Royal HaskoningDHV
Enhancing Society Together

Transforming business to enhance society together

Annual Report 2020

Table of contents

INTRODUCTION

The Bacton to Walcott Sandscaping Scheme designed by Royal HaskoningDHV won the British Construction Industry Award Climate Resilience Project of the Year 2020. It will protect the Bacton gas terminal, which supplies up to one third of the UK gas supply, and hundreds of homes and businesses in nearby villages from flooding and erosion.

INTRODUCTION

Through our work we are involved in activities that ensure the backbone of society continues to function - from the supply of clean water and food to maintaining safe environments such as cities, transport hubs, hospitals, schools and workplaces. The year 2020 has shown all too clearly the importance of flexibility and resilience to safeguard continuity in these vital functions.

Digital tools have supported our business throughout the year and have been adapted to assist clients in new ways. For example, by bringing together our crowd monitoring technology with tailored strategy and expert implementation, we are helping city authorities maintain social distancing in busy public spaces so people can move around comfortably and safely.

While adjusting to the day-to-day realities of the pandemic, we have also been looking forward. Our work to bridge the gap between traditional and emerging approaches in almost every industry has been further strengthened with the launch of Royal HaskoningDHV Digital. Our focus will be on activities in business transformation strategy and implementation with regards to technology, software and the predictive qualities of data.

Collaboration and information-sharing will be increasingly important in the COVID-19 recovery process in order to safeguard business continuity in a fast-changing world. Globally, societies need to elevate transportation, public infrastructure, critical production facilities and supply chains to a new level of preparedness and safety.

By transforming our business and the way we work, we are helping our clients make the necessary transition. Virtual models that allow monitoring and management at a distance are just the beginning. Our aim is to make a digital copy of every design, whether it concerns a tunnel, water purification plant, factory or hospital. With these digital twins, we can continuously measure what is happening, even when circumstances change. If you know what is happening, you can learn and look into the future.

Many of our clients are committed to realise challenging sustainability targets in their operations and we continue to develop innovative solutions to support them. In 2020, our work for Aruba Airport in the Caribbean surpassed our client's ambitions and achieved a Gold sustainability rating for the new terminal building. Resilience is becoming an important theme for many of our projects as we assist governments and organisations in their response to the challenge of climate change. A landmark project for the Kingdom of Tonga in the Pacific Ocean which will improve the efficiency and capacity of the country's largest port has begun with a detailed climate change assessment to protect the development from natural hazards including rising sea levels, extreme rainfall and tsunamis.

With mass vaccination programmes under way, we share the optimism for better times round the corner. In the long term, we will continue to introduce new perspectives in response to the volatility and uncertainty that characterise our world in order to build resilient operations.

At Royal HaskoningDHV, we are committed to making this difference – it is part of our purpose to enhance society. Join us in going forward towards a better future for all.

Erik Oostwegel
CEO Royal HaskoningDHV

SCOPE AND APPROACH

Royal HaskoningDHV's Annual Report 2020 is based on financial and administrative documentation from the entire organisation and refers to activities between January 1 and December 31, 2020. The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code, audited by PwC. Sustainability reporting, within Key Figures and the Report of the Executive Board, is based on Global Reporting Initiative (GRI) standards and the latest recommendations from the International Integrated Reporting Council.

KEY FIGURES

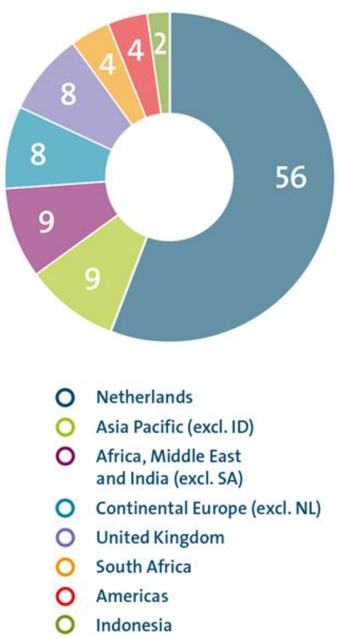
Towards an energy neutral city The municipality of Zwolle in the Netherlands aims to be energy neutral by 2050 and has designated the railway zone as one of the first neighbourhoods to start the energy transition. We have developed a flexible model to achieve fossil-free energy management of the zone by 2030. We are also providing engineering advice for the development of the station and supporting ProRail with various sub-projects including pedestrian flows and the realisation of a new pedestrian bridge and station hall, as well as digital innovations. Photo: gemeente Zwolle

KEY FIGURES

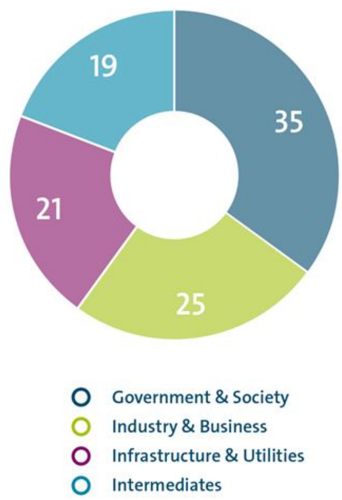
(€ MILLIONS, UNLESS STATED OTHERWISE)

	2020	2019		
Net turnover	**593.9**	**649.7**	**Net turnover**	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Operating income	**590.9**	**637.2**	**Operating income**	Net turnover adjusted for change in work in progress, including other operating income, excluding non-operational items
Added value	**478.4**	**502.7**	**Added value**	Operating income less cost of work subcontracted and other external expenses
Results				
EBITA recurring	28.3	26.9	**EBITA recurring**	EBITA excluding non-operational items (restructuring costs and other one-off items)
EBITA	24.0	24.6		
Net result	13.0	9.2		
Return on average shareholders' equity (%)	8.1	6.0	**Return on average shareholders' equity**	Net result / Average shareholders' equity
EBITA margin, recurring (%)	4.8	4.2	**EBITA margin**	EBITA recurring / Operating income
Earnings per share (€)	2.59	1.80	**Earnings per share**	Net result / Number of ordinary shares issued
Balance Sheet				
Total assets	342.0	327.7		
Shareholders' equity	163.1	158.1		
Group equity	162.8	157.9		
Group equity as percentage of total assets (%)	47.6	48.2		
Financial Position				
Net working capital	(14.3)	17.4	**Net working capital**	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
Free cash flow	38.3	2.0	**Free cash flow**	Cash flow from operating and investing activities

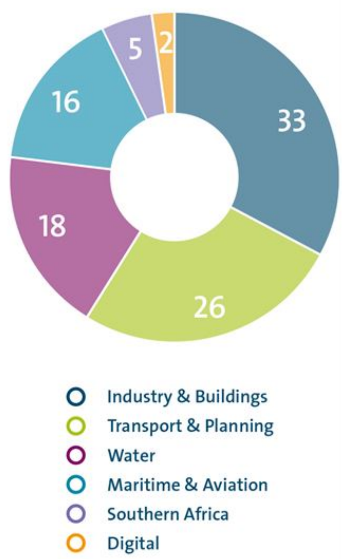
TURNOVER BY REGION %



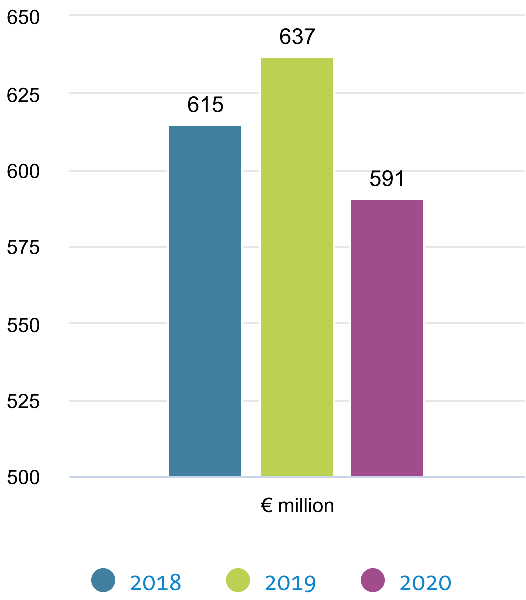
TURNOVER BY CLIENT GROUP %



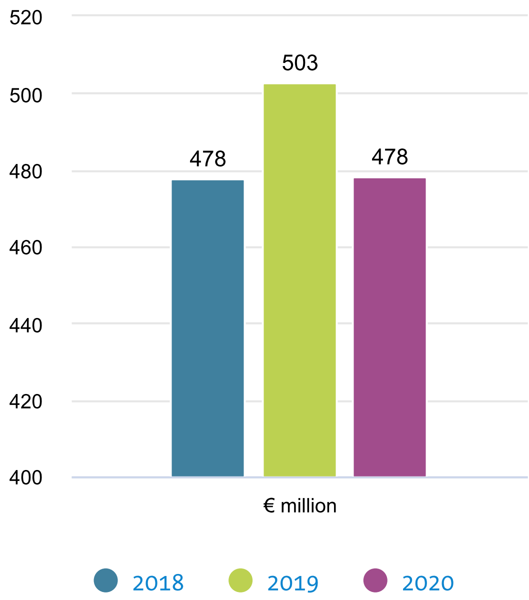
TURNOVER BY MARKET GROUP %



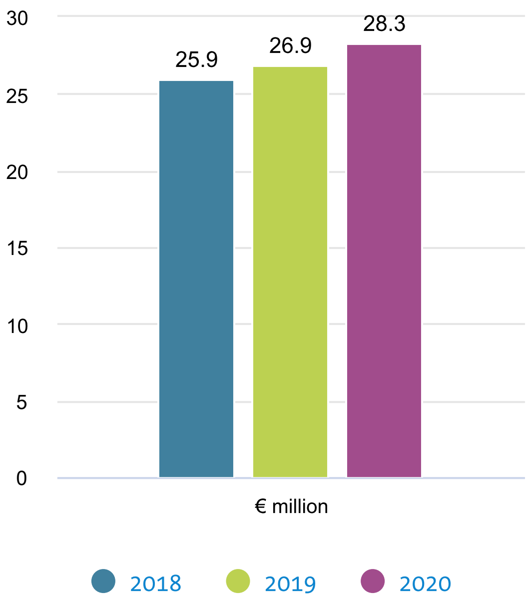
OPERATING INCOME



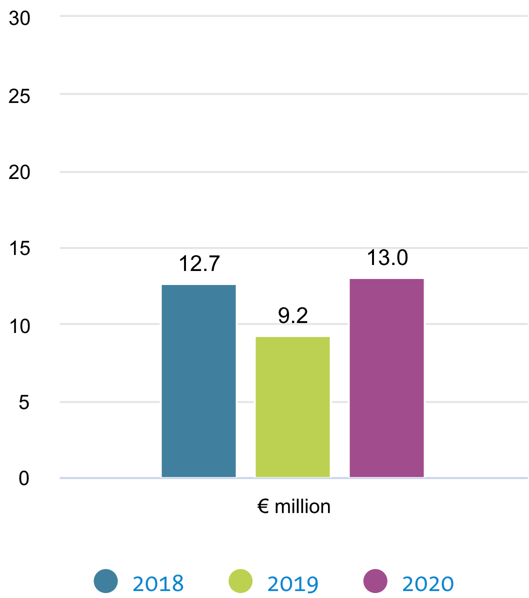
ADDED VALUE



EBITA RECURRING



NET RESULT



Operating income
591 € million

Shareholders' equity
163 € million

Average workforce
5,781

ACCIDENTS & INCIDENTS

Lost time injuries
(per 200.000 workable hours)

2020: 0.03
2019: 0.17

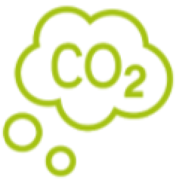
Total recorded cases frequency
(per 200.000 workable hours)

2020: 0.97
2019: 2.39

STAFF GENDER PERCENTAGE

2020: 74 & 26
2019: 73 & 27

CO2 FOOTPRINT PER EMPLOYEE



CO_2 footprint
(tonnes CO_2 equivalent per employee)

2020: 1.08
2019: 2.33
2018: 2.73

-53,9%*

CO_2 footprint for office buildings
(tonnes CO_2 equivalent per employee)

2020: 0.21
2019: 0.26
2018: 0.29

-18,2%*

CO_2 footprint for business travel by car
(tonnes CO_2 equivalent per employee)

2020: 0.61
2019: 1.07
2018: 1.46

-42,9%*

CO_2 footprint for business travel by plane
(tonnes CO_2 equivalent per employee)

2020: 0.25
2019: 1.00
2018: 0.98

-75,3%*

* Trend (to 2019)

OUR COMPANY

Delft University of Technology President Tim van der Hagen (left) and Royal HaskoningDHV CEO Erik Oostwegel signing the Memorandum of Understanding to further strengthen existing collaboration in research, field labs, innovation, start-ups, education and talent.
Photo: TU Delft / Jens Kok

OUR COMPANY

The need for solutions to the complex challenges faced by countries, societies and businesses is more important than ever. In this, Royal HaskoningDHV has an important role to play. We design, safeguard and maintain assets in our living environments that form the backbone of society – from buildings and infrastructure to energy and water supplies, industrial sites and transport systems. In 2020, COVID-19 indicated just how important business continuity is for areas including food delivery chains, pharmaceutical activities, hospitals and so many others in the face of extreme disruption.

The pandemic is just one example; climate change and technological advances are others. Finding solutions requires a focus on purpose and a shift in the way we think, work and collaborate. Issues can no longer be addressed in isolation. End-to-end, multidimensional solutions are helping with the transitions by introducing new perspectives that aid businesses in transforming strategy into action, data and technology into opportunities and implementation into the practical steps that build resilient operations.

At Royal HaskoningDHV, we are bridging the gap between the traditional and the emerging, seamlessly integrating deep engineering intelligence with the latest digital technologies and software solutions to offer strategy consulting, technology and implementation. This integrated approach, bundling our capabilities with our clients' expertise, allows us to cut through complexity and Enhance Society Together.

OUR MARKETS AND GLOBALLY LEADING SERVICES

We deliver products and services within the markets described below. Increasingly, our clients benefit from solutions that cross markets and disciplines. By combining in-depth knowledge across our company with predictive and creative insights, digital tools and applications, we continue to deliver services that are recognised as being at the forefront of their field and ensure business continuity. These also appear below, highlighted in italics.

Aviation

We are known though our brands, NACO and Inter*VISTAS*, as the world-leading aviation consultancy. We provide independent services to airports, airlines, governments, investors and contractors. We are experts in airport consultancy, transportation economics, policy and regulation advice, as well as finance. Our activities extend through master-planning, functional planning and design, building design and civil engineering. Our expertise in airport systems includes airport IT infrastructure and master-planning, as well as passenger terminal IT, security and baggage handling systems. With the knowledge and experience from our team of in-house experts, clients across the globe benefit from short communication lines and efficient project management.

Airports

We have shaped over 600 airports in more than 100 countries with projects spanning major landmark designs to regional and domestic airports. In 2020, the aviation industry suffered unprecedented decline and disruption as a result of the COVID-19 pandemic. In response, we have redoubled our efforts, ensuring that our clients are fully supported and continue to benefit from our state-of-the-art approaches. This not only includes our approaches to airport design where digital engineering tooling, 3D modelling and BIM technology are used to gather and analyse vast quantities of data, but also to forecasting expertise. This can be accessed and shared in real time to help our clients accurately understand, predict and direct passenger flows, improve their asset utilisation and deliver a better passenger experience.

Industry

The manufacturing industry has to accelerate to integrate new technologies in their supply chains and operations to follow market needs. By working in close partnership with our consumer goods, food and beverage, pharmaceutical, oil and gas and chemical clients, we co-create solutions that are transforming industry through innovation. We develop digital solutions that design reliable, sustainable and compliant supply chains, factories and assets, predict maintenance and provide timely insights. Combining requirements and goals for both the CAPEX and OPEX side of our client's business, we provide data-driven solutions that enhance performance and minimise environmental impact for new and repurposed industrial sites.

Consumer goods

From consumer goods to e-commmerce and technology companies, we support manufacturers in proactively and effectively responding to rapidly changing consumer demands. These include speed to market, accommodating market expansion, and flexible operations. Clients benefit from our practical knowledge and expertise to create new insights and models for supply chain changes. Royal HaskoningDHV is a partner in several platforms for developing innovative food plants and disruptive approaches for manufacturing set-ups.

Buildings

Whether an office, hospital, data centre, factory or smart and healthy campus headquarters, we approach our clients' challenges strategically and holistically. We work in close partnership with our private and public sector clients to realise added value for their organisations, such as improving data centre efficiency and reducing energy consumption. Our solutions prioritise health, productivity and comfort, while achieving KPIs related to asset performance and management. Combining our domain expertise with cutting-edge digital twin capability, our consulting services ensure the best use of space, materials and energy, while contributing to business and climate resilience.

Energy

Addressing the energy transition has become a central challenge for our clients. Our expertise in innovative energy solutions draws on over 30 years of consultancy experience in energy diversification. We provide services across the whole value chain - from strategy to implementation and from programming to technology. This enables our clients to accelerate their energy transition and create highly skilled jobs in the new economy. Our clients' needs are vast and diverse: from large-scale wind and water infrastructure to technology platforms that optimise energy use across a global portfolio. Together we explore scenarios to deliver the best possible solution for clients seeking leading-edge, sustainable power supplies.

Urban and Rural Development

Robust, sustainable and well-designed infrastructure is vital for protecting our urban and rural areas. Drawing on our multi-disciplinary expertise, we shape, plan and assist with every aspect of urban design. This includes water management, infrastructure, utilities and transportation. Our resilient solutions also unlock the potential of rural areas, balancing economic growth and investments with circularity and sustainability. By developing plans to manage resources and improve ecologies, we can safeguard biodiversity and respond to population growth and rising temperatures. The result? Attractive living environments for the benefit of communities and stakeholders.

Transport and Infrastructure

Well-functioning infrastructure helps businesses to thrive and communities to prosper. Smart planning, novel technologies and rigorous stakeholder management – together with our integrated engineering approaches – are achieving multiple goals and delivering wider societal benefit. These include the energy transition, circularity and reduced pollution. For instance, the world's first lightweight 3D-printed circular composite bridge will transform bridge design and bring a longer lifespan, lower lifecycle costs and improved sustainability.

From infrastructure to transport networks, we are collaborating with clients to shape the new mobility system, which balances individual needs for affordability and reliability with society's need for liveability and urban planning. By bringing together cutting-edge technology with tailored strategy and expert implementation, we can help clients realise long-term plans and provide actionable insights for today. Whether it is to enable social distancing in our cities, improve liveability with our traffic optimisation solution Flowtack, or influencing behaviour to encourage active transport, we're pushing the frontiers of mobility to drive sustainability and enhance society.

Tunnels and underground structures

Intensive road use is one cause of traffic congestion and in many cities there is simply no space to build more roads. In today's busy cities and ports, tunnels and underground structures can make all the difference in connecting communities and boosting accessibility. Through our joint venture, TEC (Tunnel Engineering Consultants), we are the global leader in soft ground tunneling. We have a strong track record demonstrating our expertise in immersed tunnels. Our integrated approach means we deliver for clients at every stage, from tunnel design and construction, right through to risk management and safety analysis.

Maritime

We are a world leader in maritime port and infrastructure development and home to one of the largest groups of maritime consulting engineers in the world. We are involved in a number of high-profile maritime projects from Europe to Australia and Asia to Latin America. By applying technology, drawing on our global expertise and consulting with specialist partners, we develop smart solutions working together with our clients. Our integrated, multidisciplinary approach means we can deliver all the expertise required – optimising existing terminals, creating new port facilities, relocating terminals and refurbishing facilities.

Smart ports, shipyards and terminals

Globally, ports and terminals are under pressure to become more streamlined and more environmentally friendly. We see major opportunities for our clients to drive efficiency through digitalisation, automation and to improve the sustainability of their operations through cleaner, greener ports. Applying smart solutions can help improve efficiency, return on investment and bring sustainable performance. Our maritime experts understand the economic realities of ports and terminals and the need to create lasting solutions. We assist our clients in all phases of their projects: from trade and traffic forecasts, feasibility studies and first consents, to design and execution, maintenance and business support.

Water for the future

A safe and secure living environment is ultimately about improving the quality of people's lives. Cities, business and infrastructure are becoming ever-more complex. Population growth, climate change and environmental issues make it harder than ever to meet demands. A holistic vision is needed to plan for future development. To help navigate a world of increasing complexities, we bring a combination of the deep domain knowledge of our engineering consultants, our award-winning technologies and digital tools and services. These services accelerate adaptation to increasing demand and risks. They empower our clients to make informed decisions, enhance resilience and make the switch from short-term solutions to long-term preparation.

Smart water in cities

As cities and their populations grow, so does the demand for accessible, safe drinking water. The higher population densities of cities also lead to increased water pollution and contamination. Our integral approach with our deep domain knowledge, innovative technologies and digital innovations, increases efficiency, performance and lifespan of water and waste water assets. The seamless connection between real and virtual water systems enables redesign for a more sustainable tomorrow and the creation of the water circuit of the future.

Resilience

People and their assets now operate 24/7 in high-density urban environments, making society more vulnerable to climate and weather-related disruption. Extreme weather events and natural hazards like floods, droughts and cyclones have severe impact on communities as well as wider societal and economic and environmental impact. To create a more climate-resilient future, we need to see the challenge of climate change as a catalyst to inspire innovative, cross-sectoral solutions that result in far-reaching positive effects. Enhancing resilience is about applying different measures at different timescales to fit local needs. We support our clients by creating resilient strategies and systems to reduce the impact of climate change before events occur. Physical protection by hard or green infrastructure, resource management, predictive risk and impact modelling, forecasting and automated alerts are central to this reality.

OUR STAKEHOLDERS AND HOW WE ENGAGE

We seek to make the world a better place through co-operation. We combine our data intelligence and ideas with our clients and many other stakeholders, sharing knowledge and expertise, working together to see exciting developments emerge. It is an integrated, open and collaborative approach which recognises that we are stronger together. Our main stakeholders are:

Clients

We work for private companies of all sizes, from multinationals to small and medium-sized enterprises. We work for national, regional and local governments across the world, as well as for international semi-governmental organisations, finance institutes, and not-for-profit organisations.

Our clients' overall satisfaction is an important indicator of our performance as a company and is measured, amongst others, via client satisfaction surveys on completion of a project.

Comments from clients who scored us 10 on overall project satisfaction include:

RegaLead Limited, support services to update a metals sector environmental permit (United Kingdom):

"The technical knowledge and expertise afforded us was excellent."

Active Electrical Services, electrical design services and harmonic study for a new engine test cell at the Cummins site in Manston (United Kingdom):

"Royal HaskoningDHV provided a good range of technical input, ranging from Low Voltage calculations and earthing input to G5-4 harmonic studies. Royal HaskoningDHV provided a competitive offering for the work undertaken."

Tongaat Hulett Developments (Pty) Ltd, Section 54A Environmental Compliance Audits at five sites: Cornubia, Sibaya, Izinga, Umhlanga Ridge and Cornubia Retail Park (South Africa):

"Innovation and guidance."

Rheden Municipality, guidance of the implementation process for project- and programme-based working within the whole organisation (the Netherlands):

"Flexible, accessible, practical and beautifully interactive approach in which the organisation actively participated and co-developed."

Avinor AS, baggage handling feasibility study for a new airport at Bodo (Norway):

"The study was delivered on time and met all our expectations. The most important topics were emphasised in the study, and the consultants also managed to provide other interesting perspectives. The fact that two solutions were presented, one 'innovative' and one 'standard' as a reference, added extra value to the work. The study was well presented in Oslo. The following dialogue provided clarification and also showed the professional integrity held by the consultants from NACO, in both a theoretical and practical manner."

Procter & Gamble, modelling and simulation study validating major brownfield factory and warehouse expansion (Asia-Pacific):

"We are very impressed with what Royal HaskoningDHV Digital have done in the study. The insights you have delivered are helping us out a lot here."

ABP Southampton, project management, technical and commercial support for strategic, multi-disciplinary project (United Kingdom):

"The team was excellent to work with, outstanding technical expertise and went above and beyond to identify innovative solutions and ideas to move the project forwards. They always produced high quality deliverables and communication was fantastic throughout."

Partners and associations

Our collaboration with partners and associations supports the active role we play at the forefront of key global trends.

Strategic partnerships

We are accelerating our ability to guide businesses in the digital transformation of assets. Our new Digital Business Line brings strategic digital consultancy and software solutions together for increased focus on implementing digital transformations to create value for clients across the world. It unites more than 250 digital experts, including our software development teams and colleagues from high-profile acquisitions including Lanner, Ambiental, Ynformed and, most recently, Novius. Our strong partnerships with leading engineering software providers, Autodesk and Bentley, assist developments in digital engineering across our business, providing support as we adapt and innovate in the way we work.

Increasing demand on mobility networks around the world requires fresh thinking, from strategic consultancy and digital services to technical engineering. This was a driver for joining forces with ITP, a sustainable transport planning consultancy. ITP's strong track record, together with our complementary expertise in active travel, smart mobility, development planning and engineering, creates a team with the capabilities to intelligently address 21st century mobility challenges.

Technology development partners

We are teaming up with captains of industry to bring in the innovative concept that is resulting in a revolution in bridge design and construction. This was started together with industry leader DSM Additive Manufacturing and moved to the next stage in 2020. We are working with the city of Rotterdam on a project to design and build a new circular composite footbridge for a city park. It will be the world's first lightweight 3D-printed fibre reinforced footbridge and heralds the transition towards the next generation of bridges, offering high performance with extreme versatility, circularity and sustainability.

Networks and partnerships continue to be central to the growing number of installations of our revolutionary waste water technology Nereda®, and to further innovation. The Nereda® community now includes 13 licensees and five preferred suppliers and is active in research consortiums. Currently 84 Nereda® plants are in operation or under construction worldwide which, on completion, will bring high-quality waste water treatment to more than 10 million people across 21 countries. Further developments connected to our Nereda® technology are described in the Sustainable Management section.

Business partnership

Close partnership with clients in off-shore wind energy - including SSE and Vattenfall - has led to our role in delivering 12GW of consented capacity in the United Kingdom. Over the past decade, we have supported 20 projects from early stage feasibility through Environmental Impact Assessment and consent. Three projects under SSE leadership have reached financial close and are poised for construction. Vattenfall's Norfolk Vanguard offshore Wind Farm has also been awarded permission to proceed to construction. A recent new offshore wind project at North Falls Offshore Wind Farm in the United Kingdom builds on a decade of success with SSE and RWE Renewables and will provide an important contribution to the ambitious target for offshore wind to power all homes in the United Kingdom by 2030. In the building arena, our insight and expertise in hospital and care home buildings is being shared through a business partnership with insurance cooperative Achmea to enhance the sustainability of its care and cure real estate.

Knowledge networks

Our links with knowledge institutes remain vital for the progress we are making in addressing the major challenges governments, businesses and individuals are facing. Our employees have contacts with more than 80 universities across the world. In 2020, we renewed our three-year memorandum of understanding with Delft University of Technology (TU Delft), one of the leading innovation ecosystems in Europe. The unique partnership supports our strategic ambition to invest in innovation and co-creation to deal with global challenges - like climate change, urbanisation & mobility, health & care, energy transition and digital society - and to bring innovations and technology developed by TU Delft to market. We will focus on collaboration in areas including: research and education; institutes and field labs for prototyping and testing, like the Amsterdam Institute for Advanced Metropolitan Solutions, the Green Village and its Co-Creation Centre (opened in 2020); co-innovation initiatives, start ups and spin outs. Another partnership focused on entrepreneurship and innovation is with Yes! Delft, a tech incubator helping entrepreneurs to turn innovative ideas into successful businesses.

We are connected to networks in real estate, asset management, energy transition, structural design and the built environment through, for example, Eindhoven University of Technology, the Institute of Asset Management and De Bouwcampus – a non-profit network driving transition within replacement and renovation infrastructure and sustainable buildings. We are members of the Dutch Green Building Council and, in 2020, announced our commitment to its Paris Proof initiative for a sustainable built environment (more information appears in the Sustainable Management section). We are among the initiators of the Structural Safety knowledge portal which recognises the role played by various chain partners in safeguarding structural safety in construction projects, and are represented on the board of the foundation. We are the only private sector partner in the Netherlands Land Academy (LANDac) working on land governance for equitable and sustainable development, and are members of the social advisory board of the Copernicus Institute of Sustainable Development. We have a representative on the board of COB (Centrum voor Ondergronds Bouwen), the knowledge centre in the Netherlands for underground construction and use of space.

Associations across industries

We free up time and space to contribute ideas and experiences to achieve our vision to enhance society together. We do this by playing an active role in industry associations, attending conferences and collaborating on themes such as circularity and the energy transition.

Universal standards – at global, European and country levels – enable the exchange of data by the use of taxonomy and regulations, and are useful for benchmarking and analysis purposes. We contribute to standards in many of our markets. As chair of the Dutch Committee Structural Eurocodes 0 and 1 at NEN, a colleague is guiding the committee through the development of reliable and economic structures for buildings and other engineering works in Europe. We also contribute to standards through presence on the board of the Association of Structural Engineers in the Netherlands (VNconstructeurs) and Ketenstandard, a foundation that develops, manages and promotes standards for the construction, real estate, maintenance and installation chain. Other committee memberships include PACO (Performance Appraisal Cost Operation), Royal Netherlands Standardisation Institute (NEN) life cycle costing and the European Supply Chain Forum.

Our relationship with the industry-driven organisation buildingSMART, dedicated to open BIM and interoperability standards and processes, continues to develop. We are involved in the development of the digital twin agenda by leading the Digital Twin Working Group. We play a leading role in the end-user focused airport domain, ports and waterways, and participate in buildings, rail, and other infrastructure domains. We chair the buildingSMART chapter for the United Kingdom and Ireland. We are part of the MERGE European Network of Consulting Engineers collaborating to offer engineering design and advisory services to clients across borders.

The dialogue with the water sector in the Netherlands continued through 2020 with a set of Water Transition webinars. We also launched a webinar series on how Aquasuite's virtual operator can help solve key challenges in water and waste water management. A client seminar organised at the start of the year on the role of anaerobic waste water treatment in industry included a keynote speaker from Delft University of Technology. Several webinars on the theme of healthy cities took place to aid understanding of nature-based solutions and their importance in urban areas, especially for developing climate resilient pathways and planning sustainable, resource efficient environments. We ran a webinar series on sustainable real estate, looking at strategy and solutions which extend beyond energy reduction.

Publication of the European Commission's new Chemicals Strategy for Sustainability as part of the European Green Deal provides opportunities and challenges for producers and importers of chemicals and for other industrial sectors. We are providing our own interpretation of the various aspects of the strategy through discussion and comment in a series of blogs.

Shareholders

Koninklijke HaskoningDHV Groep B.V. has two shareholders: Stichting (Foundation) HaskoningDHV that holds all A-shares (representing at least 75.5% of the entire issued share capital) and Stichting Administratiekantoor (Trust Office) that holds all B-shares (representing 24.5% of the entire issued share capital at max) for which depositary receipts (certificates) have been issued which can be purchased by employees in various countries all over the world. Through these certificates, employees can share in the results of Royal HaskoningDHV. The certificate holders choose the board of the Trust Office HaskoningDHV.

The Board of the Foundation consists of five members. One is appointed by (not out of) each of the Supervisory Board, the Executive Board and the Works Council. One member is appointed by and out of the depositary receipts holders. The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

The Board of the Trust Office manages the B-shares in Koninklijke HaskoningDHV Groep B.V. and issues and administers the depositary receipts for shares to eligible HaskoningDHV staff members. This board consists of three members and is appointed by and out of the depositary receipt holders.

The annual Shareholder Meeting is attended by the Board Members of the Foundation HaskoningDHV, the Board Members of the Trust Office HaskoningDHV, the Supervisory Board, the Executive Board, the depository receipt holders and (on invitation of the Chairman) the representatives of the Works Council. This enables a dialogue between the Executive Board and various groups of stakeholders.

Suppliers

We have high standards when it comes to our suppliers and aim to develop lasting relationships with reliable partners. Our suppliers can expect clarity, transparency and honesty from us and, in turn, must comply with our Business Principles for our Partners and Suppliers.

Governments and International Institutions

We engage with governments and international institutions sharing insights, expertise and information to support the international trade and sustainability agenda. In 2020, opportunities to participate in trade missions, round tables and collaborative ventures were curtailed by the COVID-19 pandemic. However, some activities took place online. To mention one example, at a very early stage in the COVID-19 crisis, we joined a virtual meeting with the Netherlands Ministry of Infrastructure and Water Management and other parties. The input contributed to the government's shared vision to continue with the tendering programme and projects. It included the intention for projects to be started earlier, where possible, to boost the economy and efficiently use the temporary reduction in traffic.

Our CEO Erik Oostwegel was among more than 1,000 signatories of the CEO statement for renewed global cooperation developed by the United Nations Global Compact (UNGC), reaffirming business support for international cooperation across borders, sectors and generations to adapt to changing circumstances. The statement was presented as part of commemorations for the UN's 75th anniversary. We have been committed to the UNGC since 2008. We joined celebrations of UN Day in October by emphasising the importance of contributing to the Sustainable Development Goals. The challenges the world faces, as captured in the goals, can only be tackled by working in partnership. We participated in a panel contributing to a discussion about the most recent Rebuilding Better Webinar of the Green Growth Knowledge Platform. The event was moderated by a director connected with the United Nations Environment Programme and explored the economic and social challenges around sustainable sand governance.

Communities

Communities are important stakeholders in many of our projects and we seek to make positive impact where we work. Our 3D visualisations and other digital tools are enhancing the ways in which we engage and connect with stakeholders, giving them more insight and understanding of plans. We also support the communities in which we work through individual and corporate initiatives to enhance society together. Information highlighting activities in the communities where we work appears in the Sustainable Management section.

Employees

We are a people company and the intelligence, innovation and passion of a diverse and inclusive workforce is at the heart of our success. In 2020, support for the health and wellbeing of our people throughout periods of working from home was an important focus. We also made progress on building skills needed to achieve our ambitions with the launch of new learning academies, new learning paths and a future leadership programme.

Employees can be split by contract type as follows:

- Employment contracts - 90%
- Contractors / Agency Workers / Freelancers - 8%
- Trainees / Sponsorship Students - 2%

OUR LEADERSHIP

Royal HaskoningDHV is organised globally across six Business Lines. Each Director of a Business Line has an integral responsibility and reports to the Executive Board, which is overseen by the Supervisory Board. The business is supported by Corporate Groups, which include Strategy, Project Excellence, HRM, Finance & Control, Legal, Workplace Solutions and Communications & Brand. Information about members of the team leading our company is available on our website.

EXECUTIVE BOARD AND EXECUTIVE COUNCIL

Note: this image dates from before COVID-19 when no restrictions were necessary.

Back from left to right:

Craig Huntbatch – *Global Director Maritime & Aviation,*
Erik Oostwegel – *CEO,*
Jasper de Wit – *CFO,*
Anton van der Sanden – *Global Director Transport & Planning,*
Marije Hulshof – *Global Director Industry & Buildings,*
Anke Mastenbroek – *Business Line Director Southern Africa.*

Front from left to right:

Meike Salvadó – *Director Human Resource Management,*
Niels Schallenberg – *Global Director Water and Global Director Digital.*

SUPERVISORY BOARD

Note: this image dates from before COVID-19 when no restrictions were necessary.

From left to right:

Francine Roelofsen-van Dierendonck,
Daan Sperling,
Peter Blauwhoff – *Chairman*,
Tjalling Tiemstra,
Angelique Paulussen-Hoogakker.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board is pleased to present the 2020 Royal HaskoningDHV Annual Report including the Financial Statements, as prepared by the Executive Board. The past year has been challenging due to the COVID-19 pandemic spreading through all the countries where the company is active. Fortunately, the impact on the financial results was limited. The impact on staff, however, was large. The Supervisory Board is very pleased with and proud of the way in which staff have dealt with the situation.

The flexibility demonstrated by staff and the swift, decisive steps taken by management to steer the company through the pandemic is very commendable.

The Financial Statements are prepared by the Executive Board, audited by the external auditor and signed following consultation with the Supervisory Board. Given the 2020 result, we support the proposal of the Executive Board to pay a dividend of €1.30 per share.

We recommend that the 2020 Financial Statements are adopted by the Annual General Meeting and the Executive Board is granted discharge with respect to its management and the Supervisory Board for its supervision during the financial year 2020.

The company has a two-tier Board structure. The Supervisory Board advises and supervises the Executive Board of the company in setting and achieving the objectives, strategy and policies. The members of the Supervisory Board are nominated by the shareholders. The Supervisory Board operates fully independently of the Executive Board, is guided by the interests of the company and shall take relevant interests of all company stakeholders into account. The Supervisory Board also has had continuous due regard for corporate social responsibility and culture issues that are relevant to the company.

The Supervisory Board has two committees, an Audit Committee and a Remuneration and Appointment Committee, that prepare the decision-making process for the full Supervisory Board.

Supervisory board meetings

Due to the pandemic, the full Supervisory Board only convened physically three times in 2020 in two office locations in the Netherlands. Three other meetings were held by means of video calls.

We are pleased to report that all members of the Supervisory Board attended all regular meetings.

In addition to the formal Supervisory Board meetings, various (informal) meetings between the (members of the) Supervisory Board and the Executive Board took place. Almost every month there have been bilateral meetings between the chairs of the Supervisory and Executive Boards. Furthermore, members of the Supervisory Board participated in meetings with the Dutch Works Council.

The Supervisory Board monitored and advised on developments in the company and its strategy. There was ample attention for the steps taken by the organisation to manage the impact of the pandemic. Physical and mental health of staff were discussed in every meeting. The organisation's resilience and changed way of working, project results, utilisation rates, sales, working capital, profitability and, in particular, cash flow were discussed and monitored throughout the year. Other main items on the agenda included setting up of the Business Line Digital, compliance and integrity, acquisitions (ITP and Novius), remuneration policy, talent development, strategy & digitisation, financial results, claims and risks, incidents and accidents and the annual plan.

Throughout the year the Supervisory Board was informed about the financial and economic situation in South Africa, as well as the restructuring of our local operating company.

After the AGM in March 2020, Joop van Oosten left the Supervisory Board due to reaching the maximum statutory appointment period and was succeeded as chairman by Peter Blauwhoff. During said AGM, Francine Roelofsen-van Dierendonck was appointed as member of the Supervisory Board by the shareholders.

Due to the uncertainty of the impact of the pandemic, it was decided in March 2020 to postpone the adjustment of the remuneration of all staff, including the Executive Board, as well as the remuneration of the Supervisory Board. The adjustment of the staff remuneration was implemented in November 2020 once it was clear that the financial performance of the company was still adequate despite the pandemic.

Audit committee meetings

The Audit Committee is composed of two members, Tjalling Tiemstra (chairman) and Daan Sperling. They met on four occasions with management, the internal auditor and external auditors. The Audit Committee furthermore advised the Supervisory Board on the financing of the Mijnbouw building in Delft. The committee also met with the internal and external auditors without the presence of management.

Topics on the agenda were the Financial Statements, the annual plan, cash management and working capital, refinancing South Africa, compliance with bank covenants, tax policies, defined benefit pensions, risk management and developments in ICT and ICT security. In addition, the internal and external auditor's audit plan and audit report and the external auditor's management letter were discussed. The financial results and extended business analysis were on every meeting's agenda.

Remuneration and appointment committee

Current members are Francine Roelofsen-van Dierendonck (chair), Peter Blauwhoff and Angelique Paulussen-Hoogakker. In 2020 the committee convened in scheduled meetings five times. Topics on the agenda were amongst others the remuneration of the Executive Board, also in relation to the development of the remuneration of the Extended Executive Council (which consists of the Business Line Directors and Corporate Directors).

During the year the Remuneration Committee met with several senior managers in the company. They concluded that succession planning was in place: sufficient and capable successors have been identified for the leadership levels in the organisation.

This year, the Supervisory Board performed its self-evaluation without the support of an external specialist. The topics discussed included the organisation, way of working and culture of the Supervisory Board. The effectiveness and focus of the Supervisory Board were investigated as well. Improvement actions and working arrangements for the Board were agreed upon. The main findings of the self-evaluation were discussed with the Executive Board. We further refer to the Remuneration Report in Notes to the Consolidated Financial Statements.

Profile and composition of the supervisory board

The Supervisory Board is properly constituted according to the Articles of Association and its members possess the desired competencies in accordance with the profile of the Board. The current Board consists of five members. A reappointment and resignation scheme has been agreed for the coming years. Background information on the Board is available on our website.

Diversity

The Supervisory Board consists of two female and three male members, all of whom are of Dutch nationality. The Executive Board consisted of two male members, both of Dutch nationality. The Supervisory Board continues to strive and achieve a balanced composition of both the Executive and the Supervisory Board in terms of gender in the future. The Executive Council consists of 62.5% male and 37.5% female members.

Corporate governance

The Royal HaskoningDHV Corporate Governance Report and further information concerning the remuneration policy, the Code of Conduct, the SpeakUp Line and regulations for the Executive Board, Supervisory Board, Audit Committee and Remuneration and Appointment Committee are in line with the Corporate Governance Code and can be found on the company's website. The remuneration of the Executive Board is included in this Report of the Supervisory Board. The remuneration of the Supervisory Board is reported in the Financial Statements, which forms part of this Annual Report.

Works council

Various delegations of the Supervisory Board met several times with the Dutch Works Council to discuss the general course of events and the developments within the company in an open and constructive dialogue. The quality and outcome of these meetings is highly appreciated by the Supervisory Board.

In closing

In 2020 the Executive Council consisted of the Executive Board, the Business Line Directors and the Corporate Director HRM. In 2020 no meetings of the Extended Executive Council, consisting of the EC and the Corporate Directors, were held. Individual Corporate Directors are also regularly invited to Executive Board and Executive Council meetings depending on the agenda items.

The Supervisory Board is, in general, positive about the future of Royal HaskoningDHV. We are grateful to clients for their continued trust in the company. The impact the pandemic may have in the year ahead is to be managed diligently.

We conclude by stating we highly appreciate the personal commitment of all staff and the resilience the company has shown in 2020. We are convinced these will lead the organisation through and out of the pandemic in the times to come.

Amersfoort, the Netherlands
March 8, 2021

SUPERVISORY BOARD

J.A.P. (Joop) van Oosten (Chairman, until April 23, 2020)

P.M.M. (Peter) Blauwhoff (Chairman, as from April 23, 2020)

A.M. (Angelique) Paulussen-Hoogakker

F.C.M. (Francine) Roelofsen-van Dierendonck (as from April 23, 2020)

D.A. (Daan) Sperling

J.S.T. (Tjalling) Tiemstra

Remuneration report

Adoption of Remuneration policy

The Supervisory Board has developed the remuneration policy for the Executive Board of Royal HaskoningDHV on the basis of a proposal of the Remuneration Committee. The remuneration policy was adopted by the General Meeting of Shareholders.

Remuneration principles

The current remuneration of the Executive Board is based on a comparative study done in 2016 by an independent firm of terms and conditions of employment in the executive remuneration market for peer companies, that is companies operating in a grossly comparable market with a roughly similar risk profile and size as Royal HaskoningDHV. The policy is designed to be able to attract, reward, incentivise and retain qualified and expert individuals that the company needs to achieve its strategic objectives.

The Supervisory Board started an evaluation of the remuneration package in December 2019 on the basis of information supplied by external remuneration experts, to verify that it is in line with the company's objectives and the market. The implementation of the results of this evaluation is imminent.

The remuneration policy provides for a fixed component and a variable component (short-term incentive). The company does not operate a long-term incentive scheme, as it is not considered to be a way of incentivising suitable to Royal HaskoningDHV.

The variable component is based on the performance of the company, whereby this variable component is challenging, but not beyond reach. Furthermore, the ratio between the total remuneration of the Executive Board relative to the average remuneration in the company was taken into consideration.

Fixed remuneration component

The Supervisory Board of Royal HaskoningDHV aims to offer its Executive Board a fixed remuneration component targeted at approximately Q1 level of the general Dutch market and at the median of the direct (mostly Dutch and some EU) peer group.

Variable remuneration component

The Supervisory Board determines the variable remuneration component for the members of the Executive Board on the basis of their performance and the company's results compared to the agreed performance criteria.

The variable remuneration for the Executive Board is intended to drive the pursuit of Royal HaskoningDHV's short and long-term objectives and is appropriate in relation to both the fixed remuneration and the peer group. The maximum annual variable remuneration component amounts to 40% of the gross fixed remuneration.

The criteria for the variable remuneration for 2020 were agreed to be up to the Supervisory Board's discretion, as the pandemic made it impossible to set and track clear and achievable goals.

The variable income is, in principle, payable in depositary receipts until the maximum holding (for all employees the same) is achieved.

The Supervisory Board has verified and is comfortable with the potential pay-out of the variable remuneration component for various scenarios as prescribed by the Netherlands Corporate Governance Code.

Pensions and risk premium

Pursuant to the policy applicable to all staff members in the Netherlands, the company contributes to the cost of their pension and the premium for partner pensions and disability. Equally, the members of the Executive Board are compensated for the reduction of the maximum pension accrual pursuant to the Reduction of Maximum Pension Accrual and Contribution Rates and Maximum Pensionable Income Act (Wet verlaging maximumopbouw- en premiepercentages pensioen en maximering pensioengevend inkomen) (Witteveen Framework 2015).

Severance pay

In the event of termination of the employment contract on Royal HaskoningDHV's initiative, a member of the Executive Board is entitled to a severance payment of one year's gross fixed annual remuneration. There is no right to the severance payment if the contract is being terminated due to urgent cause or serious culpability.

Sundry

Royal HaskoningDHV offers the members of its Executive Board a package of secondary employment benefits in accordance with those offered to other staff. The benefit package includes disability insurance, a company car and a Director's Liability insurance. The company does not issue loans, advance payments or guarantees to the members of its Executive Board.

No other exceptional remuneration was paid to the members of the Executive Board in 2020.

The ratio of the combined remuneration of the Executive Board relative to the average of Royal HaskoningDHV (Netherlands staff) for 2020 is 7.4 (2019: 7.1), with the CEO at 8.9 (2019: 8.3) and the CFO at 5.9 (2019: 5.9).

In line with the rest of the organisation, the Executive Board did not receive a rise in base salary in April 2020, but contrary to the rest of the organisation, this was not retroactively rectified in October 2020. The Executive Board did receive variable pay over 2020, as this year has asked a lot of flexibility, commitment, perseverance and leadership from the Executive Board, as well as many others.

The Remuneration Committee of the Supervisory Board has taken note of individual Executive Board members' views with regard to the amount and structure of their respective remuneration packages. The Remuneration Committee has been informed about the remuneration packages for Business Line Directors and Corporate Directors and is confident that remuneration across the top management structure of the company is consistent.

Remuneration 2020

Fixed income component

The Supervisory Board decided, within the remuneration policy adopted by the General Meeting of Shareholders, due to the uncertainties created by pandemic not to increase the fixed remuneration of the Executive Board members as from April 1, 2020.

Variable income component

The maximum variable income continues to amount to 40% of the fixed annual remuneration.

For further information regarding the remuneration we refer to the Notes to the Consolidated Financial Statements.

REPORT OF THE EXECUTIVE BOARD

OUR STRATEGY

Throughout an extraordinary year, we have maintained confidence in our strategy, Strong22, with its clear focus on new digital technologies and climate change. Even in the turbulent times experienced in 2020, we have continued to drive forward transformations and investments. We launched Royal HaskoningDHV Digital, increasing focus on our digital transformation consultancy and digital twin software. We acquired Novius, digital transformation consultancy experts in the Netherlands, bringing complementary capabilities to our new Digital Business Line to create a comprehensive portfolio of services. The acquisition of transport consultancy ITP in the United Kingdom strengthens our capabilities in shaping the sustainable transport networks of tomorrow.

COVID-19: significant but contained impact

The safety and well-being of our people has been a principal focus throughout the pandemic. Close monitoring of the global spread of the virus and government reactions enabled us to respond quickly with directions to staff in respect of their health and safety, restrictions on travel and working from home. Once that happened, we provided support in the form of equipment, regular communication and frequent resilience checks to identify where further action was required. After a short period of adaptation, the majority of our work has continued, helped by our ongoing investment in digital ways of working. For example, in some cases construction of 3D models enabled our teams to walk virtually through facilities with clients so project planning could continue.

In the face of considerable uncertainty, we put in place strict cost measures and created various scenarios as to how the business might evolve over the year. This enabled us to closely monitor our performance and take additional measures, including the use of furlough schemes. Across markets, effects were mixed. Aviation was hit hard due to the collapse in passenger numbers. Other areas such as the infrastructure market in the Netherlands flourished, partly as a result of government stimulation. Overall, impact on our business performance, while significant, was contained.

Digital transformations

Today's world is changing faster than ever. New digital technologies, customer demands and major challenges like COVID-19 are constantly emerging and disrupting the way organisations must operate. To provide our clients with the insights and agility they need, we are connecting digital capabilities to our domain knowledge to turn reactive decision-making into real-time and predictive control. The launch of our Digital Business Line in 2020 brings focus and strength to this commitment for clients across all markets that we service. Already it has inspired businesses like Swedish multinational power company Vattenfall to collaborate for significant impact on their renewable energy plans. The complementary expertise in business transformation and enterprise architecture that Novius brings is evident in a new pier and terminal at Amsterdam's Schiphol Airport which uses the latest technologies to meet the highest quality requirements.

Business decisions are increasingly based on data-driven insights and simulation as human and physical worlds become more and more digitally connected. Across all our markets, we expect digital twins - digital replicas of the physical environment - to become prevalent. Our Digital Twin Centre of Excellence which is part of the Digital Business Line acts on this trend, supported by software solutions which draw on our considerable domain knowledge. In 2020, we signed a Memorandum of Understanding with PUB, Singapore's National Water Agency to explore how our Aquasuite® software can support the utility's digital transformation over the next three years. In the United States, the use of digital twin capabilities together with predictive simulation, Artificial Intelligence and machine learning is transforming decision making, efficiency and throughput in a massive nuclear waste clean-up programme. It has cut the time taken to answer multiple-scenario questions from around 25 days to just 2-4 days.

Innovative services

Technologies such as 3D printing, parametric and generative design are opening up new opportunities and possibilities for construction across many industries. Using digital technology to create designs based on parameters that we can vary almost infinitely, we are able to develop many scenarios and variants at lightning speed enabling clients to make better informed decisions at an earlier stage. What is more, it is possible to create a scalable solution for a design rather than treat each new building as a new project, effectively turning projects into products. Using 3D printing with circular composite, we are creating the world's first lightweight 3D printed composite pedestrian bridge which has a longer lifespan, lower lifecycle costs and improved sustainability (more information in the Our stakeholders and how we engage: Partners and associations section).

Our significant contribution to innovation in the water sector was recognised in the award of Water Technology Company of the Year at the 2020 Global Water Awards. Innovations that led to this achievement include continuing developments arising from our revolutionary Nereda® waste water technology, such as production of Kaumera Nereda® Gum. The Middle East is set to have its first Nereda® treatment plant as part of a huge waste water investment programme serving 1.2 million people. Another important waste water scheme started in 2020 in the city of Tschewane in South Africa where current requirements exceed existing capacity by as much as 70%. We are involved in the three-year project to upgrade infrastructure and increase treatment capacity to improve the quality of the effluent, avoid excess sludge and ensure discharge into the local river meets compliance standards.

Digitising and integrating our solutions

Automation of our own work processes enables us to continuously improve efficiency in the way we deliver our services and also offer new services. For example, to investigate the causes of the collapse of a football stadium roof in the Netherlands, a drone scan of the structure created a simulated model from which calculations and assessments could be made. Our digitised models of stadiums and concert halls used in combination with our crowd modelling systems also led to the launch of a tool to optimise capacity in a COVID-safe environment for sports and other events. Another automated solution has been developed for airports to comply with new regulations on runway condition reports. The Runway Condition Report Tool (RCR-Tool©) provides automated condition reporting and forecasting in real time. Sensors for the tool have been installed at Bonaire International Airport in the Caribbean as a first step to comply with the new regulations.

By bringing our services together we can offer resilient integrated solutions to highly complex problems and also serve the entire chain in a market, from strategy to operation. For example, we design ports, but can also lay down a long-term vision which connects with operational processes. Coastal protection studies for Beira in Mozambique involve expert input from across our integrated global team. The coastal city is just a few metres above average sea level and needs a clear adaptation strategy to ensure suitable protection for its half a million inhabitants against floods and coastal erosion. To embed this ability to offer an integrated portfolio of services to clients we are developing cross-market account teams which deepen and widen our client relationships.

Sustainable future

Our vision for sustainability is as strong as ever, evidenced at so many levels in our projects and operations. Through 2020, we have continued to push forward on climate action, enhancing resilience and building a better, more efficient and sustainable society. For example, the complex renovation of the double-arched Van Brienenoord Bridge on one of the busiest traffic corridors in Rotterdam is being tackled in a cost-effective way which embraces circularity and extends the lifespan of the bridge for another 100 years. Our solution involves building one completely new arch and renovating the original which will then replace the second arch. Once complete, a new use will be sought for the replaced arch too. We have taken sustainability to a new level within our operations, for example making a commitment to the Paris Proof initiative to significantly reduce energy use in all our offices by 2035 and only use renewable sources.

We are proud of our company, our people and what we stand for – this year more than ever in the face of unprecedented challenge. The foundations of our culture are built on our BRITE beliefs - Brightness (keeping an open mind to ideas that lead to the best solutions for clients), Result Driven, Integrity, Team Spirit and Excellence. While our culture goes through a process of change, we remain committed to strengthen these values which underpin our mission.

QUALITY MANAGEMENT

As a global organisation, we ensure we deliver products and services to our clients according to standard working practices wherever we are working in the world. This is achieved with our global Integrated Management System. It is certified against globally-accepted international standards (ISO 9001, ISO 14001 and ISO 45001) and also covers integrity, business continuity, knowledge management, information security and our business principles. To ensure it continues to comply with global standards, QHSE audits were undertaken in 2020. Our Corporate QHSE department conducted internal audits in all our Business Lines and offices. External audits were conducted by DNV GL in the following countries: Australia, Indonesia, the Netherlands, Nigeria, Poland, Singapore, the United Arab Emirates and the United Kingdom. As a result of these audits, our ISO 9001:2015 (quality), ISO 14001:2015 (environment) and ISO 45001:2018 (occupational health and safety) certificates were continued. All three certificates are valid until September 2022.

INTEGRITY HIGHLIGHTS

We have been a partner of the UN Global Compact (UNGC) for more than a decade, supporting the 10 UNGC principles on human rights, labour, environment and anti-corruption which are integrated in our Global Code of Business Principles. We actively show our commitment to these principles in our tenders and offers and share our principles on integrity and compliance with suppliers and sub-contractors through e-learning.

We have a zero-tolerance approach to bribery and corruption and aim to meet and surpass international best practice standards in anti-corruption compliance and business ethics. Our integrity policy is embedded throughout the company and we have held the ETHIC Intelligence Anti-Corruption Certificate since 2010. For 2020, we decided to be compliant to the international ISO standards. We were assessed and certified as meeting the requirements of the ISO 37001 standard for our Anti-Bribery Management System and the new ISO/DIS 37301 standard for our Compliance Management System. We are proud to have been the first in our industry worldwide to achieve the new ISO/DIS 37301 certification.

We were assessed and certified as meeting the requirements of the ISO 37001 standard for our Anti-Bribery Management System and the new ISO/DIS 37301 standard for our Compliance Management System.

In 2020, nearly all employees completed an e-learning about our Global Code of Business Principles. The e-learning addresses all topics of the above-named principles, such as anti-bribery and corruption and workplace behaviours. We also launched our Compliance Academy which provides e-learnings and documentation on topics including giving and receiving gifts, fair competition and unconscious bias.

To further improve control over our supply chain, we implemented a new third-party assessment process. We acquired a license to use a third-party assessment tool of an internationally reputed information provider. We currently use that tool for all new clients. It includes, among other things, a review of the ultimate beneficial owners, directors and politically exposed persons. We will implement this tool for business partners including sub-consultants and other suppliers.

No major incidents

There were no major integrity incidents during 2020 but 101 issues and concerns were reported. Characteristics of the reports included: unwelcome workplace behaviour; financial inaccuracies; working in controversial countries and involvement in publicly disputed projects (for example placement of windmills, working on military projects). All issues were investigated, discussed and when appropriate, concerns were addressed to mitigate risks.

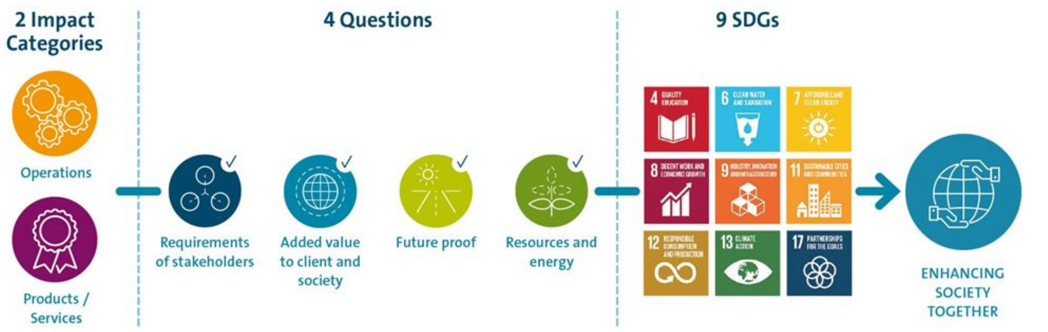
There were no allegations against the company or its management for bribery and corruption which resulted in wrongdoing of the company.

SUSTAINABLE MANAGEMENT

The COVID-19 crisis has shown once again that the world in which we operate changes constantly and unpredictably. Like governments with whom we collaborate, much of our attention in 2020 shifted to the COVID-19 crisis. While creating jobs and accelerating economic recovery is a key government focus, our company still sees a huge opportunity in delivering distinctive new services and solutions in response to the challenge of climate change and helping our clients meet their ambitions on climate action - from the energy transition to circularity, low-carbon operations and more.

Our mission is to Enhance Society Together with our clients and other stakeholders through innovation and co-creation. This, combined with our multidisciplinary expertise across water, energy, industry and transport, puts us in an excellent position to deliver distinctive new services and solutions to meet the challenges expressed in UN Sustainable Development Goals (SDGs). Key to our strategy is the desire to improve our positive impact in areas that we master and actively influence. That is why we choose to direct our impact towards the following SDGs: quality education (SDG 4); clean water and sanitation (SDG 6); affordable and clean energy (SDG 7); decent work and economic growth (SDG 8); industry, innovation and infrastructure (SDG 9); sustainable cities and communities (SDG 11); responsible consumption and production (SDG 12); climate action (SDG 13); and partnership for the goals (SDG 17). We share progress in our Responsible & Sustainable Business Update 2020.

To achieve our ambitions, we have integrated Responsible & Sustainable Business (RSB) in the governance model of our company. It is included in the roles and responsibilities of our management, Business Line Managers and the Works Council and forms part of management targets starting at Board level and working downwards. RSB is a shared ambition of the Board and a key responsibility of one Board member. It is integrated in our way of working via our global Management System and covers our QHSE Management System, our Integrity Management System and our Information Security Management System. Some projects require more extensive consideration in respect of our responsibility and sustainability goals. When there is a conflict of interest, we are guided by the principles and standards of the UN Global Compact, UN Guiding Principles on business and human rights, The Organisation for Economic Cooperation (OECD), ISO 26000 (Guidance on Social Responsibility) and the International Labour Organisation (ILO).

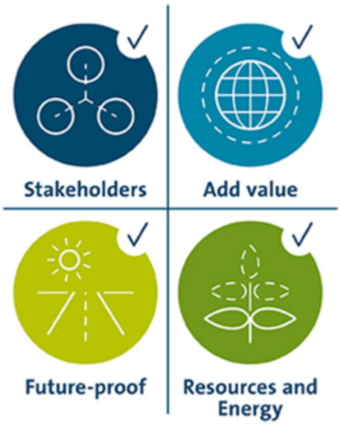


How we Enhance Society Together

Adding value through our projects

Our biggest contribution to inclusive sustainable development comes from integrating new ideas, innovations, technology and sustainability into our projects. We try to motivate our clients to make sustainable choices, to embed Enhancing Society Together and to contribute to the SDGs in our daily practice.

Since our client's projects cannot always have only positive impact, our goal is to achieve a net positive impact through our involvement in these projects. The construction of a new road, for example, will positively impact mobility and economic growth, but will also emit greenhouse gas emissions both in construction and use. Our 4 Questions guide our conversations with clients and partners on these considerations, and help to identify where we can add value for society while minimising potential negative impact.



4 Questions

The SDGs are specifically mentioned as part of our 4 Questions conversations to maintain clear focus on the areas where we are committed to make a difference. During 2020, these 4 Questions were actively used in 86.6% of our projects:

Examples of positive impact obtained through our projects:

Many of our clients are committed to realise challenging sustainability targets in their operations. At Aruba Airport in the Caribbean, our client aimed to achieve Silver LEED certification for its expanded terminal building. With our help, the building achieved LEED Gold certification through measures including a highly energy-efficient mechanical system, solar heat protection, solar roof panels and more. Similar success was achieved at Schiphol Trade Park in the Netherlands which obtained five-star BREEAM certification for area development, in support of our client's ambition for it to be Europe's most sustainable business park. Like LEED, BREEAM is an international scheme providing independent third-party certification of sustainability performance. Elsewhere in the Netherlands, we have been working with Chemelot and DSM Nederland on plans for the industrial complex to become the safest, most sustainable and competitive site in Europe. In collaboration with site users and governments, we have developed a living Chemelot 2030 Master Plan to realise this ambition and work towards climate neutrality by 2050 through the use of circular materials and renewable energy.

We are increasing resilience of our clients' operations against impacts of climate change. In the Kingdom of Tonga in the Pacific Ocean, we carried out a detailed climate change assessment for the country's largest port where natural hazards pose significant threat to development goals. The port is exposed to rising sea levels, extreme rainfall, cyclones, earthquakes and tsunamis. Our assessment establishes a benchmark in the region and clears the way for a landmark project to improve the efficiency, capacity and security of the port for decades to come.

The concept of waste water as a resource is an important focus for circularity in the water sector. A planned new installation in the Middle East will use our Nereda® waste water treatment technology in a plant which not only increases treatment capacity but will create a new water source through the re-use of the final effluent. The Nereda® process is also the source of Kaumera Nereda® Gum, a new bio-based resource extracted from aerobic granular sludge. The first consignment of this raw material was delivered in 2020. Nereda® forms part of our solution to a new challenge facing water companies across the United Kingdom. The regulator's latest five-year asset management plan places stringent demands on phosphorus removal. In response, we have developed a turnkey solution, aimed at smaller sites. New Nereda® Package Plants provide high-quality sustainable waste water treatment with biological phosphorus removal at small works serving between 300 and 10,000 people. The plants are designed to be manufactured, assembled and pre-tested off-site, allowing highly cost-effective implementation.

Please refer to our RSB Update 2020 for many further examples of our projects bringing tangible positive impact for society.

Contributing through our operations

The sustainable and efficient management of our operations reduces risks and helps ensure the long-term continuity of our business. We also recognise our role in contributing to the SDGs, focused on specific goals in areas where we can achieve maximum impact.

Sustainable offices

In 2020, we announced our commitment to be Paris Proof by 2035. This involves reducing energy consumption of our offices around the globe by two-thirds compared with today and all energy will come from renewable sources. As a result, several projects to reduce energy usage will start in the coming years, such as installing PV panels, removing natural gas as a heat source and reducing consumption. The initiative concerns about 75 offices across the world. In this, our Amsterdam and Groningen offices in the Netherlands are leading the way. At Groningen, the office has been transformed into a zero-energy building meaning that as much energy consumed over the year is generated locally in a sustainable manner. The building has no gas – sustainable methods are used for heating and warm water. Our envisaged new office in Delft housed in a building dating back to 1912 will be added to this list in 2024 being Paris Proof (or better). Another innovative example in our ambition to de-carbonise our energy is a partnership with energy company Vattenfall and wind developers Infinergy to establish a new initiative for the Corporate Power Purchase Agreement (PPA) market in the Netherlands. We are the first of what will become a collective of corporate clients to obtain green energy directly from Infinergy's new wind farm, with a direct match between generation and energy usage.

Health & well-being

A healthy working environment is an important feature of sustainable offices. Standing desks, healthy food, sufficient light and movement are essential for positive experiences and low sickness rates. One way to assess and monitor the situation is through certification. We were pleased therefore to gain Fitwel 2-Star certification for our Contact Amsterdam building. Fitwel is a certification system which supports the well-being of occupants and encourages healthy communities. Of course, for most colleagues, homes became the primary working environment during the year. We responded by developing a Working from Home policy and provided assistance in a number of countries for employees to conduct an assessment and order equipment needed to create an ergonomic workplace. While meeting new requirements demanded by COVID-19 in our offices, we maintained our commitment to broadening access to the labour market, contributing to SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth). Cleaning operations in one of our offices in the Netherlands are contracted to a company which gives employees distanced from the labour market a chance for work. To ensure activities aligned with new hygiene and quality requirements, we arranged for additional guidance to be provided in the necessary ways of working.

Sustainable mobility

Our focus on sustainable mobility is a key route to lower carbon emissions. We are reducing the need for travel by providing a virtual working environment enabling employees to work and collaborate independently from a physical location. When travel is necessary, we encourage employees to do so in a more sustainable way to reduce emissions/km. In 2020, a new sustainable mobility policy was drawn up to achieve our company goals: fly less, drive less and travel differently. We promote sustainable mobility measures such as car sharing, public transport and e-bikes. Together with major organisations in the Netherlands, we are part of the Anders Reizen (travel differently) coalition calling for reduced business travel and in 2020, used online communications as well as a radio interview with Anton van der Sanden, Global Transport and Planning Director, to share the message more widely.

We continue to grow our electric car fleet in pursuit of our goal of a 100% electric lease fleet in the Netherlands. We are on target to achieve this by the end of 2021 with our original fleet. However, our acquisition of Novius has introduced a new set of fossil-fuel vehicles which will be replaced as soon as their leases expire. We encourage the use of electric vehicles by sharing our experiences with other companies and through membership of EV100, a global initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles. In 2020, our head office became the first location where electric vehicles are smart charged using cloud-based machine learning. Compared with existing smart charging facilities, up to three times less energy is wasted per car so more cars can be charged, or they charge faster. The technology requires almost no extra specific hardware, and saves on investments in charging equipment. The same machine learning technology will soon be able to predict how much energy a car will need and to assess the departure time of the vehicle.

CO_2-Performance Ladder Level 5 certification

We successfully renewed our CO_2-Performance Ladder Level 5 certification (the highest level) in the Netherlands. The scheme stimulates CO_2 reduction in our projects and operations through a management system based on insight, reduction, transparency and participation.

Objectives and results

Our objectives and achievements in reducing our carbon footprint over the past three years appear below. Our footprint covers CO_2 equivalent greenhouse gas emissions related to energy and paper consumption in our offices, and business travel. It is based on an international data collection structure and, in 2020, the data covered 87% of our staff (the Netherlands, South Africa, United Kingdom, Indonesia, Poland and India). A weighted average is applied for remaining staff. The data is collected by a team of local staff appointed in participating countries who report annually to our corporate data manager. Their report is based on measurements (provided by meters or bills, internal registration systems or reports from partners or suppliers, such as travel agencies). Data definitions and the procedure on how to deal with missing data are standardised. If data is not available in time, the previous year's data for that item and period is reported (temporary estimate). In the next quarter, actual figures are provided to replace the estimate. Data reports are screened for accuracy and completeness by one local data provider and by a team of corporate staff. Inconsistencies are reviewed with and by local staff for explanation or correction. This leads to continuous improvement of our data and an increased understanding of our actual impact for local and corporate staff.

OBJECTIVE	2018 RESULT	OBJECTIVE MET?	EVALUATION
Offices: Reduce CO2 footprint* by 33% compared to 2016	-48.1%	YES	Reduction was mainly achieved by switching to cleaner types of energy (wind and solar) and by reducing our number of offices.
Travel excluding flights: Reduce CO2 footprint* by 16% compared to 2016	-17.6%	YES	Reduction was mainly achieved through initiatives like electrifying our lease fleet in the Netherlands and because fewer business kilometres were made by car.
Flight travel: Reduce CO2 footprint* by 0% compared to 2016	2.8%	NO	In tonnes CO2eq. per employee there was a slight increase because the number of employees decreased by 2.4% compared to 2016. In absolute numbers, a reduction was realised (-0.6%).

OBJECTIVE	2019 RESULT	OBJECTIVE MET?	EVALUATION
Offices: Reduce CO2 footprint* by 33% compared to 2016	-53.0%	YES	Reduction was mainly achieved by on-going initiatives to switch to cleaner types of energy (wind and solar) and by reducing our number of offices.
Travel excluding flights: Reduce CO2 footprint* by 25% compared to 2016	-39.4%	YES	Reduction was mainly achieved through on-going initiatives like electrifying our lease fleet in the Netherlands and because we again drove fewer business kilometres by car.
Flight travel: Reduce CO2 footprint* by 2% compared to 2016	4.7%	NO	In absolute numbers (tonnes CO2 equivalent), a small increase was realised (+ 1.9%). However, because of a reduction in the headcount (-2.9%) this resulted in an increase of 4.9% per employee. Action: Implement flight reduction programme

OBJECTIVE	2020 RESULT	OBJECTIVE MET?	EVALUATION
Offices: Reduce CO2 footprint* by 35% compared to 2016	-61.5%	YES	Reduction was mainly achieved due to COVID-19 pandemic and by on-going initiatives (clean energy and building improvements)
Travel excluding flights: Reduce CO2 footprint* by 33% compared to 2016	-65.4%	YES	Reduction was mainly achieved by less travel due to COVID-19 pandemic
Flight travel: Reduce CO2 footprint* by 4% compared to 2016	-74.1%	YES	Reduction was mainly achieved by less travel due to COVID-19 pandemic

* Reduction on tonnes CO2 per employee compared to base year 2016

Longer term, our ambition is to reduce our CO_2 emissions* by the following amount:

	2021	2022
Office Buildings	38%	40%
Business travel (excl. Flights)	42%	50%
Business travel by air (Flights)	7%	10%

Measurement and calculation of all material topics

To continuously improve as an organisation, we identify, understand and balance the most important topics for our stakeholders, and relate them to the actions and decisions we take. A solid materiality analysis provides insights into future trends, business risks and opportunities that influence our ability to create value. It helps identify topics that our stakeholders - internal and external - expect us to focus on.

The outcomes of our client and customer surveys in 2019 indicated a need to revise our materiality analysis. We started this process in 2020 through discussions with relevant internal and external stakeholders, which will continue in 2021. This will be used to refine our company strategy and long-term vision.

Our main key performance indicators (KPIs)

Material topic	Key Performance Indicator	Key results
Health and safety	Integration and continuous improvement of our QHSE Management System (incl. alignment with international standards)	Further aligned with international BIM standards + ISO certifications (valid until September 2022) Board messages COVID-19 pandemic Employee resilience pulse check
	Fatalities (target 0) + Lost Time Injury (target 0.18) Frequency (LTIF)	0 fatalities Lost time injury frequency (LTIF) in 2020: 0.03 is below target. This decrease is likely to be an effect of fewer accidents and incidents happening as most staff worked from home for most of the year.
Quality and sustainability in our products and services	Use of 4 Questions in projects (target 2020 = detailed usage in 65 % of our projects)	Target met: 4 Questions were actively used in 86.6% of our projects
Integrity and ethical performance	Integration of our Integrity Management System (incl. alignment with international standards)	Further aligned with international BIM standards + ISO certifications + development of e-learning module
Economic / financial performance	Net turnover, Operating income, Added value	See annual report
Employability	Developing digital capabilities across our organisation	Launch of the Finance Academy and Compliance Academy in addition to our Digital Academy
	Embed culture of innovation	Future leadership programme Expansion of e-learnings, Internal career centre
	Modern employment relationships and employment conditions	Regular pulse checks, good consultation with Works Council, Working from Home policy (NL)
	Equal opportunities	Appointment of a global equality, diversity and inclusion (EDI) lead at the head of a network of EDI ambassadors. Mentorship programme for female employees in the United Kingdom Launch of employee networks for disability, LGBTQ+ and diverse ethnic backgrounds
Emission reduction	Use of 4 Questions in projects (target 2020 = detailed usage in 65% of our projects)	4 Questions were actively used in 86.6% of our projects
	Carbon footprint (reduction in % per employee compared to 2016) for office buildings (target 2020 = -35%), business travel excluding flights (target 2020 = -33%) and business travel by air (target 2020 = -4%).	Reduction target for office buildings met (reduction of -62% - Due to building improvements and COVID-19 pandemic) Reduction target for business travel (excluding flights) met (reduction of -65% - due to COVID-19 pandemic) Reduction target for business travel by air (flights) met (reduction of -74% - due to COVID-19 pandemic)
Security & privacy	Continuous improvement of our Information Security Management System (incl. alignment with international standards)	Certification for ISO27001 still in place ISO27001 external audit conclusion: organisation well prepared for working remotely (COVID-19 pandemic) Compliant with stakeholder expectations and our obligations to interested parties, including clients, regulators (data protection), shareholders, employees and governments
	Protect information globally from evolving threats	Risk-based awareness end-user

Adding value to local communities

Across our organisation, we are actively involved in initiatives to benefit the communities within which we work.

The BRITE Foundation is a charity established by our employees to make a real difference in the world. Through the foundation, employees contribute time, expertise and money to small-scale charity projects. This year, €25,000 from the fund was distributed among projects in Australia, Ghana, Zambia and Nepal. In Australia, it enabled wildlife cameras to be installed in nature reserves ravaged by the 2019 bush fires. They will monitor the release of koalas back into the reserve and help establish a database of wildlife and flora. In Zambia, new toilet facilities have been funded which will improve hygiene and sanitation for students and teachers in a community which lacks economic resources and basic services. In Nepal a classroom is being sponsored in a new school for children in a remote village and, in the upper east region of Ghana, more than 2,000 villagers are benefiting from two elephant rope water pumps providing safe drinking water. The pumps are made in Ghana and installed by local engineering experts.

Examples of individual initiatives taken by employees include collection of clothing, shoes and personal hygiene products for Peterborough Homeless Helpers, a small team of volunteers who clothe and feed the city's homeless. Also in the United Kingdom, unused food resulting from the closure of office catering due to COVID-19 was donated to a local church that cooks hot meals for homeless people and families in crisis. Another small community group is benefiting from desks that were no longer required following an office refurbishment. Efforts of colleagues to raise money for good causes included: £2,000 for children's charity Whizz-Kidz from sponsorship in running the London marathon; more than £3,800 raised for a prostate cancer charity by a Movember team in the United Kingdom who were sponsored to stop shaving for a month; and funds raised for ALS Nederland.

Our partnerships

Our partnership (SDG17) strategy focuses on influencing policy frameworks and cross-industry transformation. Information appears in the Our Company section.

FINANCIAL PERFORMANCE 2020

Given COVID-19, we are pleased with our financial performance. The operating margin increased to 4.8% (2019: 4.2%), while the financial results of 2020 show an organic revenue decline of -5.9% (2019: +1.3%). In the end a net result of €13.0 million (2019: €9.2 million) was reported. The order portfolio of €303 million is more or less at the same level as last year (2019: €314 million).

Our operational result (EBITA recurring) ended at €28.3 million (2019: €26.9 million). The operating income loss was compensated by substantial cost savings on travel and accommodation and staff expenses. In spite of the COVID-19 crisis we continued our strategic Strong22 programme in 2020 and related operating expenditure. This contains transformation costs and the launch of our Digital Business Line and connected developments. The results in 2020 were strongly driven by the Business Lines Industry & Buildings and Transport & Planning and our strong market position in the Netherlands. In spite of the COVID-19 crisis, we performed very well in these markets. Due to challenging market situations, the Aviation and Southern African Business Lines showed a top-line decline in operating income. Both were still able to operate profitably and, although limited, this is a sound result.

Excluding contractors, organic added value decline was -3.8% (2019: +2.3%). Although Sales Added Value was relatively good, the utilisation rate slightly declined compared to last year, partially caused by a firm focus on innovation and development but also due to more than expected proposal hours.

To achieve our Strong22 ambitions, we undertook two investments. In the Netherlands we acquired Novius Adviesgroep voor Informatie & Organisatie B.V., while in the United Kingdom we joined forces with Integrated Transport Planning Ltd. Furthermore, the year 2020 continued to be another year of investing in building the digital business, both in terms of consulting capabilities and digital software.

The results yielded a positive free cash flow in 2020 of €38.3 million (2019: €2.0 million). The free cash flow is higher than last year due to better working capital management. The COVID-19 crisis hardly impacted trade working capital (work in progress, trade debtors and trade payables), which showed a normal seasonal pattern throughout the year and was below last year's level for almost the entire year. The days sales outstanding (DSO) decreased to 70 days at the end of 2020 (2019: 79 days). Our financial position remains healthy, with an equity ratio of 48% (2019: 48%) and a net cash position at the end of the year. We operate well within our bank covenants.

Besides the effect of the COVID-19 crisis as described above on our financial performance, there are no special events that should be taken into account for the financial statements.

OUR PEOPLE

We've been connecting people for nearly 140 years. Committed to our promise to enhance society together, our 6,000 colleagues focus on delivering added value for clients while addressing the challenges facing societies. These include the growing world population and the consequences for towns and cities; demand for clean drinking water, water security and water safety; pressures on traffic and transport; resource availability, energy and waste issues facing industry. To sustain a healthy and relevant business and keep enhancing society together, we need to change to become more digital, more entrepreneurial and more commercial. We can do this by having a growth mindset, by being open and agile and by unlocking the full potential of our people.

Over the past year, we have introduced multiple learning paths for roles within our company, including project managers and digital talents. The Finance Academy and Compliance Academy were launched to enable our people to develop specific skills and capabilities in these topics. These are in addition to existing academies, like our Digital Academy which was awarded CPD accredited employer standard at the highest achievable level by KIVI (the Royal Netherlands Society of Engineers). Around 8,000 e-learnings were added to our learning management system, with particular focus on health and wellbeing as a result of COVID-19.

To become more future proof, investing in talent is key. With this in mind, we have developed a future leadership programme and professionalised succession management. These will ensure our leadership pipeline is equipped for future strategic perspectives and that we retain and motivate future leaders through targeted development opportunities.

Throughout the COVID-19 crisis, maintaining relationships with our people has been a top priority. Regular pulse checks tracked the wellbeing and resilience of employees and identified where we needed to provide additional support. We launched an internal career centre to make efficient use of internal capacity by facilitating match making. Through the centre, managers share needs for temporary capacity in projects. It has proved useful to address unexpected changes in requirements during COVID-19 and also offers opportunities for colleagues to experience different areas of our organisation through applying for projects and job opportunities listed.

Equality, diversity and inclusion

We are committed to providing a safe and enriching working environment for all. One that allows individual skills, strengths, and perspectives to be heard, used, and amplified, regardless of gender, age, sexual orientation, religion, or physical ability. We strive for a collaborative, equal environment where everyone feels comfortable bringing their true selves to work. We also encourage a mindset among our leaders that a diverse team makes an important contribution to the successful delivery of business ambitions.

During 2020, we undertook various initiatives towards these aims. For example, we are expanding the remit of our current Equality, Diversity and Inclusion policies in the United Kingdom and the Netherlands, while working towards a global policy and practices. Also during the year, many of our teams received unconscious bias awareness training. We have appointed a global equality, diversity and inclusion (EDI) lead, who heads a network of EDI ambassadors to ensure consistency of implementation of EDI practices, while taking local knowledge, cultural differences and political and socio-economic considerations into account. Employee networks for disability, LGBTQ+ and diverse ethnic backgrounds have been launched to guide best practice and understanding of every individual's lived experience. These networks are not exclusive, welcoming allies who help drive change to ensure inclusivity towards all employees.

Early in 2021 we will launch our first mentorship programme for female employees in the United Kingdom, striving to reduce our Gender Pay Gap and ensure representation of female colleagues is as equal as possible at every level. We hope to replicate this programme in other countries where there is an imbalance. We continue to encourage more women into engineering through initiatives including recruitment campaigns, career encouragement and greater flexibility following parental leave. Currently 27% of staff in the Netherlands are female. At Royal HaskoningDHV Southern Africa, we are encouraging open conversations around diversity, inclusion and representation. We are aware there is still much to do but we believe a good start is awareness of thoughts, actions and language. In 2020, we sponsored the first virtual GirlCode hackathon. GirlCode seeks to empower girls through technology, encouraging them to get involved with technology design, development and leadership. The non-stop coding event focused on building solutions to challenges connected with the COVID-19 pandemic. In Vietnam our managing director signed a statement of support for the Women's Empowerment Principles (WEPs) on behalf of HaskoningDHV Vietnam. The seven principles, developed by the UN Global Compact and UN Women, promote gender equality and women's empowerment in businesses and communities.

Engagement and enthusiasm

Employee engagement has improved significantly over recent years, as shown in surveys conducted by external research agencies. In the latest survey, 85% of our employees said they enjoy their work. Employee satisfaction was above benchmark at 80% - an increase of 9% since 2016. More than three-quarters of our colleagues feel proud working for Royal HaskoningDHV.

In 2020 no employee engagement survey has been conducted, but priority was given to the regular pulse checks with particular focus on health and wellbeing of employees in the light of the COVID-19 outbreak.

HEALTH & SAFETY

We are committed to the highest standards of health and safety across our operations for staff, visitors and partners. Our vision and policies are part of our Management System. They are implemented through our processes and procedures to ensure we maintain and continuously improve a healthy and safe working environment. Our practices conform with the new ISO 45001 certificate for Occupational Health and Safety which we gained last year following successful audits in various countries. We were among the first international engineering consultancy firms to obtain this certification.

Other objectives for 2020 were zero fatalities and a lost time injury frequency (LTIF) of less than 0.18. During the year, no fatal accidents occurred among our employees and 62 accident and incident reports were submitted. From these reports, 44 related to accidents and incidents involving employees. 20 of these occurred at an office location, 10 at out-of-office locations and 14 were traffic related. In total 1 accident resulting in at least one day off work was recorded in 2020 (7 in 2019). There were 36 other reportable cases.

- Lost time injury frequency (LTIF) per 200,000 workable hours in 2020 was 0.03. The figure has decreased compared to 2019 (0.17) and is below the 0.18 target. This decrease is likely to be an effect of fewer accidents and incidents happening as most staff worked from home for most of the year.
- Total recordable cases frequency (TRCF) per 200,000 workable hours over 2020 was 0.97. This decreased compared to 2019 (2.39) which is likely to be an effect of fewer accidents and incidents happening as most staff worked from home for most of the year.

HaskoningDHV Nederland B.V. has achieved level 2 on the Safety Culture Ladder, demonstrating that consciously safe working, designing and advising are embedded in our culture and employee behaviour. With this certificate, we are also ready for Safety in Procurement (Veiligheid in Aanbesteding (ViA)) which will be a requirement from 2022 in tenders from Rijkswaterstaat and other major clients that have signed the Safety in Construction Governance Code. Our rail industry teams in the Netherlands have a certificate for level 4 of the Safety Culture Ladder, teams active in the energy sector have certification for level 3 and our industry team is working towards obtaining level 3.

CYBER SECURITY

Following certification for ISO 27001 in December 2019, we are seeing real benefit from achieving this important milestone. Awareness in our company has risen significantly which is vital in remaining secure against advanced cyber threats. Safe ways of working are part of our business as usual helping us to further increase resilience as we realise and develop our digital ambitions.

We continue to make appropriate investment to protect information and deliver outcomes that meet stakeholder expectations and our obligations to interested parties, including clients, regulators, shareholders, employees and governments. It ensures we preserve our reputation in the marketplace and protects our revenue flow through our ability to meet client requirements on information security in contracts. It also supports our digital business transformation: we want to work and provide digital cloud services to our clients in a world of open communication via the internet, mobile working and the use of mobile devices.

Continued efforts are needed to provide an adequate level of protection globally from evolving threats to data and to ensure that our business operates smoothly and without interruption for the benefit of customers, shareholders and other stakeholders and to comply with data privacy regulations. Therefore, we protect information in accordance with our Information Security Management System which conforms with ISO 27001.

Using the PDCA cycle we enable a focus on confidentiality, integrity and availability in our projects and ensure the ISO 27001 international standard is followed.

RISK MANAGEMENT

Corporate risks

Every year, management identifies the most important corporate risks for the company. Identification of these risks is done with an assessment where risks are scored on probability and impact (impact on EBITA for the coming three years). Both endogenous and exogenous risks are considered. Each of the most important risks have been assigned to Members of the Executive Council who are accountable for mitigation.

When we started our corporate risk assessment, the risk of a pandemic was scored as low probability and high impact and as such had not been identified as one of the important corporate risks before COVID-19. However, we had our crisis management policies in place, including a well-trained and experienced Corporate Crisis Management Team as well as a fully-staffed back-up team for alternating shifts. In countries where we are operating, Country Crisis Management Teams are also well established. These teams advised the Executive Board and Management Teams at various levels about risks and measures to be taken. The risks that were identified were of a broad nature and included amongst others scenario planning (impact on revenues, costs and sales), continuity of our operations, information security and health and safety of our employees. They continue doing so as long as COVID-19 is among us and impacts our business.

To reduce the cost of failure, which in our industry is largely related to flaws in project management, we spent much time and effort on implementing two robust project management tools and training. One of these tools supports the proposal manager in the risk assessment and processing of tenders. The other is the Project Health Check which supports the Project Manager and directors in their monthly project reviews. They have already resulted in reduced project losses. We see further opportunities in strengthening our project management and commercial way of working.

The core principles of UN Global Compact in the areas of human rights, labour, environment and integrity are incorporated in our Global Business Principles, Global Code of Conduct and Integrity Management System. We continue to review what is happening in the world around us and discuss our response. Discussions included risks in relation to Brexit, which were perceived to be limited so far but require monitoring. Countries going through political uncertainty are also assessed on a regular basis to evaluate what the related risks are and what our policy should be.

Disruptive technologies and other trends will have a significant impact on our knowledge-intensive business. We are monitoring these developments and are actively engaging with partners on innovation and digitalisation. An important development has been establishing a specific Business Line Digital where experience and knowledge are centralised to support our clients. As part of our strategy Strong22, we have embraced the digital way of working which is actively used throughout the company.

Operational risks

Projects

Project risk management procedures are integrated in our Management System to ensure consistency throughout the organisation. Control measures include the authorisation matrix and the risk and approval matrix defining who can approve commitments and transactions. Project proposals with the highest risk for the company are reviewed by the Risk Assessment Board (consisting of Executive Board, Corporate Director Project Excellence, Corporate Director Legal and Risk Manager). Each prequalification and proposal undergo a risk assessment. Those with higher risks are analysed by our Risk Managers, advised by Finance & Control, Legal, HR and Compliance. Depending on the outcome of this assessment, the authority to approve such risks is defined in our risk and approval matrix. The Project Manager documents the result in a Risk Mitigation Plan which is updated throughout the project. The Drive2Win approach, guiding the Proposal Manager during the proposal preparation, has been implemented company wide. This resulted in a more efficient and effective consideration of risk mitigation and reward.

The Project Health Check tool supports monthly project reviews with the goal of improving our project results. Based on the key variables of a project (including risk, which can change over time) projects are reviewed and discussed up to Executive Board level to support Project Managers taking the right actions. Finance and Project Excellence Managers are also involved in those reviews, each bringing their own expertise. In this way we ensure that client demands are met, adequate progress is made, and risks are identified, sufficiently mitigated and reflected correctly in our accounting systems.

Liabilities

Our liabilities are defined within each contract. Most of these will fall within our standard conditions for what we consider acceptable risk. If conditions do not comply, additional approvals are required. Legal counsel reviews and provides recommendations to limit liability when possible. In addition, we are covered to a significant level by Professional Indemnity insurances.

Liquidity

Two main controls help ensure sufficient funding is available for our operations: control over our working capital (mainly work in progress positions and debtors) and securing our bank facilities. Before submitting a proposal, we assess the client's ability to settle our invoices over the duration of the project and monitor our credit risk continuously during project execution. In addition, for each proposal, a cash flow forecast must be prepared and we aim to negotiate a positive cumulative cash position during the project. We have agreed facilities with our banks where loan covenants are applicable. Our Corporate Treasury monitors that these are met.

Currency

Fluctuations in commonly traded currencies like USD and GBP and in less-traded currencies represent a risk on part of our turnover. Our treasury policy aims to cover the currency risk as much as possible during execution of projects. Corporate Treasury monitors and advises on foreign currency exposures and the use of hedge instruments.

Guarantees

A few clients require us to issue corporate guarantees for the execution of a project. It is our policy to limit the issue of these guarantees. For this reason, we manage our balance sheets to ensure solvency of our companies is enough to operate independently in the market. Royal HaskoningDHV has stringent procedures to review and approve bank guarantees and bonds (like advance payment guarantees and performance bonds) before they are issued.

Pensions

In principle, Royal HaskoningDHV operates pension plans under defined contribution pension schemes. However, at HaskoningDHV UK Limited there is a closed defined benefit scheme. This scheme has been closed for new entries and future accruals in 2005. The closed defined benefit members became deferred members. The Group does not and will not provide any guarantees to the United Kingdom defined benefit pension scheme. The defined benefit scheme deficit under Dutch GAAP as at December 31, 2020 is €21.7 million (2019: €24.8 million) with an associated deferred tax asset of €4.1 million (2019: €4.2 million).

OUTLOOK

The role we play in ensuring the continued functioning of vital areas of society – water, mobility, clean air, electricity and many more – remains as important as ever. By constantly innovating, looking forward and integrating our knowledge across all areas of business in combination with our partners and clients, we are helping ensure these operations become more predictable and resilient. Digital transformation plays a significant role in this across every industry. Our own transformation, and particularly changes that took place within our company in 2020 and our acquisitions, strengthen our ability to meet these demands and grow.

Challenges faced are becoming more complex and multi-faceted. Our response in integrating services across our company enables us to add value and improve the solutions we provide clients and we expect growth in these services. This is particularly key where markets converge. For example, the mobility agenda makes our transport and planning expertise increasingly relevant for transport hubs such as railway stations. Equally, waste water treatment is an important concern for many industrial plants, which can benefit from solutions which draw on our water expertise, particularly with focus on themes such as sustainability and resilience. The energy transition continues to be a key opportunity and, every year, we attract more and more work categorised under that theme. Across communities and markets, sustainability is gaining prominence and our commitment to sustainable solutions aligns us with the needs of our clients as they look to reduce their carbon footprint, explore circularity and increase the sustainability of their operations.

With regard to Brexit, we currently do not anticipate significant impact on our business. The consequences of the United Kingdom leaving the European Union appear to have less impact on services than for goods and our colleagues in the United Kingdom primarily work on domestic projects or are involved in activities outside the European Union. Meanwhile, infrastructure investments outlined by the United Kingdom government present opportunities for us.

As explained in note 2.1 (going concern paragraph in the Financial Statements), the uncertainty associated with COVID-19 will continue in the immediate future. The hard decisions we took in 2020 and our adoption of scenario-based thinking streamlined operations. It has increased our ability to respond flexibly and with agility in a fast-changing environment and, if required, adjust our staff capacity accordingly. Furthermore, our in-depth domain knowledge combined with predictive and creative insights and digital tools means our business plays an increasingly important role in helping clients and society anticipate and navigate the new realities.

The COVID-19 outbreak and resulting measures taken by various governments to contain the virus have affected and will affect our business in the future. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. COVID-19 will also have lasting impact in terms of changes in the way we work. Digital ways of working and virtual meetings are here to stay - internally and with clients who will expect more of our meetings and activities to take place at a distance. Many of our learning programmes will become e-learnings. As such, and in line with our strategic ambitions, this will also drive further efficiencies in our processes.

In 2021, we will proudly celebrate 140 years in business. We are grateful to our dedicated and smart colleagues all over the world who have helped bring us to this milestone. As we create new combinations of expertise, more and more exciting developments are emerging and we make more progress in our goal of making life on this planet a little better and more enjoyable for all, Enhancing Society Together.

Amersfoort, the Netherlands
March 8, 2021

EXECUTIVE BOARD

E. Oostwegel (CEO)

J. de Wit (CFO)

CONSOLIDATED FINANCIAL STATEMENTS

In June 2020 we joined celebrations for International Women in Engineering Day. Highlighting our female engineers working on projects across the globe to enhance society provided inspiration for others and showed our diverse company.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet at December 31, 2020

Before profit appropriation *€ thousands*

Assets	Note	2020	2019
Fixed assets			
Intangible fixed assets	4	31,987	26,895
Tangible fixed assets	5	9,170	9,064
Financial fixed assets	6	17,402	16,031
		58,559	**51,990**
Current assets			
Work in progress	7	-	-
Receivables	8	123,395	147,910
Cash and cash equivalents	9	160,084	127,765
		283,479	**275,675**
		342,038	**327,665**

Shareholders' equity & liabilities	Note	2020	2019
Group equity			
Shareholders' equity	10	163,091	158,138
Minority interest	11	(275)	(257)
		162,816	**157,881**
Provisions	12	35,685	36,455
Non-current liabilities	13	5,681	4,645
Current liabilities	14	137,856	128,684
		342,038	**327,665**

Consolidated Income Statement 2020

€ thousands

	Note	2020	2019
Net turnover	17	**593,893**	**649,703**
Change in work in progress		(2,984)	(12,503)
Total operating income		**590,909**	**637,200**
Costs of work subcontracted and other external expenses		112,472	134,462
Salaries and wages	18	273,829	277,043
Social security & pension charges	18	64,091	67,204
Depreciation and amortisation on tangible and intangible fixed assets	4, 5	10,373	10,071
Impairment of intangible fixed assets	4	1,382	3,487
Other operating expenses	20	110,870	127,616
Total operating expenses		**573,017**	**619,883**
Operating result		**17,892**	**17,317**
Interest income		507	795
Interest expenses		(721)	(1,177)
Net interest expenses		**(214)**	**(382)**
Result from ordinary activities before tax		**17,678**	**16,935**
Corporate income tax	21	(5,174)	(8,921)
Share of result of participating interests		478	804
Result after tax		**12,982**	**8,818**
Minority interest		45	367
Net result		**13,027**	**9,185**

Consolidated Statement of Comprehensive Income 2020

€ thousands

	Note	2020	2019
Consolidated net result after taxation		12,982	8,818
Minority interest		45	367
Result for the period		**13,027**	**9,185**
Translation differences on foreign participating interests	10	(3,425)	1,605
Remeasurement of defined benefit plan, net of income tax	10	(1,859)	(3,361)
Total of direct movements in Group equity		**(5,284)**	**(1,756)**
Total result of the Group		**7,743**	**7,429**

Consolidated Cash Flow Statement 2020

€ thousands

	Note	2020	2019
Operating result		**17,892**	**17,317**
Adjusted for:			
Amortisation, depreciation and impairment	4, 5	11,755	13,558
Other value adjustments		114	-
Changes in provisions	6, 12	(3,066)	(2,077)
Changes in working capital		28,179	(6,288)
Cash flow from business operations		54,874	22,510
Interest received		500	742
Dividends received	6	287	632
Interest paid		(755)	(1,098)
Income tax paid		(1,038)	(6,389)
Cash flow from operating activities		**53,868**	**16,397**
Investments in:			
Intangible fixed assets	4	(2,647)	(1,535)
Tangible fixed assets	5	(5,078)	(4,565)
Financial fixed assets	6	(61)	(631)
Acquisition of group companies	3	(8,107)	(7,745)
Disposals of assets:			
Intangible fixed assets	4	59	5
Tangible fixed assets	5	284	63
Financial fixed assets	6	26	2
Cash flow from investing activities		**(15,524)**	**(14,406)**
Purchase / sale of own shares	10	(2,445)	1,555
Repayment of borrowings	13	(178)	(508)
Proceeds from borrowings	14	150	-
Dividends paid to shareholders of the company	10	(345)	(433)
Dividends paid to holders of minority interests	11	(2)	-
Cash flow from financing activities		**(2,820)**	**614**
Net cash flow		**35,524**	**2,605**
Exchange gains/losses		(3,205)	1,343
Changes in cash and cash equivalents		**32,319**	**3,948**
Cash and cash equivalents at January 1		127,765	123,817
Movements during the year		32,319	3,948
Cash and cash equivalents at December 31		**160,084**	**127,765**

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 OPERATIONS

Royal HaskoningDHV is an independent, international engineering and project management consultancy with almost 140 years of experience. Backed by the expertise and experience of almost 6,000 colleagues all over the world, our professionals combine global expertise with local knowledge to deliver a multidisciplinary range of consultancy services for the entire living environment in some 140 countries.

By showing leadership in sustainable development and innovation, together with our clients, we are working to become part of the solution to a more sustainable society now and into the future.

1.2 REGISTERED OFFICE & GROUP STRUCTURE

Koninklijke HaskoningDHV Groep B.V. having its legal address and corporate seat at Laan 1914 no. 35, 3818 EX Amersfoort, the Netherlands, is a private limited liability company under Dutch law and is listed under number 55525474 in the Trade Register. Koninklijke HaskoningDHV Groep B.V. has two shareholders: Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. For details regarding the shareholding structure we refer to the Appendix.

These financial statements cover the year 2020, which ended at the balance sheet date of December 31, 2020.

1.3 CONSOLIDATION

The consolidation includes the financial information of Koninklijke HaskoningDHV Groep B.V., its group companies and other entities in which it exercises control. Group companies are entities in which Koninklijke HaskoningDHV Groep B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Koninklijke HaskoningDHV Groep B.V. exercises control are consolidated in full. Minority interests in group equity and group results are disclosed separately.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures are valued according to the equity method on the basis of net asset value. Joint ventures with a negative net asset value are valued at nil. If the Group fully or partially guarantees the debt of the joint venture, or has a constructive obligation to enable the joint venture to pay its debts (for its share therein), a provision is recognised accordingly.

In the consolidated financial statements, intragroup shareholdings, debts, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the Group and no impairment loss is applicable. For a transaction whereby the Group has a less than a 100% interest in the selling group company, the elimination from the Group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The main consolidated companies are listed below, stating the percentage of ownership. For a more extensive list of consolidated companies and participating interests we refer to the Appendix.

- HaskoningDHV Nederland B.V., Amersfoort, the Netherlands (100%)
- HaskoningDHV UK Holdings Ltd, Peterborough, United Kingdom (100%)
- Haskoning International B.V., Nijmegen, the Netherlands (100%)
- Stewart Scott International Holdings Pty Ltd., Johannesburg, South Africa (76.95%)

Furthermore, we have included DHV Education Foundation, Johannesburg, South Africa as a consolidated company, given the fact that we have control. In the company statements, DHV Education Foundation is not included.

1.4 RELATED PARTY TRANSACTIONS

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Group are considered a related party. In addition, statutory directors, other key management of Koninklijke HaskoningDHV Groep B.V. (or the ultimate parent company) and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view.

1.5 ACQUISITIONS AND DISPOSALS OF GROUP COMPANIES

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is recognised as deferred income under accruals or will be recognised in the income statement directly. The capitalised goodwill is amortised on a straight-line basis over the estimated useful life to the maximum of 20 years. An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. Such an adjustment will also result in an adjustment to (positive or negative) goodwill with retrospective effect.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases.

1.6 RECOGNISE ASSETS AND LIABILITIES

Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Group. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results.

When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment. An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Group does not have the legal ownership, this fact is being disclosed.

1.7 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Cash flows in foreign currency are translated into euros using the weighted average exchange rates at the dates of the transactions. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

The consideration of acquired group companies is presented under the cash flows from investment activities, for the considerations paid in cash and cash equivalents. The cash and cash equivalents obtained through the acquired group companies at the acquisition date, are deducted from the consideration paid.

Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement. The payment of finance lease terms is allocated for the part related to the repayment of the lease obligation to the cash flows from financing activities and is allocated for the part related to the interest component to the cash flows from operational activities.

Cash flows from derivative financial instruments that are accounted for as fair value hedges or cash flow hedges, are classified in the same category as the cash flows from the hedged balance sheet items. Cash flows from derivative financial instruments whereby hedge accounting is no longer applied, are classified in accordance with the nature of the instrument, from the date at which hedge accounting is ended.

1.8 ESTIMATES

The preparation of the financial statements requires the management to form judgements and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

Revenue recognition

The Group uses the percentage of completion method (POC) in accounting for its fixed price contracts to deliver design services. Use of the POC method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Project valuation

Valuation of project related work in progress and receivables require management estimates with respect to its recoverability.

Goodwill

Measurement of goodwill of an acquired company (including earn-out) involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits of the acquired company at the moment of acquisition. The fair value is based on discounted cash flows expected to be received. Goodwill and other intangibles are tested for impairment when an indicator exists that the carrying amounts may not be recoverable. In calculating the value in use management must estimate the expected enterprise value based on the expected cash flows of the cash generating unit.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date. Estimates by management and external advisors lead to an indication of the potential financial risk and whether the risk is covered by insurance policies. Please refer also to note 2.14.

1.9 EVENTS AFTER BALANCE SHEET DATE

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. For details on subsequent events we refer to note 25.

Events that provide no further information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

2 ACCOUNTING POLICIES FOR THE BALANCE SHEET AND INCOME STATEMENT

2.1 GENERAL INFORMATION

The consolidated financial statements have been prepared in accordance with the statutory provision of Part 9, Book 2 of the Dutch Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in the Netherlands.

The COVID-19 pandemic will continue to affect the Royal HaskoningDHV business in the foreseeable future. In the face of this uncertainty, the Group put in place strict cost measures and is closely monitoring the business. By closely monitoring the performance, additional measures can be taken timely, if required. The Group's current financial position is very healthy. The COVID-19 crisis modestly impacted the order portfolio and operating income and due to better working capital management and cost savings, 2020 yielded in a significant positive free cash flow.

Royal HaskoningDHV has drawn up these financial statements on the assumption of going concern.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

The 2019 numbers of the Group have been changed for comparison purposes in notes 12, 14, 17, 21 and 22. Notes 17 and 22 have been changed to reflect the addition of a new Business Line. Notes 12 and 14 have been changed to reflect the move of a long-term provision that was previously included in current liabilities. Note 21 has been changed to give a better insight in the reconciliation from the applicable to the effective tax rate.

Assets and liabilities are recognised in the balance sheet when it is probable that the expected future economic benefits will flow to the Group and the cost or value can be measured with sufficient reliability. Income is recognised in the income statement when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets and liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognised using the percentage of completion method.

2.2 CHANGE IN ACCOUNTING PRINCIPLES

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.3 FOREIGN CURRENCIES

Functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of Koninklijke HaskoningDHV Groep B.V.

All amounts shown in the financial statements are in thousands of euros unless stated otherwise.

Transactions, receivables and debts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in shareholders' equity as a component of the foreign currency translation reserve. If a foreign operation is fully or partially sold, the respective amount is transferred from this reserve to the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognised in shareholders' equity as a component of the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity as a component of the foreign currency translation reserve for the effective part of the hedge. The non-effective part is recognised as expenditure in the income statement.

2.4 FINANCIAL INSTRUMENTS

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party. Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract.

Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

Receivables, loans granted and other receivables

Trade receivables are recognised at fair value and subsequently measured at amortised costs, net of any provision for doubtful debts. When a receivable is uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the income statement.

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Derivatives

Derivatives are carried after their initial recognition at the lower of cost or market value, except if the cost model for hedge accounting is applied.

If the cost model for hedge accounting is applied for FX-derivatives, two components are taken into account:

- The profit or loss that is associated with the interest component in the value of the derivative (which is amortised on a linear basis during the tenor of the derivative) is recognised in the profit and loss account.
- The revaluation of the derivative instrument resulting from changes in the spot-rates takes place, as long as the derivative hedges the specific risk of a future transaction that is expected to take place. As soon as the expectedfuture transaction leads to recognition in the profit and loss account, then the profit or loss that is associated with the derivative is recognised in the profit and loss account. If the hedged position of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset or a non-financial liability, then the cost of the asset is adjusted by the hedge results that have not yet been recognised in the profit and loss account.

If forward exchange contracts are concluded to hedge monetary assets and liabilities in foreign currencies, cost hedge accounting is applied. This is done to ensure that the gains or losses arising from the translation of the monetary items recognised in the profit and loss account are offset by the changes in the value of forward exchange contracts arising from the difference between their forward and spot rates as at reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised via the profit and loss account over the term of the contract.

When a derivative expires or is sold, the accumulated profit or loss (resulting from a development in the spot-rate) that has not yet been recognised in the profit and loss account prior to that time must then be included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

The Group documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the Group assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged position (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical features of the hedging instrument against the hedged position.

As part of the measurement of derivatives in hedging relationships, the Group regularly assesses the effectiveness of hedging relationships by comparing the cumulative fair value change of the hedged position against the cumulative value changes of the derivatives. Any ineffectiveness is recognised directly in the profit and loss account.

Impairment of fixed assets

At each balance sheet date, the Group tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified.

An asset or cash generating unit is subject to impairment if the asset's carrying amount exceeds the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate; the present value is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the income statement. In case of an impairment loss of a cash generating unit, the loss is first allocated to goodwill that has been allocated to the cash generating unit.

Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset (or cash generating unit) is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash generating unit).

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

Contrary to what is stated before, at each balance sheet date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet;
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

Financial assets are impaired if there is objective evidence of impairment as a result of events that occurred after the initial recognition, with negative impact on the estimated future cash flows, which can be estimated reliable. Objective evidence that financial assets are impaired includes delinquency by a debtor, indications that a debtor or issuer will enter or approaching bankruptcy, adverse changes in the payment status of borrowers or issuers, or disappearance of an active market for a security.

Impairment losses are recognised in the income statement. In assessing impairment, the Group uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends. When, in a subsequent period, the amount of an impairment loss on financial assets decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in the impairment loss is reversed through income statement (up to the amount of the original cost).

At each balance sheet date the Group tests whether there are any indicators of financial assets being subject to impairment. If any such indicators exists, the Group carries out impairment tests on capitalised financial assets, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the financial asset is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast current year, budget next year and further financial projections for four years after the available budget. Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, post-tax discount rates have been applied.

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Group has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

2.5 INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible fixed asset is impaired, please refer to note 2.4.

Goodwill

Goodwill represents the excess of the cost of the acquisition of the participating interest (including earn-out and transaction costs directly related to the acquisition) over the Group's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses.

Goodwill at acquisition of subsidiaries and non-consolidated participations as calculated in accordance with note 1.8 is capitalised and amortised on a straight-line basis over its estimated useful life of no more than 20 years. The Group's policy to amortise the goodwill in more than 5 year is based on the assumption that the acquisitions are expected to be a permanent and integral part of the Group. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition. Internally generated goodwill is not capitalised.

Goodwill paid upon the acquisition of companies with a high risk profile will be amortised in 5 years.

Software

Software licences acquired are capitalised at acquisition cost and amortised over their estimated useful lives (3 to 8 years) on a straight-line basis. Expenditures that are attributable to the production of identifiable and unique software products controlled by the Group are capitalised. Costs associated with maintaining computer software and research and development costs of internally developed software expenditure are recognised in the income statement.

Licenses and patents

Costs of intangible assets other than those internally generated, including licenses and patents, are valued at acquisition cost and amortised on a straight-line basis over their estimated future useful lives, with a maximum of 20 years.

Development cost

Expenditure costs for research aimed at obtaining new scientific or technical knowledge are expensed when incurred. Costs for development, where knowledge is used to achieve new or improved products or processes, are recognised as an asset in the balance sheet only when the technical and commercial feasibility of the product or process has been established, the Group has adequate resources to complete development, and the Group intends and is able to complete development of the intangible asset and either use it or sell it. It must also be possible to demonstrate how the asset will generate probable future economic benefits and to reliably measure expenditure attributable to the asset during its development. The carrying amount includes the costs of materials, direct employment costs and indirect costs that can be attributed to the asset in a reasonable and consistent manner. Other development expenditures are recognised as costs in the income statement as incurred. Capitalised development expenditures are carried at cost less any accumulated amortisation and impairment losses. Development cost are amortised on a straight-line basis over their estimated future useful lives in 3 years. A legal reserve has been recognised within equity with regard to the recognised development costs for the carrying amount.

Research costs are recognised in the income statement.

2.6 TANGIBLE FIXED ASSETS

Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated useful lives.

Allowance is made for any impairment losses expected on the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to note 2.4.

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses.

Tangible fixed assets, for which the Group possess the economic ownership under a financial lease, are capitalised. The obligation arising from the financial lease contract is recognised as a liability. The interest included in the future lease instalments is charged to the profit and loss account during the term of the finance lease contract.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Land, tangible fixed assets under construction and prepayments on tangible fixed assets are not depreciated. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. The Group determines the depreciable amount without taking into account a residual value.

The estimated average useful life by category is as follows:

- Land – not depreciated
- Buildings – 3 to 10 years
- Furniture and fixtures – 3 to 10 years
- Computer hardware – 3 to 5 years
- Other fixed assets – 3 to 5 years

The cost of major repairs to buildings is capitalised and depreciated over 5 to 10 years if such repairs extend the life of a building.

2.7 FINANCIAL FIXED ASSETS

Participating interests

Investments in group companies and other minority interests in which the Group can exert significant influence are valued according to the net asset value method as derived from the latest available financial data from these investments and interests. Significant influence is in any case defined as a shareholder's interest of more than 20%. Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

Associates with an equity deficit are carried at nil. A provision is formed if and when Koninklijke HaskoningDHV Groep B.V. or one of its group companies is fully or partially liable for the debts of the associate, or has the firm intention to allow the associate to pay its debts.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Associates in which no significant influence can be exercised are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the income statement.

If transactions take place with a non-consolidated participating interest, that does not classify as a group company and that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised.

Loans to participating interests

Amounts owed by associates disclosed under financial fixed assets are recognised initially at fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. These receivables are subsequently stated at amortised cost.

Deferred tax

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

For deductible temporary differences, unused loss carry-forwards and unused tax credits, a deferred tax asset is recognised, but only insofar as it is probable that taxable profits will be available in the future for offset or compensation.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognised unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised insofar as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference.

Deferred tax assets and liabilities are stated at nominal value and are only offset when they relate to the same entity and taxation authority.

Other

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

2.8 WORK IN PROGRESS

Work in progress is carried at contract revenue generated, which is comprised of contract costs incurred and attributable profits, based on percentage of completion less progress billings and recognised losses. Contract costs are costs which directly relate to the specific project (for example, personnel costs for employees whose activities relate directly to the project, costs of materials used) and the costs which are attributable to contract activity in general and can be allocated to the project (including insurance, costs of design and technical assistance, construction overhead) as well as other costs chargeable to the customer under the terms of the project. The percentage of completion, used for calculation of work in progress is determined based on the services performed to date as a percentage of the total services to be performed.

When the outcome of a project cannot be reliably estimated, revenues are recognised in the profit and loss account to the extent of the contract costs incurred which are likely to be recovered. Project costs are recognised in the profit and loss account in the period in which they are incurred.

Contract revenues are revenues agreed in the contract, including any proceeds on the basis of more or less work, claims and fees, if and to the extent that it is probable that the benefits will be realised and can be measured reliably. Contract revenues are measured at the fair value of the services that are or will be received in return.

Where appropriate, expected losses are recognised as exposure in the income statement. Losses are determined regardless whether the project has already been started, the stage of realisation of the project or the amount of profit which is expected on other, non-related projects. In addition, progress invoices and payments received in advance are also credited against work in progress.

Work in progress is separately presented in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

2.9 RECEIVABLES AND SECURITIES

The accounting policies applied for the valuation of trade and other receivables and securities are described under note 2.4 Financial instruments.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are disclosed as current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

2.11 SHAREHOLDERS' EQUITY

The consideration paid for the repurchase of shares is deducted from other reserves, until such time that these shares are cancelled or sold. If shares are sold, any proceeds are added to the other reserves.

Costs directly related to the purchase, sale and/or issue of new shares are recognised directly in shareholders' equity in the component other reserves net of any relevant tax effects. Other direct movements in shareholders' equity are also recognised net of any relevant tax effects. The purchase of own shares is deducted from other reserves.

2.12 MINORITY INTEREST

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the Group's measurement principles. Where the group company in question has an equity deficit, the negative value and any other losses are not allocated to the minority interest, unless the minority interest holders have a constructive obligation, and are able, to clear the losses. As soon as the group company manages to post an equity surplus, profits are allocated to the minority interest.

2.13 DIVIDENDS

Dividend distribution to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 PROVISIONS

General information

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date.

A provision is recognised if the following applies:

- the Group has a legal or constructive obligation, arising from a past event;
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Except for pension benefits and long-term employee benefits, provisions are stated at nominal value and charged against project result as much as possible. Unless otherwise stated, provisions are of a long-term nature.

If the effect of the time value of money is material, the provision shall be measured at the present value of the expenditures expected to be required to settle the obligations and losses. If the period over which the expenditure is discounted is no longer than one year, the liability may be recognised at face value.

In case of measurement of a provision at present value: the movement in the provision as a result of the addition of interest shall be presented as an interest expense.

Pension benefits

The Group prepares its financial statements for pensions and 'post retirement benefits' on EU-IFRS standards instead of RJ 271.3, by using RJ 271.101.

The Group operates several pension schemes. The fact whether a scheme is classified as defined contribution or defined benefit is assessed based upon the pension agreement with the staff and the administration agreement with the pension fund or insurance agreement with the insurance company.

All schemes except one are defined contribution pension schemes, whereby, based upon the agreements with the staff, the pension fund or the insurance company, no additional commitments for the Group exist beyond the payment of the pension premium due in respect of the financial year.

In the United Kingdom the Group operates a defined benefit pension scheme, whereby the actuarial risk and the investment risk lies with HaskoningDHV UK Ltd. This scheme has been closed for new entries and future accruals in 2005. The assets of the scheme are held separately from those of HaskoningDHV UK Ltd. in an independently administered fund.

As allowed in RJ 271.101 the Group uses IAS19R 'Employee Benefits' for the accounting treatment of this scheme:

- The difference between the present value of the accrued pension liabilities and the market value of the assets of the scheme (the net pension deficit) is recorded as a provision on the balance sheet. The liabilities are calculated as the present value of the estimated future cash flows using the accumulated benefit obligation method based upon actuarial assumptions which are annually set by The Board of Management of HaskoningDHV UK Ltd. The liabilities are calculated by an independent actuary.
- A net interest expense is calculated as the difference between the expected increase of the accrued pension liabilities at the beginning of the reporting period and the expected return on the scheme's assets at the beginning of the period, and is charged to the income statement under 'interest costs'.
- The difference between the actual and expected increase of the liabilities and the actual and expected return on assets is directly credited or charged to equity.
- Any gains or losses arising from experience or assumption changes are directly credited or charged to equity.

Restructuring

A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganisation. A valid expectation exists when the implementation of the reorganisation has been started, or when the main elements of the plan have been announced to those for whom the reorganisation will have consequences. The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Group.

The employees in question will be supported in finding new employment outside the Group and are entitled to a redundancy arrangement that is dependent on their salary and years of service with the Group.

Long-term employee benefits

The provision is recognised for the present value of the future long-service awards, which is calculated based on the commitments made, the likelihood of the staff concerned remaining with the Group, and their age.

Several group companies are by law obliged to pay compensation for severance and disability upon termination of employment. Liabilities arising from this are calculated based on actuarial assumptions.

Other provisions

A provision for claims, disputes and lawsuits is established when it is expected that the Group will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Provisions for long-term sickness are measured at the fair value of excepted amounts payable, which is based on commitments made, known cases and likelihood of recovery. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised. The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For deferred income tax we refer to note 2.7.

2.15 NON-CURRENT LIABILITIES

The valuation of non-current liabilities is explained under note 2.4 Financial instruments.

2.16 CURRENT LIABILITIES

The valuation of current liabilities is explained under note 2.4 Financial instruments.

2.17 LEASES

The Group may enter into financial and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

Financial lease

If the Group acts as lessee in a financial lease, the leased property (and the related liability) is recognised in the balance sheet at the start of the lease period at its fair value or, if lower, at the present value of the minimum lease payments. Both amounts are determined at the start of the lease. The interest rate applied for the calculation of present value is the implicit interest rate. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent valuation of the leased property are described in note 2.6. If there is no reasonable certainty that the Group will become the owner of a leased property at the end of the lease period, the property is depreciated over the shorter of the lease period or the economic life of the property.

The minimum lease payments are split into interest expenses and redemption of the lease liability. The interest expenses are allocated during the lease term to each period in such a way that this results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recorded as an expense in the period in which the conditions for payment are being met.

Operational leases

If the Group acts as lessee in an operating lease, then the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments regarding operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

2.18 RESULT DETERMINATION

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Profit or loss is determined taking into account the recognition of unrealised changes in fair value of:

- investment property;
- securities included in current assets;
- derivative financial instruments not designated as hedging instruments.

2.19 REVENUE RECOGNITION

General information

Revenue from services rendered is accounted for in net turnover at the fair value of the consideration received or receivable, net of allowances and discounts. Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably. If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

All revenue in the financial year recognised in the profit and loss account is derived from projects or subscriptions.

Profit on orders is recognised in accordance with the percentage of completion (POC) method. The percentage of completion is determined on the basis of the services performed up to that moment as a percentage of total services to be performed. It includes profit on orders executed entirely for the Group's own account and risk as well as a share of the profit on orders executed together with partners.

Revenue from time and material contracts, typically from delivering design services, is recognised at the contractual rates, as labour hours are delivered and direct expenses incurred.

Revenue from fixed price and percentage fee based contracts for delivering design services is recognised under the POC method. Under the POC method, revenue is generally recognised based on assessments of the services performed to date as a percentage of the total services to be performed. As soon as the outcome of a contract can be estimated reliably, project revenue and project costs associated with the project are recognised as revenue and expenses respectively in proportion to the amount of work performed as at balance sheet date. Revenue from projects includes the contractually agreed revenue plus any revenue from variations in project work, claims and reimbursements, insofar as and to the extent that it is probable that these revenues will be realised and can be reliably determined.

Expected losses and known risks are provided for in the period in which they become known and are credited against work in progress.

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

Licence fees and royalties are received for the use of the assets of the Group, such as trademarks and patents. Revenue is recognised when the amount of the consideration receivable can be determined reliably and recovery is probable. Royalty revenue is recognised at the moment that the rights of the licences are transferred to the buyer.

2.20 NET TURNOVER

Turnover comprises the fair value of the consideration for the sale of goods, services to third parties and subscriptions, net of discounts and exclusive of value added tax attributable to activities performed during the reporting period.

2.21 MOVEMENT WORK IN PROGRESS

At the balance sheet date, the invoicing of projects does not equal project costs or project results. The difference between these two amounts at January 1 and December 31 is shown separately as a part of total operating income.

2.22 OTHER OPERATING INCOME

Other operating income includes results that arise from events or transactions that are clearly distinct from the ordinary activities of the Group. Examples of Other operating income are: gains or losses on the sale of participating interests or incidental proceedings of legal court cases or incidental sales.

2.23 COSTS OF WORK SUBCONTRACTED AND OTHER EXTERNAL EXPENSES

Costs of work subcontracted and other external expenses are costs that are directly attributable to net turnover, i.e. subcontractors, travel costs and other costs.

2.24 AMORTISATION AND DEPRECIATION

Intangible fixed assets, including goodwill, are amortised and property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Land is not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

2.25 OPERATING EXPENSES

Operating expenses are allocated to the reporting period to which they relate.

2.26 GOVERNMENT GRANTS

Operating grants are recognised as an income item in the income statement in the year in which the subsidised costs are incurred, income is lost or a subsidised operating deficit has occurred.
Grants are recognised as soon as it is likely that they will be received and the Group will comply with all attached conditions.

2.27 EMPLOYEE BENEFITS

Benefits payable on a regular basis

Wages, salaries and social security contributions payable pursuant to employment conditions or local legislation are incorporated in the income statement to the extent that these are payable to employees or external parties.

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, taken up as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a refund or a reduction in future payments by the Group.

For benefits with accumulating rights, profit sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

Pensions

For the Dutch and comparable foreign defined contribution pension schemes the pension charge to be recognised for the reporting period equals the pension premium due to the pension fund or insurance company in respect of the reporting period. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are taken up as liabilities.

Changes in provisions for additional liabilities are also charged to the result in the period in which they arise.

In the Netherlands, in line with new fiscal laws regarding pensions applicable from 2015, a new collective defined contribution pension scheme has been introduced. This scheme is based upon average pay during the employment period with conditional indexation based upon the applicable Pension Law and the financial position of the pension fund. The two former pension funds have merged with effect from January 1, 2015 and the new fund, Stichting Pensioenfonds HaskoningDHV (the Pension Fund), will administer the new scheme as well as the existing liabilities of the 2 former funds. The Group has entered into an administration agreement with the new fund whereby the premium is fixed for 5 years and its liabilities are limited to the payment of the actual premiums due without any liability for additional payments to or deficits arising in the fund.

The new pension fund has two compartments, which are legally separated. In compartment DHV the former members of the DHV fund, together with new entries since 2015, are administered. This compartment is fully self-managed. In compartment Haskoning the former members of the Haskoning fund are administered. This compartment is closed for new entries in 2015. The pension liabilities until the end of 2014 are fully insured with Nationale-Nederlanden (NN) whereby the major risks are transferred to this company. Pension accruals with effect from 2015 are self-managed.

As at July 1, 2018 the assets and liabilities, except for the liabilities insured with NN, of compartment Haskoning have been transferred to compartment DHV, after which compartment Haskoning has been put into voluntary liquidation. The liabilities insured with NN have been transferred to NN and the relating insurance contract (which has been closed for new entries since 2015) has been transferred to HaskoningDHV Nederland B.V. As the new policyholder this company may, under the terms of the applicable Pension Law, be obliged to additional payments to fund the value transfer of former employees insured under this contract to their new pension provider. However, this company has entered into an agreement with the Pension Fund, whereby the latter is obliged to fully refund this company for these additional payments, if and when arising. No other obligations or charges in respect of the transfer of the insurance contract will arise.

Because of the above The Pension Fund has become a fully self-managed regular company pension fund. At the end of 2020 the provisional actual coverage rate is 98.9% and the provisional policy coverage rate is 93.1%.

In the United Kingdom and South Africa the current pension arrangements are to be considered as individual defined contribution schemes which are administered by insurance companies.

In addition the Group operates a defined benefit pension scheme in the United Kingdom which has been closed for new entries and future accrual in 2005. Further reference is made to note 2.14 and note 12.

For foreign pension schemes that are not comparable in design and functioning to the Dutch pension system a best estimate is made of the obligation at the balance sheet date using generally accepted actuarial valuation principles. Changes of the obligation are charged to the result in the period in which they arise.

2.28 FINANCE INCOME AND EXPENSES

Interest

Interest income and expenses are recognised in the income statement as it accrues using the effective interest method.

Dividends

Dividend income is recognised when the actual payment is received.

2.29 CORPORATE INCOME TAX

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Group expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

2.30 SHARE OF RESULT OF PARTICIPATING INTERESTS

The share of the result of participating interests consists of the share of the Group in the results of these participating interests, determined on the basis of the accounting principles of the Group.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Results on transactions, where the transfer of assets and liabilities between the Group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

3 MERGERS AND ACQUISITIONS

The Group acquired 100% of the shares and voting rights in Novius Adviesgroep voor Informatie & Organisatie B.V. As a result, control has been obtained over Novius Adviesgroep voor Informatie & Organisatie B.V., which is a management consultancy firm specialised in strategic business transformation. The acquisition of Novius Adviesgroep voor Informatie & Organisatie B.V. recorded applying the 'purchase accounting' method. The purchase price for this acquisition is €9.6 million, including future earn-out payments.

Per October 21, 2020, Novius Adviesgroep voor Informatie & Organisatie B.V. has been included in the consolidated financial statements of the Group.

Acquiring Novius resulted in €8.7 million goodwill at acquisition. The Group's policy to amortise the goodwill in more than 5 year assumes that the acquisition is expected to be a permanent and integral part of the Group. The goodwill of Novius will be amortised on a straight-line basis of 10 years following the Group's principles on goodwill amortisation (we refer to note 2.5). These principles determine a risk profile, considering the size and the maturity of the acquired company and business.

The Group acquired 100% of the shares and voting rights in Integrated Transport Planning Limited. As a result, control has been obtained over Integrated Transport Planning Limited, which is active in sustainable transport planning consultancy. The acquisition of Integrated Transport Planning Limited has been recorded applying the 'purchase accounting' method. The purchase price for this acquisition is €3.8 million, including future earn-out payments.

Per October 19, 2020, Integrated Transport Planning Limited has been included in the consolidated financial statements of the Group.

Acquiring ITP resulted in €2.6 million goodwill at acquisition. The Group's policy to amortise the goodwill in more than 5 year assumes that the acquisition is expected to be a permanent and integral part of the Group. The goodwill of ITP will be amortised on a straight-line basis of 5 years following the Group's principles on goodwill amortisation (we refer to note 2.5). These principles determine a risk profile, considering the size and the maturity of the acquired company and business.

4 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill	Computer software	Licenses and patents	Development cost	Total
At January 1, 2020					
Cost	88,556	11,510	239	-	100,305
Accumulated amortisation and impairment	(64,183)	(9,208)	(19)	-	(73,410)
Carrying amount	**24,373**	**2,302**	**220**	**-**	**26,895**
Movements					
Investments	11,681	571	63	2,013	14,328
Divestments	-	(59)	-	-	(59)
Newly consolidated	56	-	-	-	56
Reclassification	-	(367)	-	367	-
Exchange differences	(935)	(42)	-	-	(977)
Adjustment earn-out	(1,055)	-	-	-	(1,055)
Impairment	(1,382)	-	-	-	(1,382)
Amortisation	(4,775)	(725)	(25)	(294)	(5,819)
Subtotal	**3,590**	**(622)**	**38**	**2,086**	**5,092**
At December 31, 2020					
Cost	97,739	9,894	302	2,580	110,515
Accumulated amortisation and impairment	(69,776)	(8,214)	(44)	(494)	(78,528)
Carrying amount	**27,963**	**1,680**	**258**	**2,086**	**31,987**
Amortisation rate in %	5 - 20	12 - 33	5 - 10	33	

At each balance sheet date the Group tests whether there are any indicators of intangible assets being subject to impairment. If any such indicators exists, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU, defined as Business Unit or entity represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast 2020, budget 2021 and further financial projections for 2022-2025. Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, post-tax discount rates have been applied.

Above mentioned tests have led to the impairment of the goodwill of the CGU HaskoningDHV TR Mühendislik A.Ş. (€1.0 million) and the CGU HAL24K (€0.4 million). The Group has decided to stop its local operations in Turkey and consequently will no longer benefit from the synergies that the acquisition brought, the goodwill is impaired in full. Based on the historical performance, the future outlook and the limited synergies, the goodwill related to HAL24K is also impaired in full.

Goodwill investments relate to ITP, Novius and H2i. The earn-out adjustment is related to Ambiental.

The carrying amount of Development cost mostly relates to the Aquasuite® software in the Netherlands, for €1.7 million and €0.4 million relates to Ambiental software in United Kingdom.

The carrying amount of Goodwill is geographically divided as follows:

	2020	2019
the Netherlands	12,239	6,041
United Kingdom	11,759	12,776
Asia	667	1,578
Americas	3,298	3,978
	27,963	**24,373**

5 TANGIBLE FIXED ASSETS

Movements in tangible fixed assets can be broken down as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
At January 1, 2020					
Cost	7,112	14,169	22,184	2,354	45,819
Accumulated depreciation and impairment	(5,896)	(11,801)	(17,539)	(1,519)	(36,755)
Carrying amount	**1,216**	**2,368**	**4,645**	**835**	**9,064**
Movements					
Investments	2,425	572	1,853	228	5,078
Divestments	(78)	(145)	-	(61)	(284)
Newly consolidated	-	-	-	47	47
Reclassification	-	-	-	-	-
Exchange differences	(25)	(70)	(47)	(39)	(181)
Depreciation	(592)	(560)	(3,086)	(316)	(4,554)
Subtotal	**1,730**	**(203)**	**(1,280)**	**(141)**	**106**
At December 31, 2020					
Cost	9,591	10,129	17,949	2,206	39,875
Accumulated depreciation and impairment	(6,645)	(7,964)	(14,584)	(1,512)	(30,705)
Carrying amount	**2,946**	**2,165**	**3,365**	**694**	**9,170**
Depreciation rate in %	0 - 33	10 - 33	20 - 33	20 - 33	

The investments in tangible fixed assets of €5.1 million relate to: office refurbishments in the Netherlands (€2.4 million), hardware (laptops) in the Netherlands (€1.6 million) and equipment in various countries (€0.6 million).

6 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating Interests	Loans to participating interests	Deferred income tax assets	Other financial fixed assets	Total
At January 1, 2020	**4,110**	**968**	**10,944**	**9**	**16,031**
Investments / additions	121	-	2,599	-	2,720
Reclassification	464	(464)	(29)	-	(29)
Repayments / utilisation	-	(525)	(1,448)	(3)	(1,976)
Remeasurement of defined benefit plan	-	-	986	-	986
Share of result in participating interests	479	-	-	-	479
Accumulation by interest	-	21	-	-	21
Exchange differences	(21)	-	(521)	(1)	(543)
Dividends	(287)	-	-	-	(287)
At December 31, 2020	**4,866**	**-**	**12,531**	**5**	**17,402**

Participating interests

We refer to the Appendix for the Group's participating interests.

Loans to participating interests

In 2020 the Group converted a loan of €0.5 million into the shares and voting rights of Hydroinformatics Institute PTE. Ltd. (H2i). As a result of this transaction the Group holds 24.983% (via Haskoning International B.V.) of the shares and voting rights in H2i. The participation in H2i has been recorded applying the 'equity method' and resulted in an additional goodwill investment of €0.4 million.

Deferred income tax assets

Deferred income tax assets relate amongst others to unused tax losses. Recognised and unrecognised deductible temporary differences and tax losses can be broken down as follows:

	2020 Deferred income tax assets	2019 Deferred income tax assets
Deductible temporary differences related to United Kingdom pensions	4,117	4,212
Other deductible temporary differences	3,868	2,816
Total deductible temporary differences	**7,985**	**7,028**
Tax losses	4,546	3,916
	12,531	**10,944**

An amount of €1.0 million of the €12.5 million deferred tax asset is anticipated to be settled within one year.

Deferred tax assets and liabilities are only offset when they relate to the same entity and tax authority.

The known available tax losses not valued amount to €18.1 million (2019: €18.9 million).

The deferred tax asset for tax losses includes a deferred tax benefit of €3.0 million for the liquidation of the entities in Portugal.

Movement in deferred tax on the United Kingdom pensions is related to the change in net pension liability value of the defined benefit pension scheme in the United Kingdom. In 2020 €1.9 million is recognised directly in equity (2019: €3.4 million).

Other deductible temporary differences include timing differences from participating interests.

7 WORK IN PROGRESS

Costs and estimated earnings on uncompleted contracts are as follows:

	2020	2019
Costs incurred and estimated earnings	1,676,258	1,684,786
Billings to date	(1,686,346)	(1,688,311)
	(10,088)	**(3,525)**

	2020	2019
Costs incurred and estimated earnings in excess of billings	65,306	72,703
Billings in excess of cost incurred and estimated earnings	(75,394)	(76,228)
	(10,088)	**(3,525)**
Less:		
Provision for expected losses	(8,692)	(8,836)
Payments in advance	(2,288)	(3,938)
	(21,068)	**(16,299)**

Change in work in progress in the income statement is not equal to the movement in the balance sheet because the income statement only includes the movement in costs incurred and provision for expected losses. Furthermore differences occur due to acquisitions, exchange differences and reclassification. The negative amount of work in progress is included in the current liabilities, see note 14.

8 RECEIVABLES

	2020	2019
Trade receivables	102,537	120,512
Amounts owed from participating interests	4,550	9,918
Corporate income tax	217	764
Other taxes and social security charges	850	652
Employee advances	238	185
Prepaid expenses	13,574	12,848
Other receivables	1,429	3,031
	123,395	**147,910**

Amounts owed from participating interests, like joint ventures, are treated similar to trade receivables; no interest is charged. Trade receivables decreased with €18.0 million this year. This is mainly caused by faster invoicing and a better debt collection.
All receivables fall due in less than one year. The fair value approximates the book value.

	2020	2019
Trade receivables	122,278	139,852
Less: provision for bad debts	(19,741)	(19,340)
	102,537	**120,512**

During the year, an addition of €1.6 million to the provision for bad debts was charged to the profit and loss account. The other change in the provision for bad debts of -€1.2 million is caused by revaluation of the opening balance and movements.

9 CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance includes an amount of €0.4 million (2019: €0.2 million) that is not immediately accessible. This relates to funds that are in an escrow account with the Dutch Tax Authorities in line with the Dutch Sequential Liability Act.

10 SHAREHOLDERS' EQUITY

Movements in shareholders' equity can be broken down as follows:

	2020						
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total
At January 1, 2020	**5,099**	**3,043**	**(10,111)**	**3,885**	**147,037**	**9,185**	**158,138**
Movements							
Legal and statutory reserves	-	-	-	2,158	(2,158)	-	-
Exchange differences	-	-	(3,425)	-	-	-	(3,425)
Unappropriated result	-	-	-	-	-	13,027	13,027
Transfer result last year to other reserves	-	-	-	-	9,185	(9,185)	-
Shares issued	-	-	-	-	-	-	-
Own shares (repurchased) / sold	-	-	-	-	(2,445)	-	(2,445)
Dividend	-	-	-	-	(345)	-	(345)
Other movements in reserves	-	-	-	-	(1,859)	-	(1,859)
Subtotal	**-**	**-**	**(3,425)**	**2,158**	**2,378**	**3,842**	**4,953**
At December 31, 2020	**5,099**	**3,043**	**(13,536)**	**6,043**	**149,415**	**13,027**	**163,091**

Movements in last year's shareholders' equity can be broken down as follows:

	2019						
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total
At January 1, 2019	**5,052**	**1,535**	**(11,716)**	**2,723**	**139,256**	**12,737**	**149,587**
Movements							
Legal and statutory reserves	-	-	-	1,162	(1,162)	-	-
Exchange differences	-	-	1,605	-	-	-	1,605
Unappropriated result	-	-	-	-	-	9,185	9,185
Transfer result last year to other reserves	-	-	-	-	12,737	(12,737)	-
Shares issued	47	1,508	-	-	-	-	1,555
Own shares (repurchased) / sold	-	-	-	-	-	-	-
Dividend	-	-	-	-	(433)	-	(433)
Other movements in reserves	-	-	-	-	(3,361)	-	(3,361)
Subtotal	**47**	**1,508**	**1,605**	**1,162**	**7,781**	**(3,552)**	**8,551**
At December 31, 2019	**5,099**	**3,043**	**(10,111)**	**3,885**	**147,037**	**9,185**	**158,138**

Group equity comprises of the equity of Koninklijke HaskoningDHV Groep B.V., which also includes the DHV Education Foundation. The equity of Koninklijke HaskoningDHV Groep B.V. as well as reconciliation with the consolidated equity is part of note 30 of the Company Financial Statements.

Included in the line other movements in other reserves is the Defined Benefit Pension Plan United Kingdom. The movement relates to the net balance of actuarial gains and losses, after deduction of deferred tax, in respect of the closed pension scheme in the United Kingdom, which has been directly charged to the reserves. Further reference is made to note 12.

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in the foreign currency translation reserve.

The legal and statutory reserves consist of a statutory reserve for unappropriated income of participating interests of €3.6 million, a legal reserve for capitalised development costs of €2.1 million and a legal reserve of €0.3 million in Portugal, Belgium and China.

The earnings per share amount to €2.59 over the year 2020, more information can be found in the Notes to the Company Financial Statements.

11 MINORITY INTEREST

Movements in the minority interest can be broken down as follows:

	2020	2019
At January 1	**(257)**	**117**
Profit for the year	(45)	(367)
Dividends	(2)	-
Exchange differences	29	(7)
At December 31	**(275)**	**(257)**

12 PROVISIONS

Movements in provisions can be broken down as follows:

	Pensions	Restructuring	Long-term employee benefits	Deferred tax liability	Other provisions	Total
At January 1, 2020	**24,776**	**3,080**	**5,212**	**207**	**3,180**	**36,455**
Additions	598	4,201	2,415	50	41	7,305
Withdrawals	(5,210)	(1,611)	(806)	-	(22)	(7,649)
Newly consolidated	-	-	-	-	-	-
Remeasurement of defined benefit plan	2,846	-	-	-	-	2,846
Reclassification	-	-	-	(29)	(50)	(79)
Release to profit & loss account	-	(427)	(503)	-	(593)	(1,523)
Exchange differences	(1,339)	(7)	(180)	(43)	(101)	(1,670)
At December 31, 2020	**21,671**	**5,236**	**6,138**	**185**	**2,455**	**35,685**

Of the provisions €33.1 million (2019: €32.6 million) qualifies as long-term (in effect for more than one year).

Pensions

Provisions are recognised at the balance sheet date for unfunded obligations resulting from contractual arrangements with pension funds and from obligations to employees in the United Kingdom. These obligations are based on actuarial calculations.

United Kingdom closed defined benefit plan

This plan is a funded defined benefit arrangement. The plan is a separate trustee administered fund holding the pension plan assets to meet the long-term pension liabilities.

New entries and accruals for new benefits in the plan ceased on June 30, 2005 at which time all remaining active members became deferred members. No guarantee from the Group has been provided to the local entity in the United Kingdom for the closed defined benefit plan.

Movement in net defined benefit liability

	2020			2019
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	Total
At January 1	**85,585**	**60,809**	**24,776**	**20,772**
Included in income statement				
Interest	1,589	1,170	419	554
Past service costs	179	-	179	-
Included in equity				
Actuarial loss (gain) arising from:				
- Scheme experience	(201)	-	(201)	1,252
- Financial and demographic assumptions	8,321	-	8,321	10,152
Return on plan assets (excluding interest income)	-	5,274	(5,274)	(7,569)
Subtotal	**8,120**	**5,274**	**2,846**	**3,835**
Exchange differences	(4,626)	(3,287)	(1,339)	1,221
	3,494	**1,987**	**1,507**	**5,056**
Other				
Contributions paid by employer	-	5,210	(5,210)	(1,606)
Benefits paid	(3,197)	(3,197)	-	-
			-	**(1,606)**
At December 31	**87,650**	**65,979**	**21,671**	**24,776**

The interest is taken up in the income statement in the line interest costs.

Plan assets

Plan assets comprise of the following:

	2020		2019	
	amount	%	amount	%
Insured assets	1,515		1,760	
Index-linked bonds	15,009		12,172	
Pooled liability driven investment funds	13,941		11,322	
Total matching assets	**30,465**	**46.2%**	**25,254**	**41.5%**
United Kingdom equities	5,377		6,319	
Overseas equities	7,421		7,241	
Diversified growth funds	19,577		18,676	
Property	1,514		3,225	
Cash	1,625		94	
Total growth assets	**35,514**	**53.8%**	**35,555**	**58.5%**
Total invested assets	**65,979**	**100.0%**	**60,809**	**100.0%**

None of the fair values of the assets shown above include any of the United Kingdom company's own financial instruments or any property occupied by, or other asset used by, the company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance.

The Plan invests in assets that are expected to achieve the Plan's objectives of achieving a fully funded position on a Technical Provisions basis; targeting a return of 2.7% p.a. in excess of gilts; and controlling volatility and long-term costs.

Defined benefit obligations

Actuarial assumptions

The following were the principal financial and demographic assumptions at the reporting date (in % per annum):

	2020	2019
Discount rate	1.4	2.0
Inflation (Retail Price Index)	2.8	2.8
Inflation (Customer Price Index)	2.5	2.0
Allowance for commutation of pension for cash at retirement	15% of Post A day	15% of Post A day

The discount rate is based on the UK Mercer Yield Curve AA-rated United Kingdom 17-year corporate bond index.

The mortality assumptions adopted at December 31, 2020 are 98% of the standard tables S2PxA, year of birth, no ageing for males and females, projected using CMI_2019x converging to 1.0% per annum.

These imply the following life expectancies at age 65 years:

	2020	2019
Longevity at age 65 for current pensioners		
Males	21.8	21.7
Females	23.7	23.6
Longevity at age 65 for current members aged 45		
Males	22.8	22.8
Females	24.9	24.9

Sensitivity analysis
Reasonably possible changes at reporting date to one of the relevant actuarial assumptions, holding other consumptions constant, would have affected the defined benefit obligation by the percentages shown below:

		2020	2019
Discount rate	Decrease of 0.1% per annum	1.6% increase	2% increase
Rate of inflation	Increase of 0.1% per annum	1% increase (of inflation-linked)	2% increase (of inflation-linked)
Rate of mortality	Increase life expectancy of 1 year	3.9% increase	2% increase
Commutation	Members commute an extra 10% of Post A Day pension on retirement	1.3% decrease	1% decrease

The average duration of the defined benefit obligation at the period ending at December 31, 2020 is 17 years (2019: 18 years).

The plan typically exposes the company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future P&L accounts. This effect will, however, now be partially offset as a result of the investment in LDI assets.

Additionally, caps on inflationary increases are in place to protect the plan against extreme valuation.

Following the completion of the triennial valuation of the scheme as at October 31, 2018, it was agreed that a lump sum payment of £4.7 million was made in January 2020. Followed by annual contributions of £1.7 million between January 1, 2023 and February 28, 2030. These are increased by 3% per annum each subsequent January 1.

Restructuring

Restructuring costs include provisions for staff redundancy and costs due to onerous rental agreement buildings. The movements in 2020 are partly related to the restructuring of the organisation to be more effective, efficient and thus more successful in the market. Another large part is caused by vacant office space in Amersfoort.

Approximately €1.9 million (2019: €0.7 million) of the restructuring provision is due within one year.

Long-term employee benefits

This item mainly relates to future long-service awards. The provision for long service relates to payments to employees on the basis of years of service. The provision reflects the estimated amount of the long-service awards in the future.

The calculation is based on commitments made, retention rates and ages.

The following key actuarial assumptions have been used in determining the provision:

- Discount rates: based on iBoxx AA classified European corporate bonds;
- Life expectancy: forecast table AG2020 with a correction for longevity based on income class.

In addition to existing provisions a new provision has been formed in the Netherlands for ERD WGA (own risk carrier for work resumption of partially disabled persons) for €0.7 million.

In addition provisions have been made for mandatory severance and disability schemes in a number of overseas countries of operation.

This provision has mainly a non-current nature; the Group expects to use approximately €5.8 million (2019: €5.0 million) after 2021.

Other provisions

Other provisions relate to the old age pension act (AOW) for employees that have been abroad for a longer period of time and the own risk regarding claims. Other provisions also relate to a tax provision for foreign operations.

The expected utilisation period of these provisions is between one and five years.

13 NON-CURRENT LIABILITIES

Movements in non-current liabilities can be broken down as follows:

	Financial lease liabilities	Other long-term liabilities	Total
At January 1, 2020	**-**	**4,645**	**4,645**
Transferred from current liabilities	178	-	178
Additions	-	3,788	3,788
Repayments	(178)	-	(178)
Adjustment earn-out	-	(941)	(941)
Exchange differences	-	(206)	(206)
Transferred to current liabilities	-	(1,605)	(1,605)
At December 31, 2020	**-**	**5,681**	**5,681**

Repayment obligations falling due within 12 months are included in current liabilities (note 14). This relates to an amount of €0.0 million (2019: €0.2 million) in Financial lease liabilities and an amount of €1.6 million (2019: €0.0 million) in Other long-term liabilities.

The amount of contingent lease payments is recognised as an expense in 2020 for an amount of €0.2 million.

The other long-term liabilities relate to future earn-out payments to acquired investments. These earn-out fees are payable after 2021 and will only be paid when agreed conditions have been met. The conditions are mainly related to operational results and revenue targets.

Banking facilities

Per December 31, 2020 the facility with three banks in the Netherlands consists of:

- multipurpose facility: €30 million
- guarantee facility: €50 million

As security there is a pledge on the receivables of the borrowers. The facility has a 1-month Euribor denominated interest rate.

The facility has a 1-month Euribor denominated interest rate. The credit margin on this facility is 95 bps above 1M Euribor. The credit margin on the facility is based on the leverage ratio (net debt/EBITDA); a higher leverage ratio results in a higher credit margin. The debt covenant for the multipurpose facility states that the leverage ratio must not exceed 2.0 at December 31, 2020 and the interest coverage ratio shall not be lower than 4.0. Per December 31, 2020 the leverage ratio (net debt/EBITDA) is -4.5 and the interest coverage ratio is 158.8.

Parallel to the multipurpose/guarantee facilities the Group has loan or guarantee facilities with banks in South Africa (€2.5 million Prime Rate denominated overdraft facility; €1.7 million guarantee facility), United Kingdom (€2.8 million guarantee facility), India (€3.3 million multi-purpose facility) and Vietnam (€1.9 million multi-purpose facility). There are no securities given for the facility in South Africa. The United Kingdom facility is secured with a debenture; a written agreement between lender and borrower, filed at Companies House. The debenture holder has the rights to any and all assets should the company become insolvent. In other countries the Group has guarantee facilities with other banks of €3.8 million.

In total the Group has €96.0 million banking facilities. Within these facilities €4.8 million can be used for loans, €57.2 million can be used for guarantees and €34.0 million can be used for both loans and guarantees.

14 CURRENT LIABILITIES

	2020	2019
Amounts owed to credit institutions	150	-
Short-term part of non-current liabilities	1,605	178
Trade payables	34,301	39,058
Corporate income tax	7,313	2,490
Other taxes & social security charges	30,937	29,164
Holliday allowance	8,112	7,697
Amounts owed to participating interests	34	117
Pension premiums	3,576	3,719
Leave entitlements	8,827	10,546
Accrued expenses	8,854	10,050
Work in progress	21,068	16,299
Other short-term liabilities	13,079	9,366
	137,856	**128,684**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term character. Other taxes & social security charges include payroll taxes of €10.6 million (2019: €11.3 million) and VAT of €20.3 million (2019: €17.9 million).

Corporate income tax payable increased with €4.8 million, because in 2020 no preliminary payment was made to the Dutch tax authorities.

Included in accrued expenses are accruals for accommodation, ICT costs and project related costs of €2.8 million (2019: €2.9 million), staff related accruals of €1.6 million (2019: €2.3 million) and other of €4.5 million (2019: €4.8 million).

Other short-term liabilities includes other staff related accruals of €10.2 million (2019: €6.2 million). The increase in other staff related accruals is mainly related to a higher profit sharing payable.

15 FINANCIAL INSTRUMENTS

General information

During the normal course of business, the Group uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Group has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Group.

The Group applies derivatives, including forward exchange contracts and purchased interest rate options to control its risks.

The Group does not trade in financial derivatives.

Credit risk

Credit risk arises principally from the Group's receivables presented under trade and other receivables and cash. The maximum amount of credit risk that the Group incurs is €303 million (2019: €295 million), consisting of trade receivables (€122 million excluding the provision for bad debts (2019: €140 million)), other receivables (€21 million (2019: €27 million)) and cash (€160 million (2019: €128 million)). The credit risk is concentrated at a large number of counterparties, the highest receivable amounts to €3.3 million (2019: €4.0 million). These invoices are very recent and most of them not due yet.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically, on the other hand, the credit risk is approximately 56% (2019: 50%) concentrated in the Netherlands.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before, preferably, the Group's standard payment and delivery terms and conditions are offered. The Group's review includes third party assessment, external ratings, when available and purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

A large part of the Group's customers have been transacting with the Group for over four years. Impairment losses have been recognised against these customers. At balance date the provision for bad debts amounted to €19.7 million (2019: €19.3 million).

Currency risk

The Group is exposed to currency risk on sales denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro, but also Pound Sterling (GBP). The currencies in which these transactions primarily are denominated are USD, SAR and KWD. The Group aims to mitigate as much as possible of its foreign currency exposure in respect of contracted sales.

The currency risk of net investments in foreign subsidiaries is not hedged. The current view on this translation exposure is that our investments are long-term and as such are not hedged through short-term instruments as Foreign Exchange derivatives.

The net currency position (EUR) of hedged contracts as at December 31 is specified below:

	2020		2019	
	Estimated fair value	Contract value/ projected principal amounts	Estimated fair value	Contract value/ projected principal amounts
EUR / USD	921	14,633	(196)	15,709
EUR / SAR	208	4,324	(17)	3,690
EUR / KWD	140	4,085	64	5,461
EUR / VND	(274)	3,466	-	-
EUR / AED	3	1,180	-	-
EUR / ILS	2	758	(8)	1,039
EUR / CNY	6	605	-	-
EUR / TWD	1	333	(30)	2,204
EUR / INR	-	-	(23)	2,142
EUR / OMR	-	-	5	534
EUR / MXN	-	-	2	277
GBP / USD	101	2,053	97	3,295
GBP / EUR	6	1,184	-	-
GBP / INR	25	953	55	2,720
VND / EUR	-	-	78	4,589
Other	40	2,833	9	2,582
	1,179	**36,407**	**36**	**44,242**

Most contracts expire in the coming year. One EUR / USD contract expires in March 2022 (contract value €0.7M).

Liquidity risk

Management ensures that sufficient balances are available for a minimum period of 19 days (a minimum of €30 million) to cover the expected operational costs, including meeting the financial obligations. The potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters are not taken into account. For further details regarding our bank facility we refer to note 13.

Price risk

The Group does not hold any investments in listed and non-listed equities and therefore does not run a price risk.

Interest rate risk

The Group mitigates the interest rate risk as much as possible. Currently there are no outstanding loans and the bank balance is positive. Therefore the interest rate risk is limited.

16 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

Operational leases

	2020				2019
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Total
Equipment / utilities	32	10	-	42	54
Buildings rental / lease	13,438	38,735	9,372	61,545	79,751
Car lease	4,830	7,691	-	12,521	10,726
ICT lease	15,148	16,483	-	31,631	35,992
	33,448	**62,919**	**9,372**	**105,739**	**126,523**

In 2020, the commitments ensuing from this recognised in the profit and loss account amounted to €33.3 million (2019: €24.6 million).

Contingent liabilities

The Group in the Netherlands is liable for any obligations arising under the Dutch Sequential Liability Act. The Group executes certain projects in partnership with other parties.

Based on contractual agreements, the Group bears joint and several liabilities for the contractual obligations of the partnership resulting from these projects.

In 2020 RHDHV signed an agreement for the purchase of an office building. Delivery date of the property will be January 3, 2022. Parties have agreed on a purchase price of €4.0 million. RHDHV will rejuvenate the building, which in 2024 will replace some of the current office locations. A process of selecting a contractor has started and is foreseen to be completed in 2021.

At December 31, 2020 the Group had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €35.7 million (2019: €39.4 million).

Counter guarantees in favour of the Group have been received for a value of €1.8 million (2019: €1.8 million).

Tax group liabilities

The Group forms a fiscal unity for VAT and income tax in the Netherlands with a number of group companies. Under the standard conditions, the Group and its fellow members of the tax group are jointly and severally liable for any taxes owed by the fiscal unity.

By virtue of its operations in various countries, the Group incurs operational and/or tax claims. Where their effect is more likely than not and can be reasonably estimated, such claims are provided for as soon as they arise. The existing provisions are considered sufficient to cover the potential consequences of pending claims.

Contingencies

The Group is involved in certain legal proceedings relating to its projects. Provisions have been created for these insofar as these are necessary based on the management's best estimate.

Share Plan

For details about the Group's share plan we refer to Other Information.

Pensions

The Group in the Netherlands has taken over a closed pension insurance contract with a life insurance company from its pension fund. Under the terms of this contract and the applicable Pension Law the Group may be obliged to additional payments to fund the value transfer of former employees insured under this contract to their new pension provider. The Group has entered into an agreement with its pension fund whereby the latter has committed itself to fully refund the Group for these obligations, if and when arising.

17 NET TURNOVER

The net turnover by geographical area can be broken down as follows:

	2020	2019
the Netherlands	332,002	327,575
Asia Pacific (excl. ID)	54,692	53,042
Africa, Middle East and India (excl. SA)	54,565	73,717
Continental Europe (excl. NL)	48,107	40,695
United Kingdom	45,032	56,891
South Africa	25,943	37,716
Americas	24,711	48,636
Indonesia	8,841	11,431
	593,893	**649,703**

The net turnover by business line can be broken down as follows:

	2020	2019
Industry & Buildings	198,276	206,828
Transport & Planning	153,552	152,155
Water	103,983	102,908
Maritime & Aviation	94,073	133,056
Southern Africa	30,630	43,464
Digital	13,379	11,292
	593,893	**649,703**

See Key figures for % segmentation of turnover by region, client group and market group.

18 EMPLOYEE BENEFITS

	2020	2019
Salaries and wages	273,829	277,043
Social security charges	32,205	33,862
Pension charges	31,886	33,342
	337,920	**344,247**

19 REMUNERATION REPORT UNDER RESPONSIBILITY OF THE SUPERVISORY BOARD

Remuneration of the Executive Board

For the explanation of the remuneration of the Executive Board we refer to the Supervisory Board report.

Current and former managing directors	Base salary	Social premiums / other allowances	Variable	Pensions	2020	2019
E. Oostwegel (CEO)	495	94	149	17	755	701
J. de Wit (CFO since September 1, 2019)	330	59	99	17	505	160
N.G. Dalstra (CFO until September 1, 2019)	-	-	-	-	-	345
					1,260	**1,206**

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board was agreed in 2019 and is comprised of a fixed remuneration that is independent from the Group's results, whereby a distinction is made between the remuneration of the Chairman and that of the other members of the Supervisory Board. Members of the Supervisory Board receive a further remuneration for their respective memberships of committees of the Supervisory Board.

No loans, advances or guarantees have been granted to the members of the Supervisory Board. The members of the Supervisory Board do not possess depositary receipts in Royal HaskoningDHV.

Current and former Supervisory board members:	2020	2019
P.M.M. Blauwhoff (Chairman, appointed on April 23, 2020)	44	37
J.A.P. van Oosten (former Chairman, resigned on April 23, 2020)	16	47
J. Bout (resigned on March 26, 2019)	-	9
A.M. Paulussen-Hoogakker	38	37
F.C.M. Roelofsen-van Dierendonck (appointed on April 23, 2020)	28	-
D.A. Sperling (appointed on March 26, 2019)	38	28
J.S.T. Tiemstra	38	37
	202	**195**

20 OTHER OPERATING EXPENSES

	2020	2019
Temporary staff	21,368	27,744
Office expenses	29,544	28,464
Travel and accommodation	13,326	23,746
Occupancy expenses	19,487	19,615
Work by third parties	10,769	9,145
Additional personnel expenses	4,939	7,598
Other operating expenses	7,144	9,019
Restructuring costs and other one-off items	4,293	2,285
	110,870	**127,616**

Restructuring costs include provisions for staff redundancy and onerous lease contracts.

Included in other operating expenses is a loss on exchange differences of €0.2 million (2019: loss €0.5 million).

Auditor's fees

The following fees were charged by PricewaterhouseCoopers Accountants N.V. to the Group as referred to in Article 2:382a(1) and (2) of the Dutch Civil Code:

	2020			2019
	PricewaterhouseCoopers Accountants N.V.	Other PwC network	Total PwC	Total PwC
Audit of the financial statements	290	190	480	435
Other audit related services	-	-	-	8
Tax-related advisory services	-	-	-	11
Other non-audit services	6	-	6	3
	296	**190**	**486**	**457**

The fees mentioned in the table for the audit of the financial statements 2020 (2019) relate to the total fees for the audit of the financial statements 2020 (2019), irrespective of whether the activities have been performed during the financial year 2020 (2019).

21 CORPORATE INCOME TAX

The major components of the tax expense are as follows:

	2020	2019
Tax liability for current financial year	7,493	8,300
Movement in temporary differences	(1,076)	(1,706)
Adjustment in valuation of deductible losses	(758)	3,350
Adjustment for prior periods	669	(345)
Other adjustments	(1,154)	(678)
Tax expense	**5,174**	**8,921**

The applicable weighted average tax rate is 25.0% (2019: 21.1%), whereby the weighted average has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the income statement for 2020 amounts to €5.2 million, or 28.5% (2019: 50.3%) of the result before tax and share in result of participating interests.

The numerical reconciliation between the applicable and the effective tax rate is as follows:

	2020		2019	
Result before tax	18,156		17,739	
Statutory tax rate NL	4,539	25.0%	4,435	25.0%
Changes related to:				
Utilisation of previously reserved loss carry-forwards	(1,311)	(7.2%)	(418)	(2.4%)
New loss carry-forwards not expected to be realised	553	3.0%	1,753	9.9%
Addition (releases) of tax assets not expected to be realised	-	-	2,015	11.4%
Non tax deductible goodwill amortisation	1,468	8.1%	1,743	9.8%
Non taxable income	(122)	(0.7%)	(322)	(1.8%)
Non tax deductible expenses	1,108	6.1%	948	5.3%
Withholding and foreign taxes	158	0.9%	479	2.7%
Tax rate differences	(9)	-	(689)	(3.9%)
Prior year tax results	669	3.7%	(345)	(1.9%)
Addition (releases) of other tax liabilities	(62)	(0.3%)	(305)	(1.7%)
Tax effects on OCI entries	(171)	(0.9%)	73	0.4%
Tax benefits	(568)	(3.1%)	-	-
Rate changes	(344)	(1.9%)	4	-
Tax incentives and other	(734)	(4.0%)	(450)	(2.5%)
Effective tax rate	**5,174**	**28.5%**	**8,921**	**50.3%**

Tax effects on OCI entries:
Result of tax deductible on Other Comprehensive Income relating to FX results (the Netherlands) and pension excess contributions (United Kingdom).

Tax benefits:
Result of expected liquidation losses for various entities.

Rate changes:
Adjustment of deferred tax assets due to revision of proposed rate changes in the Netherlands and United Kingdom.

Tax incentives and other:
Innovation box, R&D facilities, unrecoverable taxes, withholding taxes, changes in the tax provision and other changes.

22 NUMBER OF EMPLOYEES

During the year 2020 on average 5,069 (2019: 5,142) employees were employed by the Group.

The head count (excluding flexible workforce and minority interests) per end of year by geographical area can be broken down as follows:

	2020	2019
the Netherlands	3,130	3,025
United Kingdom	527	568
South Africa	368	436
Africa, Middle East and India (excl. SA)	312	373
Asia Pacific (excl. ID)	309	336
Indonesia	129	198
Continental Europe (excl. NL)	140	134
Americas	73	80
	4,988	**5,150**

The head count (excluding flexible workforce and minority interests) per end of year is split by the following business lines:

	2020	2019
Industry & Buildings	1,270	1,358
Transport & Planning	1,084	1,061
Water	785	794
Maritime & Aviation	719	780
Corporate Groups	532	536
Southern Africa	357	438
Digital	241	183
	4,988	**5,150**

23 CHANGES IN CONSOLIDATED INVESTMENTS

The following investments and divestments were made in 2020:

	Country	Holding at 31/12/2019	Acquired / divested	Holding at 31/12/2020
Investments:				
Novius Adviesgroep voor Informatie & Organisatie B.V.	the Netherlands	0%	100%	100%
Integrated Transport Planning Limited	United Kingdom	0%	100%	100%

24 RELATED PARTY TRANSACTIONS

The Group's related parties comprise joint ventures, the Executive Board, the Supervisory Board, Stichting HaskoningDHV and Stichting Administratiekantoor HaskoningDHV. An extensive list of subsidiaries and joint ventures is disclosed in the Appendix.
All transactions with related parties are at arm's length basis. The remuneration of the Executive board is included in the Supervisory board report. The remuneration of the Supervisory board is included in note 19.

25 SUBSEQUENT EVENTS

There are no subsequent events with material effects.

COMPANY FINANCIAL STATEMENTS

Provinces in the middle of Vietnam were heavily hit by serious floods during Typhoon Molave. We raised roughly EUR 3,000 from our generous colleagues, which was then doubled to EUR 6,000 by contributions from Royal HaskoningDHV, the Trade Union, the BriTE foundation and our ongoing project in Quang Binh. Our HaskoningDHV Vietnam team visited the affected area and personally shared the donations with 340 families in three communes.

COMPANY FINANCIAL STATEMENTS

Company Balance Sheet at December 31, 2020

Before profit appropriation *€ thousands*

Assets	Note	2020	2019
Fixed assets			
Intangible fixed assets	27	1,748	2,321
Financial fixed assets	28	119,362	112,549
		121,110	**114,870**
Current assets			
Receivables	29	11,032	11,527
Cash and cash equivalents		45,283	43,519
		56,315	**55,046**
		177,425	**169,916**

Shareholders' equity & liabilities	Note	2020	2019
Shareholders' equity			
Issued share capital		5,099	5,099
Share premium		3,043	3,043
Foreign currency translation reserve		(14,094)	(10,212)
Legal and statutory reserves		6,043	3,885
Other reserves		153,148	149,113
Unappropriated result		13,236	10,840
Subtotal	30	**166,475**	**161,768**
Provisions	31	1,123	1,218
Non-current liabilities	32	3,323	-
Current liabilities	33	6,504	6,930
		177,425	**169,916**

Company Income Statement 2020

€ thousands

	Note	2020	2019
Share of result of participating interests after tax		14,736	15,407
Company result after tax		(1,500)	(4,567)
Net result		**13,236**	**10,840**

Notes to the Company Financial Statements

26 GENERAL INFORMATION

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in the Netherlands.

Since the income statement for 2020 of Koninklijke HaskoningDHV Groep B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Art. 2:360 part 1, of the Dutch Civil Code.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Participating interests in group companies are accounted for in the Company financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements (note 2.7).

As per year end, the financial instruments that have the legal form of equity, are presented in the equity of the company financial statements.

The share of result of participating interests concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

For accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement in the Notes to the Consolidated Financial Statements.

The number of employees per end of year was 2 (2019: 2). Both employees are located in the Netherlands.

27 INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets can be broken down as follows:

	Goodwill
At January 1, 2020	
Cost	27,644
Accumulated amortisation and impairment	(25,323)
Carrying amount	**2,321**
Movements	
Impairment	-
Amortisation	(573)
Subtotal	**(573)**
At December 31, 2020	
Cost	27,644
Accumulated amortisation and impairment	(25,896)
Carrying amount	**1,748**
Amortisation rate in %	5 - 20

At each balance sheet date the Company tests whether there are any indicators of intangible assets being subject to impairment. If any such indicators exists, the Company carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU, defined as Business Unit or entity represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows based on historical performance and expected future market developments, forecast 2020, budget 2021 and further financial projections for 2022-2025.

Cash flows after five years are extrapolated by perpetual growth rate to calculate the terminal value.

To calculate the present value of the estimated future cash flows, post-tax discount rates have been applied.

Above mentioned tests have not led to an impairment of any CGU.

28 FINANCIAL FIXED ASSETS

Movements in financial fixed assets can be broken down as follows:

	Participating interests in group companies	Loans to participating interests	Deferred income tax assets	Total
At January 1, 2020	**97,469**	**11,867**	**3,213**	**112,549**
Investments/additions	-	655	777	1,432
Repayments/utilisation	-	(2,123)	(950)	(3,073)
Reclassification	150	(665)	-	(515)
Share of result in participating interests	14,736	-	-	14,736
Accumulation by interest	-	16	-	16
Exchange differences	(3,195)	(686)	-	(3,881)
Dividend	(44)	-	-	(44)
Other movements	(1,858)	-	-	(1,858)
At December 31, 2020	**107,258**	**9,064**	**3,040**	**119,362**

Participating interests

Koninklijke HaskoningDHV Groep B.V. can not be held fully or partially liable for the debts of associates.

In the other movements the remeasurement of the United Kingdom pension fund is included (€1.9 million (2019:€3.4 million)).

The participating interests are 100% related to group companies. For an extensive list of participating interests we refer to the Appendix.

Loans to participating interests

Receivables from participating interests includes loans to:

- HaskoningDHV UK Holdings Ltd. of €3.3 million (2019: €3.5 million), bearing 3m GBP Libor + 2% interest;
- HaskoningDHV Consulting Pvt. Ltd. of €2.1 million (2019: €2.3 million), bearing Base Lending Rate (MCLR) + 2% interest;
- InterVistas Consulting Inc. (USA) of €1.6 million (2019: €1.4 million), bearing US Prime Rate + 2% interest;
- InterVISTAS Holding Inc. of €1.0 million (2019: €1.1 million), bearing Canadian Prime Rate + 2% interest;
- Haskoning International B.V. of €0.7 million (2019: €2.3 million), bearing 1m Euribor + 2% interest.

The loans are provided for funding and cash management purposes. All loans are payable at end date, but may be prolonged. Nothing has been agreed in respect of securities. All loans are at arm’s length.

The interest income on loans to associates amounted to €1.4 million (2019: €1.1 million).

Deferred income tax assets

The deferred income tax asset includes a deferred tax benefit of €3.0 million for the liquidation of the entities in Portugal.

29 RECEIVABLES

	2020	2019
Amounts owed from group companies / subsidiaries	10,977	11,451
Other receivables, prepayments and accrued income	55	76
	11,032	**11,527**

Amounts owed from participating interests, like joint ventures, are treated similar to trade receivables; no interest is charged. All receivables fall due in less than one year. The fair value approximates the book value.

30 SHAREHOLDERS' EQUITY

The authorised and issued share capital amounts to €5,098,736, divided into ordinary shares of €1.00 each, split by A and B class shares (with equal voting rights). For further information regarding the shareholder structure we refer to the Appendix

Depositary receipts (DRs) of the B class shares are sold to employees during an annual trade round. In the event that more DRs are offered than requested by employees in any future year, there is an intention to buy back DRs by Stichting Administratiekantoor HaskoningDHV (the “Trust Office”) to a maximum of 2.5% of the total number of A and B-shares in Koninklijke HaskoningDHV Groep B.V. This is subject to approval of the Supervisory Board.

	2020		2019	
	A shares	B shares	A shares	B shares
Stichting HaskoningDHV	4,717,359	-	4,717,359	-
Stichting Adminstratiekantoor HaskoningDHV	-	311,471	-	381,377
Koninklijke HaskoningDHV Groep B.V.	-	69,906	-	-
	4,717,359	**381,377**	**4,717,359**	**381,377**

During the annual trade round in May 2020 the Trust Office purchased a balance of 69,906 DRs from employees (5,220 DRs sold and 75,126 DRs purchased). These DRs are now owned by Koninklijke HaskoningDHV Groep B.V.

Subject to adoption of the financial statements 2020 by the Annual General Meeting, the price will rise by 2.5% to €35.84. Including the proposed dividend of €1.30 (see also Proposed profit appropriation) the total return for the DR holders is 6.2%.

The movement in DR's is as follows:

	2020	2019
Balance at January 1	381,377	334,150
Trade round (bought)	5,220	72,432
Sold	(75,126)	(25,205)
Balance at December 31	**311,471**	**381,377**

Statement of changes in shareholders' equity

Movement of shareholders' equity can be broken down as follows:

	2020						
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total
At January 1, 2020	**5,099**	**3,043**	**(10,212)**	**3,885**	**149,113**	**10,840**	**161,768**
Movements							
Legal and statutory reserves	-	-	-	2,158	(2,158)	-	-
Exchange differences	-	-	(3,882)	-	-	-	(3,882)
Unappropriated result	-	-	-	-	-	13,236	13,236
Transfer result last year to other reserves	-	-	-	-	10,840	(10,840)	-
Shares issued	-	-	-	-	-	-	-
Own shares sold / (repurchased)	-	-	-	-	(2,445)	-	(2,445)
Dividend	-	-	-	-	(345)	-	(345)
Other movements in reserves	-	-	-	-	(1,857)	-	(1,857)
Subtotal	-	-	(3,882)	2,158	4,035	2,396	4,707
At December 31, 2020	**5,099**	**3,043**	**(14,094)**	**6,043**	**153,148**	**13,236**	**166,475**

Movements in last year's shareholders' equity can be broken down as follows:

	2019						
	Issued share capital	Share premium	Foreign currency translation reserve	Legal and statutory reserves	Other reserves	Unappro-priated result	Total
At January 1, 2019	**5,052**	**1,535**	**(11,960)**	**2,723**	**140,895**	**13,174**	**151,419**
Movements							
Legal and statutory reserves	-	-	-	1,162	(1,162)	-	-
Exchange differences	-	-	1,748	-	-	-	1,748
Unappropriated result	-	-	-	-	-	10,840	10,840
Transfer result last year to other reserves	-	-	-	-	13,174	(13,174)	-
Shares issued	47	1,508	-	-	-	-	1,555
Own shares sold / (repurchased)	-	-	-	-	-	-	-
Dividend	-	-	-	-	(433)	-	(433)
Other movements in reserves	-	-	-	-	(3,361)	-	(3,361)
Subtotal	**47**	**1,508**	**1,748**	**1,162**	**8,218**	**(2,334)**	**10,349**
At December 31, 2019	**5,099**	**3,043**	**(10,212)**	**3,885**	**149,113**	**10,840**	**161,768**

The reconciliation of the statutory and consolidated equity of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2020	2019
Equity Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	166,475	161,768
Equity DHV Education Foundation	(3,384)	(3,630)
Equity Koninklijke HaskoningDHV Groep BV (following the consolidated financial statements)	**163,091**	**158,138**

The reconciliation of the statutory and consolidated result of Koninklijke HaskoningDHV Groep B.V. is as follows:

	2020	2019
Result Koninklijke HaskoningDHV Groep B.V. (following the company financial statements)	13,236	10,840
Result DHV Education Foundation	(209)	(1,655)
Result Koninklijke HaskoningDHV Groep BV (following the consolidated financial statements)	**13,027**	**9,185**

We have included DHV Education Foundation as a consolidated company, given the fact that we have control. In the company statements, DHV Education Foundation is not included. In above tables you can see the effect of this exclusion.

Foreign currency translation reserve

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are accounted for in this statutory reserve. The foreign translation reserve of €14.1 million includes a.o. investments in United Kingdom, South Africa, India and Canada.

Legal and Statutory reserves

The legal reserve for participating interests which amounts €3.6 million (2019: €3.0 million) pertains to participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

A legal reserve has been formed for capitalised development costs of €2.1 million. The reserves required under the articles of association (€0.3 million) are related to Portugal, Belgium and China.

Other reserves

Included in the line other movements in other reserves is the Defined Benefit Pension Plan United Kingdom. The movement relates to the net balance of actuarial gains and losses, after deduction of deferred tax, in respect of the closed pension scheme in the United Kingdom, which has been directly charged to the reserves. Further reference is made to note 12.

Proposed profit appropriation

Given the profit over 2020, the Executive Board proposes that a dividend of €1.30 per B-share will be distributed to holders of B-shares, representing a value of €405,000. Due to the depositary receipts Rules and Regulations this dividend will be distributed to the depositary receipt holders on a one-to-one basis.

The Executive Board proposes that no dividend will be distributed to the A-shares (see also Dividend per share). The remaining profit of €12,622,000 will be added to the other reserves.

31 PROVISIONS

The provision is related to long-term employee benefits and a tax provision for foreign operations.

32 NON-CURRENT LIABILITIES

For terms and conditions of the loan and guarantee facility, refer to note 13 in the Notes to the Consolidated Financial Statements.

Included in non-current liabilities are 2 intercompany loans payable. One loan payable to HaskoningDHV Asset Management B.V. for €3.0 million and the other loan payable to Novius Adviesgroep voor Informatie & Organisatie B.V. for €0.3 million.

Both loans are repayable upon demand by lenders and bear an interest charge of 1m euribor +1%.

33 CURRENT LIABILITIES

	2020	2019
Amounts owed to credit institutions	-	-
Amounts owed to group companies / subsidiaries	226	5,906
Corporate income tax	5,691	678
Other taxes & social security contributions	41	38
Other debts, accruals and deferred income	546	308
	6,504	**6,930**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term character. The amount owed to group companies/subsidiaries decreased with €5.7 million, because of a €4.6 million payment to HaskoningDHV UK Ltd and a €0.4 million payment to HaskoningDHV TR Muhendislik A.S. Other intercompany payable decreased with €0.7 million.

34 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

At December 31, 2020 the company had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of €13.2 million (2019: €14.0 million).

Koninklijke HaskoningDHV Groep B.V. has issued a corporate guarantee to Castor (Amersfoort) B.V., in which it guarantees the fulfilment of the rental obligations related to the head office in Amersfoort. The guarantee amounts to a rental period of maximum five years and the term of the guarantee is equal to that of the lease.

35 TAX GROUP LIABILITIES

Together with its Dutch subsidiaries, the Company forms a fiscal unity for corporate income tax purposes and value-added tax; the standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

Recharges between the Company and its subsidiaries are settled through current account positions. The following method is applied with regard to recharges/allocation of corporate income taxes within the fiscal unity:

Because the Company recharges corporate income taxes within the fiscal unity under the assumption that all group companies are independent tax entities, all deferred tax positions, both deferred tax assets and deferred tax liabilities, are in principle deferred receivables and deferred liabilities of these group companies to the Company.

The Company forms a fiscal unity with:

- HaskoningDHV Nederland B.V.
- HaskoningDHV Asset Management B.V.
- HaskoningDHV Participations I B.V.
- Haskoning International B.V.
- Haskoning B.V.
- DHV Global Engineering Center B.V.
- DHV NPC B.V.
- Ynformed B.V.

36 JOINT AND SEVERAL LIABILITIES AND GUARANTEES

The company has issued no declarations of joint and several liabilities for debts arising from legal acts of Dutch consolidated participating interests.

Amersfoort, the Netherlands
March 8, 2021

EXECUTIVE BOARD

E. Oostwegel (CEO)

J. de Wit (CFO)

SUPERVISORY BOARD

P.M.M. Blauwhoff (Chairman)

A.M. Paulussen-Hoogakker

F.C.M. Roelofsen-van Dierendonck

D.A. Sperling

J.S.T. Tiemstra

APPENDIX

HaskoningDHV Vietnam signed the Statement of Support for the Women's Empowerment Principles developed by UN Global Compact and UN Women to promote gender equality and women's empowerment in businesses and communities.

APPENDIX

PARTICIPATING INTERESTS

The following is a list of the main consolidated participating interests of Koninklijke HaskoningDHV Groep B.V., Amersfoort, the Netherlands (unless stated otherwise, all interests are 100%):

GROUP COMPANIES

HaskoningDHV Nederland B.V.,	Amersfoort, the Netherlands
Haskoning B.V.,	Nijmegen, the Netherlands
DHV NPC B.V.,	Amersfoort, the Netherlands
HaskoningDHV Asset Management B.V.,	Amersfoort, the Netherlands
DHV Global Engineering Center B.V.,	Amersfoort, the Netherlands
Ynformed B.V.,	Utrecht, the Netherlands
Novius Adviesgroep voor Informatie & Organisatie B.V.,	Maarssen, the Netherlands
Stewart Scott International Holdings Pty Ltd.,	Johannesburg, South Africa (76.95%)
Royal HaskoningDHV (Pty) Ltd.,	Johannesburg, South Africa
Steward Scott Investments (Pty) Ltd.,	Johannesburg, South Africa
HaskoningDHV Botswana (Pty) Ltd.,	Gaborone, Botswana
ManCon Projects (Pty) Ltd.,	Johannesburg, South Africa
HaskoningDHV UK Holdings Ltd.,	Peterborough, United Kingdom
HaskoningDHV UK Ltd.,	Peterborough, United Kingdom
Lanner Group Ltd.,	Henley-in-Arden, United Kingdom
Lanner Group SARL,	Courbevoie, France
Lanner Inc.,	Houston, United States of America
Ambiental Technical Solutions Ltd.,	Brighton, United Kingdom
Ambiental Environmental Assessment Ltd.,	Brighton, United Kingdom
Integrated Transport Planning Ltd.,	Nottingham, United Kingdom
Haskoning International B.V.,	Nijmegen, the Netherlands
PT Haskoning Indonesia,	Jakarta, Indonesia
Haskoning Caribbean Ltd.,	Port of Spain, Rep. of Trinidad and Tobago
Haskoning Libya JSC,	Tripoli, Libya (80%)
HaskoningDHV (Malaysia) Sdn Bhd.,	Kuala Lumpur, Malaysia
Royal Haskoning Consulting (Shanghai) Co. Ltd.,	Shanghai, China
Haskoning Singapore Pte. Ltd.,	Vista, Singapore
Haskoning Australia Pty Ltd.,	Sydney, Australia
Haskoning Brasil Participaões Ltda.,	Rio de Janeiro, Brasil (99%)
Haskoning Consultaria E. Projectos Ltda.,	Rio de Janeiro, Brasil (99%)
HaskoningDHV Nigeria Ltd.,	Abuja, Nigeria (86.36%)
Haskoning Cambodia Ltd.,	Phnom-Penh, Cambodia
HaskoningDHV Vietnam Co. Ltd.,	Ho Chi Minh City, Vietnam
Royal Haskoning Qatar LLC,	Doha, Qatar
HaskoningDHV TR Mühendislik A.S.,	Istanbul, Turkey
Haskoning Philippines Inc.,	Manila, Philippines
NACO Mexican Airport Consultants S. De R.L. De C.V.,	Mexico City, Mexico
HaskoningDHV Ireland Ltd.,	Dublin, Ireland
Haskoning International Engineering Consultancy LLC,	Muscat, Oman
HaskoningDHV Participations I B.V.,	Amersfoort, the Netherlands
HaskoningDHV Belgium N.V.,	De Pinte, Belgium
HaskoningDHV Consulting Private Ltd.,	New Delhi, India
HaskoningDHV CR, spol s.r.o.,	Prague, Czech Republic
DHV Polska Sp. z.o.o.,	Warsaw, Poland
HaskoningDHV Polska Sp. z o.o.,	Warsaw, Poland
HaskoningDHV Moçambique, Lda.,	Maputo, Mozambique

Turgis Technology Pty Ltd.,	Johannesburg, South Africa
Turgis Consulting (Pty) Ltd.,	Johannesburg, South Africa
InterVISTAS Holding Inc.,	Vancouver, Canada
InterVISTAS Consulting Inc.,	Vancouver, Canada
InterVISTAS Holding USA Inc.,	Wilmington, Delaware, United States of America
InterVISTAS Consulting Inc.,	Washington D.C., United States of America

Besides the companies in the countries as listed above, the Group has branch offices in the following countries:

Bangladesh
Colombia
Croatia
Denmark
Germany
Israel
Jordan
Lesotho
Oman
Pakistan
Peru
Sri Lanka
Taiwan
United Arab Emirates

The companies operate under the trade names of HaskoningDHV.

NON-GROUP COMPANIES

Joint Ventures

VOF Tunnel Engineering Consultants,	Nijmegen, the Netherlands (50%)
VOF Railinfra Solutions,	Utrecht, the Netherlands (66.67%)
VOF Royal Haskoning – Arup MC Renovatie Bruggen,	Amsterdam, the Netherlands (50%)
VOF Ontwikkeling Laurentius Ziekenhuis,	Maastricht, the Netherlands (50%)
VOF Deerns Haskoning CSNS,	Rijswijk, the Netherlands (50%)
VOF Ontwikkeling Atrium Santé HaskoningDHV/Huygen I.A.,	Nijmegen, the Netherlands (50%)
Maatschap Benthem Crouwel NACO,	Den Haag, the Netherlands (50%)
Tshele Hills JV,	Gaborone, Botswana (50%)
Consortio Dique,	Bogota, Colombia (51%)
VIIA VOF,	Groningen, the Netherlands (50%)
THV Sturino,	Mechelen, Belgium (50%)

Other non-group companies

Chuchawal – Royal Haskoning Ltd.,	Bangkok, Thailand (48.95%)
Design 103 International Ltd.,	Bangkok, Thailand (48.98%)
SADECO,	Jeddah, Saudi Arabia (49%)
Team van Oord Ltd.,	Newbury, United Kingdom (15%)
Shaded Dome Technologies B.V.,	Amsterdam, the Netherlands (33.3%)
HAL24K B.V.,	Amsterdam, the Netherlands (11.55%)
Hydroinformatics Institute PTE. Ltd. (H2i),	Singapore, Singapore (24.98%)
Pluvia PTE. Ltd.,	Singapore, Singapore (22.48%)
Soilco Material Investigations (Pty) Ltd.,	Durban, South Africa (20.32%)

SHAREHOLDING STRUCTURE

Koninklijke HaskoningDHV Groep B.V. has two shareholders: the Stichting (foundation) HaskoningDHV and the Stichting Administratiekantoor HaskoningDHV ("the Trust Office"), which was incorporated by demerger from the Stichting HaskoningDHV. Stichting HaskoningDHV holds all A-shares (being min. 75.5% of the entire issued share capital) and the Trust Office that holds the B-shares (max. 24.5% of the entire issued share capital) equal to the issued certificates. The B-shares allow for the issue of certificates (the depository receipts) to eligible HaskoningDHV staff. The Board of the foundation exists of five members. One member has been appointed by (not out of) the Supervisory Board, the Executive Board and the combined Works Councils respectively. One member has been appointed by and out of the depositary receipts holders (candidate must meet certain qualifications). The fifth member is the Board's chair and is an independent external individual appointed by the four other members.

Trust Office

The scope of the Trust Office will be to manage the B-shares and to issue and administer the depositary receipts for shares issued to HaskoningDHV staff. Its Board currently consists of three members. The next Board of the Trust Office will be appointed out of and by the depositary receipt holders.

Stichting HaskoningDHV (Foundation HaskoningDHV)

Objective: to manage the A-shares.

This foundation currently holds 4,717,359 A-shares.

Composition of the Board:

P.G. Boumeester (Madam Chair)
J. Bout
M. Doornekamp
J.P. Kool
R.O.T. Zijlstra

Stichting Administratiekantoor HaskoningDHV

Objective: to manage the B-shares in Koninklijke HaskoningDHV Groep B.V., and to issue and administer the depositary receipts for shares to eligible HaskoningDHV staff members.

This foundation currently holds 311,471 B-shares.

Composition of the Board:

E.Th. Holleman (Chairman)
J.D. van Eeden
J.A.M. Leeuwis - Tolboom

OTHER INFORMATION

Together with the Royal HaskoningDHV team in the Philippines, our employee's BrITE Foundation charity fund helped victims of Typhoon Ulysses in two areas of Amulung municipality with relief goods.

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the Supervisory Board of Koninklijke HaskoningDHV Groep B.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of Koninklijke HaskoningDHV Groep B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at December 31, 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Koninklijke HaskoningDHV Groep B.V., Amersfoort. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at December 31, 2020;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Koninklijke HaskoningDHV Groep B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- introduction;
- key figures;
- our company;
- our leadership;
- report of the Supervisory Board;
- report of the Executive Board;
- appendix;
- other information;
- glossary and definitions;
- company brands; and
- about us.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the Executive Boards' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, March 9, 2021

PricewaterhouseCoopers Accountants N.V.

F. van der Ploeg RA

Appendix to our auditor's report on the financial statements 2020 of Koninklijke HaskoningDHV Groep B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PROFIT APPROPRIATION

Summary of the articles of association provisions governing profit appropriation.

Summary of the articles of association provisions governing profit appropriation Articles 23 and 24 of the articles of association contain (in summary) the following relevant provisions of profit appropriation and dividend:

- The A-shares and the B-shares shall have equal rights to the profit. Insofar as the general meeting does not reserve the profit otherwise, and insofar as no replenishment, takes place out of the profit in any one financial year, this profit shall be added to the retained A surplus and the retained B surplus, and this in the same ratio as that in which the nominal amounts of all the issued A-shares and B-shares, respectively, stand to the issued capital.
- Shares and depositary receipts issued therefore held by the company or a subsidiary thereof, from which no rights to distributions can be derived, shall not be included in the determination of the ratio referred to in the preceding sentence.
- Any addition and replenishment shall take place after the adoption of the annual accounts from which it appears that there is profit available for such addition or replenishment. The company may make distributions to the holders of B-shares and any other persons entitled to the distributable retained B surplus only insofar as the shareholders' equity exceeds the amount which must be maintained under the law. No distributions may be made out of the retained A surplus or out of any reserves other than the retained B surplus.

Subject to provisions of article 23.3, distributions out of a retained B surplus as referred to in paragraph 1, may be made at all times pursuant to a resolution of the general meeting. The general meeting cannot resolve to discontinue a retained surplus. A resolution of the general meeting to proceed to a distribution out of the retained B surplus shall be subject to the approval of the Executive Board. The Executive Board may withhold its approval only if it knows or reasonably ought to have foreseen that the company, after such distribution, will be unable to continue to pay its due debts.

- No losses may be offset against a retained surplus, unless it concerns losses which cannot be defrayed out of a reserve – not being a retained surplus – or offset in any other way and the general meeting resolves, with the approval of all the holders of the shares corresponding with the retained surplus in question, to charge losses against the balance of the retained surplus in question. If and insofar as such is possible, losses shall be charged against the retained surpluses pro rata to the number of issued A-shares and B-shares at the time of the adoption of the aforementioned resolution.
- If a loss has been charged against one or both retained surpluses, as referred to in the preceding sentence, the profits made in the subsequent years shall be applied first of all in replenishing the amount that was charged against the retained surplus or surpluses.
- The general meeting may resolve that dividends will be paid in whole or in part in a form other than cash, but then only in the form of B-shares of the company itself.
- The general meeting can, on a proposal thereto from the Executive Board, decide, an interim addition shall be made to the retained surpluses, either chargeable against the profit or chargeable against a reserve other than a retained surplus.

GLOSSARY AND DEFINITIONS

Sluice widening and improving fish migration
For the Province of Friesland, we are widening the complex of discharge sluices on the Afsluitdijk dam near Kornwerderzand in the Netherlands. The project includes improvements to the adjacent fish migration river and waterways, and replacing two bascule bridges on the A7 motorway. Landscaping will be provided for the surrounding area and its WWII bunkers. The economic importance of this project is enormous for both the international maritime cluster operating there and the region as a whole.

GLOSSARY AND DEFINITIONS

TERM / ABBREVIATION	DEFINITION
Added value	Operating income less cost of work subcontracted and other external expenses
BIM	Building Information Modelling
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility; the responsibility of a company towards society, the environment and the economy
Earnings per share	Net result / Number of ordinary shares issued
EBITA recurring	EBITA excluding non-operational items
EBITA margin	EBITA recurring / Operating income
Executive Board	Highest executive body for the daily management of the company
Free cash flow	Cash flow from operating and investing activities
GCO	Group Compliance Officer
GRI	The Global Reporting Initiative, an organisation that publishes international guidelines for CSR reporting
HRM	Human Resources Management
Integrated Report (IR)	Annual report format that integrates general, financial, environmental, and social performance
Net Turnover	Amounts invoiced to clients (excluding VAT), excluding invoiced in advance
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
Operating income	Net turnover adjusted for change in work in progress, excluding other operating income
QHSE	Quality, Health, Safety and Environment
Return on average shareholders' equity	Net result / Average shareholders' equity

COMPANY BRANDS

By 2035, Royal HaskoningDHV will have reduced the energy consumption of its approximately 75 offices around the globe by two thirds compared with today and all energy used will be from renewable sources.

COMPANY BRANDS

Ambiental Environmental Assessment
Ambiental Risk Analytics

Ambiental provides advanced tools, data, digital maps and expert advice on flood risk assessment and management. Their technologies help to predict the location and severity of flooding, prevent damage, and protect lives, property and assets. The company consists of Ambiental Risk Analytics, global specialists in flood modelling and flood risk and Ambiental Environmental Assessment who specialise in flood risk assessment, environmental reports and civil engineering focused on the UK market.

AMBIENTAL ENVIRONMENTAL ASSESSMENT
a company of Royal HaskoningDHV

AMBIENTAL RISK ANALYTICS
a company of Royal HaskoningDHV

First Marine International

First Marine International (FMI) is a leading specialist consultancy to the marine industry. Established in 1991, FMI delivers expert assistance and information to shipbuilders, ship repairers and other marine related organisations worldwide. Its clients include private and public companies as well as governments, multinational authorities and funding agencies.

First Marine International a company of Royal HaskoningDHV Enhancing Society Together

InterVISTAS

InterVISTAS Consulting Group is a leading management consultancy with extensive expertise in aviation, transport and tourism.

InterVISTAS
a company of Royal HaskoningDHV

ITP

Established in 1998, ITP's award-winning multi-disciplinary transport planning team researches, designs, implements, monitors and evaluates sustainable transport initiatives. Their UK-based team focuses on promoting walking, cycling and public transport options for people's everyday journeys. ITP's work helps local and national governments around the world to develop and implement transport strategies that improve the way the world moves, whilst aiding private sector clients with sustainable planning and delivery of new commercial and residential developments at all scales.

itp
a company of Royal HaskoningDHV

Lanner

Lanner, a predictive digital twin & simulation software company, provides technology and professional services that empower people to make smarter business decisions and improve processes through the power of predictive analysis and process optimisation.

LANNER
Future. Proof.
a company of Royal HaskoningDHV

NACO

Netherlands Airport Consultants (NACO) is one of the world's leading independent airport consultancy and engineering firms and a global provider of integrated airport planning, airport design and airport engineering services.

NACO
a company of Royal HaskoningDHV

Novius

Novius has close to 30 years of experience in the field of complex digital business transformations at leading public and private organisations. Based on its proven frameworks, practical methodologies and the Novius academy, it enables its clients in managing complexity, innovating and transforming their business in order to achieve sustainably, improved value creation and results. With a team of 50 professionals and a flexible pool of experienced networkers Novius has guided dozens of satisfied customers in developing and implementing their sustainable digital strategy and becoming an efficient, market-oriented and agile business organisation.

NOVIUS
a company of Royal HaskoningDHV

Ocean Shipping Consultants

Ocean Shipping Consultants (OSC) is a leading economic consultancy specialising in shipping economics and port development, with an unequalled database for trade, port and shipping data.

OCEAN SHIPPING CONSULTANTS
a company of
Royal HaskoningDHV
Enhancing Society Together

OTHER BRANDS

Chuchawal Royal Haskoning

Chuchawal Royal Haskoning, formerly known as Chuchawal–de Weger, is a Thai/Dutch joint venture that was established and incorporated in Thailand in 1974 to provide professional services as designers, engineers, consultants and project managers.

CRH
CHUCHAWAL ROYAL HASKONING

ABOUT US

Royal HaskoningDHV is an independent consultancy which integrates 140 years of engineering expertise with digital technologies and software solutions. We are solving the complex challenges facing businesses and societies all over the world. We also support clients in their digital transformation. Our role is important in the efficient functioning of society. We design, safeguard, and maintain the built environment - from infrastructure, mobility and buildings to energy, water supplies and industrial sites.

Backed by expertise of almost 6,000 colleagues, we are helping organisations to transform strategy into action, data and technology into opportunities, and implementation into the practical steps that build resilient operations. Our ambition is to have a positive impact on people and our living environment.

Complex challenges in climate change, business resilience and digital transformation cannot be addressed in isolation. Working in partnership with public and private sector clients in more than 150 countries, our end-to-end solutions are improving mobility and infrastructure, ports and airports, industrial environments and supply chains, business processes and water management. Our independence assures objective solutions tailored to the needs of our clients.

We aim to minimise our impact on the environment, leading by example in our projects, our own business operations and by our role in 'giving back' to society. By showing leadership in sustainable development and innovation, we are working to become part of the solution to a more sustainable society.

Our head office is in the Netherlands, and principal offices are in the United Kingdom, South Africa and Indonesia. We also have established offices in Asia Pacific and the Americas and a long-standing presence in Africa and the Middle East.

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Published March 8, 2021

Published by Royal HaskoningDHV

Designed and artworked by Charles Whalley Advertising Limited

Copywriting Scintec Communications

Imagery All imagery included in this report that was taken during the COVID-19 pandemic conform to social distancing and other requirements. Some images date from before COVID-19 when no restrictions were necessary.