest if it is deemed necessary. This could explain the high IF rate, which does not necessarily reflect serious incidents.

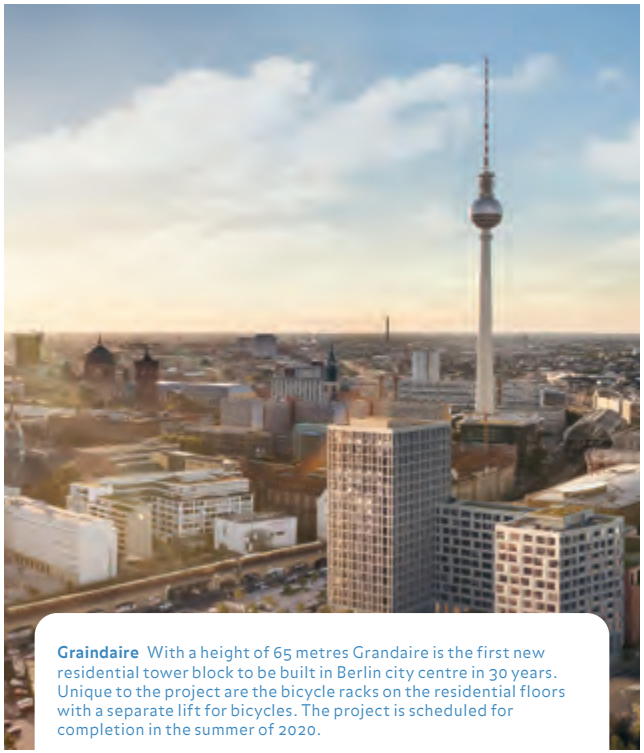
Natural environment
In Germany waste processing is organised differently, compared to the Netherlands. In 2019 we have developed a method to calculate the average amount of waste per project category. As we use this method for the first time this year. Therefore, the numbers are not comparable with previous years. The amount of waste has increased significantly as well as our waste separation rate. In 2018 this 78.4% and in 2019 the waste separation rate is 92.4%.

There was also a significant increase of 7% in CO_2 emissions, compared to 2018. This is due to an increase in business air travel. As turnover in Germany increased, CO_2 emissions per euro of turnover decreased by 6.5%.

Key figures for Germany

		2019	2018
Health			
Safety	IF-rate	14.9*	14.7
Natural environment			
Resources	Total weight of waste (in kilotonnes)	190 *	0.14
	Separation rate	92% *	78%
CO_2 and energy	CO_2 footprint (Scope 1 and 2) (in kilotonnes)	2 *	2
Work and social activities			
Integrity	Total number of reported suspicions of a breach of integrity and suspicions of wrongdoing	1	–

* KPMG provided limited assurance on this indicator, refer to page 81.



Graindaire With a height of 65 metres Grandaire is the first new residential tower block to be built in Berlin city centre in 30 years. Unique to the project are the bicycle racks on the residential floors with a separate lift for bicycles. The project is scheduled for completion in the summer of 2020.

Work and social activities
In 2019 we launched a pilot project with an integrated management system that we, our suppliers and subcontractors all work with. The system provides a transparent way of working and ensures that the rules relating to illegal and undeclared work, social security contributions, temporary work, occupational safety and the statutory minimum wage are observed.

Subcontractors are given access to the system and must register each individual employee. If the employee meets the rules and requirements, and is aware of these, physical access to the construction site is allowed. The system allows us to check who is on the building site or is seeking access to it at any given time.

We have determined our next steps for obtaining integrity figures of the desired quality. The existing informal process is as yet insufficient to guarantee the desired data quality. During the coming year, we will work on a formalised process to allow us to gain a better understanding of this topic. This will help us to act more swiftly in the event of an integrity issue, and ensure that all issues are assessed and followed up.

About this report

About this report

The original sustainability Report was 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 will prevail.

Scope
The primary target group of this report are our stakeholders who are interested in the activities of VolkerWessels, which are developed across a broad range in various sectors. Since 2013 we have also reported on the performance of all our operating companies in the United Kingdom. Data from our UK companies is gathered separately and reported by topic.

From 2018 the scope of the Sustainability Report has been expanded with data for our companies in Germany and North America. To enable us to take accurate measurements and focus our management on results we commissioned KMPG to conduct a readiness assessment in 2018 and 2019. These assessments involve reviewing the robustness of our performance data with the ultimate aim of obtaining auditing assurance. The 2019 readiness assessment showed that all the sustainability figures from the United Kingdom, Germany and North America are sufficiently reliable and complete to enable assurance to be given with a reasonable degree of certainty, with the exception of two indicators: the integrity figures in Germany and waste figures in North America. This is because there is no reporting system in place for these yet; the companies concerned need more time.

Foreign branches of our Dutch company VolkerWessels Telecom are included in this report. Figures relating to these are shown separately for the first time in the appendix with the sustainability figures, whereas previously they were included in the total for VolkerWessels. The financial results, however, are included in the totals for the Netherlands under VolkerWessels Telecom. We have chosen to report separately on the topics of waste, CO_2 and energy and safety to provide increased insight. There is no reporting on the figures in the text.

Consortiums, companies and new entities
This report includes consortiums and companies in which we have a controlling say. Interests in entities in which VolkerWessels shares control with third parties and whereby VolkerWessels and other parties are entitled to the assets and liable for the debts (joint operations) are included in the financial reporting on a pro rata basis. This approach is in accordance with IFRS financial accounting principles.
The material topics for VolkerWessels were determined based on various rounds of stakeholder dialogue and an employee survey. More information on this can be found in the Materiality Analysis appendix to the online report on our website (Dutch only).
Companies acquired and consortiums in which our stake increased to over 50% in 2019 will be involved in the reporting process in 2020 and included in the 2020 report.

CSR strategy
Our CSR strategy is based on market research, best practices and VolkerWessels' strategy. We comply with the internationally recognised guidelines of the Global Reporting Initiative (the GRI Standards version). The GRI table can be found on the website.

In 2019 VolkerWessels and its majority shareholder Reggeborgh announced that Reggeborgh is to launch an offer for all the shares in VolkerWessels. The independent members of the Supervisory Board and the Management Board support the offer and unanimously recommend it to its stakeholders. Reggeborgh has declared full support for the company's current strategy. The Central Works Council has issued a positive opinion on the offer.

Data collection
We have created a reporting manual to enable our companies to collect data in a uniform manner. We use the guidelines and emission factors applied by the Dutch Foundation for Climate Friendly Procurement and Business (SKAO) to calculate the CO_2 footprint of our operations. The CO_2 emission factors prescribed by the SKAO Handbook 3.0 were applied in our calculations. These CO_2 emission factors have also been used for the data from the foreign countries.
Any recalculations and changes in definitions are explained in the text and the footnotes. Since 2015 all data is internally validated on a quarterly basis to increase the reliability of the figures and raise awareness throughout the organisation. VolkerWessels uses this data to carry out comprehensive internal audits on the sustainability figures. These serve as a basis for constantly improving the reliability of our sustainability figures. Furthermore, we use the group's SAP consolidation package for our financial data, employee data and safety data.

Waste
In 2018 we changed the way we define total amount of waste reported. We did so because the previous definition was open to different interpretations by the companies. The definition used in 2017 was "a combination of residual waste flows which are reused, recycled, processed, incinerated with energy being recovered, or sent to landfill. In other words, the flows that go to the waste processor." The definition as from 2018 is "residual waste flows which are reused, recycled, processed, sent to landfill or incinerated with energy being recovered. In other words, the residual flows that go to the waste processor or which are processed by a Royal VolkerWessels Stevin NV company so that they can be reused as raw materials (for example asphalt and concrete)."

The consequence of this change is that as from 2018 some of our companies have included a large amount of extra residual flows as waste compared to previous years. We have seen a sharp increase for our road construction company and for asphalt manufacturer KWS Infra in particular, due to the fact that recycled asphalt and asphalt millings now qualify as waste. The change has also led to a considerable increase in the waste separation rates for 2018 and 2019: under the old definition the separation rate for 2019 is 53% compared to 94% under the new definition.

Concrete
In 2019 we expanded the reporting scope with regard to the KPIs for concrete (Scope 3 CO_2 emissions and percentage of secondary material in concrete products). This means that in addition to the figures for Van Hattum en Blankevoort and BKB Infra, those of contracting firm Boele & van Eesteren are now also included. This has added a company from the Construction and Real Estate segment to the reporting scope, meaning that the results provide a better reflection of our performance.
In 2019 we also looked into the possibility of adding prefab concrete company Westo to the scope, but it transpired that the amount of concrete mixes they procure is so low as to be insignificant. This is because they produce their own concrete. We therefore decided against against adding them to the scope.

Social return
The Social Return score (SR score) is a benchmark for sustainable and social enterprise for which the indicator is the number of persons employed from the social return target group. The score equals the weighted number of people at a disadvantage on the labour market in the Netherlands relative to the total number of FTEs in the Netherlands, expressed as a percentage.

Bar a few exceptions, the SR score is calculated according to the methodology of the Stichting PSO Nederland foundation, established by Dutch research institute TNO. We measure the direct contribution: the weighted number of persons employed who are at a disadvantage on the labour market relative to the total workforce. Reporting of this information is mandatory for the companies.

The Social Return target group measured differs from the PSO methodology on certain points in terms of the education levels of students, asylum seekers holding a residence permit and unemployed workers who are not entitled to benefits. There are also a number of differences regarding length of service.

These changes mean that the SR target groups as applied by VolkerWessels relate directly to the wishes of our clients whilst still being consistent with the criteria, i.e. to what extent people are able to earn their own living later on in their career.

The addenda/modifications are as follows:
- BBL/BOL (training on the job pathway/school-based pathway) levels 3 and 4 (weighting = 0.25): PSO Nederland only includes students at BBL/BOL levels 1 and 2 (weighting =0.5). We have extended this to levels 3 and 4 because it allows us to meet the requirements of certain government clients.
- Persons who commence a BBL/BOL course while they are working for VolkerWessels are included in our calculations during their training period, in line with the parameters for regular BBL/BOL students.
- Higher-qualified interns (weighting = 0.25): this is consistent with our wish for good entry-level qualifications to limit drop-out later on.
- For persons covered by the Dutch Participation Act we apply a period of four years rather than three because we have found that this group benefits from a longer period of supervision to avoid relapse.
- Unemployed workers who are not entitled to benefits (weighting = 1): this is consistent with the requirement of certain government clients.
- Asylum seekers holding a residence permit (weighting = 1): this group tends to be included in the Dutch Participation Act group, but given the great potential we see for this target group we are interested in knowing their exact number.
- Persons who are homeless and unemployed (weighting = 1): persons in this group are sometimes not covered by the Participation Act, and can be included under this header.

In 2018 we took the decision not to measure the indirect contribution. The indirect contribution is defined as: the extent to which companies source from supply chain partners and suppliers who engage in sustainable and social enterprise and the weighted number of persons who are at a disadvantage on the labour market employed by subcontractors. Gathering supporting data is complicated, as it requires a lot of information from subcontractors. As a result, the figures for 2017 and earlier are not fully comparable to the figures for 2018 and 2019.

Integrity
The 'total number of integrity workshops' KPI changed in 2019. Previously the total number of induction courses was included in the total number of integrity workshops. However the integrity topic is now no longer part of the induction course at VolkerWessels because all new employees follow an e-learning on integrity.

Monitoring
In the past few years we have focused on making our monitoring system more robust, with more and better data having resulted in more reliable figures. This is evident for example in our waste, CO_2 and safety figures. We are increasingly working with accurate figures instead of conservative estimates. That means that the improving figures are partly performance-related and partly the result of the improved monitoring system. Furthermore, with effect from 2015 the key indicators are monitored and evaluated every quarter instead of annually and the figures are discussed at senior management level with the Management Board.

Future developments in our reporting policy
Since 2017 we have given more prominence to the three quality of life topics in this report. One or several spearheads have been defined for each pillar and these will be given priority in the coming years. In 2019 we worked on new targets for the 2020-2025 period with our ambitions being presented in this report. We will finalise the targets in 2020.

In the last two years this sustainability report has been expanded with information relating to our business activities in North America and Germany and our Dutch business operations in Belgium. In the coming years we will focus on putting in place a stable and solid reporting process.

External assurance
To safeguard the reliability of our figures we commissioned KPMG to verify our reporting on the Netherlands, the United Kingdom, Germany and North America and to issue an assurance report. KPMG has done so for specific data on the topics of Safety, CO_2, Resources and Integrity (see the summary, graphs in the report and the appendix with the sustainability figures), as indicated with an asterisk (*). Two indicators have not been issued with assurance: the integrity figures from Germany and the waste figures from North America. Assurance is issued on one extra topic in the Netherlands, namely Social Return.

Feedback
If you have any feedback or questions about our sustainability report, please contact csr@volkerwessels.com.

Assurance

Assurance report of the independent auditor

To the readers of the Sustainability Report 2019 of Koninklijke VolkerWessels NV.

Our conclusion

We have reviewed the information for selected indicators and related disclosures for the topics CO_2 and energy, raw materials, safety, employment and integrity that are indicated with an (*) in the Sustainability Report 2019 (hereafter: the Selected indicators) of Koninklijke VolkerWessels NV (hereafter 'VolkerWessels') based in Amersfoort.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the information for the Selected indicators is not prepared, in all material respects, in accordance with the reporting criteria as included in the chapters 'About this report' and 'Definitions'.

The Selected indicators regard the Dutch activities as well as the activities in Belgium, the United Kingdom, Germany and North America.

Basis for our conclusion

We have performed our review on the Selected indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements). This engagement is aimed at obtaining a limited level of assurance. Our responsibilities under this standard are further described in the section 'Responsibilities of the auditor' of our report.

We are independent of Koninklijke VolkerWessels NV in accordance with 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 believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Applicable criteria

The information for the Selected indicators needs to be read and understood together with the reporting criteria. VolkerWessels is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Selected indicators are the applied internal reporting criteria as disclosed in the chapters 'About this report' and 'Definitions' of the report.

Scope of the group review

VolkerWessels is the parent company of a group of entities. The Selected indicators incorporate the consolidated information of the group entities in the Netherlands, Belgium, the United Kingdom, Germany and North America, as explained in the chapter 'About this report'.

Our review procedures consisted of both review procedures at corporate (consolidated) level as well as at local level. Our selection of local entities in scope of our review procedures is primarily based on the individual contribution of a local entity to the consolidated information. Furthermore our selection of local entities considered relevant reporting risks and geographical spread.

By performing our review procedures at local level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance information about the group's reported information to provide a conclusion about the Selected indicators.

Comparative information not reviewed

No review has been carried out over the Selected indicators for Germany and North America in previous years. Therefore, data included for comparison and the related disclosures for previous years are not part of our assurance conclusion.

Responsibilities of the Management Board and the Supervisory Board

The Management Board of VolkerWessels is responsible for the preparation of the information for the Selected indicators in accordance with the reporting criteria as included in the chapters 'About this report' and 'Definitions', including the identification of stakeholders and the definition of material topics.

The Management Board is also responsible for such internal controls as the Management Board determines is necessary to enable the preparation of the information for the Selected indicators that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of VolkerWessels.

Responsibility of the auditor

Our responsibility is to provide limited assurance over the Selected indicators based on our procedures.

The level of assurance obtained in engagements with a limited level of assurance is substantially less than the assurance obtained in engagements with a reasonable level of assurance.

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 decisions of users taken on the basis of the information for the Selected indicators. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.
We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have performed the review with professional scepticism and exercised professional judgement throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included amongst others, the following procedures:

- Identifying areas in the information for the Selected indicators with a higher risk of misleading or unbalanced information or material misstatements due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the information for the Selected indicators;
- Considering the internal control relevant to the assurance engagement with the aim of selecting assurance activities that are appropriate in the circumstances. These procedures do not aim to express a conclusion about the effectiveness of the internal control of the entity;
- Evaluating the appropriateness of the reporting criteria used, including evaluating the results of the dialogue with stakeholders and the reasonableness of estimates by the Management Board and the disclosures provided for the Selected indicators;
- Evaluating the presentation, structure and content of the information for the Selected indicators and related disclosures and evaluating whether the information for the Selected indicators presents the underlying transactions and occurrences free from material misstatement;
- Interviewing relevant staff responsible for providing the information for the Selected indicators, carrying out internal controls on the data and consolidating the data for the Selected indicators;
- Performing three site visits within the segments Energy & Telecom Infrastructure, Construction & Real Estate Development and VolkerWessels United Kingdom, with the aim to validate source data at local level and to evaluate the design and implementation of internal controls and validation procedures;
- Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level;
- Reviewing, on a limited test basis, relevant internal and external documentation, to determine the reliability of the information for the Selected indicators.

We communicate with the Management Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 28 February 2020

KPMG Sustainability,
Part of KPMG Advisory NV
W.J. Bartels RA, Partner

Appendix sustainability figures – The Netherlands

Health

	2019	2018	2017	2016	2015
Safety					
Sickness absence percentage					
The Netherlands*	4.6%	3.9%	4.2%	3.9%	3.9%
■ Construction & Real Estate Development	3.5%	3.6%	4.1%	3.7%	3.7%
■ Infrastructure	5.6%	3.9%	4.3%	4.2%	3.8%
■ Energy & Telecom Infrastructure	5.0%	4.2%	4.0%	3.9%	4.3%
■ VolkerWessels group head office	2.0%	2.6%	4.6%	2.8%	2,6%
Accidents resulting in absenteeism					
The Netherlands*	87	116	129	129	113
■ Construction & Real Estate Development	36	48	39	53	46
■ Infrastructure	37	40	49	55	47
■ Energy & Telecom Infrastructure	14	26	37	20	20
■ VolkerWessels group head office	0	2	4	1	0
Number of fatal industrial accidents					
The Netherlands*	0	0	0	1	0
IF rate					
The Netherlands*	3.3	4.6	5.3	5.5	5.1

* KPMG provided limited assurance on this indicator, refer to page 81.

Natural environment

	2019	2018	2017	2016	2015
Raw materials					
Percentage of sustainable timber used	98%	98%	97%	96%	97%
Separation rate for building and demolition waste*	94.0%	93.1%	52.6%	61.9%	64.8%
Total weight of waste (in tonnes)*	782,951	680,083	71,673	65,742	60,450
Hazardous materials collected and processed (in kg)	198,005	229,047	282,144	289,860	375,610
Use of secondary material					
Concrete (% reused)	3%*	4%*	10%*	5%	
Asphalt (% asphalt granulate)	43%*	41%*	41%	41%	39%
CO_2 and energy					
CO_2 emissions per scope (in kilotonnes)					
The Netherlands*	128.5	127.0	133.6	122.7	134.6
■ Scope 1	119.1	117.2	125.1	114.5	124.7
■ Scope 2	9.5	9.9	8.5	8.2	9.8
CO_2 emissions per sector (in kilotonnes)					
Construction & Real Estate Development	23.3	23.2	18.9	18.8	19.2
Infrastructure	81.7	83.1	92.6	84.3	91.1
Energy & Telecom Infrastructure	22.5	19.9	21.4	19.0	24.3
VolkerWessels group head office	1.0	0.9	0.7	0.6	–
CO_2 emissions in the value chain (scope 3)					
Concrete (kg CO_2 / m^3)	169*	161*	154*	149	–
Number of zero energy bill homes*	568	769	758	270	448

* KPMG provided limited assurance on this indicator, refer to page 81.

Work and social activities

	2019	2018	2017	2016	2015
Employment					
Breakdown of staffing levels by age and gender (male/female)					
<21	**138/26**	107/17	79/12	68/12	55/14
22-25	**425/98**	396/79	350/76	344/68	368/70
26-30	**915/210**	941/199	887/192	915/160	926/144
31-35	**1,070/177**	1,118/168	1,064/157	1,082/154	1,022/161
36-40	**1,128/182**	1,154/198	1,198/191	1,233/172	1,164/173
41-45	**1,201/190**	1,281/210	1,318/196	1,364/192	1,421/222
46-50	**1,417/267**	1,507/267	1,545/243	1,600/225	1,590/197
51-55	**1,552/200**	1,618/179	1,671/164	1,662/150	1,645/138
56-60	**1,410/106**	1,389/101	1,398/91	1,411/82	1,441/75
61-65	**953/57**	951/57	865/49	814/52	735/52
>65	**78/10**	43/7	34/4	16/5	16/4
Total number of employees by gender (male/female)	**10,286/1,522**	10,506/1,481	10,407/1,376	10,510/1,273	10,381/1,251
Percentage of fulltime / part-time by gender					
Male fulltime / part-time	**91.4%/8.6%**	92.4% / 7.6%	92.5%/7.5%	91.7%/8.3%	93.7%/6.3%
Female fulltime / part-time	**41.4%/58.6%**	40.0% / 60.0%	40.5%/59.5%	42.5%/57.5%	41.6%/58.4%
Inflow and outflow of males and females					
Male inflow	**79.8%**	80.9%	79.1%	83.0%	82.4%
Female inflow	**20.2%**	19.1%	20.9%	17.0%	17.6%
Male outflow	**83.1%**	82.0%	82.8%	83.7%	81.0%
Female outflow	**16.9%**	18.0%	17.2%	16.3%	19.0%
Breakdown of years of service and gender (male / female)					
<2	**2,182/536**	2,053/508	1,659/33	1,601/320	1,532/310
2-5	**1,979/378**	1,914/310	1,791/302	1,659/277	1,655/265
6-10	**1,221/181**	1,454/197	1,812/245	2,044/234	2,214/242
11-20	**2,078/242**	2,229/295	2,221/277	2,116/266	2,143/289
21-30	**1,415/133**	1,414/102	1,469/101	1,609/116	1,670/112
31<	**1,395/69**	1,438/71	1,450/63	1,422/59	1,137/1,281
Input Social Return target group					
People employed who are at a disadvantage on the labour market (PSO score in the Netherlands)	**1.2%***	0.7%*	2.3%	1.7%	1.2%

* KPMG provided limited assurance on this indicator, refer to page 81.

	2019	2018	2017	2016	2015
Training					
Average number of hours of training per employee	14	24	20	18	17
Amount spent per employee (in euros)	707	918	931	848	720
Percentage of women who participated in the Management Development course (MOL)	17.8%	9.4%	9.4%	6.3%	6.3%
Number of participants in VolkerWessels Academy	611	790	1,180	739	278
Community engagement					
Number of building sites registered with 'Considerate Constructors'	300	343	356	344	171
Integrity					
Total number of reported suspicions of a breach of integrity and suspicions of wrongdoing*	22	49	32	39	33
Number of reported cases resulting in dismissal*	5	11	12 reported cases resulting in 13 dismissals	8 reported cases resulting in 11 dismissals	13
Number of reported suspicions of a breach of competition law*	1	1	0	0	0
Use of the whistleblower's scheme*	0	0	8	0	3
Number of employees enrolled in integrity workshops, such as the induction programme and other gatherings*	334	689	529	481	1,188

* KPMG provided limited assurance on this indicator, refer to page 81.

International

	2019	2018	2017	2016	2015
Safety					
Sickness absence percentage					
United Kingdom*	0.8%	1.1%	1.1%	1.1%	1.4%
North America	0.2%*	0.1%	–	–	–
Germany	3.8%*	4.3%	–	–	–
Belgium*	2.6%	–	–	–	–
Accidents resulting in absenteeism					
United Kingdom*	12	7	20	10	16
North America	39*	21	18	11	12
Germany	8*	8	7	0	0
Belgium*	10	–	–	–	–
Number of fatal industrial accidents					
United Kingdom*	0	0	0	0	0
North America	1*	0	0	0	0
Germany	0*	0	0	–	–
Belgium*	0	–	–	–	–
IF rate					
United Kingdom*	1.8	1.1	3.4	1.8	3.0
North America	14.3*	7.5	8.8	5.6	6.9
Germany	14.9*	14.7	13.1	–	–
Belgium*	13.9	–	–	–	–
Raw materials					
Separation rate for building and demolition waste					
United Kingdom*	94.2%	92.8%	88.6%	–	–
North America	87.7%	98.6%	–	–	–
Germany	92.4%*	78.4%	–	–	–
Belgium*	85.8%	–	–	–	–
Total weight of waste (in tonnes)					
United Kingdom*	771	321	500	1,055	345
North America	194	86	–	–	–
Germany	190*	0	–	–	–
Belgium*	1	–	–	–	–

* KPMG provided limited assurance on this indicator, refer to page 81.

	2019	2018	2017	2016	2015
Hazardous materials collected and processed (in kg)					
United Kingdom	**14,873,853**	11,745,919	15,154,949	15,350,600	1,285,223
North America	**11,825,263**	3,312,195	–	–	–
Germany	**16,070,770**	0	–	–	–
Belgium	**16,732**	–	–	–	–
CO_2 and energy					
CO_2 emissions per scope (in kilotonnes)					
United Kingdom*	**32.3**	32.0	25.8	29.6	31.9
■ Scope 1	**23.8**	21.7	17.1	20.8	23.3
■ Scope 2	**8.5**	10.3	8.7	8.9	8.6
North America	**72.2***	70.8	0.0	0.0	0.0
■ Scope 1	**67.0**	65.9	–	–	–
■ Scope 2	**5.1**	4.9	–	–	–
Germany	**2.1***	2.0	–	–	–
■ Scope 1	**1.2**	1.1	–	–	–
■ Scope 2	**0.9**	0.9	–	–	–
Belgium*	**4.2**	–	–	–	–
■ Scope 1	**4.2**	–	–	–	–
■ Scope 2	**0.0**	–	–	–	–
Employment					
Breakdown of staffing levels by age and gender (male/female)					
<21	**105/43**	108/37	150/42	149/45	122/37
22-25	**289/89**	258/77	283/71	253/122	266/74
26-30	**479/143**	401/128	425/131	434/190	392/116
31-35	**519/136**	461/103	415/103	388/158	382/102
36-40	**443/134**	478/104	431/94	393/131	356/85
41-45	**506/89**	449/82	471/71	375/131	491/76
46-50	**591/123**	509/113	543/98	438/136	421/68
51-55	**570/120**	496/81	440/69	280/113	368/71
56-60	**501/78**	401/62	329/37	199/63	231/36
61-65	**123/39**	190/34	125/29	72/36	125/23
>65	**109/7**	65/7	34/5	32/9	9/3
Total number of employees by gender (male/female)	**4,234/1,001**	3,816/827	3,646/750	3,013/1,134	3,163/692

* KPMG provided limited assurance on this indicator, refer to page 81.

	2019	2018	2017	2016	2015
Percentage of fulltime / part-time by gender					
Male fulltime / part-time	**99.0%/1.0%**	98.9%/1.1%	98.9%/1.1%	99.2%/0.8%	99.5%/0.5%
Female fulltime / part-time	**86.8%/13.2%**	87.9%/12.1%	84.8%/15.2%	82.9%/17.1%	82.7%/17.3%
Inflow and outflow of males and females					
Male inflow	**79.2%**	80.2%	78.7%	82.0%	80.4%
Female inflow	**19.8%**	19.8%	21.3%	18.0%	19.6%
Male outflow	**70.9%**	62.2%	65.4%	84.2%	58.0%
Female outflow	**29.1%**	37.8%	34.6%	15.8%	42.0%
Breakdown of years of service and gender (male / female)					
<2	**1,117/334**	1,135/285	1,138/277	1,016/379	1,195/271
2-5	**1,393/329**	1,111/259	1,109/258	899/402	799/190
6-10	**676/165**	521/148	531/151	556/248	576/128
11-20	**785/115**	767/93	647/76	470/90	480/60
21-30	**216/31**	208/30	127/21	50/14	106/13
31<	**68/8**	79/7	53/7	23/0	32/5
Average number of hours of training per employee					
United Kingdom	**30**	28	7	9	16
North America	**17**	4	–	–	–
Germany	**5**	0	–	–	–
Belgium	**21**	–	–	–	–
Amount spent per employee (in euros)					
United Kingdom	**486**	447	414	192	394
North America	**866**	583	–	–	–
Germany	**168**	0	–	–	–
Belgium	**406**	–	–	–	–

	2019	2018	2017	2016	2015
Integrity					
Total number of reported suspicions of a breach of integrity and suspicions of wrongdoing					
United Kingdom*	1	5	43	20	11
North America	0*	1	–	–	–
Germany	1	–	–	–	–
Belgium	–	–	–	–	–
Use of the whistleblower's scheme					
United Kingdom*	0	0	1	2	1
North America	0*	–	–	–	–
Germany	–	–	–	–	–
Belgium	–	–	–	–	–

* KPMG provided limited assurance on this indicator, refer to page 81.

Definitions

A

Asphalt granulate
Secondary material derived from the destruction or routing of hard asphalt surfaces. Asphalt granulate can be reused in various products, such as in the production of new asphalt.

Average number of employees
The average number of employees at the end of a certain period, in this case a year.

B

BIM
Building Information Modelling. BIM is a digital representation of all physical and functional aspects of a building. A BIM model is a shared source of knowledge or file containing information about a building that serves as a reliable basis for making decisions during the entire life cycle of the building.

Biodiversity
Biodiversity is defined as the variety of life forms within an ecosystem or even on the entire planet.

BREEAM (Building Research Establishment Environmental Assessment Method)
Assessment method to establish the sustainability performance of buildings. BREEAM sets a standard for a sustainable building and then determines the performance level of the building. The objective is to analyse buildings and issue a sustainability label (pass, good, very good, excellent and outstanding).

Building
A property used permanently (and not for a specific project) by a company as an office, storage unit, production site, etc.

Building and demolition waste
Consists of the unsorted fraction of resources released during activities on a construction or a demolition project. This fraction of resources still needs to be sorted to create pure materials which can be immediately used by the final processor. Building and demolition waste does not include materials containing asbestos and asbestos-like materials, eternit materials, waste from rooftop renovations, sand, soil and rubble.

C

CO_2
A gas emitted for example by burning fossil fuels (i.e. fuels including coal and products made of crude oil). CO_2 is the type of gas that makes a substantial contribution to the greenhouse effect.

CO_2 footprint
The total amount of CO_2 emitted in a certain period, in this case by VolkerWessels.

Community engagement
Actions aimed at the local community in which external parties are involved and consulted, such as residents, road users, companies, the media, environmental movements, etc.

Completed homes
A unit for completed housing units, i.e. including apartments. Includes housing units completed on behalf of third parties.

Considerate Constructors
A quality label promoting the relationship between building sites and the local community. The quality label encourages communication with the community near the building site and makes the professionalism at building sites transparent. The Dutch initiators of Considerate Constructors are VolkerWessels, BAM, Ballast Nedam and Strukton.

Conversion factor
The factor for converting energy to CO_2 is different for each energy flow and each type of fuel. The factor is used to calculate the CO_2 emissions. The conversion factors used by VolkerWessels are based on the CO_2 performance ladder in version 3.0 of the SKAO Handbook.

CSR
Corporate Social Responsibility

CSR platform
Internal advisory body at VolkerWessels in the field of our policy on Corporate Social Responsibility.

E

Employee
A person employed by a VolkerWessels operating company, including people seconded to another VolkerWessels operating company.

F

Flow of resources
The flow of resources from project to project (i.e. trade flows between own work projects). For example: rubble, asphalt (with the exception of tar asphalt), concrete.

FSC wood
Wood/paper that carries the FSC quality label of the Forest Stewardship Council (FSC). This proves that the timber comes from a forest that has been assessed independently by the FSC and is found to be a well-managed forest according to standards relating to the environment, social conditions and the economy.

G

General procurement terms
The general terms that stipulate the conditions under which VolkerWessels procures products and/or services from its suppliers. These terms apply as much as possible from the moment that agreements are concluded with other parties.

GRI (Global Reporting Initiative)
Internationally recognised standard for sustainability reporting.

H

High-grade recycling
The residual flow is processed into a raw material. After processing, this raw material has the same purity as the original raw material. It is applied in the same function as the original product. Because the raw material remains pure, it can be recycled again and again without being turned into non-recyclable waste. An example is the processing of glass waste into glass.

Hours of training
Total number of hours of training that an employee has had, both in-house and externally.

HR/HRM
Human Resources/Human Resources Management.

I

Industrial accident
An accident that occurs during the performance of paid labour, with the exception of accidents that occur while commuting. That means that industrial accidents happen during working hours, but not all accidents that occur during working hours are considered to be industrial occupational accidents. We only speak of an industrial occupational accident if the accident was caused by work. Industrial accidents include both fatal accidents and accidents resulting in sick leave. Note: accidents that occur during business trips are considered to be industrial accidents.

Industrial accident resulting in death
An industrial accident resulting in death is an industrial accident that results in the death of the person concerned immediately after or within calendar 30 days of the accident. An industrial accident resulting in death only concerns VolkerWessels employees or temporary employees.

Industrial accident resulting in sick leave
This refers to an industrial accident resulting in sick leave longer than one day, not including the day that the person concerned (being either a VolkerWessels employee or a temporary employee) suffered the accident. Note: Saturdays and Sundays are not included. If an industrial accident occurs on a Friday and the employee reports back to work the following Monday, it is known as an industrial accident not resulting in sick leave.

Injury frequency (IF rate)
Injury frequency (IF rate) is the number of industrial occupational accidents resulting in sick leave (or death) multiplied by one million (hours) divided by the number of hours worked.

Innovation
The development of a new or improved product, concept or service. The innovation is pioneering for both the company and the market for which it is intended. A sustainable innovation also adds value to the environment.

L

Low-grade recycling
The residual flow is processed into a raw material. After processing, this raw material no longer has the same purity as the original raw material. The raw material is therefore used in a different function than in the original product. Because the raw material is no longer pure, it can in the end still be considered waste, after it has been recycled one or more times. An example is the processing of construction and demolition waste into rubble that is used as road foundations.

N

NGO (non-governmental organisation)
An organisation that is independent of governments and focused in some way on an assumed public interest.

Number of hours worked
The number of hours worked is the total number of hours worked by VolkerWessels employees including hired personnel. The number that is registered consists of (1) the number of hours worked by own employees and (2) the number of hours worked by temporarily hired employees. If companies that do not register the actual number of hours worked (by their own employees and temporary employees), then the number of own employees must be multiplied by a standard number of 1,600 hours per year.

P

PlusWonen home
Sustainable home built as part of the 'PlusWonen' home construction concept and label developed by VolkerWessels.

Project
A temporary location where a job is carried out.

PSO
The Dutch Social Enterprise Performance ladder

R

Recycling rate
Indicates which percentage of the total amount of waste (excluding hazardous waste) is separated when gathering waste and subsequently recycled when processing it.

Residual flow
That part of the waste flow from private individuals, institutions and companies that remains after all usable and recyclable waste flows have been removed from the main flow. The residual flow at VolkerWessels is the flow that remains after the customary resources (e.g. concrete granulate, metal, paper, cardboard, sand and timber) are removed from the main flow.

Resource management
The manner in which we as a company deal with our resources. Reducing and separating our waste flows so that they can be reused by ourselves or another party is given priority.

Re-use
Process to directly use resources again without any processing or transformation required (e.g. a bottle remains continues to be used as a bottle). Practical VolkerWessels examples include the reuse of sand, clay, gravel.

S

Scope 1, 2, 3 (SKAO)
- Scope 1 – Direct emissions by the own organisation, such as emissions from own gas consumption and emissions caused by the own fleet of vehicles.
- Scope 2 – Indirect emissions caused by the generation of electricity consumed by the organisation, such as emissions from the plants that supply this electricity.
- Scope 3 – Relates to other indirect emissions. These are a result of the activities of the organisation but arise from sources that are not owned or managed by the organisation. Examples include emissions generated by the production of procured materials, waste processing, and the use phase of workproducts or, services or supplies provided by the company.

Secondary material
Material emitted after the end of the life cycle which is reused after being processed by including it in a product instead of primary materials.

Sickness absence rate
Indicates which part of working capacity was not utilised in a certain period due to sick leave. This is the most common measure of sick leave within an organisation. The rate is based on calendar days. The sickness absence rate is calculated based on the average number of VolkerWessels employees/ FTEs excluding temporary employees.

SKAO
The Dutch Foundation for Climate-Friendly Procurement and Business. This foundation is responsible for all aspects of the CO_2 performance ladder (its usage and further development, managing the certification schedule and expanding the number of participating sectors).

Social Advisory Council
External advisory body of VolkerWessels. The Social Advisory Council reflects and advises on our CSR policy. The composition of the council changes annually. The Social Advisory Council has no legal liability or responsibility.

Social Return
For VolkerWessels, social return is defined as every effort taken in its operations and in the execution of projects that enables people with an occupational disability or who are at a disadvantage on the labour market to participate in the labour market. wAny effort of VolkerWessels that makes it possible for people with a disability and/or disadvantage on the labour market to participate in the labour market, either from the perspective of business support or from the implementation of projects.

Social Return score
The Social Return score (SR score) measures to what extent an organisation engages in sustainable, social enterprise. The SR score equals the weighted number of people at a disadvantage on the labour market in the Netherlands relative to the total number of FTEs in the Netherlands, expressed as a percentage.

Supply chain
This is defined as the chain of all business activity needed to meet demand for products and services, from the extraction of raw materials to ultimate delivery to the end user.

T

Temporary employee
Examples include temps and seconded employees working under the direction of VolkerWessels but who do not have an employment contract with VolkerWessels or a subcontracting agreement.

Training amount
Total amount spent on internal and external training, excluding VAT and travel expenses, including material costs, hours and other out-of-pocket expenses.

V

VCA certificate
A Dutch health, safety and environmental (HSE) checklist for contractors. A company that is VCA certified has an internal plan for HSE aspects.

W

Waste
A combination of residual waste flows which are reused, recycled, processed, sent to landfill or incinerated with energy being recovered. In other words, the residual flows that go through the waste processor or which are processed by one of our own companies so that they can be reused as raw materials (for example asphalt and concrete).

Waste separation rate
Indicates which percentage of overall building and demolition waste is separated in the process of gathering and processing waste (on site). This does not include hazardous waste.
The waste separation rate is determined as follows:

$$\frac{\text{total waste (tonnes)} - (\text{commercial waste (tonnes)} + \text{building and demolition waste (tonnes)})}{\text{total waste (tonnes)}} \times 100\%$$

Z

Zero-energy bill home
'Zero-energy bill' is defined as: 'Housing units which are not connected to the gas grid, with an energy bill totalling €0 (after applied tax credit)'. These include Morgenwoning homes as well as a large number of Pluswoning homes.

Legenda

- Quality of life
- Health and wellbeing
- Natural environment
- Work and social activities
- Safety
- Raw materials
- Employment
- CO_2 and energy
- Community engagement
- Biodiversity
- Integrity

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Datum
28 February 2020

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