

2018 Annual Report

Table of contents

Key figures
2018

3

Report of the
Board of Directors
Faster, smarter, cleaner

4

Report of the
Chairman of the
Supervisory Board
Sustainable 'battery'
for the city and region

7

Profile, vision
and mission
Hub, hotspot and service
provider for the city

9

About this report 81

Responsibility for
sustainability 82

Financial statements 83

GRI table 131

Appendices 137

2

Value creation model
Our added value

14

Strategic roadmaps
Anticipating promising
trends and developments

16

Stakeholder dialogue
Engaging with our
communities

24

Materiality
Social relevance

31

Financial results
Sound financial
position

43

Investments
and market
Investing in the future

48

Economic significance
of the North Sea Canal
Area
The strength of the port

54

Shipping and
nautical safety
Clean and safe
shipping

57

Our
employees
Developing agility

60

Risk management
Clear view of our risks and
how we manage them

65

Governance and
compliance
Solid organisation

76

Supervisory Board
Report
Involvement of Supervisory
Board members

79

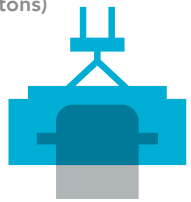
In addition to this annual report, we have an [online publication](#) that deals more extensively with our themes – faster, smarter and cleaner – based on interviews and case studies, in which our CEO Koen Overtoom outlines his vision for the development of the port in a [video](#).

* The online publication has not been audited.

Key figures 2018

Throughput in Amsterdam

(million tons)



82.3 81.3
2017

Port of Amsterdam Revenue

(€ million)



157.4 150.1
2017

Net profit*

(€ million)



68.5 60.9
2017

Clean shipping

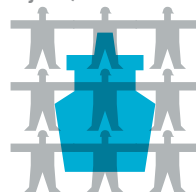
(% ships with ESI discount)



27 20
2017

Port-based employment**

(number of jobs)



68,399 66,858
2017 2016

Added value for NSCA**

(€ billion)



7.2 6.9
2017 2016

* Concerns the result after corporate income tax and excluding deferred tax.

** The figures have been taken from the Ports Monitor 2018 and relate to 2016 and 2017.

Faster, smarter, cleaner

"The port is becoming faster, smarter and cleaner. Port of Amsterdam saw its medium-term strategy continue to take shape in 2018."



Koen Overtoom, CEO (left)
Michiel de Brauw, CFO

Message from the Board of Directors

The circular economy and the energy transition are bringing new, innovative players to the port, and innovation from existing companies. The port is becoming faster, smarter and cleaner. The Port of Amsterdam saw its medium-term strategy continue to take shape in 2018.

The record throughput of 82.3 million tons ensured that 2018 was a successful year for the port. The economic tide was favourable, so a fourth successive decline in coal throughput was offset by volume growth in agribulk, construction materials and containers. And that was against the backdrop of stable volumes of crucial oil products, which at 44.6 million tons continue to account for most of the Port of Amsterdam's total throughput.

More land was also issued in 2018 than in 2017, while 180 sea cruise ships and 2,007 river cruise ships called at our port. These are both record numbers. Partly thanks to these activities profit increased to €68.5 million compared to €60.9 million in 2017.

Message from the Board of Directors

Year of transition in sustainable development

In this context, 2018 was a pivotal year. A broad societal awareness of sustainability grew from people simply noting that things really had to change, partly due to the Climate Tables process – a prelude to a national Climate Agreement. At the port, we saw sustainable development actually take off. Substantial investments went into energy transition and the circular economy. A number of circular businesses were established, converting plastics into new raw materials and products, turning the Port of Amsterdam into a genuine circular plastics hub. Which shows that our 2017–2021 Strategy is bearing fruit.

The arrival of innovative game changers was clearly noticeable for the first time in the port community. Networking meetings increasingly attract representatives of young businesses, which in turn inspire existing companies to boost the sustainability of their products and processes. These young-generation businesses see opportunities which can also benefit longer-established businesses. The latter make land available and provide waste flows and knowledge, so the circular economy and the energy transition increasingly lead to interdependence and integration between traditional port businesses and game changers. Here, too, the port has begun to change.

The final quarter saw a marked acceleration in the energy transition. Together with a number of strategic partners we announced our intention to establish a hydrogen cluster in the Amsterdam region, starting with a feasibility study for a 100 MW hydrogen plant. This development will be key to determining the future of the port. Customers in the port also installed thousands of solar panels on their warehouses' roofs. The port has now a significant installed sustainable energy generating capacity: 64 MW of wind energy and 55,000 m² of solar panels.

“The circular economy and the energy transition are increasingly leading to interdependence and integration between traditional port businesses and game changers.”

New Municipal Executive

In 2018, a new Municipal Executive took office in the Municipality of Amsterdam, our shareholder. The Executive Agreement assigns specific roles to the port for the achievement of its sustainability objectives. For example, the municipality wants to make the port the ‘battery of the city’, to fulfil part of the city’s circularity plans in the port and to make the port into a hub of urban distribution. Each and every one of these objectives appeal to us. The port is well equipped to implement them, and they are already embedded in our corporate strategy.

Pressure on space remained as acute as ever. In 2018, the situation was exacerbated by the City Council’s ambitions to turn Coenhaven and Vlothaven into a residential and business area without any space for the industry already established there. The intended transfer of the Passenger Terminal Amsterdam (PTA) also led to tension in the otherwise positive relations with the municipality and the shareholder due to a conflict of interest.

Continued professionalisation of the internal organisation

We have substantially improved components in the finance and governance area, including risk management, procurement and compliance. We also fine-tuned the execution of our corporate strategy by selecting four guiding roadmaps for the most important themes: Energy Transition, Circular Economy, Logistics & Accessibility and Digitisation.

Message from the Board of Directors

Our employees also appreciate the focus the roadmaps provide. In response to the semi-annual survey, employees said they found the company's direction clear and supported its strategy. In the internal organisation there is still some tension with regard to agility. The volatility of the outside world places demands on the internal organisation, requiring adaptation at an ever-increasing pace. But what is positive for the company is not always perceived as positive for every individual. That requires attention. At the same time, we are increasingly experimenting with agile teams, which can make fast and flexible contributions to substantial improvements in and for the company, raising our estimation among customers and other stakeholders.

Intensifying the sustainability shift in 2019

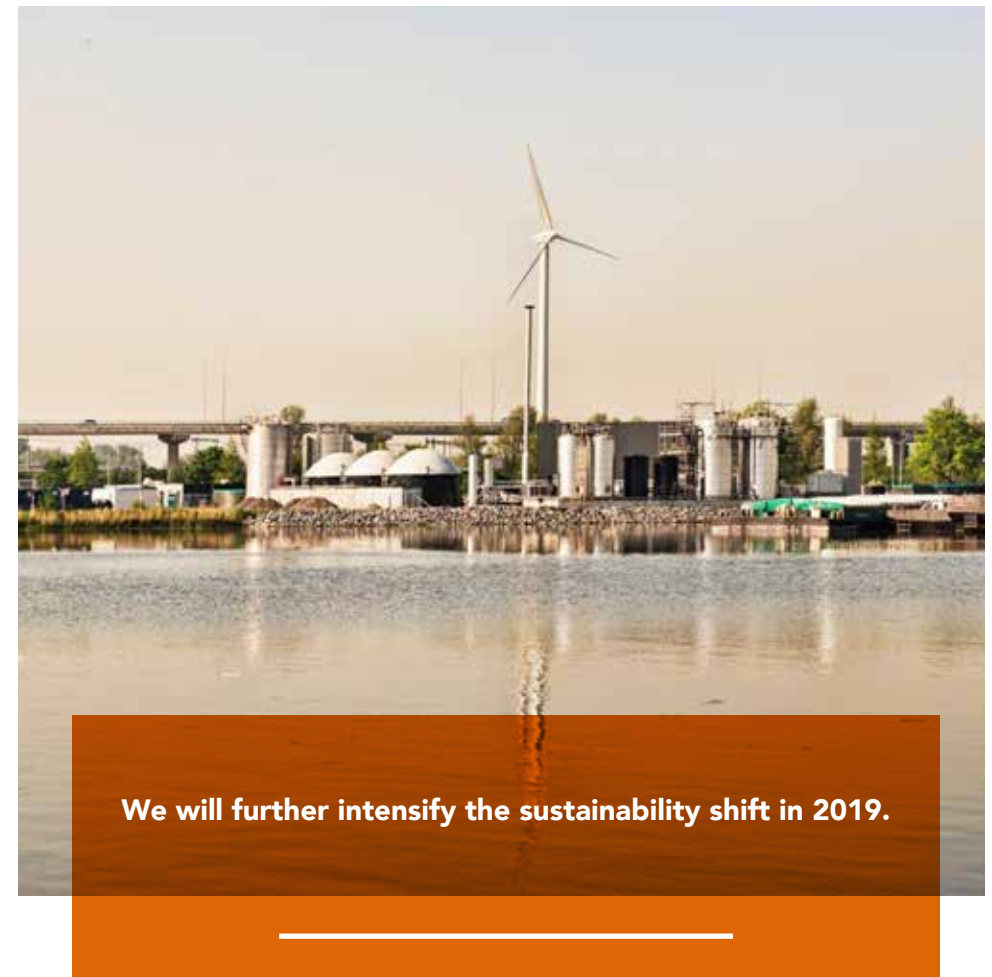
Our entrepreneurial spirit remained as strong as ever in 2018. Over the centuries, it has ensured our perennial adaptability to new challenges and circumstances. That spirit will also ensure that the success of 2018 lives on – particularly the shift towards sustainability. Indeed, we will further intensify the sustainability shift in 2019: faster, smarter, cleaner. We look forward to the future with confidence.

Koen Overtoom, CEO
Michiel de Brauw, CFO

faster

smarter

cleaner



Sustainable 'battery' for the city and region

"The expansion of the solar panel area in the port to 100,000 m² is proceeding steadily. The Port of Amsterdam has already achieved its 2021 goal for clean shipping."



Koos van der Steenhoven
Chairman of the Supervisory Board

Message from the Chairman of the Supervisory Board

The year 2018 was a remarkable year for the Port of Amsterdam. The Supervisory Board reports that the priorities set by the Board of Directors and the actions laid out in the strategic plan ['Setting a course for the Amsterdam Metropolitan Port'](#) are beginning to deliver results.

The port plays an increasingly important role in promoting and fulfilling the sustainability goals of the port authority, the city and the metropolitan region in the areas of energy transition, circular economy, sustainable freight transport and mobility. In the near future, the role of the port may even prove fundamental: the port as a sustainable 'battery' for the city and region.

Coal throughput in the port continues to show a steadily declining trend. A first pile was sunk for a biomass plant that will start operating in 2019, generating electricity and raw materials for the chemical industry from wood waste, in addition to providing eight thousand households with district heating. The expansion of the solar panel area in the port to 100,000 m² is proceeding steadily. The Port of Amsterdam has already achieved its 2021 goal for clean shipping, so the Board of Directors is raising that goal for 2019. Meanwhile, we have also further reduced the CO₂ footprint of the Port of Amsterdam's own organisation.

Message from the Chairman of the Supervisory Board

Prodock, the Port of Amsterdam's innovative start-up laboratory, is running well and looking into a larger location. These developments demonstrate the concrete steps taken in 2018 towards becoming the sustainable, metropolitan port of the future. We were also honoured to welcome King Willem-Alexander on a visit to the start-up and scale-up location.

A dividend of €60.9 million was paid to the Municipality of Amsterdam in 2018 in relation to the 2017 financial year. This payment is equivalent to the 2017 net profit, with a €150.1 million revenue. These results confirm the Port of Amsterdam's importance to the city also in financial terms.

We achieved good results once again in 2018, with record throughput in both the Port of Amsterdam and the whole North Sea Canal Area. The Supervisory Board congratulates the port businesses and Port of Amsterdam on the impressive throughput figures and the visible transition to more circular activities.

"The 2018 developments demonstrate the concrete steps taken towards becoming the sustainable, metropolitan port of the future."

Notwithstanding the current good results, urban developments in the areas of home construction and accessibility, as well as future strategic investments associated with energy transition make it essential for Port of Amsterdam to conduct a sensible and prudent long-term financial policy. Only then can the Amsterdam port remain the fourth port in Western Europe and a relevant port for the city and region.

The Supervisory Board wishes to express its gratitude to all its stakeholders and partners. They are evidently well prepared to collectively meet the metropolitan region's challenges in the fields of energy transition, climate agreement, urban development and the cruise sector.

Koos van der Steenhoven
Chairman of the Supervisory Board



Profile, vision and mission

Logistics hub, industrial hotspot
and service provider for the city

Logistics hub, industrial hotspot and service provider for the city

Profile, vision and mission

The Amsterdam port is a highly dynamic place, which reinforces the hallmarks that established Amsterdam's greatness: international trade and entrepreneurship. We welcome ships and goods, energy and data, people and ideas in a dynamic metropolitan area. This makes the Amsterdam port an international logistics hub with key links to the European hinterland.

The Amsterdam port region is also an industrial hotspot. A range of mid-size cargo flows find their way to high-value industrial operators in the food and agriculture sector, the steel sector, construction materials, manufacturing industry and increasingly in the circular economy. Value addition takes place here by processing and enhancing raw materials and turning them into semi-finished goods and new products.

The port is also a key urban service provider. From the port, the city and the region benefit from an intense logistical flow of goods, water and electricity supplies, waste processing and treatment of waste flows from production processes, which form the basis for circular activities.

By 2030, the Amsterdam port region will be a dynamic metropolitan port combining Amsterdam's three core strengths: a world-class logistics hub, a high value-added regional industry and a versatile service provider to the city.

CORE TASKS AND ROLES

As the manager and developer of the port, Port of Amsterdam has three key tasks:

- Development of the port region as an attractive location for businesses and constant improvement in services for customers;
- Construction, maintenance and renovation of the physical infrastructure, and management of the Amsterdam port area;
- Handling of smooth, safe and environmentally responsible shipping traffic in the North Sea Canal Area, partly through regulation and enforcement. CNB Noordzeekanaalgebied (Central Nautical Management North Sea Canal Area) has assigned this task to Port of Amsterdam's Harbour Master's Division.

In order to develop the Port of Amsterdam into a vital and efficient port ecosystem, we fulfil three roles:

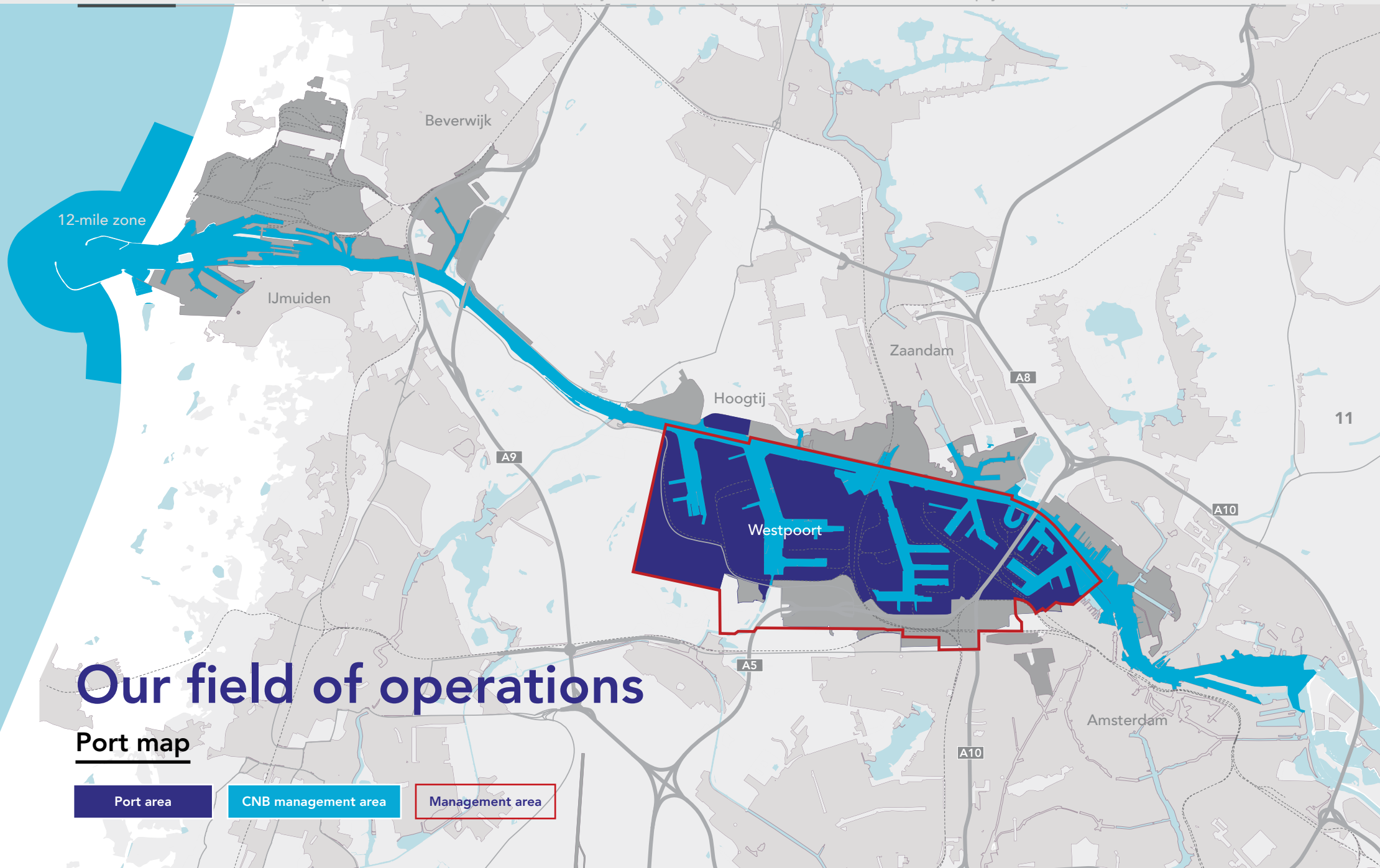
- As market supervisor, we create an optimum business climate;
- As co-creator and risk bearer, we initiate new activities in the port to stimulate developments.
- As business matchmaker, we connect parties, sectors and opportunities;

We implement these tasks and roles in balance with the interests of our stakeholders, developing a port that contributes to the international competitive position of the Amsterdam Metropolitan Region and the Netherlands'.

MISSION

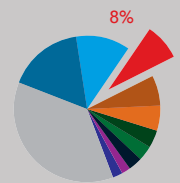
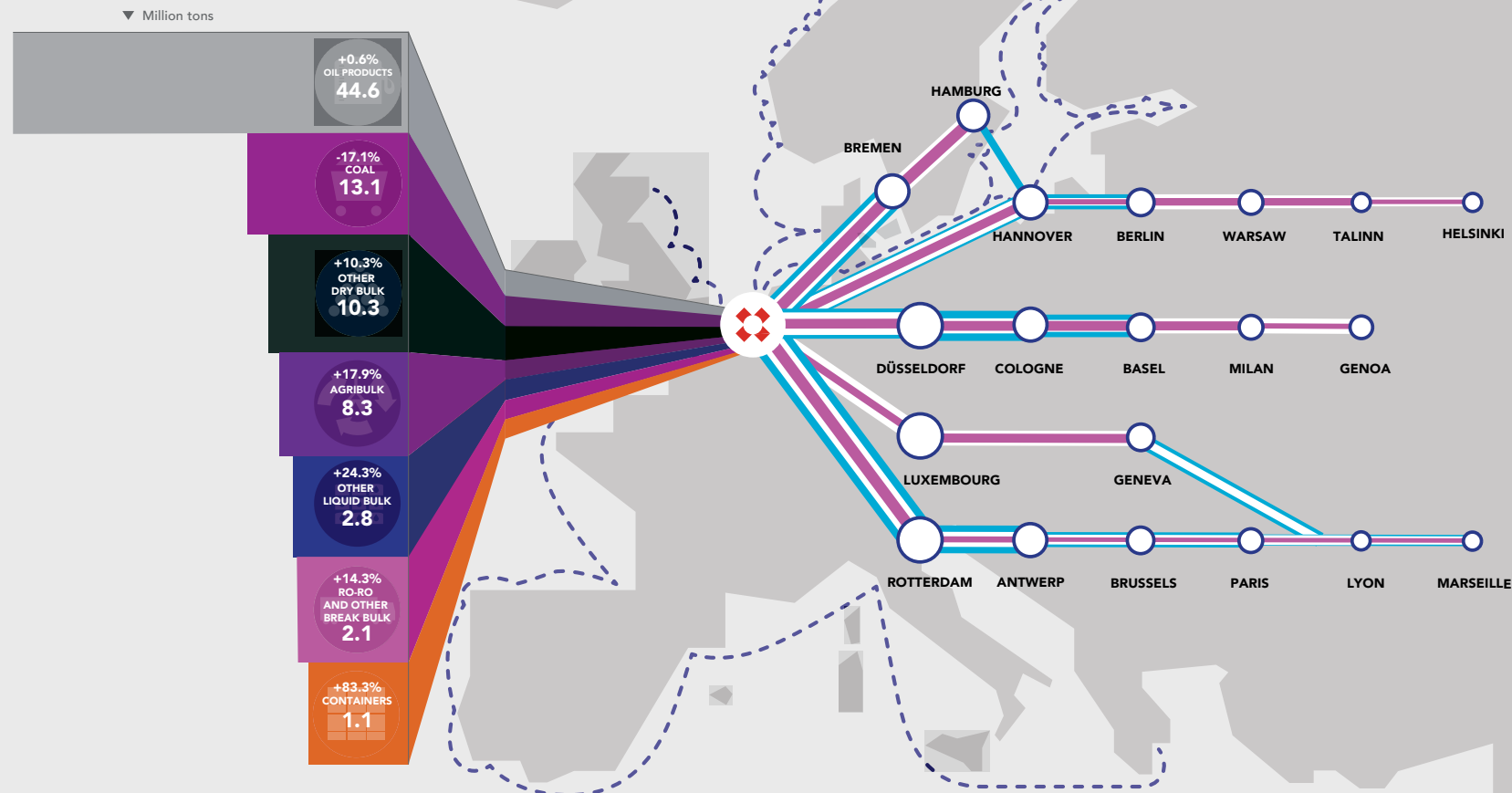
As an independent port authority we have the power to deliver growth and value. We create opportunities for innovative and enterprising collaborative work, in both existing and new areas of operation, within and outside the North Sea Canal Area, nationally and internationally. This is our mission: to create value by breaking new ground.

We believe that our roles and mission will deliver the best results if we do work collaboratively. As partners. By building – and facilitating – long-term relationships and by genuinely collaborating. That is the only way for us to develop our port into an agile and resilient environment where we can create lasting value for our stakeholders. Based on this belief, we position ourselves as the *Port of Partnerships*.



Connecting Europe

Throughput volume of the Port of Amsterdam



MARKET SHARE HAMBURG-LE HAVRE RANGE 2017

Rotterdam 37.2%
Antwerp 17.8%
Hamburg 10.9%
Amsterdam 8.0%
Bremen 5.8%
Le Havre 5.7%
Dunkerque 4.0%
Zeebrugge 3.0%
Zeeland Seaports 2.7%
Ghent 2.6%
Wilhelmshaven 2.4%

THROUGHPUT (in million tons)

Total	
82.3 ▲ +1.2%	
Port imports	Port exports
50.37 ▼ -0.36%	31.89 ▲ +3.83%

Our playing field

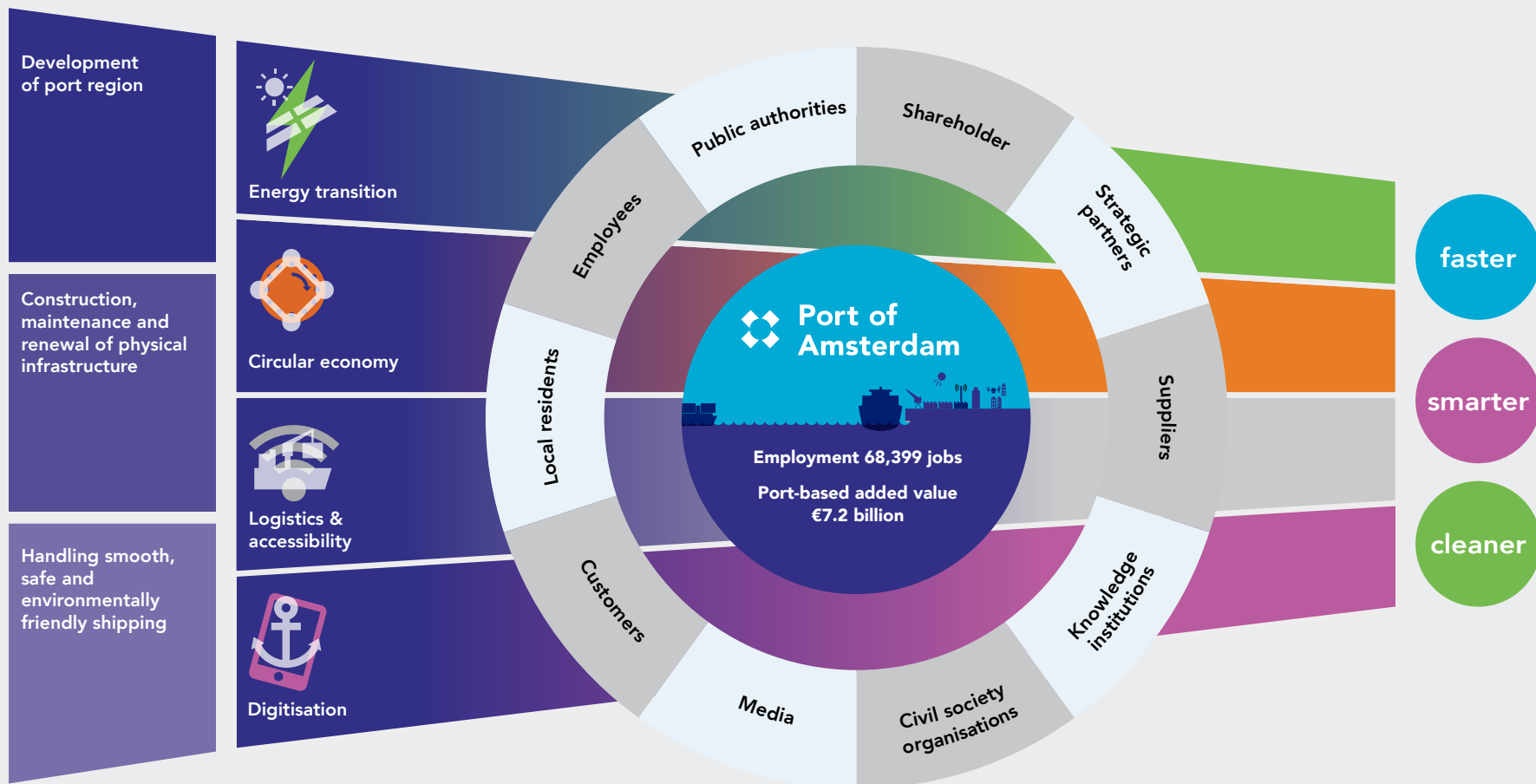
Supply chain model

Core tasks

Strategic roadmaps

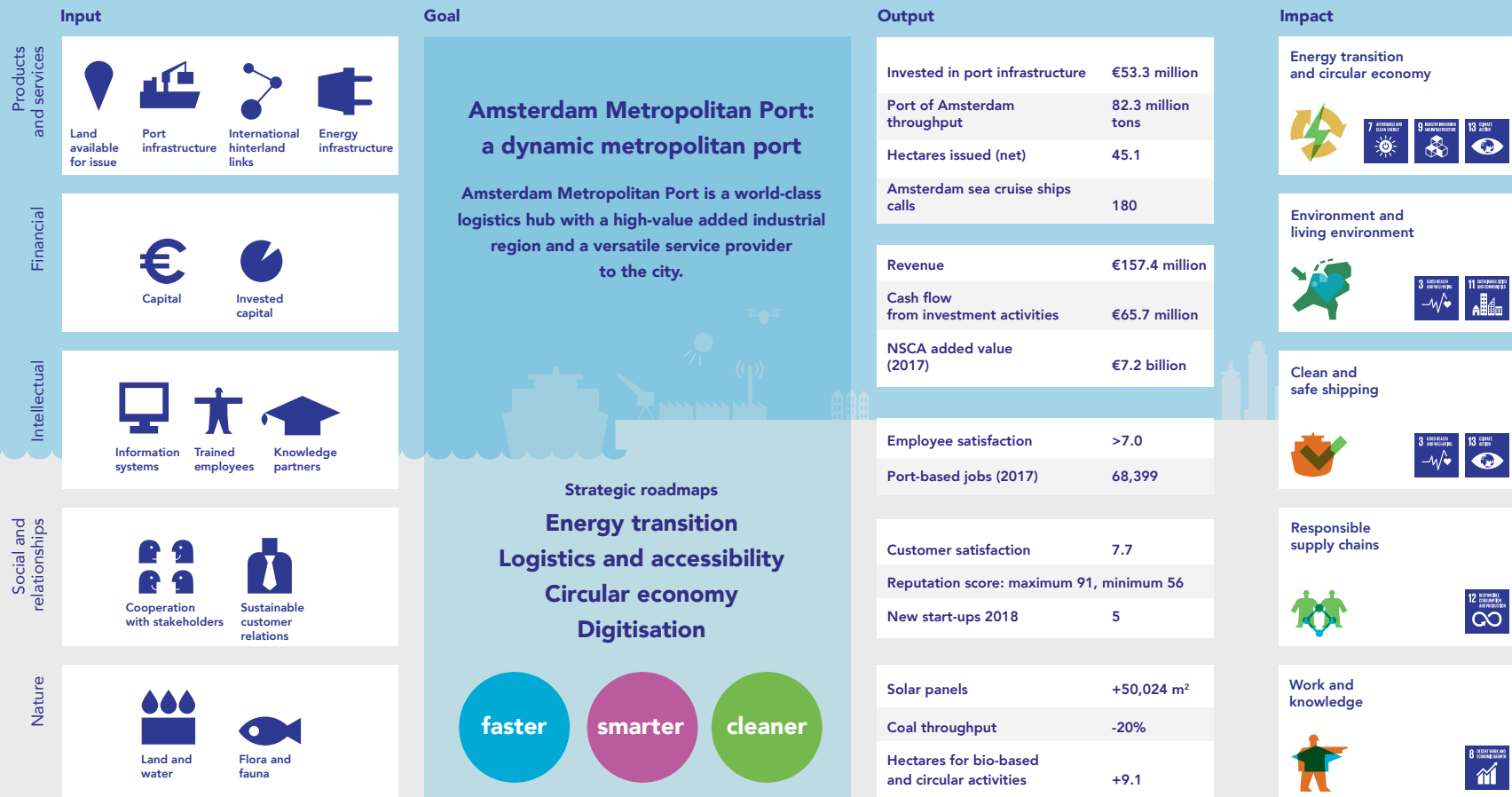
Stakeholders

Strategic pillars



Our added value

Value creation model



Port of Amsterdam develops the port area. We are also responsible for safe, smooth and sustainable shipping traffic. These different roles have a common purpose: to add maximum value to society, the region and the city in general and the port area in particular.

Our value creation model shows how we create added value for our stakeholders in the Amsterdam Metropolitan Region, the Netherlands, Western Europe and globally.

Our added value

Long-term value creation is a central tenet of our Corporate Governance Code and a key focal point of the overall strategy of Port of Amsterdam. This strategy focuses particularly on value creation in the mid to long term, while our value creation model is based on the principles of the IIRC (International Integrated Reporting Council).

The Port of Amsterdam has one of the best port infrastructures in the world with multimodal hinterland connections. The land available for issue and the existing

energy infrastructure make it attractive to invest in the future, for example, in the accelerated development of the port into a logistics engine for the Amsterdam region, the energy transition and the establishment of a circular centre. The creation of added value focuses on strengthening existing market clusters and networks, innovation and diversification, facilitating the attraction of new and promising market clusters and businesses. Boosting the energy transition and the circular economy also means that in some cases value is deliberately reduced, mainly by further reducing of coal throughput (see page 55). Central to our added value stance is our strategy comprising four strategic *roadmaps* (see pages 16 to 23): Energy Transition, Circular Economy, Logistics & Accessibility and Digitisation. In line with our 2017–2021 strategy, these

roadmaps lead to a [fast, smart and clean port](#).

Implementing these *roadmaps* forms the core of our mid to long-term strategy. This is how we are building a future-proof port that delivers increasing added value for the city, its customers and the surrounding area: the metropolitan port for Amsterdam.

See the [Stakeholder Dialogue chapter on pages 24 to 30 for a stakeholder analysis](#).

See the [Risk Management chapter on pages 65 to 75 for details on the main risks and mitigating measures](#).

Based on our strategy, we have quantified our output and defined our impact. The material themes defined in the impact column form the core of our policy (see pages 31 to 42). These themes are linked to our contribution to the United Nations Sustainable Development Goals for 2030. Our core activities concern the following SDGs:



Ensuring healthy lives and promoting well-being for all at all ages.



Ensuring access to affordable, reliable, sustainable and modern energy for all.



Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation.



Making cities inclusive, safe, resilient and sustainable.



Promoting responsible consumption and production.



Taking urgent action to combat climate change and its impacts.



Strategic roadmaps

Anticipating promising trends and developments

16

Anticipating promising trends and developments

Strategic roadmaps

In a fast-changing world, ports also operate in rapidly evolving contexts. Two major trends affecting key markets for our port are central to this scenario: energy transition and circular economy. Logistics and accessibility and digitisation are also important developments in our business climate.

Our ability to anticipate these trends and developments and offer quality to our customers, stakeholders and future investors determines the extent to which we can develop a successful and future-proof Port of Amsterdam.

We therefore streamlined our strategic initiatives and projects in the form of four strategic roadmaps in 2018.

For each roadmap we created multidisciplinary teams, which we embedded in an adapted governance structure, advising and supporting the commercial department and the Board of Directors. The roadmap teams are assessing quick wins and no-regret actions in the short term, as well as actions aimed at the medium and long term.

By focusing on roadmaps we can direct our projects and partnerships to achieving our goals, while implementing our business strategy even more effectively.



Energy transition



Circular economy



Logistics and accessibility



Digitisation

Strategic roadmaps



Energy transition

Renewable energy and sustainable raw materials are the essential pillars for a new energy and industrial system. Port of Amsterdam is already Europe's largest energy port. To consolidate our role as an energy port, we are looking for new cargo flows and means of generating sustainable energy. We are doing that jointly with businesses in the port, but also with other partners.

"Port of Amsterdam is setting space aside and investing in infrastructure and partnerships with customers, start-ups and partners to continue to be a sustainable international energy hub into the future."

Femke Brenninkmeijer,
Head of Energy, Cargo
& Offshore, Port of Amsterdam



Trends and developments

In and around the port, we see the way energy is generated and consumed changing: the energy transition is picking up speed. Power generation from sustainable sources such as solar and wind is growing, partly as a result of technological developments and increased scale. The emergence of these renewables means less demand from conventional generation and a decline in coal demand as well. This is reflected in the port's throughput figures recording a decrease in coal throughput for the fourth year in a row. Industry in the North Sea Canal Area also face a sustainability challenge. At the regional industrial Climate Table, Port of Amsterdam proposed an ambitious programme jointly with industry,

government bodies and grid operators. CO₂-emissions from industry can be halved by 2030 thanks to innovative developments in the areas of energy efficiency, electrification, use of residual heat, hydrogen and reuse of CO₂. The timely availability of sustainable electricity from offshore wind and infrastructure is essential in that regard.

In the fuel mix for transport and mobility, we expect strong growth in the share of biofuels in the years ahead, partly due to regulations on blending. Petrochemical oil products will still continue to play a major role in the coming years. While electric vehicles continue to grow in passenger transport, it is more difficult to increase the sustainability of heavy goods transport, whether in shipping, aviation or road haulage. Hydrogen is expected to provide a solution for these markets.

Our role in the energy transition

Port of Amsterdam is setting space aside and investing in infrastructure and partnerships with customers, start-ups and partners to continue to be a sustainable international energy hub into the future. In so doing, we rely on the following pillars:

- Scaling up sustainable energy production and storage;
- Attracting and facilitating the production of sustainable fuels and circular raw materials;
- Developing the necessary infrastructure for a sustainable transition.

Progress in 2018

In addition to these pillars we installed a large additional area of solar panels in the port area in 2018 in collaboration with our customers.

We also signed agreements for the construction of a biomass plant fuelled by prunings and wood waste. We also began investigating the feasibility of a 100 MW hydrogen plant at Tata Steel and the port was prepared for the installation of an LNG bunkering facility for seagoing ships in 2019. These are some examples of how we make space for activities that fit in with a sustainable energy system and a sustainable fuel chain.

Strategic roadmaps



Circular economy

The transition to a circular economy is fortunately inevitable. The extraction of primary raw materials is becoming increasingly costly, also leaving immense open wounds on the land around the world. What is more, waste flows still too often have a disastrous impact on the ecosystem. Driven by government policy and the power of innovation in business, major steps are being taken towards the Dutch government's goal of having a fully circular economy in the Netherlands by 2050. Our strategy enables us to anticipate the circular economy and commit to accelerating it.

"Port of Amsterdam is committed to working with customers to see how biotic waste flows can find increasingly high-grade uses."

Roon van Maanen,
Head of Circular & Renewable Industry, Port of Amsterdam



Trends and developments

Although we are moving rapidly towards that objective, we are still heavily dependent on primary raw materials, such as coal, oil and construction materials. If we look at the throughput and land use in the port, these types of materials remain dominant. Their use will decrease further with the transition to a circular economy.

Our role in the circular economy

Port of Amsterdam believes it is important to pursue diversification, by attracting new businesses and in particular by helping our existing customers to find new opportunities arising from the circular transition.

Progress in 2018

We see that the transition is already proceeding rapidly in the port, particularly in the processing of waste flows (household, industrial and construction waste) from the region and beyond. There are a growing number of businesses working on increasingly high-grade use of waste flows. This includes both new businesses and those that have been established here for years. IGES Amsterdam, for example, has begun the construction of a plant to process non-recyclable plastic into fuel, while Plastic Recycling Amsterdam has recently announced that it will build a state-of-the-art facility in the port to separate plastics with 99% purity. The result is an increasingly strong circular plastics hub in the Port of Amsterdam.

Another important circular cluster concerns flows from construction waste, where we are working hard to raise the potential for circular construction. Our customers' services are in such high demand that Beelen and PARO, among others, have embarked on major expansions in their circular activities. The bio-based cluster is also expanding. The production of energy based on biowaste was given a fresh boost in 2018 particularly from acquisitions and projects. Port of Amsterdam is committed to working with customers to see how biowaste flows can find increasingly high-grade uses. A good example is Chaincraft, which has installed a demonstration plant in the port that turns biowaste flows into fatty acids for use in animal feed. With these kinds of examples the port increases its added value for the region and makes a substantial contribution to the transition to a circular economy.

Strategic roadmaps

Logistics and accessibility

Good accessibility in the port remains a crucial success factor for customers in the port and for the port as a whole. Good accessibility cannot be taken for granted, however. The Amsterdam metropolitan region is growing rapidly, both in terms population and economic activity. Passenger and freight transport are therefore also growing rapidly, and that requires innovative solutions where Port of Amsterdam plays an important role.

“The Amsterdam metropolitan region is growing, therefore passenger and freight transport are also growing rapidly. That requires innovative solutions.”

Rob Smit,
Commercial Manager
Hinterland, Port of Amsterdam



Trends and developments

It is important for Port of Amsterdam that solutions in logistics and accessibility do not negatively impact freight transport. For example, we are engaged in intensive discussions with ProRail to ensure that the rail network can facilitate the growth of passenger and freight transport. We are discussing with the Municipality of Amsterdam the possibility of a river crossing over the IJ River that would not negatively affect the accessibility of the port for inland vessels

Our role in logistics and accessibility

To maintain good accessibility, we are building infrastructure in our port area, advising customers about the infrastructure on their sites, proactively engaging with projects of other infrastructure managers in the port and participating in infrastructure projects of the port and its hinterland. We are also continuously improving our nautical services and those of our partners.

We are optimising logistical processes by initiating and supporting projects that provide more efficient logistics and better use of existing infrastructure. These are in-house projects, such as more effective use of berths and logistical improvements for customers, for example through smarter cargo combinations.

Progress in 2018

Fortunately the accessibility of the port remains good, as is evidenced by Samskip's decision to launch a container service between Amsterdam and England in 2018. Samskip has also introduced a rail container service between Italy and Amsterdam, partly carrying cargo destined for the UK. To improve the logistics processes of customers such as Samskip in the Port of Amsterdam, we launched the 'Port Performance' programme – jointly with nautical service providers – with the goal of

optimising cooperation among parties such as pilots, tugs and Port of Amsterdam. This improves the possibility of preventing delays and guaranteeing logistical reliability.

An important aspect of accessibility is the upcoming construction of the new sea lock at IJmuiden. This will be the biggest sea lock in the world. Although further progress was made on its construction in 2018, completion has been delayed until 2022. Port of Amsterdam regrets this and emphasises the importance of continued efficient operation of the current North Sea Lock.

Strategic roadmaps

With regard to our customers and the role of the port, it is not only matters such as the construction of the major sea lock that are important, but also the developments in the port aimed at creating an intense urban distribution network. In 2018, for example, a construction hub was opened to help further reduce the number of vehicle movements to construction projects in the region. A number of operators active in deliveries to households relocated to the port in 2018. Good accessibility of the port thus helps meet the challenges in the metropolitan region. New initiatives in the field of logistics and accessibility will be undertaken in 2019.

At the request of the Amsterdam City Council, Port of Amsterdam issued an opinion on the Bridging the IJ project (Sprong over het IJ). Port of Amsterdam fully endorses the need for safe, smooth and sustainable shipping traffic on the IJ, as emphasised by the director of Central Nautical Management North Sea Canal Area. This is due to the unique and prominent place that the IJ occupies in the main European waterway transport network, which strengthens the competitiveness of the port region. On the other hand, it is difficult to predict the major changes the coming decades will bring in the transportation of raw materials as a result of the energy transition.



Commitment to efficient logistics and better use of existing infrastructure.

Strategic roadmaps



Digitisation

The Port of Amsterdam is a logistical and economic hub for the region. The physical infrastructure remains important for the time being, but we are meanwhile working at a time when everything and everybody is digitally connected, from social networks to the Internet of things. This provides opportunities for an information ecosystem that enhances the physical links, contributes to further growth and takes account of space, predictability and customer satisfaction.

"The principle behind our Digitisation roadmap is the strengthening of the ecosystem. We focus on start-up communities, design thinking, prototyping and technologies such as drones, sensors, blockchain and artificial intelligence."

Arjan Kampman,
Head of IT & Digital
Port of Amsterdam



Trends and developments

Further digitisation will strengthen the international role of the port. With our customers and partners we are investigating how we can optimally position the port in this digital environment. Technological innovation and digitisation will be used to devise and implement solutions jointly with customers and partners. That will allow us to work faster, smarter and cleaner and to become Europe's port of choice.

Our role in digitisation

The Port of Amsterdam is relatively compact. That makes it easier to explore new business models with committed customers and partners based on other roadmaps. In the Port of Amsterdam we are focusing on start-up communities, design thinking as well as prototyping and technologies such as drones, sensors, blockchain and artificial intelligence. That is how we are building more efficient operations and creating an optimum climate for innovation. Port of Amsterdam facilitates, invests and brings companies together. The more digital we are as a port, the more flexibly we can operate in a changing world.

Developments in 2018

Technology makes it easier to share information safely with our customers, but also with other all other partners throughout the port chain. Due to the wide diversity of information systems used by the many parties in the North Sea Canal Area, we devoted particular attention to cybersecurity in 2018. For this reason, we launched a cybersecurity programme focused on the Port of Amsterdam's IT infrastructure, the awareness and resilience of the port community and the legislation in the field of port security with the application of the International Ship and Port Facility Security Code (ISPS). We developed innovative products in compact multidisciplinary teams, together with customers and partners, guided by the principle of value creation for our customers and other stakeholders.

In 2018, Port of Amsterdam introduced a number of smart applications delivering further improvements in customer experience and operating performance. Most revolutionary among these is Poseidon, a tracking system developed specially for barges, allowing shipping companies to know at all times where their barges are located and automatically charging them for the time the barges stay in the port. Poseidon is an open source system, so it will ultimately also be available for other European ports to use. Another application is DSP (dynamische sluisplanning), which allows dynamic lock planning. A new release enables ship owners and agents not only to plan their lock passages better, but also to check the availability of pilots and tugs, hence minimising waiting times. The Easydock online application was also brought fully into service in 2018, enabling river cruise companies to check availability and reserve berths. Port charges are now also invoiced through Easydock.

Strategic roadmaps

Other strategic initiatives

Since the focus of our activities is based on four strategic roadmaps, the majority of the projects, programmes and initiatives are covered by these roadmaps. That once again demonstrates the strength of these roadmaps, which comprise and guide the vast majority of our strategic activities. Aside from the four roadmaps, we have other strategic and tactical initiatives, which were determined by the Board of Directors and assigned to the newly formed Project Management Office (PMO, see page 78).

Amsterdam Joint Fire Brigade

A development plan for the Amsterdam Joint Fire Brigade (GBA) was completed in 2018. The GBA will be financed by the Amsterdam-Amstelland Safety Region, Port of Amsterdam and a cooperative grouping of companies to be established by businesses in the port area. The development plan includes a fire station in the port area that will be manned 24 hours a day and equipped with a basic vehicle and an industrial vehicle specially designed to fight industrial fires. The new fire station will also rehearse various scenarios with the participating businesses. In 2018, a campaign was launched to sign up more businesses to the join the cooperative. This campaign will continue in 2019.

The Amsterdam Court of Auditors conducted an investigation into fire safety at the port in 2018. The main finding was that improvements were required and that these would be largely fulfilled by the creation of the GBA. Arrival times will improve and the companies' knowledge of fire safety will be increased and maintained. There will also be better coverage of risks. The new station will be located at Galwin, at the centre of the port area. The construction plans have been drawn up and the environmental permit has been applied for. The GBA is expected to be operational in 2021.

Prodock 2.0

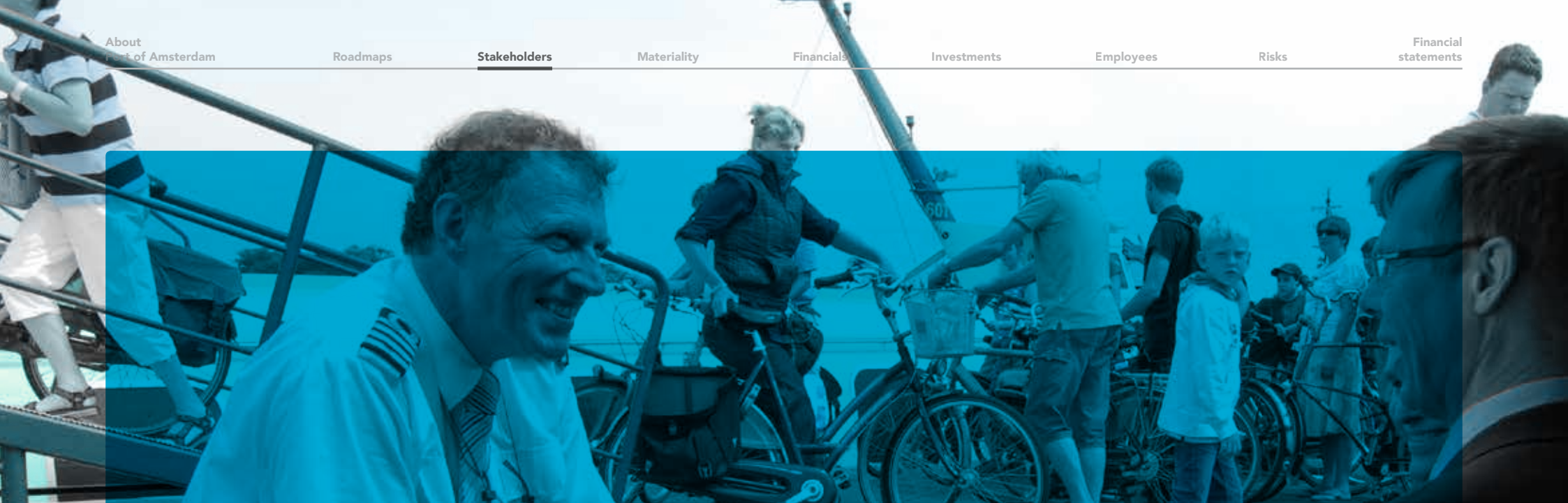
In 2018 Port of Amsterdam launched a study to find more physical space for Prodock, the successful incubator for industrial innovators on Amsterdam's Moezelhavenweg.

Prodock provides space for innovative entrepreneurs to launch new products and businesses in the field of energy transition, bio-based and circular economy and digitech, allowing us to foster innovation in the Amsterdam Metropolitan Region. After taking advantage of temporary accommodation in offices, workshops and outdoor space, innovators can move on to larger locations, either in the port or elsewhere. The incubator also allows for cross-fertilisation with other businesses in the port, giving rise to new partnerships. Since its launch in 2015 the concept has helped more than 19 innovators to develop their innovations. In view of this success, we are planning a further scale-up of Prodock.

New Technical Coordination Centre (TCC)

New premises are being built for the operational patrol service, the inspectors and the Port Office & Technical Service department of the Harbour Master's Division. This is taking place alongside the existing site on Capriweg, in the centre of the port area. This location is also where Port of Amsterdam stations its patrol vehicles and where the patrol service shift changes take place. The current office premises have become too small and are no longer compatible with new forms of work and accommodation requirements. The goal is to create a sustainable and circular building which has a BREEAM Excellent certification for its sustainability performance.

In 2018 the final design, drawings and specifications were produced, the environmental permit was issued and a market consultation was conducted for the construction tender. The building of the new TCC is scheduled to start construction after the summer of 2019.



Stakeholder dialogue

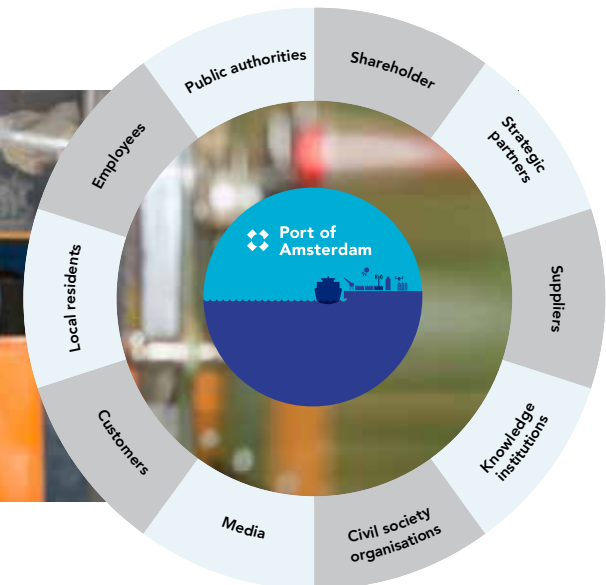
Engaging with our communities

24

Engaging with our communities

Stakeholder dialogue

At Port of Amsterdam we maintain constant contact with our wider community and thereby monitor the impact of our operations. Port of Amsterdam has diverse groups of stakeholders and strives to maintain a regular dialogue with them to learn of any issues and any criticisms they may have.



We maintain contact with our stakeholders in various ways, in various groups and at various times. We carried out an initial stakeholder analysis in 2015, defining nine stakeholder groups on the basis of roles, interests, needs and influence. This definition was reviewed in 2018 and found to be still relevant. The stakeholder groups are:

- **Government bodies:** municipal authorities, provincial authorities, central government (ministries), government organisations and the European Union. This group also includes official and political bodies, including the mandate issuers for the Harbour Master's Division;
- **Strategic partners:** partners with which a partnership agreement has been entered into to achieve shared goals;
- **Suppliers:** operators supplying goods or services to Port of Amsterdam;
- **Knowledge institutions:** research institutions, colleges and universities;
- **Civil society organisations:** organisations with a social objective;
- **Media:** journalistic organisations and opinion leaders;
- **Customers:** businesses that are established or looking to locate in the Amsterdam Port area or the port region. Businesses that store, trans-ship, transport or produce goods, provide services or develop new services and users of the waterways that we manage;
- **Local residents:** private individuals and organisations based around the Port of Amsterdam and the surrounding region;
- **Port of Amsterdam:** from employees to the Supervisory Board and our shareholder, the Municipality of Amsterdam.

We discussed a range of themes with these groups in various ways in 2018. We also maintain a regular dialogue with a number of stakeholder groups, addressing a range of specific issues.

Stakeholder dialogue

Stakeholder group	Example of regular dialogue	Examples of themes discussed	Specific issues discussed
Governments	The North Sea Canal Area Administrative Platform meets three times a year. It comprises the province of North Holland, the municipalities of Velsen, Beverwijk, Haarlemmermeer, Zaanstad and Amsterdam, the Directorate-General for Public Works and Water Management for Western Netherlands North, the Ministry of Infrastructure and Water Management, IJmuiden Seaport, Tata Steel and Port of Amsterdam.	Environment and living environment Energy transition and circular economy	Port of Amsterdam is working with the province of North Holland, the municipality of Velsen, Tata Steel, IJmuiden Seaport and Amsterdam IJmuiden Offshore Ports (AYOP) on negotiations with the central government (Ministry of Infrastructure and Water Management) on the construction of an energy port located before the lock complex .
Strategic partners	We have a seat on the board of Mainport Innovation Fund II.	Partnerships Logistics and accessibility Sustainable port	In 2018, we joined forces with Nouryon and Tata Steel to assess the feasibility of a green hydrogen cluster in the Amsterdam region.
Suppliers	Project-based tender processes.	Sustainable business operation Energy transition and circular economy Sustainable port	In 2018 we issued a call for tenders for a circular cycle path through the port, with the key requirements of circular design, circular material use, biodiversity and the limited CO ₂ -emissions.
Knowledge institutions	We work with a range of educational institutions to share knowledge by setting challenges for students. Each year we take on approximately 10 interns.	Innovation Work and knowledge Partnerships Energy transition and circular economy	We took part in knowledge evenings at Pakhuis de Zwijger on a number of occasions in 2018, covering a range of themes such as the Energy Transition Port Evening.
Civil society organisations	Discussing opportunities with people at a disadvantage in the labour market. Exchanging views and creating mutual understanding.	Sustainable port Logistics and accessibility Environment and living environment Work and knowledge	In 2018 a group of colleagues took part in a job application training course for students in vocational education. This is based on our participation in Alliance for Youth. As a partner we are committed to preparing young people for the labour market.
Media	Regular background discussions take place on various subjects with representatives of the media .	Environment and living environment Energy transition and circular economy Logistics and accessibility Responsible supply chain	Our communication staff received various information requests from the media in 2018. A response was sent to each enquiry.

Stakeholder dialogue

Stakeholder group	Example of regular dialogue	Examples of themes discussed	Specific issues discussed
Customers	Our employees are constantly in contact with customers concerning their requirements, needs and obligations.	Sustainable port Energy transition and circular economy Innovation Responsible commercial chain Preferred port	In 2018 we organised a session on our vision of 'Cargo that carries responsibility'. We discussed this theme with our customers.
Local residents	Communication through social media (webcare) and at regular residents' meetings (4x).	Quality of life and the environment	We communicated through social media on odour and noise nuisances. During the residents' meetings we discussed quality of life in relation to the presence of river cruise ships.
Port of Amsterdam	Our Works Council takes part in consultations with the Board of Directors on a monthly basis.	Sustainable operations Environment and living environment Clean and safe port Work and knowledge Sustainable employment	Sessions were organised for each employee on the theme of sustainable employment in 2018.

Stakeholder dialogue



In addition to continuous dialogue with these stakeholders we also conduct specific surveys, which give us an overall picture from a broad stakeholder perspective.

Reputation survey

Port of Amsterdam conducted this survey for the first time at the end of 2015. The goal was to assess our reputation among relevant stakeholders and to monitor it actively in subsequent years. The stakeholder groups we approached were: government bodies, strategic partners, suppliers, knowledge institutions, civil society organisations and media. We evaluated these results internally and drew up a stakeholder policy with the senior management of the port authority. This revised policy has been included in the [2017-2021 Strategic plan](#). A central aspect is the strengthening of the stakeholder networks and promotion of the energy transition. The results were also fed back to the stakeholders by means of a management summary and discussed with them in stakeholder sessions.

After assessing the score from the first results in 2015, Port of Amsterdam decided that in 2021 the minimum reputation score of each stakeholder group should be 71. This corresponds to a good reputation in the BHRM Reputatiebarometer®, which is used as a benchmark. A new measurement took place at the end of 2017. The results were published in 2018. The customer group was added to the existing selection of the stakeholder groups to be approached.

Between the two measurements we have seen our reputation increase among almost all groups. Civil society organisations gave us similar scores as before and customers were included in the survey for the first time. The results show that we have a strong reputational profile and that there is support among stakeholders for the objectives of Port of Amsterdam and by extension for the port itself. In this regard, additional attention should be devoted to the dialogue with the civil society organisations. In 2018, for example, we actively invited civil society organisations to information meetings at Pakhuis de Zwijger, in which Port of Amsterdam played a prominent role. We also discussed initial ideas for regular consultations with civil society organisations last year and are developing these ideas further in 2019.

Customer satisfaction survey

The annual customer satisfaction survey was conducted in the spring of 2018. Customers awarded a score of 7.7, which was 0.1 point higher than the result in 2017. Our goal is to achieve a score of 9 in 2021. Various measures have been taken to meet this target. One example is that together with the Port of Rotterdam Authority Harbour Master's Division we have implemented an improvement process to simplify the 'electronic reporting to the harbour master' process through Portbase's Port Community System (PCS).

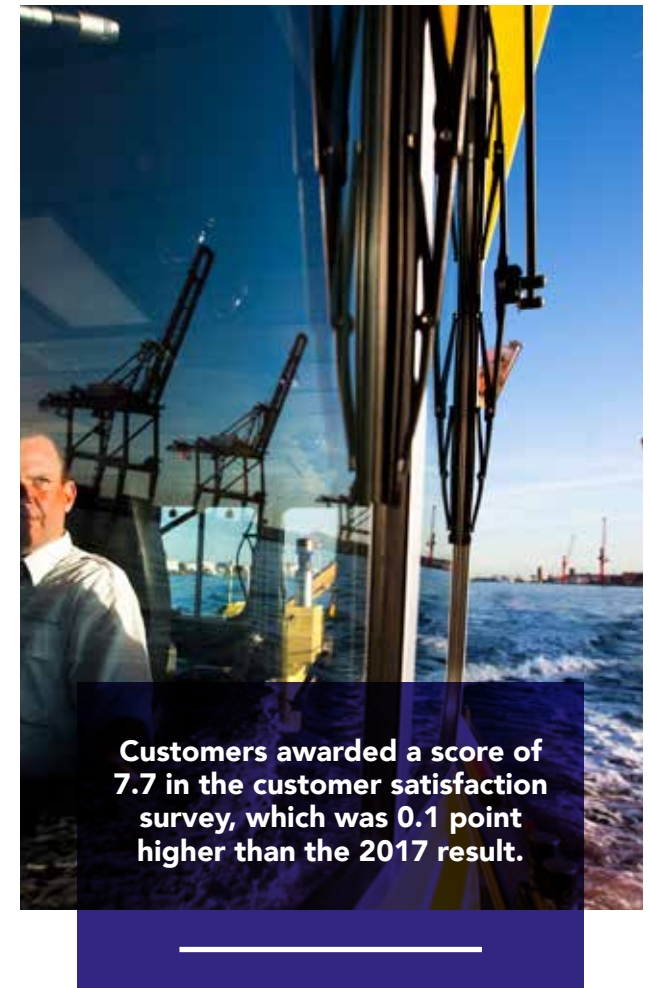
Stakeholder dialogue

Survey of waterway users

Customers using waterways constitute an important stakeholder group for us. When Port of Amsterdam became an independent entity in 2013, it was agreed that a survey of this stakeholder group would be conducted at least twice. The aim of these surveys – conducted in 2014 and 2017 – was to gauge opinions on the quality of the Harbour Master Division's nautical services. The results cast light on the opinions of users, contain recommendations and show comparisons with organisations similar to ours. The Harbour Master's Division included these insights in its strategy. The survey will be repeated in 2020.

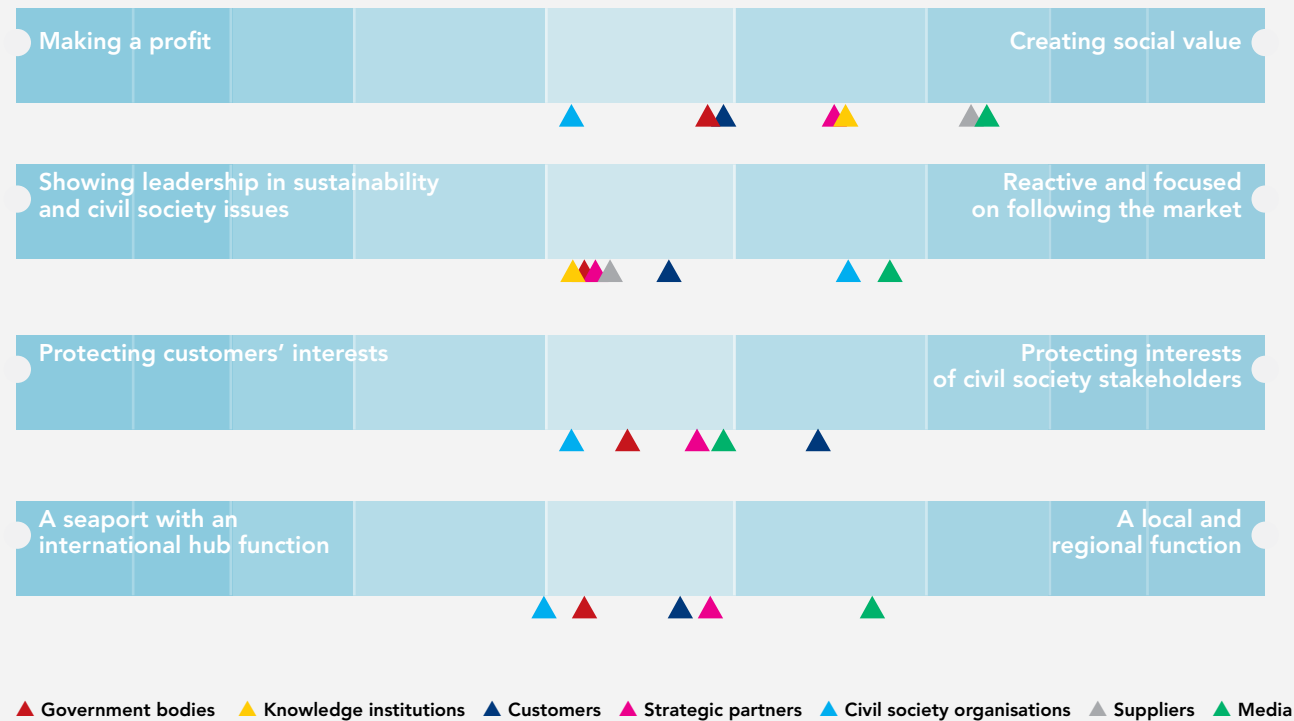
Employee survey

We conduct an employee survey every two years. In the 2018 survey, we see a slight dip in employee satisfaction in most areas, although the scores remain relatively high. The HR chapter provides further details on the employee survey (see page 63). This chapter also explains what happens to the improvement suggestions employees make.



Stakeholder dialogue

Port of Amsterdam's positioning perception in each stakeholder group



Issues

As an organisation with a diverse range of stakeholders, it is inevitable that stakeholder dialogue includes problems. The most important issues in the stakeholder survey were:

- Weighing up profit against the creation of social value;
- Showing leadership in sustainability and civil society issues versus a reactive policy aimed at following the market;
- Protecting customers' interests versus protecting the interests of civil society organisations and other stakeholders;
- Focus on a seaport with an international hub function versus a focus on a port with a local and regional function.

In addition to the issues highlighted by each shareholder group, attention in 2018 was focused on:

Port-City growth of the city and the municipality's plan to build residences in the port area (Port-City development strategy) versus sufficient space for circular and other companies in the port;

Bridging the IJ a bridge the municipality wishes to build across the IJ to achieve the necessary improvement in the link between the city and Northern Amsterdam versus a solution compliant with the nautical conditions of the Directorate-General for Public Works and Water Management and Central Nautical Management North Sea Canal Area.



Materiality

Social relevance

31

Social relevance

Materiality

We believe it is important to know what is happening around us and to stay in contact with our stakeholders. That helps help us to anticipate social developments. The materiality analysis is an important part of that. It tells us what our stakeholders expect of us and what they think of our activities.

Explanation of materiality matrix

In 2017, we carried out a materiality analysis that resulted in the materiality matrix shown in the 2017 annual report. The result showed us where and in what themes we create value or have an impact. These are our material themes. Our policy and strategy are based partly on these themes.

The materiality matrix also forms the basis for determining the content of the annual report, as we want to inform our stakeholders about developments in the themes they consider most relevant.

The material themes are discussed in detail in the chapter on Materiality (pages 33 to 41). The other non-material subjects are also explained briefly in this chapter.

The materiality analysis is carried out every two years according to an established process in which stakeholder consultation forms is an important element. We are currently evaluating this process. If necessary we will adapt this process for the following materiality analysis in 2019. We incorporate new knowledge and insights into this process, because the world around us is not standing still. In comparison with the 2017 matrix, for example, we have combined a number of themes or slightly adjusted the names. The result is clearer and more closely aligned with our strategy and current developments.

The combined themes are:

- Sustainable energy production, bio-based and circular economy → Energy transition and circular economy;
- Environmental impact of the port and Connection with the city → Environment and living environment;
- Clean shipping and Safety → Clean and safe shipping;
- Labour market and training and good employment practices → Work and knowledge;
- Accessibility and multimodal accessibility → Logistics and accessibility.

As well as the combination of labour market and training and good employment practices into Work and knowledge, this theme was also considered to be more material. This is due to the following developments and insights:

- The organisation was explicitly engaged in promoting sustainable employment in 2018. See also the Our employees chapter (page 62);
- Compared to the 2017 materiality analysis, we will assess the theme of 'Work and knowledge' from a broader perspective. We believe it is not primarily the impact on our own organisation that is significant, but precisely our added value for employment and knowledge development in the port area and region, as well as the activities related to the port and the existing partnerships. This new insight has led to the theme being considered more material.

We have redefined the theme of Chain Responsibility as Responsible supply chain.

Based on the above, the materiality matrix that applies to Port of Amsterdam is that shown on page 33.

Materiality matrix for Port of Amsterdam



Summary of less material subjects

- 1 Digital port
- 2 Biodiversity
- 3 Intensifying use of available space
- 4 Logistics and accessibility
- 5 Partnerships
- 6 Preferred port
- 7 Customer satisfaction
- 8 Transparency
- 9 Sustainable operations
- 10 Innovation power

Material themes and relevance

- Energy transition and circular economy
- Environment and living environment
- Clean and safe shipping
- Responsible supply chains
- Work and knowledge

Relevance: ● Economic ● Environmental ● Social

Overview of material themes

This chapter deals in more detail with material themes, where relevant on the following three levels:

- Organisational level
- Port level
- Supply chain level

The material themes are set out in greater detail below. These have been quantified as far as possible in the framework of the GRI (Global Reporting Initiative).

Explanation of material subjects and influence levels

Port of Amsterdam has a certain influence and a certain impact on the themes referred to in the materiality matrix.

We distinguish three levels:

- High influence and low impact: internal business operation of Port of Amsterdam;
- Moderate influence with considerable impact: Amsterdam port area;
- Low influence but high impact: goods and logistics chain.

Levels of influence in relation to materiality

Our levels of influence also result from our options for taking action, which are greater locally than in international supply chains. In our vision [Cargo that Carries Responsibility](#), which was published last year, we explain our options for taking action with regard to the supply chain.



Materiality



Energy transition and circular economy

What it means for us

For the North Sea Canal Area the Port of Amsterdam is an important catalyst for the energy transition. We are therefore committed to stimulating and accelerating the energy transition and a circular economy.

Organisational level

Port level

Supply chain level



Increasingly sustainable operations

When increasing the sustainability of our own operations in 2018 the emphasis was on the sustainability of our own fleet. For example, the tender procedure was launched for the conversion of three of the four patrol vessels to hybrid power. We also started two circular purchasing processes in 2018. These were for the acquisition of a new management vessel and the creation of a circular cycle path in the Amsterdam port area. These two pilot projects are intended to enable circular procurement to be incorporated in our purchasing process.



Removing barriers to innovation

Sustainable businesses have to overcome a number of barriers. Sometimes, for example, it is difficult for

innovative businesses to find space for trial installations or the progress of projects is held back by the subsidy and permit process. With Prodock we are therefore facilitating an innovative in-house incubator. At the opening of Prodock in June 2016, the goal was to establish 15 start-ups by 2021. In 2018, we were already four start-ups ahead of that target. Our Greenlane service enables us to simplify, accelerate and ease the licensing process for the establishment or expansion of start-ups. But we are also encouraging sustainable energy generation, making it easier for customers to purchase solar panels. With the [Sun in the Port'](#) (Zon in de haven) project, for example, we supported 17 sites with feasibility studies and subsidy applications in 2018.



Strategic port development

Care is required when clustering sites and selecting optimum locations. As land becomes increasingly scarce, key focal points in the granting of land are the added value for the circular economy and a constructive contribution to the energy transition. For the port development the establishment of the energy infrastructure in the region is an important challenge for the years ahead. Partly for this reason we joined forces with Nouryon and Tata Steel in 2018 to gauge the feasibility of a green hydrogen cluster in the Amsterdam region. Large-scale production of green hydrogen, powered by offshore wind, makes it possible to take a major step towards climate-neutral and circular industry. It supports our plans in the production and

storage of synthetic fuels and emission-free mobility. It also enables us to support the climate goals of the Dutch government. Coal throughput is being scaled back further to boost the energy transition and the circular economy.



Cooperation, lobbying and research

In 2018, we took part in the regional Climate Table for industry in the North Sea Canal Area as part of the broad national climate consultations. We believe it is important to work with partners to make a difference by putting the energy transition and circular activity on the agenda. We also advise commercial operators investigating the production of alternative fuels in the port and instigate various sustainability projects. These include hydrogen, synthetic kerosene and the renewal of energy systems and infrastructure in the region.



Materiality



Environment and living environment

What it means for us

As part of the Amsterdam Metropolitan Region the port is a busy, densely populated area that combines residential, business and leisure use as well as natural resources. Port of Amsterdam therefore has firm plans for sustainability in and around the port. For example, we aim to minimise our impact on the environment and stay in harmony with our immediate surroundings.

Organisational level

Port level

Supply chain level



Clean in-house operations

We stated our target of reducing our CO₂-emissions by 25% in 2021 compared to 2014 (2,690 kilotons). We achieved this target in 2018, but we are not sparing any efforts to achieve further reductions.

For example, in 2018 we started using blends with renewable fuel for our patrol vessels. Currently, this is the biggest contribution to the reduction of our own CO₂ emissions. This type of change reduces not only our own CO₂ footprint, but also cuts the average emissions in the

port area. As well as blending, work started on the tender procedure to convert three of the four patrol vessels to hybrid power.



Cooperating with partners around concrete projects

In the port area we work with established partners to reduce the environmental burden and nuisance. For example, in 2018 we expanded the [Audibly Quieter](#) noise nuisance programme (Hoorbaar Minder) following its success. Also in 2018, as part of the 'Odour Insight quality of life' project, measurements of odour nuisance in the Amsterdam port area were expanded with the installation of 'e-noses'. An additional 46 e-noses were added to the existing 41 in 2018.

Alongside these programmes we are also monitoring air quality by observing the trend in emissions. The Municipal Health Service (GGD) measures the emissions in and around the port area every year. These emission measurements provide a broad indication of the trends and developments in the port's air quality. If we look at the development of PM10 particulate matter, we see a slight increase compared to 2017. This appears to be a national trend. A more detailed analysis of this increase will be carried out in mid-2019 in the Report on Air Measurements in the Amsterdam Port Area of GGD Amsterdam.

CO₂-footprint of the Port of Amsterdam organisation*



2018	2017	2016	2015	2014
CO ₂ -footprint of Port of Amsterdam (CO ₂ x 1,000 tons)				
2.06	2.14	2.39	2.52	2.69
Trend in CO ₂ -footprint in %				
-3.8%	-10.2%	-5.4%	-6.2%	-
Overall development of CO ₂ -footprint compared to 2014				
-25.6%	-21.8%	-11.6%	-6.2%	-

* Data for 2014 to 2017 have been marginally adjusted. These adjustments are due to the inclusion of the Port Operations Centre (IJmuiden) with retroactive effect. A more detailed breakdown of the CO₂-footprint figures can be found in appendix 3.

Emissions in port



2018	2017	2016
PM10 particulate matter (in ug/m ³)		
20.0	19.4	20.4
NO ₂ nitrogen (in ug/m ³)		
24.0	24.7	25.3
SO ₂ sulphur (in ug/m ³)		
0.9	1.1	1.1

Source: Annual report by GGD Amsterdam on behalf of Port of Amsterdam.

Materiality



Intensifying use of available space

We help customers to adapt the port infrastructure on their own sites so that they can intensify their activities without occupying an increased area. In 2018, for example, we helped Van Egmond Potgrond and Struyk Verwo to stack consignments in an innovative and sustainable way.



Biodiversity

We aim for a functional, attractive and sustainable organisation of public space. Increasing the biodiversity in the managed area is one of the priorities for Port of Amsterdam. This year biodiversity was given an extra boost by the construction of the open water storage on Kaapstadweg. When planting new trees care is taken to include a mix of varieties that increases biodiversity. Being aware that we are already doing a lot on this theme, it was decided to take a more coherent and connected approach in 2019 and to further intensify the biodiversity policy.



Knowledge exchange and cooperation

Together with other partners in the Dutch maritime sector, we are members of the Clean Shipping Platform. This platform delivers on the sector's promise to adopt a broad approach to the problem of emissions.

The platform works for the entire chain – from ship owners to shipyards, from suppliers to government bodies and interest groups. It adds value because it tackles emissions from within the sector itself. In cooperation with environmental organisations and other partners, we bring together business and environmental interests.



In the port area we work with established partners to reduce environmental impact and nuisance. For example, in 2018 we expanded the Audibly Quieter noise nuisance programme following its initial success.

Materiality



Clean and safe shipping

What it means for us

Port of Amsterdam embraces the development of a sustainable and safe shipping sector. Our vision of clean shipping can be found in the report entitled '[Visie Schone Scheepvaart](#)' that was published at the end of 2017.

 Organisational level

 Port level

 Supply chain level



Safety awareness

The Harbour Master's Division introduced the Just Culture programme for operations in 2018. This involves lock keepers, traffic managers, port officials and inspectors who carry out activities associated with the operational, public duties of Central Nautical Management North Sea Canal Area. The aim of this internal programme is to draw the fullest possible lessons from accidents and near misses. This requires a safe environment in which insights and experiences are openly shared with each other, as well as clear procedures for assessments. In that way an incident becomes a valuable lesson for others. A number of incidents were investigated in 2018 and were published and discussed internally for learning purposes. Just Culture will be replaced in 2019 with a more extensive programme to make the discussion of accidents and near misses more commonplace among employees.



At the helm

The need for insight into CO₂-emissions became more pressing in 2018, partly due to the development and implementation of the Climate Agreement. At the end of 2018 a comprehensive project was launched to assess emissions from shipping and those from the port area. The resulting insight enables us an organisation to determine where we can achieve emission reductions that have a real impact through cooperation, lobbying or other measures.



Regulations, supervision and enforcement

As the port authority, the Harbour Master's Division supervises compliance with national laws and regulations, including with regard to the environmental impacts of shipping. This usually has an alert function for the involvement of partner organisations. Where necessary, Port of Amsterdam sets specific rules which are then included in the Amsterdam port regulations, such as rules on waste disposal by ships and compulsory use of vapour return pipes during transshipments of volatile organic compounds, such as gasoline. Seventeen cases of water pollution were detected or reported to the Harbour Master's Division in 2018, compared to 30 in both 2016 and 2017 (see appendix 4 for details).



A stimulating pricing policy

Port of Amsterdam rewards cleaner seagoing and inland vessels with a discount on the port dues based on ESI certification and [Green Award](#). In 2018, we gave discounts to 27% of incoming vessels, considerably more than in previous years.

Port of Amsterdam ESI certification



2018	2017	2016
% Clean ships with ESI discount		
27%	20%	17%

An incentive policy was also introduced for sea cruise ships reporting their emissions in 2018. A total of 39 reports were received from five individual ships. This number was insufficient to determine the baseline for a valid incentive policy. The rewarding of emission reports is therefore being continued in 2019. The aim of the intended incentive policy is to contribute to the desired 50% emission reduction from sea cruises in 2030.

Materiality



Facilities and services

Port of Amsterdam acts as a co-investor or encourages market operators to invest in facilities that promote clean shipping. In 2018, we invested €440,000 in the construction of shore-based power facilities. Additional facilities were also built for the collection of ship-generated waste and for a degassing installation for inland tanker shipping.



Knowledge exchange and cooperation

Port of Amsterdam seeks collaboration with other ports to achieve effective measures that do not disrupt the playing field. With Port of Rotterdam we coordinate waste plans, port regulations and associated procedures, for example with regard to LNG bunkering. By working with other ports in the International Association of Ports and Harbours (IAPH) we contribute to the [World Ports Sustainability Program](#), for example in the Environmental Ship Index and Clean Marine Fuels projects. As a member of the European Seaport Organisation we also exchange best practices at European level with other European ports and benchmark our performance in the field of clean and safe ports.


Materiality



Work and knowledge

What it means for us

Over 70,000 people work in and around the port. The port is therefore a hugely important source of employment and knowledge for the region. We take part in various working groups and committees to share knowledge and collaborate on various subjects. For further quantitative information on employment in the port, see page 54.

 Organisational level

 Port level

 Supply chain level



Long-term employability of staff and social engagement

Port of Amsterdam is committed to promoting the sustainable employment of personnel (see page 62). We also actively support Emma@Work, Alliance4Youth and JINC, all organisations that help young people improve their employability in the labour market.



Attracting innovative entrepreneurs and the use of work/training companies

With the establishment of new businesses in the port area we promote employment in the Amsterdam Metropolitan Region. With our Prodock innovation hub we try to attract young, innovative businesses. These young businesses enable us to create a wide range of jobs and also help futureproof our business climate. Finally, in our management and maintenance contracts, we try as much as possible to cooperate with social work-training companies in our community.



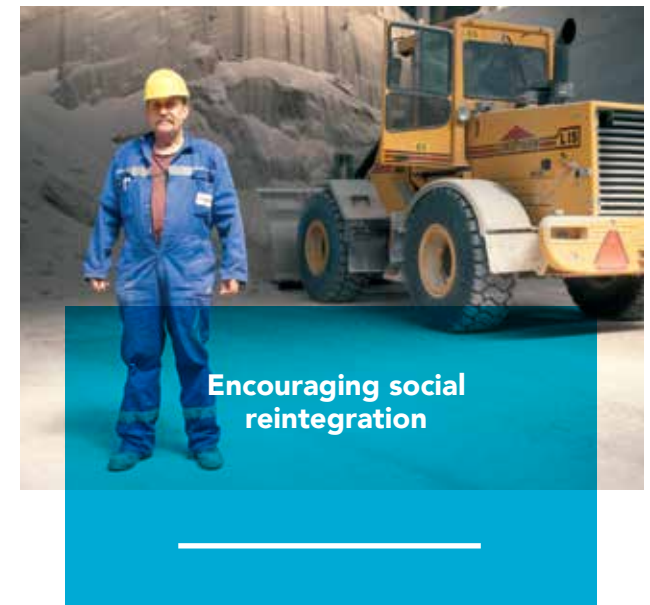
Acting together, combining and sharing knowledge

A great deal of knowledge is available outside and inside our organisation. It is necessary to combine different types of expertise in order to operate smarter, faster and cleaner. Our organisation is therefore fully committed to efficient cooperation in various areas in the maritime sector and in the region. Port of Amsterdam is the pivot of a wider ecosystem, so acting alone is not always appropriate. An example of joint activity in the international maritime sector is our participation in Project Neptunes. We continued this collaboration in 2018, for example jointly conducting an international study to investigate noise originating from moored ships. With the results of this study we hope to improve quality of life around ports – including the Port of Amsterdam.



Social return

We believe our suppliers have a duty to increase the employability of people at a disadvantage in the labour market or to facilitate social reintegration. We therefore include this as a requirement in our tender processes. Through the social employment organisation Pantar, Port of Amsterdam provides employment for 46 people at a disadvantage in the labour market, the same number as in 2017.



Encouraging social reintegration

Materiality

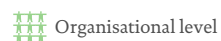


Responsible supply chains

What it means for us

The Amsterdam port region is one of the world's most important logistics hubs, where international cargo flows are stored and transshipped. These include cargo flows such as coal, minerals and cocoa, but also relatively new flows that are emerging with the development of the bio-based and circular economy. Some of these cargo flows originate from countries where production entails environmental damage, poor working conditions or violation of human rights, or where enforcement and supervision by local governments fall short of accepted norms. Assuming responsibility in this area is one of Port of Amsterdam's core values.

For this reason, the theme of responsible supply chains is embedded in the [Port of Amsterdam's sustainability agenda](#), which is based on the [Sustainability Agenda implementation programme of the Municipality of Amsterdam](#).



Organisational level



Port level



Supply chain level

What do we do?

To illustrate our influence and involvement in the supply chain, we developed a vision based on the OECD guidelines for multinational companies in 2018, in which we highlight various activities:

- We need to know what is happening, so we investigate cargo flows with a high risk of potential (or proven) negative effects in the chain;
- We like to support appropriate socially responsible initiatives in the chain. For example, we participate in Bettercoal;
- We facilitate meetings on key issues and initiate dialogue among various chain partners, such as businesses, NGOs, government bodies and shippers.

Finally, we encourage leaders in sustainable or responsible operation to locate in the port area.



From vision to policy

Port of Amsterdam developed its vision of supply chain responsibility and set it out in the document entitled '[Cargo that Carries Responsibility](#)' in 2018. This vision was approved by the Board of Directors and we apply it in our own operations. In 2018, for example, an updated purchasing and tendering policy was developed and adopted, directing our organisation to pursue circular and sustainable purchasing. The goal is to minimise the negative consequences of our purchasing and at the same time increase the positive effects of our procurement for

Sustainable agri-logistics project

On behalf of the World Bank and in cooperation with Amsterdam University of Applied Sciences and Deltares, Port of Amsterdam International advised the Ivorian Port Autonome de San Pedro in a quantitative and qualitative analysis of the cocoa supply chain in the San Pedro Region. The goal is to determine with the aid of a simulation model where the obstacles are in the logistics chains and how these chains can be made more efficient, sustainable and resilient. The report was presented to the Dutch government and the World Bank at the end of 2018 and will be presented to Ivorian ministers in 2019.

people and the environment, now and in the future. In 2018, a tender board was established to apply the procurement strategy for all purchases above a certain contract value. Every tender thus has a specific strategic framework against which sustainability criteria are assessed in terms of materiality. The Board of Directors' May 2018 resolution including centralised purchasing is currently being implemented. This process is expected to be completed in 2019, possibly extending into 2020, after which all purchasing and hence all supplier selections will be performed centrally.

Materiality

We expect to be able to guarantee that all new suppliers will be assessed partly on the basis of environmental and social indicators by 2020.

We also wish to include this theme when new customers locate in the port. The principles we incorporate and apply in our policy are:

- Embracing the United Nations Sustainable Development Goals (SDGs);
- Embracing and acting in accordance with the OECD guidelines;
- Projecting our sustainability policy in our supply chain, including responsible employment conditions;



Compliance

Our corporate code devotes attention to fraud and corruption. Corruption is deemed to exist if someone in a power position grants unauthorised favours in exchange for a service or a favour in return. Employers must adhere to the national and international tendering and anticorruption laws and regulations and also make correct decisions according to the values and standards of Port of Amsterdam. Employees can contact a confidential advisor if they have evidence or suspect conflicts of interest. As in 2017, no reports of corruption were received in 2018.



In dialogue with customers and politicians

Last December we presented our vision 'Cargo that Carries Responsibility' to customers, as well to local and national government bodies discussing our role and influence in the supply chain with them. In 2019, we will follow this up and conduct further discussions with a wide group of stakeholders on the implementation of our chain approach.



Research and cooperation

When starting to develop a supply chain policy in 2017, Port of Amsterdam decided to seek support and cooperation of other seaports, including in the Netherlands. On the initiative of Port of Amsterdam and Port of Rotterdam, for example, we are conducting research into the relevance of the OECD guidelines for seaports, how to comply with these guidelines and the options seaports have for taking action. The conclusions of this research were presented in the first quarter of 2018:

- OECD guidelines for multinational companies also apply to Dutch seaports;
- These guidelines give ports only limited scope for action. This is due to their role in the supply chain and their scope to exert influence;
- Actions through which Dutch seaports can gear risks related to issues in the cargo chain in their ports more closely to the OECD structure.

In 2018, on behalf of the Sea Port Sector Organisation (BOZ), research was begun to identify cargo flows with the highest social risks. An approach is also being developed to assess how the risks in raw material supply chains such as cocoa, minerals and coal can be minimised. An assessment is also being made of how cargo flows can contribute to improving the conditions and the role that ports, individually and collectively, can play in them. In 2019, we will set out the results in a supply chain approach for the Port of Amsterdam.



We developed a supply chain responsibility vision in 2018.

Less material themes

Explanation of less material subjects

The results of the materiality analysis have made clear to us which themes are the most relevant. We also have influence or impacts in the other, non-material themes.

Despite their lower relevance, these themes still affect our activities and our organisation. We provide a summary explanation on these subjects in the table below.

Theme	Notes	Level
Digital port	Not only physical connections are important now and for the future. With our digital environment we aim to provide efficient support and help our customers to organise their logistics processes in a faster, smarter and cleaner way.	Port of Amsterdam, port area and supply chain
Biodiversity	We manage an extensive area within the Amsterdam Metropolitan Region. We pay attention to flora and fauna in the management, maintenance and construction of infrastructure.	Port area and supply chain
Intensifying use of available space	The metropolitan region is becoming increasingly busier for living, working and leisure. As a result, we must take a careful and critical approach to the available space and use it more intensively.	Port area
Logistics and accessibility	We are an international hub in the logistics chain. To remain so, good multimodal accessibility is important for us.	Port area and supply chain
Partnerships	We join forces with parties which can help fulfil our strategy or are in line with our strategy.	Port of Amsterdam, port area and supply chain
Preferred port	We are building a port that delivers increasing added value for customers and stakeholders: a smart, fast, clean port.	Port area and supply chain
Customer satisfaction	By listening carefully to our customers we can better anticipate their needs.	Port of Amsterdam
Transparency	Open and honest communication on our activities and their impact on our environment is essential for good relations with our stakeholders.	Port of Amsterdam
Sustainable operations	We aim to set up and run our operations in a responsible and sustainable manner.	Port of Amsterdam
Power of innovation	As a company we aim to anticipate and adapt to the changing world around us. We want to remain agile in a complex environment and actively encourage innovation and new forms of cooperation and organisation. We do so both with partners and within our own organisation.	Port of Amsterdam, port area and supply chain



Financial results

Sound financial position

43

Key financial figures

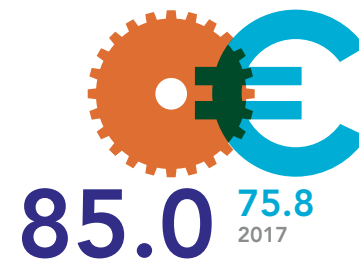
Revenue

(€ million)



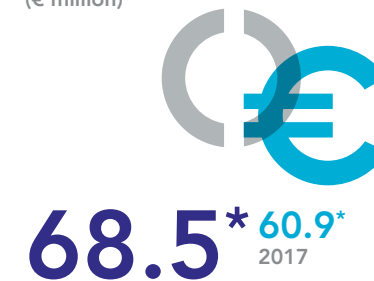
Operating costs

(€ million)



Net profit

(€ million)



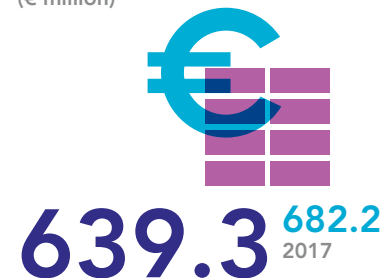
Solvency

(%)



Shareholders' equity

(€ million)



* Concerns the result after corporate income tax and excluding deferred tax.

Sound financial position

Financial results

We achieved a new throughput record of 82.3 million tons in 2018, compared to 81.3 million tons in 2017. Land allocation also reached a record level in 2018: 45.1 hectares issued, compared to 18 hectares in 2017. On the other hand, operating costs increased in 2018 as a result of a one-off €10.3 million provision release for ACT in 2017, and the first €5 million contribution to the sea lock, also in 2017.

Key figures	2018	2017
Amounts in €		
Results		
Revenue	157,412,776	150,055,980
Personnel expenses	-34,393,881	-33,238,553
Depreciation and amortisation	-21,719,023	-21,680,629
Other operating expenses	-28,855,780	-20,852,822
Operating result	72,444,092	74,283,976
Financial income and expenses	654,914	796,105
Share in results of participating interests	1,374,369	19,886
Profit before corporate income tax	74,473,375	75,099,967
Corporate income tax payable	-5,984,578	-14,161,395
Net profit	68,488,797	60,938,572

Financial results

Revenue	2018	2017
Amounts in €		
Contract income	84,875,740	79,327,591
Port dues	57,223,266	55,974,696
Inland port dues	7,470,131	7,266,074
Revenue from mooring reservations	2,675,043	2,284,581
Other	5,168,596	5,203,038
Total revenue	157,412,776	150,055,980

Revenue increased by €7.4 million (5%) to €157.4 million in 2018. Contract income (rental and ground lease) and seaport dues made the highest contribution to our revenue at €142 million (2017: €135 million).

Contract income increased by 7.0% (2017: +2.8%). Seaport dues increased by 2.2% (2017: +4.2%). These increases are mainly due to higher prices resulting from tariff indexation, increase in throughput and new land issuances.

Personnel expenses

Personnel expenses increased by €1.2 million (3%) in 2018. This increase is partly due to regular periodic salary increases. Employees also received one-off compensation for a new work roster and one-off bonuses under the collective labour agreement entered into in April 2018.

Other operating expenses

Other operating expenses increased by €8.0 million in 2018. The main cause for the increase in other operating expenses was the release of the €10.3 million provision for ACT in 2017, as well as the first contribution to the sea lock of €5 million in 2017. This increase in management and maintenance costs is mainly due to the hiring of additional towage services and higher costs for waste collection as part of the Port Waste Plan.

Other operating expenses	2018	2017
Amounts in €		
Accommodation costs	2,616,288	2,657,911
Management and maintenance costs	6,418,017	5,849,407
ICT costs	6,051,851	6,262,217
Environment and spatial planning	3,609,071	1,244,040
Communication, marketing and acquisition	2,827,135	2,700,235
Rental and ground lease charges	2,285,012	2,249,491
Research and consultancy expenses	2,099,300	2,104,021
Other expenses	2,949,097	-2,214,500
Total other operating expenses	28,855,780	20,852,822

Share in results of participating interests

The increase in the result from associates is mainly due to Waterkant C.V. and Windpark Ruigoord. The result of Waterkant C.V. (Passenger Terminal Amsterdam) was positively affected by a record 180 cruise calls compared to 134 in 2017.

Windpark Ruigoord is a 50% interest in which Port of Amsterdam cooperates with Eneco in the field of wind energy. The result improved compared to 2017 as a result of an increase in the production of wind energy.

For a full list of participating interests, see appendix 1.

Financial results

Corporate income tax

Port of Amsterdam has been subject to corporate income tax since 1 January 2017. As a result, in January 2019, we prepared an fiscal opening balance sheet as of 1 January 2017, in consultation with the Dutch Tax and Customs Administration (*Belastingdienst*). The shareholders' equity in the fiscal opening balance sheet as of 1 January 2017 is €937 million higher than the equity in the commercial balance sheet on that date. A higher valuation for 'Prepaid ground lease for land and sites' was the main cause of the difference between the shareholders' equity in the commercial and fiscal balance sheets.

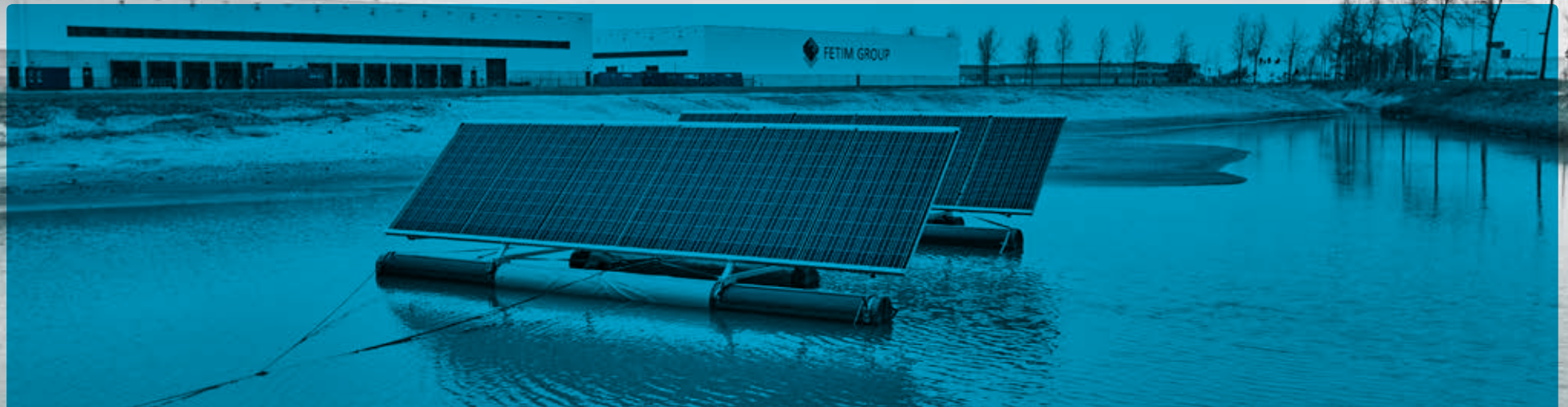
The corporate income tax payable concerns the net corporate income tax in respect of 2018 (€6.7 million) and an adjustment to the corporate income tax payable in respect of 2017 (€-0.8 million).

Balance sheet development

The adjusted solvency of Port of Amsterdam (legal entity: Havenbedrijf Amsterdam N.V.) amounts to 60.4% (end of 2017: 62.6%). In this calculation, based on agreements with the bank, deferred tax and proposed dividend payments have been deducted from the balance sheet total and shareholders' equity. The bank covenant requires that the adjusted shareholders' equity be at least 30% of total assets on 31 December 2018. Port of Amsterdam meets this minimum requirement. The solvency is relatively high as a result of the share premium reserve formed when Port of Amsterdam became an independent entity.



Port of Amsterdam's solvency
is 60.4%.



Investments and market

Investing in the future

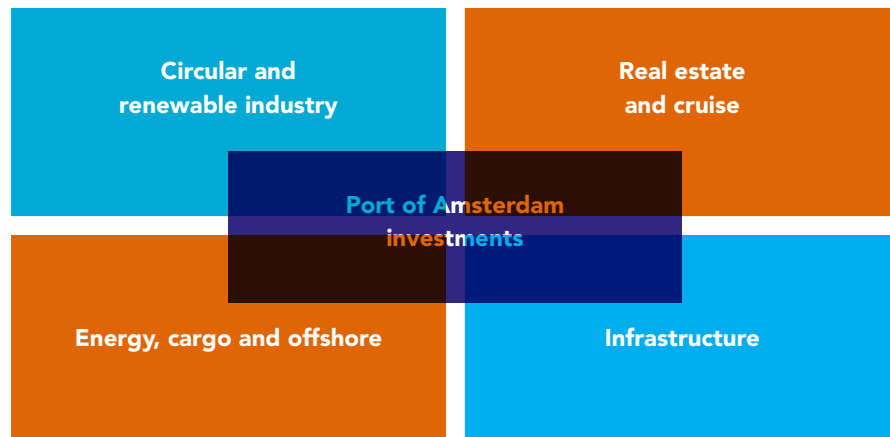
48

Investing in the future

Investments and market

We believe that the access Port of Amsterdam offers can always improve to become even **faster, smarter, cleaner**. These goals drive all our activities. With our **2021 Strategic Plan**, we are taking an important step on the way to achieving **Vision 2030**.

Port of Amsterdam invested over €50 million in the Amsterdam port in 2018. These investments are a reflection of the strategic priorities and the strategic direction set out in the roadmaps. The investments can be divided into:



The main investments are explained briefly below, both those of Port of Amsterdam as well as joint investments and major investments by customers.

Circular and renewable industry

In 2016, there were barely any solar panels on the roofs of the Amsterdam port area. By the end of 2018, approximately 33,000 solar panels occupied an area of at least 55,000 m². That corresponds to around seven megawatts peak, which is equivalent to the consumption of almost 7,000 households per year. Jointly with Alliander, Port of Amsterdam is investigating whether the current electrical infrastructure in the port area has sufficient capacity so that, in the future too, companies that do not need solar energy themselves can put it back into the grid. The goal is to establish a marketplace for sustainable energy that will start operating in 2019. For an industrial area, that is unique in Europe.

Prodock, the start-up and scale-up location founded by Port of Amsterdam in the port area, is developing well. For example, Clean the World established its European hub there in 2018. Clean the World collects used soap and other used shower products, liquid or not, from Amsterdam hotel chains, converting them into new shower products and new bars of soap. The Waste Transformers scale-up also relocated to Prodock in 2018. The company has developed a system that fully recycles post-fermentation organic waste and turns it into biogas, electricity, residual heat for the water supply and compost. A third new business established at Prodock is the start-up The Climate Cleanup, which runs various CO₂ projects, including the use of algae to capture CO₂.

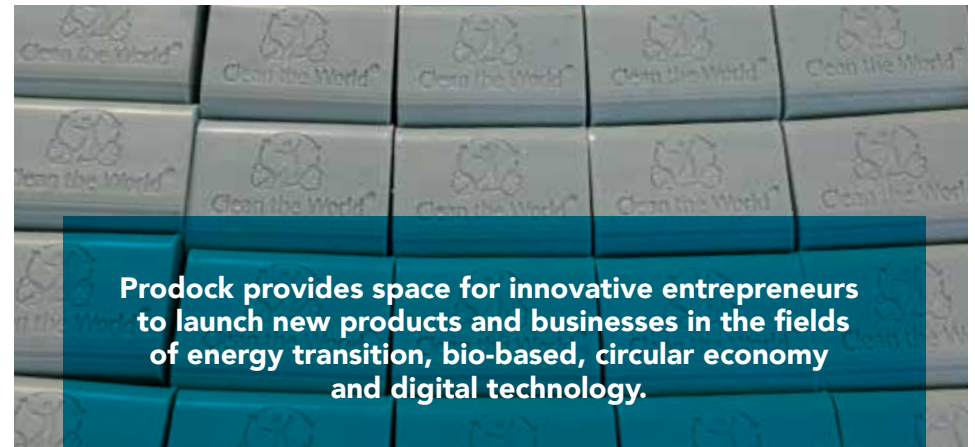
Simadan Groep was acquired by Dutch investors Parcom Capital and British conglomerate John Swire & Sons, which produces biodiesel in the United Kingdom. Simadan Groep consists of multiple sustainable business units specialised among other things in the collection, processing and recycling of used frying fat and organic industrial waste,

Investments and market

production of energy-rich fat products for the animal feed industry and production of second-generation biodiesel made of waste fats and oils. As part of the acquisition, new capital is being invested to generate growth in waste flows. Port of Amsterdam is closely involved in this acquisition.

A lot of plastic can be recycled. But that does not apply to ultra-thin plastic film. When such 'end-of-life' plastic ends up in the waste, it is almost always incinerated, releasing a lot of CO₂. Work therefore started in 2018 on the construction of the first European plant that makes oil out of these plastics, which is suitable as fuel for ships and diesel cars. Port of Amsterdam is a 10% shareholder in the IGES Amsterdam project through Bin2Barrel Holding. With the construction of another circular plant, the circular 'plastic hub' in the Amsterdam port is expanding. Plastic Recycling Amsterdam (PRA) will process 17,000 tons of plastics every year and make it suitable for reuse. Sorted to 99% purity, these plastics can then be turned into valuable new packaging materials, saving 90% CO₂ and 75% costs in the chain.

AEB Amsterdam has established an innovative separation plant in the port that will recover 60,000 tons of raw materials from domestic waste every year. This will make an important contribution to the circular economy. AEB Amsterdam also started building the AEB bioenergy plant (AEB BEC). The processed prunings and wood waste from the region will be turned into sustainable electricity and heat. This plant will turn 110,000 tons of low-value prunings and wood waste into 935 TJ of sustainable energy per year. The wood comes from landscape management and wood processors within a radius of up to 150 km around Amsterdam. From 2020, the power plant will provide electricity for 27,000 households and heat for 25,000 households.



Prodock provides space for innovative entrepreneurs to launch new products and businesses in the fields of energy transition, bio-based, circular economy and digital technology.

Investments and market



Waste recycler PARO owns a state-of-the-art separation line that uses advanced sorting techniques to turn construction and demolition waste into high-quality circular raw materials.

English company Greenergy acquired the Vesta biodiesel plant from oil storage company Oiltanking. This biodiesel plant is being converted to produce high-quality, second-generation biodiesel from waste fats and oil. The entry into service of this biodiesel plant more than doubles the total amount of biodiesel produced in the Port of Amsterdam.

The heating installation at Koopman Car Handling was due for replacement. This made it possible to use sustainable energy and to make Koopman free of natural gas. The port operates as a 'battery' for the port and the city using district heating generated by businesses established in the port area. The heat transmission line comes from Orgaworld. Port of Amsterdam has also installed 1,240 solar panels at Koopman, supplying approximately 352,000 kWh of electricity, which is equivalent to the annual electricity requirement of 95 households.

Waste recycler PARO has leased a 7.6-hectare site to set up a new state-of-the-art separation line that will use advanced sorting techniques to turn construction and demolition waste into high-quality, circular raw materials for reuse by other companies in the port area and contractors in the city.

Real estate and cruise

Home accessories company Fetim uses all facilities the port has to offer and has moved to a new logistics warehouse in the Atlaspark business district within the port. DHL has also set up a sorting centre in the port, creating an additional 250 jobs. Atlaspark is continuing to develop into a distribution hub serving the Amsterdam Metropolitan Region and the rest of the Netherlands.

PVH Europe, which includes the brands Calvin Klein and Tommy Hilfiger, has centred all its businesses at Minervahaven, a port area that is developing into a business location for creative industries. To maintain the attractiveness of the area even during evening hours, Student Experience is developing 600 hotel rooms for students, researchers and PhD students from the Netherlands and abroad.

Investments and market

In addition to large-scale distribution, the port also plays a role in local distribution in the form of last-mile transport. Both Marqt and Picnic opened a last-mile hub in the port area in 2018.

Dutch yacht builders are market leaders in their industry. Royal van Lent (Feadship) is developing a new shipyard for superyachts of up to 160 metres long at Hornhaven and Moezelhaven. The port is thus developing into a centre for yacht building. On the north side, in Zaanstad, Port of Amsterdam is facilitating a second yacht shipyard specialising in refits. Damen is also focusing on this market at the Shipdock site. Port of Amsterdam has set itself the objective of attracting yacht, cruise and river ships, thereby stimulating this market and the associated employment.

Energy, cargo and offshore

Port of Amsterdam's ambition goal of growing substantially in short-sea container throughput received a substantial boost in 2018. Throughput of containers grew by 69%. In addition to growth at VCK Logistics, Samskip's new scheduled service to Hull played a particularly important role. Since March 2018, Samskip has sailed three times a week between Amsterdam and the northern English port city of Hull. This new connection increases Amsterdam's importance as a hub for the shipment of goods. Internationally, too, the new short sea service fits in well with the existing capacity demand in the market. For example, the new scheduled service supplements initiatives such as the New Silk Road, a railway link to China.

Port of Amsterdam is also actively involved in the further greening of inland container logistics shipping. It is co-financing the development of two hybrid inland vessels to be deployed on a daily inland container service between Amsterdam and Rotterdam and a biweekly service between Amsterdam and Antwerp.

The year 2018 was a successful year for investments in cocoa. Partly due to positive global economic trends, demand for cocoa and derivative products is growing. To meet this market demand and boost distribution, storage and transshipment efficiency, existing storage facilities are being expanded and new infrastructure is being provided. Good examples include the 10.5-hectare expansion of Katoen Natie and the expansion of the cocoa storage company Vollers.



Both Marqt and Picnic opened a last-mile hub in the port area in 2018.

Investments and market

Commodity Centre Netherlands Falcon (CCNF) is developing a state-of-the-art distribution centre for cocoa and soft commodities on the Ruijgoordweg. From there, goods will be delivered and shipped both by road and water.

Infrastructure

In 2018, Port of Amsterdam invested primarily in port infrastructure expansion to provide existing companies with maritime and inland waterway connections. A good example of this is the development of quays in the HoogTij port area in Zaanstad, located immediately alongside the North Sea Canal. Plots will be available from 2020, creating a new port area in cooperation with the Directorate-General for Public Works and Water Management (Rijkswaterstaat, RWS). Another example is De Ruijterkade-West, where existing jetties have been replaced by a new floating jetty that is suitable among others for river cruise ships, improving the mooring facilities for large and small river cruise ships. Measures have also been taken to prevent noise nuisance and security has been increased by the fitting of modern LED lighting.

As part of the creation of the yacht cluster, a new quay has been built at Moezelhaven for yacht fitting. For the Commodity Centre Netherlands Falcon (CCNF) distribution centre on the Ruijgoordweg, investments have been made in a longitudinal quay with an indent on the North Sea Canal for deliveries and shipments by water. This quay is currently intended for inland shipping, but is also being prepared for future use by seagoing vessels in with a deeper draught. At Petroleumhaven the existing berths have been renovated for seagoing vessels. At Mercuriushaven and Vlothaven mooring buoys for ship-to-ship transfers of dry cargos have been improved, allowing safe mooring for a wider range of ship lengths. In the Westpoort area, waiting spots have been created for various types of vessels, including barges, dry cargo and dangerous goods vessels, to improve the service for inland shipping.

Investments were also made in the bulk market for oil products. For example, a partnership with the Vopak terminal has resulted in improved infrastructure. This was a technically and logistically challenging project that was successfully completed in cooperation with many parties. Additional berths for seagoing and inland vessels were created on the Vingerpier and at Mauritiushaven. These developments have contributed to further intensification of the use of the Afrikahaven. At the entrance to Afrikahaven a further 20 berths were created for inland shipping and vessels displaying blue cones.

Another infrastructure investment priority is improvement of the road and cycling infrastructure. The goals are to improve the safety of truck drivers and cyclists as well as encouraging commuting by bicycle and promoting biodiversity. A large public truck park has been established at De Heining, where drivers can comply with their compulsory driving and rest times in a safe and comfortable environment. A buffer parking area (P20) has also been created in cooperation with the Municipality of Amsterdam and RAI Amsterdam, freeing up more space for further development of the area around the RAI.

A third priority is the installation of shore-based power with the aim of promoting sustainability and reducing noise and odour nuisances. A good example of it, is the installation of a shore-based power system at De Ruijterkade-West site, which can supply power to nine river cruise ships.

Finally, Port of Amsterdam wants to contribute to the sustainability of transport over water by increasing the availability of liquid natural gas (LNG) for ships. LNG is a considerably cleaner fuel for shipping than diesel. LNG was previously supplied to ships by tankers for bunkering at a temporary location on the Oceanenweg, the Groene Kade. Port of Amsterdam and Titan have jointly invested in an LNG refuelling facility on a permanent site at Amerikahaven, as well as a mobile facility that is expected to be operational in 2019.

The strength of the port

Economic significance of the North Sea Canal Area

The Amsterdam Port Region is an international seaport in one of the fastest-growing metropolitan regions in the world. The Port of Amsterdam is the fourth-busiest port in Western Europe, after the ports of Rotterdam, Antwerp and Hamburg.



7.2 **6.9**
2017 2016

Port-based added value in NSCA (€ billion) 2017



1,459 **1,312**
2018 2016

Number of companies in the Westpoort port area in 2018

The annual '[Havenmonitor](#)' (Ports Monitor) of the Ministry of Infrastructure and Water Management highlights the economic significance of the Dutch sea port area. The figures for 2017 were published in its November 2018 report, showing total employment in the North Sea Canal Area increased by 2.2%, largely the result of growth in transport sector employment.

Consequently, added value grew by 4.4% over the same period, thanks mostly to the base metal and metal goods industries. The number of businesses involved with the sea port increased by 11.2%, primarily due to storage and throughput as well as business and non-business services. Employment and added value also increased in the other Dutch seaport regions. The importance of the ports and their industrial complex to the Dutch economy has remained as great as ever.

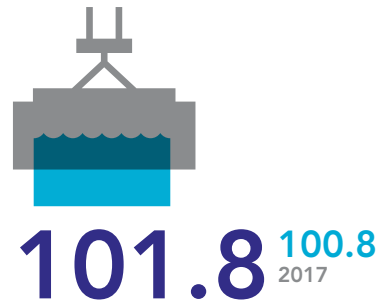
Key figures of the Port of Amsterdam	2018	2017	2016
Amsterdam imports (million tons)	50.37	50.55	49.06
Amsterdam exports (million tons)	31.89	30.72	30.27
Port ranking in Western Europe (tonnage)	4 th	4 th	4 th
Market share in the Northern Range	8.0%	8.0%	7.8%

Economic significance of the North Sea Canal Area	2017	2016
Direct port-based added value in NSCA (€ billion)	4,504	4,335
Indirect port-based added value in NSCA (€ billion)	2,691	2,549
Port-based businesses in NSCA	821	738
Port-based employment in NSCA (direct and indirect)	68,399	66,858
Direct jobs in NSCA	35,154	35,042
Indirect jobs in NSCA	33,245	31,815

Economic significance of the North Sea Canal Area

New record throughput numbers

The Port of Amsterdam established a new throughput record of 82.3 million tons in 2018. Combined with the other ports in the North Sea Canal Area, total throughput increased to 101.8 million tons in 2018, which is also a record. In IJmuiden, throughput increased by 1% to 18.6 million tons. Beverwijk saw an 8% drop in throughput to 700,000 tons. Zaanstad's throughput declined by one-third to 200,000 tons.



Throughput of the North Sea Canal Area (million tons)

Throughput figures per area	2018	2017
Amsterdam throughput (million tons)	82.3	81.3
NSCA throughput growth (%)	1.0	3.3
Amsterdam throughput growth (%)	1.2	2.4
Velsen/IJmuiden throughput (million tons)	18.6	18.5
Beverwijk throughput (million tons)	0.7	0.8
Zaanstad throughput (million tons)	0.2	0.3

The record in the Port of Amsterdam follows an 18% increase in throughput of agribulk to 8.3 million tons and 69% growth in container throughput to 108,270 TEU. Credit for the substantial increase in container throughput is due to Samskip's new scheduled service to England. Throughput of other dry bulk goods also showed a marked increase of 13%, with building products representing the largest segment at 7.4 million tons.

Throughput figures per cargo flow	2018	2017
Oil products throughput Amsterdam (million tons)	44.6	44.4
Agribulk throughput in Amsterdam (million tons)	8.3	7.0
Coal throughput in Amsterdam (million tons)	13.1	15.8
Other dry bulk goods throughput (incl. ores and fertiliser) in Amsterdam (million tons)	10.3	9.3
Other liquid bulk throughput in Amsterdam (million tons)	2.8	2.2
Container throughput in Amsterdam (million tons)	1.1	0.6
Ro-ro and other break bulk throughput in Amsterdam (million tons)	2.1	1.9
Container throughput (in TEU)	108,270	56,191

Oil products throughput, which represents more than half of the Port of Amsterdam's total throughput, increased marginally to 44.6 million tons in 2018. Other liquid bulk, such as basic chemicals, grew strongly by 24% to 2.8 million tons.

Coal throughput fell by 18% to 13.1 million tons. This is the fourth decline in a row in coal throughput partly because of the deliberate policy discussed above. Ro-ro and other break bulk increased by 14% to 2.1 million tons. Total imports in the Port of Amsterdam stabilised last year at 50.4 million tons. Exports grew to 31.9 million tons.

Economic significance of the North Sea Canal Area

The throughput figures reflect Port of Amsterdam's plans to gradually reduce its dependence on fossil fuels and instead attract other types of cargo. The strong growth, especially in agribulk products and containers, has largely compensated for the coal decline.

Increase in land issue and construction activities

We issued an area of 50 hectares of land gross to customers in 2018. Since we repossessed 5 hectares of land from Fetim, the net issuance was approximately 45 hectares. In 2017 and 2016, the net issues were 18 and 12 hectares respectively.

Land issue in the Port of Amsterdam	2018	2017
In hectares		
Gross land issue	50.1	18.1
Repossessioned land	5.0	0.1
Net issued land	45.1	18.0
Land issued for bio-based and circular activities	9.1	0.4

The biggest port-based land issues, where areas have direct access to transport over water, were for Katoen Natie (10.5 hectares), PARO (7 hectares) and CCN, Commodity Centre Netherlands (6 hectares). For PARO and CCN investments were also made in the construction of deep-sea quays along the North Sea Canal and for Katoen Natie a quay was renovated elsewhere in the port area. As part of the strong increase in sustainable activities, considerably more land was issued for bio-based and circular activities: 9.1 hectares versus 0.4 hectares in 2017.

The biggest non-port-related land issues were at Atlaspark for large-scale logistics activities, including those of Fetim (9 hectares), and the developers Delin and Borghese Real Estate (5 and 3 hectares respectively). Work also started at Minervahaven on the construction of a student hotel. Various premises are also being developed on previously issued land, fitting in with the goal of regenerating this specific area, located near the city.

Sea and river cruises

As in the case of goods throughput, cruise activities set new records in 2018. In the case of sea cruises, the number of calls increased to 180 and the number of passengers increased to 425,000 (2017: 134 calls and 333,000 passengers). In IJmuiden, the number of sea cruise calls reached 30, compared to 23 in 2017. The number of calls by river cruise ships increased slightly to 2,007 in 2018 (2017: 1,946).

Sea and river cruise visits	2018	2017
In number of ships		
Number of sea cruises calling in Amsterdam	180	134
Number of sea cruises calling in IJmuiden	30	23
Number of sea cruises calling in Amsterdam and IJmuiden	210	157
Number of river cruises calling in Amsterdam	2,007	1,946
Number of river cruises calling in Zaanstad	245	61
Number of river cruises calling in Amsterdam and Zaanstad	2,252	2,007

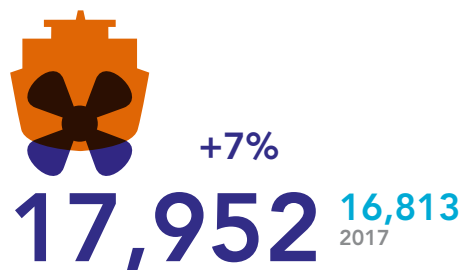
In 2018, the North Sea Canal Area Administrative Platform commissioned a search for a passenger terminal location in the region, in view of the possible construction of Java Bridge and its effects on the current Passenger Terminal Amsterdam (PTA). Under the current plans, the PTA would no longer be able to receive large cruise ships. Port of Amsterdam owns 100% of the PTA.

Although sea and river cruises are a growth market and Amsterdam is an attractive cruise destination, the 2018 record figures are not expected to be repeated in 2019, largely due to the measures taken by the Municipality of Amsterdam to reduce tourist nuisance in the city. Accordingly, sea cruises face a tourist tax for transit passengers from 1 January 2019. In response, seven sea cruise companies cancelled a total of 125 calls, an estimated 270,000 passengers, in 2019 and 2020. In the river cruise sector, the number of calls will stagnate as a result of static mooring capacity.

Clean and safe shipping

Shipping and nautical safety

Water in the North Sea Canal forms a major transport axis. It is the Harbour Master's job to manage the safe, smooth and sustainable flow of shipping traffic. Influenced by the positive economic climate and the strong position of the Port of Amsterdam in the global nautical network, the number of seagoing vessels moving through the North Sea Canal Area grew substantially by 7%.



Number of marine shipping movements in the NSCA

Ship movements	2018	2017
In number of ships		
Number of ship calls in Amsterdam	5,087	4,678
Number of ship calls in the North Sea Canal Area	7,525	7,011
Total number of lock passages	38,845	36,359
Port visits by inland vessels	41,242	40,012

The increase in the number of ship visits is evident across the entire range of shipping, from cargo to leisure vessels. The delay in completing the new sea lock has not had any negative effect so far, although the current sea lock is clearly approaching the end of its technical life. Technical maintenance and management require considerably more effort than in the past.

The growing scale of shipping traffic has led to additional research into efficient lock passages and the breadth and depth of the waterways.

The growing climate changes and the severe droughts in the spring and summer require additional attention to the problem of salinisation. As inland waters become more saline due to the seawater penetrating through the locks, the water supply becomes less suitable for agriculture and horticulture, as well as for drinking water. To address this problem, temporary bubble screens are being fitted in the lock and a permanent bubble screen is being laid in the Amsterdam-Rhine Canal. Research was conducted into 'smart' locking to limit the inflow of salt water as far as possible. This showed that the door-open time was crucial. The measures taken were recorded in the document entitled 'Droogte- en verziltingsscenario's beheersmaatregelen schutten IJmuiden' (Drought and salinisation scenarios – control measures for IJmuiden lock passages) in collaboration with the Directorate-General for Public Works and Water Management.

Another focal area is the strengthening of cybersecurity (see page 72).

Clean Shipping Vision

Due to the presence of industry, an airport and a sea port, the North Sea Canal Area has a major impact on the quality of life in the surrounding area. With a view to a fast, smart and clean port, additional sums are being invested in sustainability, including more quality of life programmes, biofuels, solar and wind energy and alternatives for cleaner shipping. The Municipal Health Service (GGD) has been measuring air quality for many years on behalf of the port authority. These measurements show that the port area comfortably meets European standards. Nevertheless, together with the industry as a whole we aim to further reduce the emissions from shipping and minimise their environmental impact.

Shipping and nautical safety

Our ambitions for the period up to 2021 are described in our [Clean Shipping Vision](#). Concrete actions include a reduction in emissions due to ship operations, such as exhaust gases, waste and sewage, as well as emissions released during the loading and unloading of the vessel, such as particulate matter from coal, steam from oil products and noise. The aggregate ship-generated waste increased to 41,177 tons (2017: 35,651), so extra funds are being invested in shore-based power supplies. See also page 38.

The discount granted for ESI and Clean Green Award shipping is an important part of our sustainable port strategy. Amsterdam has taken part in the Environmental Ship Index from the outset. This is an important tool for us, because it provides clear and transparent rewards for the best-performing ships in terms of sustainability: the greener the ship, the higher the score. Since the ESI programme was introduced in 2011, the number of participating ships has grown to 27% (see also page 37).

Port waste plan

The Prevention of Pollution from Ships Act has entered into force in the Netherlands. With this Act the Netherlands complies with its international obligations resulting from the MARPOL Convention. The Act includes a prohibition on the discharge of harmful substances by ships and a requirement that port authorities provide sufficient facilities to receive ship-generated waste, harmful substances and residues from ships. This regulation was set out in a number of orders in council and ministerial decrees in accordance with European Directive 2000/59/EC.

The tighter rules include:

- Reporting obligation: each ship must report all ship-generated waste and harmful substances or residues, the type and volume on board, including the total storage capacity designated for such substances;
- Surrender requirement: except as specified in or pursuant to the Prevention of Pollution from Ships Act, every ship is required to surrender all ship-generated waste and hazardous substances;
- Indirect finance: every ship must contribute to the cost of collection and processing of ship-generated waste;
- Supervision and enforcement: various parties exchange information on the ships' waste surrender conduct to allow more targeted enforcement;
- Port waste plan: every seaport must have a port waste plan describing the collection and processing of ship-generated waste, harmful substances and residues.

The goal of Port of Amsterdam's Waste Plan is to give an indication of the expected waste flows, forecast demand for port reception facilities, describe the reception facilities available to each individual port, record the surrender procedures, describe the financing system and provide the basis for the provision of information for visiting ships. This plan meets the requirements of the Act. A detailed waste separation and collection scheme is in force.

Shipping and nautical safety

Nautical safety

The number of nautical accidents increased from 32 to 49 in 2018, influenced by tighter registration requirements. The number of significant nautical accidents remained almost unchanged compared to 2017. The significant nautical accidents included one fatal accident in 2018.

Ship movements	2018	2017
Nautical accidents	49	32
Of which significant	8	7
Groundings	5	7

Despite the increase in the number of shipping movements, the number of significant accidents barely increased. Many of the accidents were minor, such as paint damage on the ship because it came into contact with a jetty when mooring. Port of Amsterdam strives to reduce the number of significant and minor nautical accidents. In view of that, the Just Culture programme was introduced to create a culture that allows optimum learning from incidents and near misses, by evaluating these incidents in an accurate, structured way. Incidents are discussed and recorded in a standardised way, to allow better evaluations and identify possible trends.



The growing climate changes and the severe droughts in the spring and summer require additional attention to the problem of salinisation.



Our employees

Developing agility

60

Key HR figures

Number of employees



367 **369**
2017

Number of FTEs



356 **357**
2017

% male/female ratio

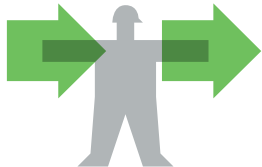
(based on FTEs)



69 **31** **70** **30**
♂ ♀ 2017

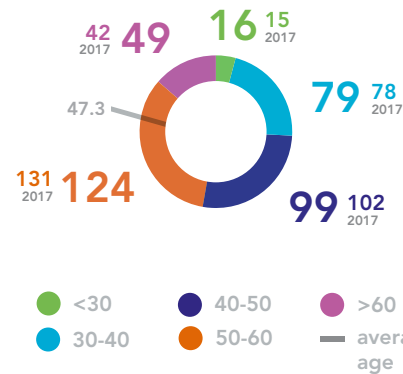
Joiners/leavers

(number)



27^{IN} **36**^{OUT} **23**^{IN} **24**^{OUT}
2017

Age distribution



Number and % of employees using bikes and public transport



210⁺ **57**[%] **210**⁺ **57**[%]
2017

Developing agility

Our employees

According to Port of Amsterdam's vision, in 2030 the port will be a dynamic metropolitan port that combines Amsterdam's three core strengths: a world-class logistics hub, a high value-added regional industry and a multifaceted urban services sector. This dynamic environment requires all employees of Port of Amsterdam to show flexibility and adaptability. As an employer, we consider that desire and ability to be important. In 2018, we reassessed our HR policy and developed a new vision.

The reassessment led to an HR policy that is a better match for the organisation with the following vision:

- We will continue to develop our core values of working together, being passionate, showing respect and acting responsibly with a positive attitude;
- We stand out in terms of our secondary employment benefits, including the attention devoted to personal development for our employees and the related advancement of employees within and outside the company;
- Our employees have a passion for the social dynamics of the port;
- We are a reflection of society, and focus our attention also on personal integrity, diversity and the prevention of discrimination in any form whatsoever;
- We remain agile in a complex environment with the associated uncertainties and actively encourage innovation and new forms of collaboration and organisation;
- We have room for fun;
- We pay attention to the sustainable employability of our employees.

Priorities in 2018

To implement our vision for the organisation, we worked on the following projects and initiatives in 2018:

Sustainable employability

In October and November, 286 employees took part in meetings to discuss what sustainable employability meant to them and what – in addition to their own contribution – Port of Amsterdam could contribute to it. That represents a participation rate of 82% of the 348 invited employees. This percentage characterises the high level of involvement of our employees. A total of 1,700 ideas were put forward in the seven sessions, then combined into four themes being further developed in 2019. Improvements will then be introduced on a project basis.

Performance system

The performance system introduced in 2018 has proved its worth. More than in the past, employees have taken the initiative to arrange monthly discussions with their managers on the progress of their activities and how they are faring.

Training

A switch has been made from an overall training budget to a personal development budget for all employees in the form of a contribution of €2,000 per employee per year. As of 1 January 2019, each employee receives this sum in advance, so as to be able to choose the courses appropriate for his or her personal development.

Our employees

Agile operation

This method of working with multidisciplinary teams, which had already been introduced a number of years ago, has been pursued further. We are examining the possibility of making Port of Amsterdam more flexible not only with agile working methods but also in terms of structure and culture.

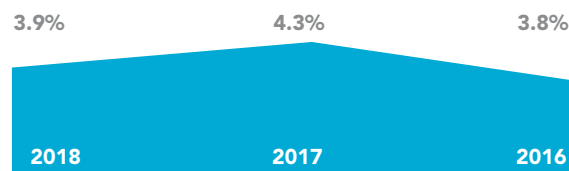
Joiners and leavers

The numbers of employees joining and leaving in 2018 were 27 and 36 respectively. These figures are higher than in the previous year (2017: 23 and 24 respectively). All Port of Amsterdam employees are covered by the collective labour agreement, as in 2017, except members of the Board of Directors and interns.

Sickness absence

Sickness absence in 2018 amounted to 3.9%. Compared to the target (KPI) of 3.0%, it remains too high. The trend, which had been gradually rising since 2015, nevertheless reversed in 2018. This is due in part to a renewed HR policy focusing more on support for employees unable to work due to occupational disability. Employees under a disability leave are actively monitored by our company doctor. The Gatekeeper Improvement Act is also being closely monitored by management and the HR department.

Sickness absence 2016–2018



Employee survey

The third successive employee survey was conducted in 2018. An 83% share of employees completed the questionnaire. In 2016, the figure was 76.6%. Compared to 2016, we see that although the scores of the various main themes have declined slightly, they remain relatively high. The score for leadership has increased slightly. All departments are working to address their specific department scores in 2019. The HR Department is providing support where necessary.

Employee satisfaction survey results

(2018-2016) in scores on a scale of 1–10



Our employees

The results of the survey are also used across the whole company, for example, to improve communication. The input from employees on this point has been and continues to be taken into account in the procurement and development of the new social intranet. Another example is social safety, which we included in the central questionnaire as a theme for the first time in 2018. We will also use the results in the company-wide measures promoting sustainable employability.

Other improvements employees suggested relate to efficiency and decision-making. In 2019, we will determine how to incorporate these points, for example, in the design process towards an agile organisation. The following measurement will take place in September 2019.

Works council

The Port of Amsterdam's Works Council consists of eighteen members, including nine full members and nine deputy members, who meet once a month. The Works Council meets with the Board of Directors every month without the deputy members. The discussions in 2018 related in particular to various reorganisations and assessments and a number of approval requests. The Works Council has the task of helping to actively devise solutions and advise management. The Works Council was asked to grant approval in five areas: the policy on working conditions; the five-shift roster in the Harbour Master's Division and the associated rostering and leave rules; the policy on international business travel; the alcohol and drugs protocol; and compulsory leave days in 2019.

The Works Council gave its approval in all items. The Works Council also gave advice on a number of matters, including the establishment of a central Procurement department, guaranteeing the quality and continuity of ISPS (International Ship & Port Facility Security) in the Harbour Master's Division, the developments in Investment Control and the Project Management Office, and the personal development budget.



We are looking for solutions to become even more flexible beyond agile working methods, including in structure and culture.



Risk Management

Clear view of our risks
and how we manage them

65

Clear view of our risks and how we manage them

Risk Management

Port of Amsterdam is exposed to various risks, in view of its social function and entrepreneurial business operations.

The risk management and control system

The purpose of the risk management and internal control system is to identify, manage and report on risks. The system used is based on the internationally accepted standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013. To manage risks, we follow a three-lines-of-defence model.

Control environment

The risk management and control system is embedded in the organisation through the planning and control cycle. This also includes the business reviews, which are conducted three times a year with the line departments. The business reviews discuss both the realisation of the annual plan, including the financial impact, and the actual versus budget figures. We also devote attention to the control of processes and risks. The Harbour Master reports to the Minister of Infrastructure and Water Management

and the Director-General for Public Works and Water Management on the level of efficiency, safety and environmental responsibility at handling shipping traffic, as laid down in the Amsterdam Harbour Master Covenant. Financial accounts are also presented to CNB.

Risk assessment

The risk policy was adopted in 2017, providing an important step to keeping a risk inventory, a prioritisation of risks and the monitoring of progress in controlling risks. The line departments keep a risk inventory relating to the achievement of the port authority's strategic goals. The scale of risks is determined by the management teams on the basis of the risk readiness matrix, with owners appointed for the main risks.

Control activities

Control measures have been defined for the prioritised risks. In addition to controlling our key financial processes, we started to outline our operational processes and bring them under control in 2018. The procurement process is also included here.

Regular workshops are organised to keep compliance officers informed and up-to-date on legal developments in their subject area.

In the policymaking area, considerable attention has been devoted to updating the information security policy. The Port of Amsterdam's treasury policy from 2012 is defensive and risk averse. No financial instruments have been used to hedge financial risks arising from operational activities.

Information, communication and monitoring

The risk owners report quarterly to the Board of Directors on the progress with control measures in relation to risks. The process owners issue a quarterly statement on their control of the main financial processes. Process owners use this statement to give the Board of Directors a quarterly update on the progress of improvement measures and the operation of the internal controls in the processes. Continuous improvement is achieved by formulating new areas for improvement based on second-line assessment findings and current processes evaluations.

The reports on information security and privacy incidents are discussed in the Information Security steering group every quarter. Reports on compliance incidents were filed every month in 2018.

Risk Management

Improvements in the risk management system

Improvements made to the risk management system in 2018 include the introduction of e-learning modules to draw lasting attention to the Company Code and raise awareness of information security. An Information Security Officer was also recruited in 2018, tasked with increasing internal cybersecurity and resilience.

Improvements to risk control will also take place in 2019. In the Harbour Master's Division, a pilot is being launched to automate the risk inventory and assessment process. The entire organisation will also be assessed to identify a system that can support the in-control process relating to financial and operating processes. This will make it possible to visualise a quality dashboard for each process and to follow up on the outstanding improvement points in a more structured way.

Risk appetite

The Board of Directors adopted a risk appetite matrix to increase professionalisation and serve as a framework for risk prioritisation. In general, due to its social function and long-term perspective, the Port of Amsterdam is a risk-averse company. The Board of Directors has formulated its risk appetite around four corporate values. Safety relates to the safety and long-term employability of our employees, as well as to the safety of workers and visitors in the public areas of the port area. Assessment criteria relating to financial impact have also been drawn

up, which show that we are reluctant to take risks. In the area of reputation, both media attention and political attention are assessed. Finally, we attach great importance to customer satisfaction and have designated it as one of our risk assessment criteria.

Specific risk analysis

Below is an overview of specific risks and the measures which Port of Amsterdam has taken to mitigate them.

List of specific risks	People, organisation and culture	Accessibility	Cybersecurity and resilience	Lack of space
Energy infrastructure	Acceptance by the community	Consequential damage resulting from emergencies	Estimation uncertainties in the provision for decontamination liabilities	Consequential damage of customer insolvencies
Cruise sector	Bridging the IJ	Sea lock disruptions	Terrorist attack in the port	Liquidity risk

Risk Management

Strategic risks

Below are the risks and uncertainties that prevent us from achieving our short and long-term objectives.

Lack of space

Risk: Space in Westpoort is limited. Due to the current strong economic growth there is high demand for space on land and water, both for the expansion of existing and for new businesses. There is demand for space due to Port of Amsterdam's ambition to deliver added value for energy transition and a circular economy. The Municipality of Amsterdam has adopted the Port-City development strategy. This strategy is based on the gradual transformation of the port area within the A10 ring road into a residential area, in accordance with existing agreements. A final decision on the transformation will be taken in 2025. These developments will increase pressure on the available space, meaning land, water and environmental space. This development may impede the achievement of our commercial and strategic goals.

Measures: As agreed earlier, the companies that are established in the transformation area will be able to remain in their current location in any event until 2040. The goal is to intensify land use by existing customers and to intensify and cluster new customers. An expansion of the port area is

being pursued at HoogTij (Zaanstad) and 'De Schil'. Activity is also being encouraged on the ADM site. We are also investigating the possibility of creating an energy port in the lock complex at IJmuiden. On an individual level and in consultation with our energy customers, we are also assessing the scope for transformation to collaborate on the energy transition.

Energy infrastructure

Risk: Business activity growth and the transition to sustainable energy sources are putting increasing pressure on conventional electricity networks, including high and medium-voltage grids. A lack of power connections for businesses, sewage pumping stations, local transformers and shore-based power causes delays in the establishment of new businesses. There is also growing demand for new energy infrastructure, including heat, gas, CO₂ and, in due course, hydrogen infrastructure. Various changes to energy production will be taking place in the forthcoming period, including closure of the Hemweg power plant and growth in offshore wind power. Many of these infrastructures are characterised by long decision-making and investment processes. This requires investment by the central government, but also by local operators such as the port authority.

The insufficient or late availability of the right energy infrastructure capacity can impede business development in the port and the achievement of the energy transition targets of the port authority and central government.

Measures: In 2018, a partnership was entered into with Alliander providing for a strengthening of the medium-voltage power stations at IJpolder and Ruigoord to allow increased capacity. Jointly with TenneT, Alliander, Gasunie, the province of North Holland and the Municipality of Amsterdam, a comprehensive system study will be conducted in 2019 to identify further capacity constraints. This is intended to form the basis for further consideration of energy infrastructure investments in the region. A final decision is also expected in 2019 on landing routes for offshore wind farms from the 2030 Central Government Roadmap. In the long term, the central gas network is due to be turned into a hydrogen network, including connection to a national hydrogen network.

Risk Management

Bridging the IJ

Risk: On 20 July 2017, Amsterdam City Council approved the final preference decision on the Bridging the IJ project. The goal is to accommodate the increasing cycle and pedestrian traffic over the IJ. Among other things, the decision lays out the desire to build the Java Bridge over the IJ and in the long term another bridge or tunnel connection at Stenen Hoofd. Six different versions of the Java Bridge project were developed in the past year. These were all rejected by the nautical operators in November 2018, including the Directorate-General for Public Works and Water Management, Central Nautical Management and Port of Amsterdam. Meanwhile, the central government and the Municipality of Amsterdam have now commissioned an assessment of the connection requirements for the next 30 to 40 years to be carried out in the first half of 2019.

Bridges across the IJ will lead to restrictions in the smooth sailing and safe passage of ships and restrictions on room to manoeuvre. Depending on the design, it will possibly mean less futureproof waterways. The main objections concern restrictions on ships' manoeuvring space on and alongside the waterway, problems with the inclusion of sufficient waiting areas for shipping and a higher risk of collisions, partly due to the installation of pillars in the channel, possible crossing ship movements and possible disruption to radar images. Depending on the location, the construction of a bridge will also impose fundamental restrictions on the accessibility of the sea cruise terminal.

Measures: As in the past, the Harbour Master's Division and Port of Amsterdam will participate in various municipal working groups and collaborate on the search for nautically safe solutions for new crossings. Knowledge will be shared with the Amsterdam Metropolitan Region, naturally including the Municipality of Amsterdam, and the central government, namely the Directorate-General for Public Works and Water Management and the Ministries of the Interior and Infrastructure and Water Management. We are forming positions in consultation with other nautical stakeholders. No concessions are being made in terms of requirements for safe shipping traffic on the IJ.

Cruise sector

Risk: In its 2018 coalition agreement, the Municipality of Amsterdam agreed to reduce nuisance caused by tourists and, jointly with the region, to examine the whole North Sea Canal Area to find a new location for the cruise terminal. This has consequences for our strategic goals for the cruises. Without an expansion including a new terminal, sea cruises will be able to grow marginally. Moreover, the construction of the Java Bridge may mean that the current terminal is no longer be accessible for cruise ships (>250 m). The municipality also wants to remove a number of berths for river cruises and use them to relocate mooring spaces for the IJplein ferry.

Finally the Municipality of Amsterdam is introducing a day tourist tax for transit cruise passengers, which will make Amsterdam a less attractive port of call for both sea and river cruises. A first few sea cruise companies have already cancelled reservations for 2019 and 2020.

Measures: Port of Amsterdam continues to stress to the Municipality of Amsterdam that cruise tourists contribute to an economically strong municipality. Cruise tourists use the higher hotel segment, spend considerable sums per day and cause little nuisance. A location study for a new cruise terminal is being conducted jointly with the region to determine whether there are other locations besides the Coenhaven site, preferably outside Amsterdam's municipal boundaries, that would be suitable for its construction. Port of Amsterdam is involved in this research and is making sure to keep communication channels with the Municipality of Amsterdam active about the number of river cruise berths, so the current number can in any event be maintained. The new mooring jetties at De Ruyterkade-West were completed at the beginning of 2018, creating a refreshed entry point. Finally, we are committed to increasing sustainability by providing shore-based power for river cruise vessels and reducing emissions from sea cruise ships at the quay, partly by allowing LNG bunkering for sea cruise ships among other initiatives.

Risk Management

Temporary bubble screens are being fitted in the lock and a permanent bubble screen is being laid in the Amsterdam-Rhine Canal. Research was conducted into 'smarter' locking to limit the inflow of salt water as much as possible, which showed that door-open time was crucial. The measures taken were recorded in the document entitled 'Droogte- en verziltingsscenario's beheersmaatregelen schutten IJmuiden (Drought and salinisation scenarios – control measures for IJmuiden lock passages) in collaboration with the Directorate-General for Public Works and Water Management.

Acceptance by the community

Risk: Reduced support among stakeholders for the port as a whole or for certain port activities may mean less room to manoeuvre when it comes to fulfilling business plans and goals in the port or of Port of Amsterdam's. This is currently a risk at local and regional level, due to pressure on the available physical and environmental space.

Measures: We are formulating our vision and strategy in close collaboration with all our stakeholders. The goal is to build acceptance and support to our goals and plans, and so they fit in with the port's community at large and they possibly strengthen them as much as possible. Every two years, we carry out a check by means of an independent, intensive and broadly based stakeholder survey canvassing

views on the course we are pursuing for the port and what changes respondents would like to see. We also maintain daily contact with local stakeholders through discussions, working groups, local, regional and national committees and public meetings. We do so to ensure optimum integration of the port's activities and to resolve any issues, but also to build bonds with the city and the metropolitan region to enable the port and the surrounding area to be mutually reinforcing. This includes, for example, the prominent role for the port in the energy transition, the circular economy, the increased sustainability of product chains and logistical accessibility.

People, organisation and culture

Risk: Shortage of talent, meaning the unavailability of the right employee at the right time in the right place within port of Amsterdam, in functional and management positions, necessary to achieve organisational objectives.

Measures: Our performance and development cycles and our annual assessment of employees' current performance and their internal and external future potential, we identify clearly where our employees fit now and in the future. Based partly on this, we draw up individual development plans and focus on staff turnover and retention, including assessing culture and conduct where necessary. The same is true for adapting the organisational structure. All of this

relates to our ability to achieving the goals of the organisation.

Operational risks

The risks and uncertainties that influence the effectiveness and efficiency of the port authority's business activities and particularly the short-term objectives.

Sea lock disruptions

Risk: Unscheduled stoppages of the sea lock complex in IJmuiden limit accessibility to the port. These stoppages have a major impact on our customers and other service providers in the North Sea Canal Area. The causes of such stoppages may lie in technical faults, the construction of the new sea lock and seasonal or longer-term salinisation. Salinisation occurs as inland waters become more saline due to seawater penetrating through the locks in Dutch waterways, making them less suitable for agriculture and horticulture as well as for drinking water.

Measures: The division of roles in the event of scheduled and unscheduled disruptions is set out in the working agreements between Central Nautical Management (CNB) and the Directorate-General for Public Works and Water Management (Rijkswaterstaat). An action plan is in place for emergency stoppages in lock operation. In the event of an unscheduled stoppage, we communicate with customers

Risk Management

and nautical service providers to minimise the impact. During the construction of the new lock we are in monthly contact with the construction company OpenIJ and the Directorate-General for Public Works and Water Management to coordinate scheduled stoppages. In last year's dry summer, we gained extensive experience in limiting salinisation, with minimal impact on shipping traffic.

Accessibility

Risk: By accessibility we mean guaranteeing the ability of transport operators, employees and visitors to access our port by water from the sea and from inland, rail or road. In this regard, we are looking at whether the infrastructure and the range of public transport is sufficient to meet the demand from our customers.

Measures: We have investigated the impact of the scaling up of marine shipping on nautical infrastructure. In 2018, we started working on translating the issues highlighted by the analysis into concrete projects now being implemented in close cooperation with the Directorate-General for Public Works and Water Management, the asset owner.

For inland shipping, we have started using a monitoring system to monitor the capacity and occupancy of berths

and moorings. We will take measures to adjust capacity where necessary. Port of Amsterdam is also encouraging shorter stays so the scarce capacity does not stay occupied for too long. The reservation system for public water infrastructure, such as waiting areas, dolphins and buoys, was introduced in 2018, enabling vessel owners to reserve the required equipment in advance.

To safeguard our customers' interests with regard to accessibility by rail, Port of Amsterdam is investing in rail-related infrastructure such as the Contactweg flyover. We also take part in various working groups aimed at guaranteeing capacity for rail freight transport to and from Amsterdam, for example in the national package of measures for rail freight transport of the Ministry of Infrastructure and Water Management. We are also a member of the steering group for the High Frequency Rail Programme, the Vision for Public Transport and Rail, the Third Rail steering group, and we take part in national consultations on rail freight. In order to reinforce the lobbying activities, Port of Amsterdam took the initiative in 2019 of handing over a petition jointly with customers and stakeholders aimed at better guarantees of accessibility for rail freight transportation to and from Amsterdam and Beverwijk (Tata Steel).

For road transport we work with the Municipality of Amsterdam. The aim is to monitor the handling of road traffic and to prevent or eliminate bottlenecks, including

investing in facilities such as truck parking. To improve accessibility for employees in the port area we take part in consultations with the regional transport authority to improve access by public transport.

The cycle coalition completed its project at the end of 2018. The ministry decided not to proceed further on the current basis. Jointly with the regional transport authority a new cycle path was laid in Westpoort and minor improvements were made to existing cycle paths in 2018. Recreational cycle routes were also completed renovated throughout the area.

Damage from emergencies

Risk: When a major incident or a series of more minor incidents occurs on the water or land, this has an impact on employee and visitor safety and accessibility of the area. In addition, support for the port may decrease and the port authority may suffer irrecoverable damage. Finally, the business climate could worsen from the reputational damage.

Measures: The Environmental Department issues environmental permits, supervises and enforces permit conditions. Port of Amsterdam works with the municipality to include safety factors in the land-use plans.

Risk Management

External spaces and road infrastructure have been designed in compliance with laws and regulations, while the level of maintenance in the public areas is regularly measured and remains high (Level B).

The Harbour Master's Division monitors and enforces the safe handling of shipping traffic and the permits granted in relation to organisation and safety at the port. The work of the Harbour Master's Division in dealing with emergencies is always evaluated and improvements are made to the process where necessary. The Harbour Master's Division launched the Just Culture project in 2018 as part of its objective to increase focus on safety and assess incidents in a more structured way.

Port of Amsterdam is actively working on the pre-emptive decontamination of asbestos roofing to limit the consequences of any fires and we have set up an associated financial scheme for customers. The riskiest roofs at Minervahaven were replaced in 2017 and 2018. We have assessed our (municipal) assets in the Inlaagpolder and are preparing for decontamination work. We also surveyed the assets of RON and concluded that they presented no risks. Port of Amsterdam plays a leading role in the Amsterdam Joint Fire Brigade project, as part of the safety centre, together with the Safety Region. The goal of this PPP project is to build a fire station at the port specialised in fighting industrial fires. The station is scheduled to be operational in early 2020. According to a recent report by

the Court of Auditors, this new station will substantially improve fire safety in the port.

Terrorist attack in the port

Risk: A terrorist attack in the port would have implications to employee and visitor safety, as well as accessibility to the area. In addition, support for the port may decrease and Port of Amsterdam may suffer irrecoverable damage.

Measures: In the threat phase, the Port Security Plan adopted in 2018 comes into effect. The measures in the plan are regularly rehearsed in multidisciplinary teams. Various staff members from the Harbour Master's Division carry out surveillance. As Port Security Officer, the Division supervises compliance with the Port Security Act (Havenbeveiligingswet). Each company also has its own port facility security plan rehearsed at least once a year. These plans are reviewed by the integrated assessment team, which includes members of the fire service, the police service and customs. Compliance with the plans is supervised by International Ship & Port Facility Security (ISPS) inspectors. In an attack phase, the North Sea Canal Area Incident Response Plan comes into effect. In 2018, we conducted an exercise to rehearse the ISPS attack and alert scenarios, involving the Public Order and Safety Department of the Municipality of Amsterdam and the police.

Cybersecurity and resilience

Risk: Advances in digitisation and increasing data exchanges with supply chain partners and customers offer many opportunities, but also make us more vulnerable to disruptions in accessibility, integrity and confidentiality of information. Cyberattacks, malware infections and data breaches in the port authority or other operators in the port area have a major impact on the continuity of both administrative and operating processes in the port and can therefore lead to major economic, but also reputational damage.

Measures: Cybersecurity and resilience have become a strategic objective of Port of Amsterdam in recent years, so we launched a cybersecurity programme in 2018. The programme consists of three parts: internal cybersecurity, port cybersecurity and an awareness programme.

For internal cybersecurity, an Information Security Officer was appointed in 2018 with responsibility for ensuring safety measures and increasing our own resilience.

This is supported by an e-learning course on information security to increase internal cybersecurity awareness. Focusing on cybersecurity and resilience, the internal programme aims to work in a process-based and structured way on innovation and optimisation of our IT services.

Risk Management

The following measures have been taken to boost port cybersecurity and external awareness:

- As the initiator, Port of Amsterdam has launched the awareness programme in collaboration with key public and private operators;
- By creating a sense of urgency, we encourage companies to share knowledge and change their behaviour.

The cybersecurity programme is intended to achieve the following goals among others:

- Port security and cybersecurity: the director of CMB fulfils the ISPS legislation, in both the physical and digital space;
- Awareness within the North Sea Canal Area: on the theme of cybersecurity due diligence is fulfilled by creating awareness and contributing to digital resilience in the Amsterdam port region and port community.

The [cybersecurity programme](#) was recognised as a [cyber resilient network](#) by the Ministry of Economic Affairs in 2018.

Financial risks

The risks and uncertainties relating to the financial position and the possibilities for raising funds.

Financial reporting risks

The risks and uncertainties in the financial statements' accounting.

Estimation of uncertainties in the provision of decontamination liabilities

Risk: Port of Amsterdam (legal entity: Havenbedrijf Amsterdam N.V.) assumed the obligation to ensure that the port sites acquired under the ground lease are delivered at the end of the term in accordance with the industry standard, under the Port Agreement of 1 April 2013 and the associated general provisions for a continuing main ground lease right for the port area of Amsterdam. The industry standard is laid down in the Soil Quality Regulation, as applicable on 1 April 2013. An exception to the soil decontamination obligation applies in respect of all pollution arising as a result of acts of war. In the Port Agreement, the Municipality of Amsterdam indemnifies Port of Amsterdam in respect of the costs, risks and

liabilities arising from World War II activity. Port of Amsterdam has created a provision for all soil damage for which it is liable. Uncertainties concerning the various estimates are an inherent feature of the calculation of this provision. These could include the extent of the pollution in m³, and the applicable decontamination techniques. In addition, the time for decontamination cannot be predetermined, so there are also uncertainties with regard to the cost and future changes in laws and regulations.

Measures: In the case of a land issue in the port area, the soil quality at the time of issue is determined by means of a soil report. In the final measurement, in the case of a rental, ground lease right or sub-ground lease right ending, an examination takes place to determine the consequences of all business activities conducted during the term of the rental, ground lease right or sub-ground lease right on the plot. The results of the final measurement are recorded in a final measurement report which is submitted to Port of Amsterdam.

It is contractually agreed that during the term of the contract, Port of Amsterdam can seek collateral to cover damage to its assets. In assessing the damage to the soil, the port authority is not dependent solely on the party that caused damage but can also appeal to the competent authority, the Environmental Service (Omgevingsdienst), with regard to environmental legislation. The Environmental Service may require that an investigation be

Risk Management

conducted on the premises of the party that caused the damage and the resulting data will be shared with Port of Amsterdam as the main leaseholder.

Prior to the end of the rental, ground lease right or sub-ground lease right, the tenant, leaseholder or sub-leaseholder is obliged to have decontaminated any pollution at his own expense and risk, returning it to the pre-existing standard described in the initial report. One of the consequences of this may be that Port of Amsterdam can impose further decontamination measures on the tenant, leaseholder or sub-leaseholder other than those which have been or may be imposed by the competent authority under the Soil Protection Act.

Damage from customer insolvency

Risk: When a customer goes into liquidation, the port authority may suffer losses. These losses could consist of a default risk, residual soil contamination, assets or inventories with a negative value.

Measures: In order to limit credit risk, we use bank guarantees, security deposits, advance payments and direct debits. We monitor our receivables portfolio actively and where necessary agree on payment schedules with debtors. In negotiations with customers at the time of setting up a

business, contract extension or investment, we seek assurances such as bank guarantees, compensation for soil decontamination, provision of collateral, etc.

Liquidity risk

Risk: Port of Amsterdam has a revolving facilities agreement for €110 million. A €50-million part of this facility can only be drawn on completion of the construction of the new sea lock at IJmuiden.

The facility has been granted under market conditions and can be periodically drawn for one, three or six months at an interest rate of one, three or six months Euribor +0.5%. In addition, a covenant has been agreed with the lender in which the adjusted shareholders' equity must be at least 30% of the total equity. This condition was met in 2018. No collateral has been provided for this loan. Due account has been taken of additional costs in the valuation of this loan. As of 31 December 2018, the utilisation of this facility amounted to €25 million (2017: €0).

The financing requirement is set to increase according to the investment schedule and the carrying out of partial decontamination of soil pollution. This means a steady decrease in the scope to absorb any financial setbacks in the medium to long term.

Measures: The principle of the liquidity policy is that as far as possible sufficient equity will be held in order to meet current and future financial obligations, in normal and in difficult circumstances. A Treasury report is periodically drawn up in which the liquidity trend is assessed in relation to the investment and decontamination schedule and the other financing requirement.

Our bank consortium has stated that there is sufficient borrowing capacity in the years ahead to arrange an additional loan in 2019.

Risk Management

Compliance risks

There are no compliance risks or uncertainties arising from laws and regulations that have a direct impact on the port authority and its business processes.

Key uncertainties from the previous annual report

The 2017 annual report listed a key uncertainty that has since been controlled to the extent that it no longer constitutes any particular risk.

Distribution of environmental allowance

Space for existing customers to grow and for new customers to set up operations has been ensured by the expansion of the noise allowance around Westpoort in 2015. As a result of the drafting of a noise distribution plan, which was incorporated in a concept land-use plan in 2018, the residual noise allowance was divided among remaining free plots.

The Integrated Approach to Nitrogen (PAS) was reviewed in 2016. We worked with the Province of North Holland to produce a distribution plan for the nitrogen deposition allowance, which was ratified in 2017. This process means that distribution of the nitrogen deposition allowance has been secured for the future.

Expected impact on the results

All of the aforementioned risks can impede the attainment of our strategic objectives. The impact of the risks has an effect not only on our financial results, but also on our objectives in the fields of security and smooth and sustainable handling of shipping. The impact on the results is not easy to measure. The financial and other effects of a risk do not always arise immediately and the period for which the effect will remain is also difficult to determine.

Risks and uncertainties having a major important impact in the past financial year and their consequences

City Council approved the Port-City development strategy on 21 December 2017, directing the Municipality of Amsterdam to build between 40,000 and 70,000 homes starting from 2029. Some of these homes will be built in the port area around Coenhaven, Minervahaven, Mercuriushaven and Vlothaven. Reacting to this decision and the possible consequences for the Port-City area in the near future, an external party was commissioned in 2018 to investigate the decontamination costs for restoring the area to the industry standard defined in the Soil Quality Regulation. The additional estimated decontamination cost is €22.5 million and will be borne by Port of Amsterdam.

Declaration of the Board of Directors

The Board of Directors declares that the above report in general and the chapter Risk Management provide sufficient insight into the functioning of the internal risk management and control system, as well as the areas for improvement in this system, which were addressed last year and that will receive attention next year. By setting up and operating the above system, the Board has provided a reasonable level of assurance that the financial reporting is free of material misstatements. In the current state of affairs, the preparation of the financial reporting on a going-concern basis is justified. The report contains the material risks and uncertainties that are relevant for the expectation of the company's continuity.

Solid organisation

Governance and compliance

Organisational structure

Port of Amsterdam (legal name: Havenbedrijf Amsterdam N.V. is an unlisted public limited company with a two-tier board structure. A feature of this structure is that members of the Board of Directors and the Supervisory Board are appointed by the General Meeting of Shareholders on the nomination of the Supervisory Board.

The General Meeting and the Works Council have recommendation rights with regard to the nomination of members for the Supervisory Board.

The governance structure of Port of Amsterdam is based on Book 2 of the Dutch Civil Code, the articles of association and internal regulations, including the Board of Directors regulations and the Supervisory Board regulations. The Municipality of Amsterdam is the sole shareholder. The shareholder exerts influence through the General Meeting. The approval of the General Meeting is required among other things for the company's strategic long-term vision (12 years) and the medium-term strategic plan (four years).

As in previous years no acquisitions or divestments took place in 2018.

The Management and Supervision Act came into force on 1 January 2013. The new law requires pursuit of a balanced composition of boards of directors and supervisory boards, with at least 30% of the seats being occupied by women and at least 30% by men.

The allocation of seats on our Supervisory Board, with three men and two women, is balanced. The composition of our Board of Directors does not comply with the aforementioned percentage. In addition to the two male members of the Board of Directors, the management team also includes the female Harbour Master, the male head of HR and PMO and the male executive secretary. In the event of a change in the management team, due regard will be paid to the need for a balanced allocation of seats between men and women.

Board of Directors

The Board of Directors consisted of two directors in 2018. The members are Chief Executive Officer Koen Overtoom (CEO) and Chief Finance Officer Michiel de Brauw (CFO). The members of the Board of Directors are collectively responsible for managing the company and its general state of affairs. The duties have been allocated on the basis of consultation among the members, with the approval of the Supervisory Board. The internal affairs of the Board of Directors are recorded in board regulations.

The management team, which at the beginning of 2018 consisted of the two directors, the harbour master and the executive secretary, was supplemented and strengthened at the end of February with the addition of Rob Janse as Head of Human Resources. Within this structure, the harbour master and the Head of Human Resources have an independent advisory role, strengthening the contribution in nautical and maritime affairs and strategic personnel policy.

The Supervisory Board

The Supervisory Board supervises the management of the company and its associated business and provides advice for the management team. The internal affairs of the Supervisory Board are recorded in supervisory board regulations. These include the profile of the Supervisory Board, which among other things sets more detailed requirements in terms of expertise and experience. The Supervisory Board consists of a number of at least three and at most seven members, as specified by the general meeting.

In 2018, the Supervisory Board comprised five members and three committees: the audit committee, the strategy committee and the remuneration committee. In December, the remuneration committee was changed into a remuneration, selection and appointments committee.

Governance and compliance

The three committees meet independently and carry out the preparatory work for the Supervisory Board.

Company and code of conduct

Port of Amsterdam has had to contend with a growing body of rules and regulations in recent years. It is increasingly important that we are able to demonstrate compliance with a broad range of laws and regulations. A compliance policy has therefore been developed and adopted. This policy consists of agreements, rules and values which employees of Port of Amsterdam, including contract staff, must respect. Our Company Code includes the conventions, laws and regulations that apply to us and who our compliance officers are. It is important that all our employees are informed of the content of our Company Code and the core values enshrined in it.

On the basis of our core values – collaboration, passion, respect and responsibility – Port of Amsterdam works daily to maintain a healthy, effective and socially responsible organisation. We do that jointly with our stakeholders and the communities around us. As an organisation, we strive for the efficient organisation of our activities and we coordinate our processes as much as possible. We also believe it is important that our employees continually develop and possess the right skills and capabilities to fulfil their responsibilities.

In 2018, the Code of Conduct was rediscussed and once again adopted by the Board of Directors with the approval of the Works Council. Port of Amsterdam aims to be less prescriptive than previously with regard to desirable and undesirable behaviour and to work more than before on creating an atmosphere where there is more room to address each other based on the core values about desirable and unwanted behaviour. During the meetings referred to as *dilemma bijenkomsten* (issues meetings) employees are consulted on the scope of and compliance with the Code of Conduct.

GDPR

The European General Data Protection Regulation came into force on 25 May 2018. Port of Amsterdam has complied with the new legislation since then. To this end policy, protocols and privacy statements were drawn up, data processing procedures involving personal data were identified, processing agreements were entered into where necessary and work started on defining principles for the deletion of personal data. Each department has also designated an employee who can act as a sparring partner for the two appointed privacy officers. They regularly discuss relevant developments and necessary activities among themselves, which guarantees continued GDPR compliance.

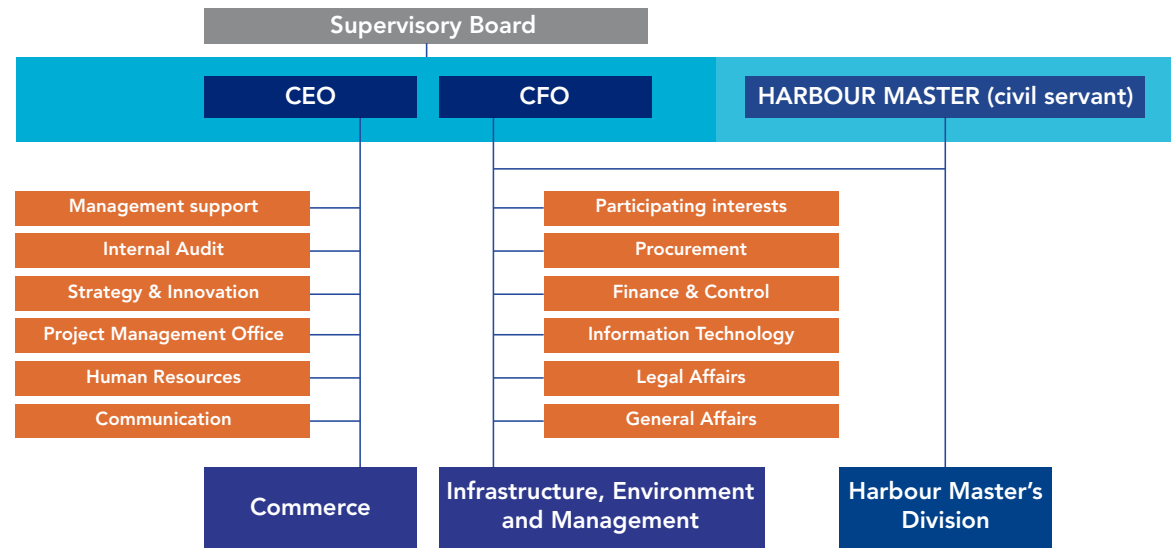
Governance and compliance

Organisation chart

Port of Amsterdam became an independent entity on 1 April 2013, with the Municipality of Amsterdam as the sole shareholder. That led to a restructuring of the organisation. The 2017–2021 Strategy led to a further adjustment to its structure with the addition of a Project Management Office (PMO) in 2018.

The PMO consists mainly of senior project managers, who supervise the large strategic projects, including the cybersecurity programme, the development of the Energy Port (Velsen) and the formation of the Amsterdam Joint Fire Brigade (GBA) in the Western Port Area. The PMO has been established to support the business strategy, to manage substantial investments in a professional way and guarantee project and programme knowledge.

On the basis of the same pursuit of quality, and in the spirit of compliance, we professionalised the procurement function in 2018. This involved the formulation of a new procurement policy and we established a separate Procurement department which will coordinate and administer all buying processes under a uniform legal framework.



Involvement of Supervisory Board members

Report of the Supervisory Board

Composition and meetings

The Supervisory Board comprised five members in 2018. In April, the General Meeting of Port of Amsterdam reappointed Philip Stibbe as a member of the Supervisory Board for a second term. The composition remained unchanged in 2018.

The Supervisory Board met on seven occasions, including on one occasion in Ghent, Belgium. In the beginning of July, the Supervisory Board and the Board of Directors took part in a two-day working visit to Ghent, which included a visit to North Sea Ports, the new cross-border company resulting from the merger of Havenbedrijf Gent and Zeeland Seaports.

A number of urban and regional issues were again the agenda of the Supervisory Board in 2018. The plans for urban development in the Port-City, the Bridging of the IJ and the possible relocation of the Passenger Terminal Amsterdam (PTA) are complex strategic matters that receive constant attention. The Board of Directors kept the Supervisory Board fully informed of progress of the construction of the new sea lock in IJmuiden.

The role of the Port of Amsterdam in encouraging and facilitating the energy transition in the Amsterdam Metropolitan region was a central and recurring theme again last year. The agenda also included: the development of the energy port in IJmuiden; the Port of Amsterdam's plan to develop landing facilities for North Sea wind energy in this region in the future; and, cooperation in the North Sea Canal Area in the establishment of a programme in the framework of the Climate Table for Industry in the North Sea Canal Area.

Key subjects relating to the internal organisation of Port of Amsterdam were the Digital Port and Cybersecurity IT programmes, the refinement of the internal risk control and monitoring system based on Orde II, the new roster for the Harbour Master's Division and the development of a new HR vision.

Evaluation and reassessment of the profile

In the fourth quarter of 2018, the Supervisory Board carried out an evaluation of its performance, with the support of an external expert. Besides the individual members of the Supervisory Board, this involved interviews with members of the Board of Directors, the Harbour Master, the head of HR and the Executive Secretary. The findings were discussed by the Supervisory Board in a separate session at the end of 2018. The evaluation was combined with a reassessment of the profile of the Supervisory Board. As a result of this reassessment, the current profile is being adapted and updated at the beginning of 2019.

Committees

Audit Committee

The purpose of the Audit Committee is to assist the Supervisory Board in its preparation for decision-making in monitoring the integrity and quality of the company's financial reporting process, as well as the effectiveness of Port of Amsterdam's internal risk management and control systems. The findings of the Audit Committee are reported to and discussed at the regular meetings of the Board.

In 2018, the Audit Committee consisted of Ingrid Doerga (Chair) and Philip Stibbe. The internal audit function ceased its activity for the port authority in the summer of 2018 and will therefore not be resumed in the short term.

The Committee met on four occasions, with the CFO being present on four occasions and the CEO on two occasions. The external auditor took part in the discussions about the 2017 annual report and financial statements and the findings of the interim audit.

Report of the Supervisory Board

The subjects discussed in 2018 included the following:

- The 2017 financial statements, including the findings of the external auditor and the auditor's report on the findings of the 2018 interim audit;
- The 2019 budget;
- Revaluation of Port of Amsterdam as a result of the introduction of corporate income tax and the adoption of the fiscal opening balance sheet;
- The internal control procedures and the risk management;
- The monthly reporting and dividend proposal;
- Various investment proposals;
- Detailed presentations on risk management.

The Audit Committee found that the standard of internal control of the port authority was good in 2018. A number of complex internal processes require attention but are already being tackled diligently by the organisation. The audit committee expects the improving trend to continue in 2019.

Remuneration, selection and appointments committee

Following the evaluation of the Supervisory Board's performance in 2017, it was decided in 2018 to appoint or reappoint four permanent members to the remuneration committee. On 1 February approval was given for Willemijn Maas as Chairman and Koos van der Steenhoven to serve as members of this committee. The Regulations of the Remuneration Committee of Port of Amsterdam N.V.

were adopted on 22 March. Later in the year, the committee and the regulations were expanded into a remuneration, selection and appointments committee. The committee's work includes preparing decision-making in the field of remuneration and conducting a periodic assessment of the performance of the Board of Directors. The committee also prepares the evaluation of the Supervisory Board's own performance.

Strategy Committee

The Strategy Committee advises and works with the Board of Directors on key strategic issues. The challenge lies primarily in conducting business with a social function and the impact of the energy transition, where another challenge is to take the right steps at the right pace. The subjects discussed by the Strategy Committee also arose during the regular meetings of the Supervisory Board.

The Strategy Committee, consisting of Jeroen de Haas (Chair), Willemijn Maas and Philip Stibbe, met twice in 2018.

Koos van der Steenhoven (chairman)

Ingrid Doerga

Jeroen de Haas

Willemijn Maas

Philip Stibbe



From left to right: Ingrid Doerga, Jeroen de Haas, Willemijn Maas, Koos van der Steenhoven and Philip Stibbe.

How we report

About this report

Port of Amsterdam reports each year on its results and developments and on the themes that our stakeholders consider relevant. Port of Amsterdam also informs our stakeholders of the added value of our business activities.

Creation of this report

Port of Amsterdam aims to communicate transparently on the impact of its operations. To properly inform this impact to our stakeholders, we decided to adopt an integrated approach for the compilation of this report. This means that we present the most realistic picture possible of how our stakeholders view Port of Amsterdam.

The basis for the themes in this report is the materiality matrix, which shows the most material themes. These are important subjects on which Port of Amsterdam is expected to report, according to our stakeholders. This matrix is the basis of our report (see page 33).

Reliability

Progress on strategic KPIs is reported to the members of our Board of Directors and Supervisory Board quarterly. Each member of the Board of Directors is responsible for non-financial data in his or her portfolios, while each KPI has an owner who is the first point of contact. The business controllers supply the data for this report and guarantee its accuracy. KPI owners provide commentary on results where appropriate. Throughput is measured monthly, for example. The numbers come from the 'Harbour dues' financial process and are determined monthly by business control. The responsible manager may provide an explanation in the monthly reporting.

Who is this annual report for?

In this report, we inform our stakeholders, the parties that have an impact on our operations, but also those affected by our operations. A stakeholder has a different relationship with Port of Amsterdam. We have identified nine different stakeholder groups (see page 25):

- Government bodies;
- Strategic partners;
- Suppliers;
- Knowledge institutions;
- Civil society organisations;
- Media;
- Customers;
- Local residents;
- Port of Amsterdam employees.

In this annual report, we have taken the fullest possible account of the different information requirements by applying an outside-in approach and using the materiality matrix as a basis.

Guidelines

This report has been drawn up in line with the GRI Standards at Core level. The International Integrated Reporting Council (IIRC) framework has also been used for the value creation model and hence to illustrate the added value of Port of Amsterdam.

Other guidelines, codes and agreements that we consider important are: the Corporate Governance Code, the Raw Materials Agreement, the OECD guidelines, the UN Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC) and the World Ports Climate Initiative (WPCI).

Scope of this annual report

This report covers the activities of Port of Amsterdam in the period from 1 January 2018 to 31 December 2018 and was published on 6 May 2019. The 2017 annual report was published on 26 April 2018.

Feedback

If you have a question or comment about this annual report, you can contact us at info@portofamsterdam.com.

Responsibility for sustainability

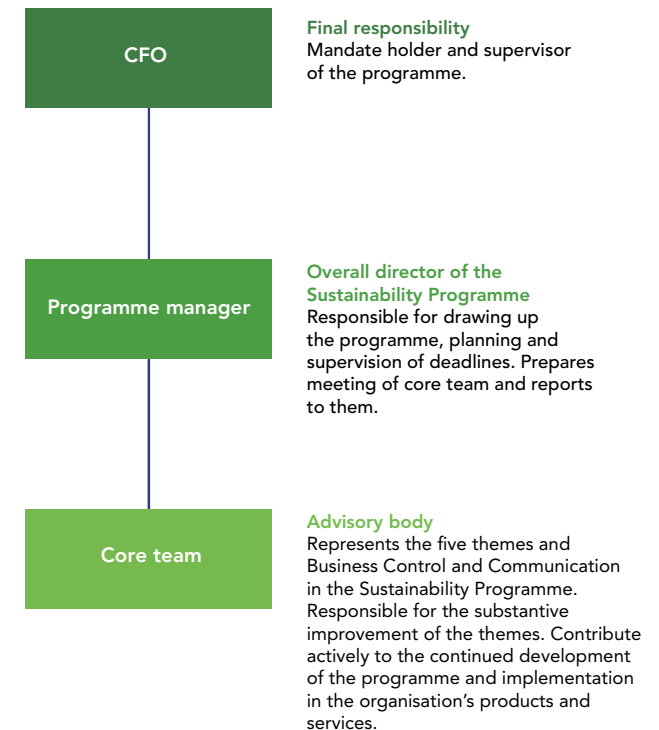
Embedding sustainability in the organisation

In 2015, our organisation appointed a Sustainability Programme Manager and a Sustainability Portfolio Holder was designated within the Board of Directors. These developments have ensured that sustainability has an explicit place within our organisation. The Sustainability Programme Manager reports directly to the CFO, who has ultimate responsibility to the Board of Directors.

The Sustainability steering group consisting of the CFO, the Harbour Master, the Head of Strategy & Innovation, the Head of Communication & Public Affairs and the Sustainability Programme Manager, have met on several occasions in recent years. At the beginning of 2018, however, it was decided that the steering group was not achieving the desired effect of stimulating and coordinating the sustainable development of the organisation. It has therefore been dissolved. The members of the group no longer meet in the form of a steering group but are consulted and involved on a per-subject basis.

As an alternative to the steering group, a network of sustainability ambassadors has been appointed. This network of ambassadors – the core team on sustainability – contributes actively to the development of the sustainability programme. They provide input for the Sustainability Programme Manager based on their expertise and according to their roles. They critically assess the programme, provide suggestions for improvement and keep each other focused. This consultation reflects on and evaluates programmes, projects and initiatives on the most material subjects. Responsible colleagues are kept informed and where necessary implement changes. This consultation takes place every six weeks.

The Sustainability Programme Manager received a reinforcement in 2018. Both the Sustainability Programme Manager and the ambassadors regularly consult with the CFO, who has final responsibility for the sustainability policy.





Financial statements

83

Financial statements

Table of contents

Balance sheet as of 31 December 2018	85
Statement of profit and loss for 2018	86
Cash flow statement 2018	87
Accounting policies	88
Notes to the balance sheet	97
Assets, liabilities and arrangements not included in the balance sheet	117
Notes to the statement of profit and loss	119
Other data	128

Balance sheet as of 31 December 2018

(Before profit appropriation)

Assets	Notes	31-12-2018	31-12-2017
Fixed assets			
Intangible fixed assets	1	1,874,343	863,486
Tangible fixed assets	2	533,302,957	502,981,451
Financial fixed assets	3	284,758,391	321,170,809
Total fixed assets		819,935,691	825,015,746
Current assets			
Receivables	4	25,353,143	16,270,812
Liquid assets	5	6,673,255	35,333,279
Total current assets		32,026,398	51,604,091
TOTAL ASSETS		851,962,089	876,619,837
Liabilities			
Shareholders' equity	6		
Issued capital	7	45,000	45,000
Share premium reserve	8	300,584,972	300,584,972
Legal and statutory reserves	9	2,195,479	2,567,525
Other reserve		318,484,962	22,604,093
Result for the year		17,940,069	356,447,395
		639,250,482	682,248,985
Provisions	10	75,382,521	76,501,954
Non-current liabilities	11	59,313,650	63,144,910
Current liabilities	12	78,015,436	54,723,988
TOTAL LIABILITIES		851,962,089	876,619,837

Statement of profit and loss for 2018

	Notes	2018	2017
Revenue	13	157,412,776	150,055,980
Personnel expenses	14	34,393,881	33,238,553
Depreciation and amortisation	15	21,719,023	21,680,629
Other operating expenses	16	28,855,780	20,852,822
Total operating costs		84,968,684	75,772,004
Operating result		72,444,092	74,283,976
Financial income and expenditure	17	654,914	796,105
Result from business operations before tax		73,099,006	75,080,081
Taxes	18	-56,533,306	281,347,428
Result from business operations after tax		16,565,700	356,427,509
Share in results of participating interests	19	1,374,369	19,886
NET PROFIT AFTER TAX		17,940,069	356,447,395

Cash flow statement for 2018

Cash flow from operating activities	2018	2017
Operating result	72,444,092	74,283,976
Adjustments for:		
Depreciation and amortisation	21,568,122	21,679,303
Change in provisions	-1,148,716	-1,413,532
Change in provision for financial fixed assets	-	-10,366,281
Redemption of ground lease	-2,117,436	-2,181,099
	18,301,970	7,718,391
<i>Movements in working capital</i>		
Movement in receivables	-3,609,944	34,905
Movement in current liabilities	14,961,423	631,219
	11,351,479	666,124
Cash flow from operating activities	102,097,541	82,668,491
Interest received	758,625	692,357
Interest paid	-12,346	-51,535
Taxes	-28,105,000	-
	-27,358,721	640,822
Cash flow from operating activities	74,738,820	83,309,313

Cash flow from investing activities	2018	2017
Investments in intangible fixed assets	-1,201,110	-547,370
Investments in tangible fixed assets	-53,298,564	-31,896,824
Investment in financial fixed assets	-15,733,683	-3,720,817
Disposals of intangible fixed assets	-	1,326
Disposals of tangible fixed assets	156,174	-
Third-party contributions to investments	1,443,015	1,930,220
Repayment of financial fixed assets	1,887,720	1,832,533
Dividends received from participating interests	1,000,000	-
Cash flow from investing activities	-65,746,448	-32,400,932
Cash flow from financing activities		
Dividends paid	-60,938,572	-50,000,000
Increase in non-current liabilities	435,408	399,956
Repayment of non-current liabilities	-2,149,232	-47,056
Movement in liabilities to credit institutions	25,000,000	-
	-37,652,396	-49,647,100
Cash flow from financing activities	-37,652,396	-49,647,100
Movement in cash and cash equivalents	-28,660,024	1,261,281
Developments of movements in cash and cash equivalents		
Position at the beginning of the financial year	35,333,279	34,071,998
Movements in the financial year	-28,660,024	1,261,281
Position at the end of the financial year	6,673,255	35,333,279

Accounting policies

Company profile

In accordance with its articles of association, Port of Amsterdam (legal name: Havenbedrijf Amsterdam N.V.) has its corporate domicile and principal place of business at De Ruijterkade 7, 1013 AA Amsterdam and is registered in the Commercial Register under number 57398879.

General notes

Core activities of the legal entity

Port of Amsterdam is principally engaged in the following activities:

- Optimising services and the business development climate for companies based in the port region, focusing on existing customers, attracting new cargo flows and businesses, as well as marketing and promotional activities;
- Construction and maintenance of the infrastructure, renovation of the port and management of the Amsterdam Westpoort port area;
- Promoting swift, safe and environmentally responsible handling of shipping traffic from 12 miles off the coast at IJmuiden to the Oranje locks, partly on the basis of regulations and enforcement.

Consolidation

The sole shareholder of Port of Amsterdam is the Municipality of Amsterdam. Port of Amsterdam also has participating interests in Hallum Cruise B.V., Bouw en Handelsmaatschappij Hallum B.V. (hereinafter Hallum B.V.), and Regionale Ontwikkelingsmaatschappij N.V. (Hereinafter RON N.V.).

Port of Amsterdam applies the exemption from the obligation to consolidate the figures of participating interests if the joint financial significance of the companies to be included in the consolidation is negligible compared with Port of Amsterdam as a whole (DASB 217.304).

Related-party transactions

A related party is any legal entity over which dominant control, joint control or significant influence can be exercised. Legal entities over which a controlling interest can be exercised are also classified as related parties. Members of the Board of Directors named in the articles of association, other key officers of Port of Amsterdam or its parent company and those closely related to them are also related parties.

Significant transactions with related parties are explained insofar as they were not concluded under normal market conditions. The explanation includes the nature and size of the transaction, as well as any other information necessary to enable an understanding of the transaction.

Estimates

In applying the accounting policies and rules for preparing the financial statements, the Board of Directors of Port of Amsterdam makes various judgements, estimates and assumptions based on circumstances and information available at the time of preparing the financial statements. Estimates based on future events or the occurrence of expected events may be subject to future changes in the market and circumstances outside the control of the group. These changes in estimates are recognised on a forward-looking basis. The main judgements and estimates, including the underlying assumptions, are:

Depreciation/amortisation and residual value

The depreciation and amortisation periods have been determined for each asset class on the basis of the estimated economic life of the assets, which are depreciated to zero on a straight-line basis, taking account of any residual value. The depreciation and amortisation periods used are set out in Parts 1 and 2 of the notes to the financial statements.

Accounting policies

During the year, an assessment is made of whether any changes have occurred in the estimates and assumptions relating to assets that require an adjustment to their useful life. Any such adjustments are made on a forward-looking basis.

Provision for deferred tax

Deferred tax assets are recognised when it is likely that there will be taxable profit in the future. The main estimate concerns the forecast results based on the long-term budget.

Provision for doubtful debts

Provisions deemed necessary for possible losses due to the risk of irrecoverability are deducted. These provisions are determined on the basis of individual assessment of the receivables. The estimation elements relate mainly to the age of the receivables and the creditworthiness of the customers.

Employee benefits provision

The estimated elements relate primarily to the interest rates used, projected salary trends, the probability of redundancy, retention and retirement, as well as inflation assumptions and career tables.

Provision for decontamination liabilities

This provision is calculated on the basis of the currently known decontamination costs, taking into account price indexation and the anticipated impact on decontamination costs of technological developments in this field.

Provision for demolition

This provision is calculated on the basis of the currently known demolition costs, taking into account price indexation and the anticipated impact on costs of technological developments in this field.

Provision for home insulation

This provision is calculated on the basis of the currently known insulation costs.

General accounting policies

The standards according to which the financial statements have been prepared

The financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code and the provisions of the Guidelines for Financial Reporting issued by the Dutch Accounting Standards Board. The financial statements have been prepared on the basis of historical cost. Assets and liabilities are stated at nominal value unless another measurement basis is stated. Income and expenses are allocated to the year to which they

relate. Profits are only recognised insofar as they have been realised by the balance sheet date. Liabilities and potential losses originating before the end of the reporting year are recognised if they became known before the preparation of the financial statements.

Netting

Assets and liabilities are netted in the financial statements if and to the extent that:

- There is a reliable legal instrument to net and simultaneously settle the asset and the liability;
- There is a firm intention to settle the net amount or the two items simultaneously.

Changes in estimates

Port of Amsterdam has been subject to corporate income tax since 1 January 2017. A fiscal opening balance sheet was therefore prepared in which the assets and liabilities were valued on a commercial basis. The fiscal value of the company is higher than the commercial value. Under the Annual Reporting Guidelines, a deferred tax asset must be recognised equal to the difference between the fiscal value and the commercial value. In the 2017 financial year the recognised deferred tax (1 January 2017: €300.1 million) as the best estimate based on discussions with the tax administration. In 2017, this non-recurring income led to corporate income tax income totalling €281.3 million after deduction of the regular tax charge for 2017 amounting to €18.8 million, in which the current corporate tax amounts

Accounting policies

to €14.1 million. This income has been stated as follows in the statement of profit and loss for 2017.

A settlement agreement was signed by Port of Amsterdam and the tax administration on 17 January 2019. This includes the definitive fiscal opening balance sheet as well as a number of other agreements on the specification of the fiscal profit of Port of Amsterdam. According to the definitive fiscal opening balance sheet in the settlement agreement, there is a total difference of €937 million between the equity for tax purposes on 1 January 2017 of €1,804 million and the equity for commercial purposes on that date of €867 million.

A higher valuation for the 'Prepaid ground lease for land and sites' was the main cause of the difference between the equity in the fiscal and commercial balance sheets. The prepaid ground lease is valued at fair value in the fiscal opening balance sheet and in the commercial financial statement based on the historical cost. As a result of the final adoption of the fiscal opening balance sheet, the sum of €12.6 million must be added to the deferred tax asset in 2018.

The effect of the change of estimate is explained in Part 3 of the notes to the financial statements.

Error recovery

Provision for decontamination liabilities

Provision for decontamination liabilities

On 21 December 2017, City Council approved the Port-City Development Strategy, which means that from 2029 the Municipality of Amsterdam will build between 40,000 and 70,000 homes. Some of these homes will be built in the port area around Coenhaven, Minervahaven, Mercuriushaven and Vlothaven. Having regard to this decision and the possible consequences for the Port-City area in the near future, an external party was commissioned in 2018 to investigate the decontamination costs of restoring the area to the industry standard as defined in the Soil Quality Regulation. The additional estimated decontamination cost is €22.5 million.

The port sites examined in Port-City form part of the ground lease agreement between the Municipality of Amsterdam and Port of Amsterdam. When the area is transformed, the Municipality of Amsterdam can once again acquire full ownership of the land. The ground lease agreement, which was drawn up when the company became an independent entity in 2013, between the Municipality of Amsterdam and Port of Amsterdam, specifies that the cost of decontaminating the land to the industry standard would be on the account and risk of Port of Amsterdam.

On the basis of the foregoing, Port of Amsterdam concluded during the 2018 financial year that the Port-City decontamination obligation already existed when the ground lease agreement with the Municipality of Amsterdam was concluded and at that time should have led to the additional allocation of €22.5 million to the provision for soil decontamination. The identified error was accounted for retrospectively with the cumulative effect being charged to shareholders' equity on 1 January 2017.

As a result of the identified error, the deferred tax asset was adjusted upwards by €5.6 million. This effect has been recognised retrospectively with an adjustment to the comparison figures for 2017.

The effect of the error recovery on the balance sheet as at 1 January 2017, 31 December 2017 and the 2017 result is as follows:

Accounting policies

	Balance sheet as of 1 January 2017	Effect of error recovery	Revised balance sheet as of 1 January 2017	Balance sheet as at 31 December 2017	Effect of error recovery	Effect of reclassifications in the 2018 financial statements	Revised balance sheet as at 31 December 2017
Assets							
Fixed assets	495,011,592	–	495,011,592	503,844,937	–	–	503,844,937
Financial fixed assets	12,943,525	–	12,943,525	315,538,309	5,632,500	–	321,170,809
Current assets	50,767,325	–	50,767,325	51,634,569	–	–30,478	51,604,091
Total assets	558,722,442	–	558,722,442	871,017,815	5,632,500	–30,478	876,619,837
Shareholders' equity and liabilities							
Issued share capital	45,000	–	45,000	45,000	–	–	45,000
Share premium	300,584,972	–	300,584,972	300,584,972	–	–	300,584,972
Legal and statutory reserves	397,134	–	397,134	2,567,525	–	–	2,567,525
General reserves	22,970,617	–22,530,000	440,617	45,134,093	–22,530,000	–	22,604,093
Undistributed profit	74,333,867	–	74,333,867	350,814,895	5,632,500	–	356,447,395
Shareholders' equity	398,331,590	–22,530,000	375,801,590	699,146,485	–16,897,500	–	682,248,985
Provision for decontamination liabilities	51,793,237	22,530,000	74,323,237	51,862,416	22,530,000	–	74,392,416
Other provisions	3,623,028	–	3,623,028	2,109,538	–	–	2,109,538
Non-current liabilities	64,973,109	–	64,973,109	63,144,910	–	–	63,144,910
Current liabilities	40,001,478	–	40,001,478	54,754,466	–	–30,478	54,723,988
Total shareholders' equity and liabilities	558,722,442	–	558,722,442	871,017,815	5,632,500	–30,478	876,619,837

Accounting policies

Revised statement of profit and loss for 2017	Reported 2017	Effect of error recovery	Revised 2017 figures
Amounts in €			
Total operating income	150,055,980		150,055,980
Wages, salaries and social security contributions	33,238,553		33,238,553
Depreciation and amortisation of tangible and intangible fixed assets	21,680,629		21,641,810
Other operating expenses	20,852,822		20,852,822
Total operating expenses	75,772,004		75,733,185
Operating result	74,283,976		74,322,795
Financial income and expenditure	796,105		796,105
Result before tax	75,080,081		75,118,900
Taxes	275,714,928	5,632,500	281,347,428
Result after tax	350,795,009	5,632,500	356,466,328
Share in results of participating interests	19,886	–	19,886
Net profit	350,814,895	5,632,500	356,447,395

Accounting policies

Conversion of foreign currency

The financial statements are expressed in euros, which is both the functional and the presentation currency of Port of Amsterdam.

Conversion of foreign currency for the balance sheet

Accounts receivable, debts and liabilities in foreign currencies are converted at the rate prevailing on the balance sheet date. Exchange differences resulting from settlement and conversion are credited or charged to the statement of profit and loss.

Conversion of foreign currency for the statement of profit and loss

Transactions in foreign currencies during the reporting period are recognised in the financial statements at the exchange rate on the date of the transaction.

Leases

An assessment is made of whether a contract constitutes a lease on the basis of the economic reality at the time the contract is concluded. A contract is deemed to be a lease if the right to use an asset is ceded to another party for an agreed period and for a specified fee.

Operational leases

Liabilities relating to operating leases are recognised in the statement of profit and loss over the term of the lease. Liabilities after the financial year are stated under contingent liabilities.

Pension schemes

The company's employees participate in the sector pension scheme of Algemeen Burgerlijk Pensioenfonds (ABP). The average salary scheme is funded by payments to ABP. Pension liabilities are measured according to the 'obligation to the pension provider' approach. In this approach, the contribution payable to the pension provider is stated as an expense in the statement of profit and loss.

The pension administration agreement is used as a basis for assessing whether and, if so, liabilities exist on the balance sheet date in addition to the payment of the annual contribution to the pension provider. These additional obligations, including any obligations under the pension provider's recovery plans, lead to expenses for the company and are included in a provision in the balance sheet. At the end of 2018 and 2017 there were no liabilities apart from the payment of the annual contribution to the pension provider.

ABP's coverage ratio as at 31 December 2018 was 97.0% (2017: 104.4%). This coverage ratio is a snapshot of the financial position on 31 December 2018. As the current coverage ratio can fluctuate sharply within a short period, pension funds are required to apply the 'policy coverage ratio' as of 2015. The policy coverage ratio is an average of twelve months. ABP's policy coverage ratio as at 31 December 2018 was 103.8% (2017: 101.5%). Legally, the coverage ratio must be 128% and not be below 104.2% for more than five years. Measures taken by ABP in recent years in connection with non-compliance with the 104.2% statutory policy coverage ratio include non-indexation of pensions.

Accounting policies

Valuation policies for assets and liabilities

Intangible fixed assets

An intangible fixed asset is recognised in the balance sheet if:

- it is likely that economic benefits will accrue to the company and;
- the cost of the asset can be reliably determined.

Expenses in connection with an intangible fixed asset that do not meet the conditions for capitalisation, such as expenditures relating to research and internally developed brands, logos, publishing rights and customer bases, are recognised directly in the statement of profit and loss.

Intangible fixed assets are carried at cost and net of cumulative depreciation and any impairments.

Intangible fixed assets are amortised systematically on the basis of the estimated economic life at a maximum of twenty years, calculated on the basis of a fixed percentage of the cost of acquisition, taking any residual value into account. The economic life and the amortisation method are reassessed at the end of every financial year. Intangible fixed assets under construction are not amortised.

Development costs are capitalised if the applicable conditions are met with regard to technical, commercial and financial feasibility. A legal reserve is maintained equivalent to the capitalised amount.

If expectations concerning the depreciation method, useful life or residual value undergo any changes over time, it is accounted for as a change in the accounting estimate.

Tangible fixed assets

A tangible fixed asset is recognised in the balance sheet if:

- it is likely that economic benefits will accrue to the company and;
- the cost of the asset can be reliably determined.

Tangible fixed assets are carried at cost minus investment subsidies and third-party contributions, and net of accumulated depreciation and any impairments. Depreciation is based on the estimated useful life and calculated on the basis of a fixed percentage of the cost of acquisition, taking account of any residual value. Depreciation commences when the asset is taken into use. Owned land and tangible fixed assets under construction are not depreciated.

Tangible fixed assets under construction are measured at manufacturing cost net of any impairments, where applicable. The manufacturing cost consists of material costs, direct labour costs and an attributable portion of the indirect production costs.

Investment grants and contributions are deducted from the acquisition cost of the assets to which they relate, which results in lower depreciation charged to income.

Tangible fixed assets taken out of operation are valued at the carrying value and the net realisable value. A tangible fixed asset is no longer recognised in the balance sheet on disposal or if no future performance units are expected from its use or disposal. The gain or loss resulting from the disposal is recognised in the statement of profit and loss.

Scheduled major maintenance is capitalised according to the component approach. The cost includes the cost of major maintenance as soon as these costs arise and the capitalisation criteria have been fulfilled. The carrying amount of the components to be replaced are then treated as a disposal and is charged in the statement of profit and loss. If expectations concerning the depreciation method, useful life or residual value undergo any changes over time, this is accounted for as a change in the accounting estimate.

Accounting policies

Financial fixed assets

Participating interests in group companies

Non-consolidated participating interests over whose business and financial policies significant influence can be exerted are carried at net asset value, but not below zero. This net asset value is calculated on the basis of the accounting policies that apply to Port of Amsterdam.

Significant influence is deemed to exist if a shareholder's interest exceeds 20% of the voting rights attached to the shares. Participating interests with a negative net asset value are valued at zero. A provision is recognised if all or part of the debts of the relevant participating interest are guaranteed by the company or the company has an actual obligation to enable the participating interest to pay its debts in respect of its share. In determining the amount of this provision, due account is taken of bad debt provisions already deducted from amounts receivable from the participating interest.

Participating interests over which no significant influence is exerted in terms of financial and commercial policy are valued at the acquisition cost and net of any impairments, where applicable.

Other non-current receivables

At initial recognition, the loans and other receivables recognised under financial fixed assets are carried at fair value plus the directly attributable transaction costs. After initial recognition, loans granted and other receivables are carried at amortised cost in accordance with the effective interest method. Income and expenses are recognised in the statement of profit and loss through the amortisation process.

Deferred tax assets

Deferred tax assets are recognised for deductible tax losses and deductible temporary differences between the value of assets and liabilities according to tax rules and the accounting principles followed in this financial statements, on the understanding that deferred tax assets are recognised only if it is likely that future taxable profit will be available against which the temporary differences can be settled and losses can be offset.

Deferred tax assets are calculated at the tax rates prevailing at the end of the reporting year or at the rates that will apply in forthcoming years, where such rates have already been set by law.

Deferred tax assets are carried at nominal value.

Impairments of fixed assets

On each balance sheet date an assessment is made of whether there are any indications that a fixed asset may be impaired. If such indications exist, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment loss is recognised if the carrying amount of an asset or of the cash-generating unit to which it belongs exceeds the realisable value. The realisable value is the higher of the net realisable value and the value in use. Impairment losses are recognised directly as expenses in the statement of profit and loss.

Receivables

Receivables are carried at fair value at initial recognition and subsequently at amortised cost. Provisions deemed necessary for possible losses due to the risk of irrecoverability are deducted. These provisions are determined on the basis of individual assessment of receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank account credit balances and demand deposits with a maturity of less than three months. Cash and cash equivalents are carried at nominal value.

Accounting policies

Provisions

Provisions are recognised for legally enforceable or constructive obligations existing on the balance sheet date where settlement is likely to entail an outflow of resources whose amount can be reliably estimated.

Provision for decontamination liabilities

Port of Amsterdam, under the land lease agreement with the Municipality of Amsterdam, has the obligation with effect from 1 April 2013 to return the leased port sites on the basis of the industry standard under the Soil Quality Regulation. This obligation applies on termination of the continuous land lease contract.

An exception to the soil decontamination obligation applies in respect of all pollution arising as a result of acts of war during World War II. In the Port Agreement, the Municipality of Amsterdam indemnifies Port of Amsterdam in respect of the environmental damage caused during that period.

In order to be able to deliver the land according to the industry standard, it is important that there is controllability of any new pollution but also of pollution that was already known and present before 1 April 2013, because Port of Amsterdam is also responsible for the 'older' pollution. As part of the deferred restoration obligation under the land lease agreement with the Municipality of Amsterdam, Havenbedrijf Amsterdam

N.V. has included a standard clause in the contracts with its tenants or leaseholders stating that the port land must be returned in the state in which they acquired it. The deferred obligation of Havenbedrijf Amsterdam N.V. has therefore been assigned to the leaseholders or tenants of the port site. In the event of new pollution, the decontamination obligation is incumbent in the first instance under the Soil Protection Act (Wet bodembescherming, Wbb) on the party causing the pollution and in the second instance under the restoration obligation clause on the user of the port site, provided the site was not contaminated before it was issued.

On termination of the rental or land lease contract, it is possible that companies may be fully or partly unable to comply with the decontamination obligation or that persistence with the obligation would lead to irresponsible destruction of capital, such as demolition of buildings to eliminate soil contamination. Havenbedrijf Amsterdam N.V. therefore offers its tenant or leaseholder the possibility of buying out the decontamination obligation.

The provision for the deferred soil obligation and demolition of buildings is measured at the nominal value of the expected decontamination expense at the sites concerned, taking into account the risks, uncertainties, price indexation and anticipated impact on decontamination costs of technological developments.

Provision for demolition liabilities

The provision for demolition liabilities is measured at the nominal value of the expected demolition expense at the sites concerned, taking into account the risks, uncertainties, price indexation and anticipated impact on demolition costs of technological developments. The restoration costs are recognised through a provision formed over the expected useful life of the asset equivalent to the amount necessary to settle the restoration obligation. An amount is added to the provision each year as a charge against the statement of profit and loss.

Provision for personnel

Other deferred employee benefits are payments due to service anniversaries and payments due to former employees entitled to non-statutory unemployment benefits. The stated liability is the best estimate of the amounts necessary to settle the respective liabilities on the balance sheet date. The liability is carried at present value. Discounting takes place at the market interest rate (effective yield) of high-quality corporate bonds at the balance sheet date.

Provision for home insulation

The other provisions concern liabilities relating to home insulation. These provisions are measured at the present value of the expected expenditure required in order to settle the respective liabilities.

Accounting policies

Non-current liabilities

Non-current liabilities are carried at fair value at initial recognition and subsequently at amortised cost.

Redemption of ground leases

Site tenants have the option to redeem ground leases at their present value during the term of the lease. The redemption amounts received are stated in non-current liabilities. Ground lease payments received in advance relating to the following financial year are stated under current liabilities.

Current liabilities

Current liabilities are measured at fair value at initial recognition and subsequently at amortised cost.

Principles for determining the result

Revenue recognition

Revenue is exclusive of sales tax and less any discounts. Sales revenue is recognised in the statement of profit and loss when all significant rights to economic benefits as well as all significant risks have been transferred to the purchaser. Revenue from services is recognised in proportion to the services performed, based on the costs incurred for the services up to the balance sheet date in proportion to the estimated costs of the total services to be performed. The cost of these services is allocated to the same period.

Total expenses

The expenses are determined on a historical basis and allocated to the reporting year to which they relate. Foreseeable liabilities and potential losses originating before the end of the financial year are recognised if they became known before the financial statements were prepared and the conditions for recognition of the provision are satisfied.

Depreciation of intangible fixed assets

Intangible fixed assets including goodwill are amortised from the time when they are ready to be taken into use over the expected future useful life of the asset.

If there is a change in the estimate of the future useful life, the future depreciation will be adjusted.

Depreciation of tangible fixed assets

Tangible fixed assets are depreciated from the time when they are ready to be taken into use over the expected future useful life of the asset. Owned land is not depreciated.

If there is a change in the estimate of the future useful life, the future depreciation will be adjusted.

Book profits and losses from incidental sales of tangible fixed assets are included in the depreciation.

Financial income and expenditure

Interest income and expenses are recognised on a time-proportionate basis, taking into account the effective interest rate for the respective assets and liabilities. Interest expenses are added to provisions and non-current liabilities whose balance sheet value is determined on the basis of a present value calculation.

Accounting policies

Income tax on the profit or loss

Tax on the result is calculated on the pre-tax result in the statement of profit and loss, taking account of available, tax-deductible losses from previous financial years, insofar as they are not included in the deferred tax assets, exempt profit components and after the addition of non-deductible expenses. Changes to the deferred tax assets and deferred tax liabilities arising from changes in the applicable tax rate are also taken into account.

Share in results of participating interests

The share in the results of participating interests is the share attributable to the company in the results of participating interests over whose business and financial policies the company exerts significant influence. These results are determined on the basis of the accounting policies of Port of Amsterdam. In the case of participating interests over whose financial and commercial policy no significant influence is exerted, the dividend is recognised as a profit.

Accounting policies relating to the cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The cash resources in the cash flow statement consist of cash and cash equivalents. Interest received and dividends received are included in the cash flow from operating activities. Interest paid and dividends paid are included in the cash flow from financing activities. Transactions that involve no transfer of cash or cash equivalents, including financial leasing, are excluded from the cash flow statement. The lease instalments payable under financial lease contracts are presented as repayments of liabilities for the repayment component and as interest paid for the interest component.

Notes to the balance sheet

1 Intangible fixed assets

	Costs of research and development	Concessions, licences and intellectual property	Assets under construction	Total
<i>Balance as at 1 January 2018</i>				
Acquisition cost	1,139,367	1,402,743	527,597	3,069,707
Cumulative depreciation	-1,000,395	-1,205,826	–	-2,206,221
Carrying amount as at 1 January 2018	138,972	196,917	527,597	863,486
<i>Movements</i>				
Investments	–	1,000	1,200,110	1,201,110
Depreciation	-96,498	-93,755	–	-190,253
Disposals (acquisition value)	–	-49,803	–	-49,803
Disposals (cumulative depreciation)	–	49,803	–	49,803
Balance of mutations	-96,498	-92,755	1,200,110	1,010,857
<i>Balance as at 31 December 2018</i>				
Acquisition value	1,139,367	1,353,941	1,727,707	4,221,015
Cumulative depreciation	-1,096,893	-1,249,779	–	-2,346,672
Book value as at 31 December 2018	42,474	104,162	1,727,707	1,874,343
Depreciation rates	33%	33%	–	

Notes to the balance sheet

The costs of research and development relate to the amounts paid to third parties with respect to proprietary software, such as applications for the collection of port dues and the Data Warehouse.

Concessions, licences and intellectual property relate to investments in new ICT applications and major maintenance of these applications for the benefit of the business operations of Port of Amsterdam. This item includes licences with a carrying amount as at year-end 2018: 37,350 (2017: €113,001).

A number of investments in intangible fixed assets have been amortised in full but are still in use. The most important of these are: Ophelia ZHG system, Data Warehouse and the Profit payroll programme.

The principal investments during the financial year related to new functionalities in the digital duty log and the inland port dues application.

Assets under construction primarily relate to the new scheduling and reservation system for river cruise vessels, the cloud transition and data management.

Notes to the balance sheet

2 Tangible fixed assets

	Prepaid ground lease for land and sites	Ground, road and water works	Other tangible fixed assets	Assets under construction	Total
<i>Book value as at 1 January 2018</i>					
Acquisition value	300,354,830	248,786,746	45,578,126	12,285,837	607,005,539
Cumulative depreciation	-30,047,414	-56,692,353	-17,284,321	-	-104,024,088
Book value as at 1 January 2018	270,307,416	192,094,393	28,293,805	12,285,837	502,981,451
<i>Movements</i>					
Investments	-	335,919	10,802,150	42,160,495	53,298,564
Commissioning	-	7,661,028	2,107,136	-9,768,164	-
Depreciation	-6,013,062	-11,604,441	-3,760,366	-	-21,377,869
Disposals (acquisition value)	-	-252,181	-259,832	-	-512,013
Disposals (cumulative depreciation)	-	106,205	249,634	-	355,839
Third-party contributions	-	-	-	-1,443,015	-1,443,015
Balance of movements	-6,013,062	-3,753,470	9,138,722	30,949,316	30,321,506
<i>Balance as at 31 December 2018</i>					
Acquisition value	300,354,830	256,531,511	58,227,580	43,235,153	658,349,074
Cumulative depreciation	-36,060,476	-68,190,588	-20,795,053	-	-125,046,117
Book value as at 31 December 2018	264,294,354	188,340,923	37,432,527	43,235,153	533,302,957
Depreciation rates	2%	0–10%	2–20%	-	

Notes to the balance sheet

Classification of movements

Due to the nature of the operating activities, the categories in the statement of movements differ from the legally specified categories. This is permitted because the categories used provide a better insight into the composition of the book value and invested sums.

Use of the component approach

Before Port of Amsterdam became an independent entity on 1 April 2013 no component approach was used with respect to tangible fixed assets. After that date, however, the component approach was used for better insight. The component approach is used for the asset classes of ground, road and water works, as well as a number of subclasses within the other tangible fixed assets. At the end of 2018 the carrying amounts of the asset classes 'Ground, road and water works' before and after the company became an independent entity were €133.2 million and €55.2 million respectively.

At the end of 2018, the carrying amounts of the subclasses in 'Other tangible fixed assets' before and after the company became an independent entity were €16.3 million and €21.1 million respectively.

Prepaid ground lease for land and sites

On its incorporation, the company acquired the port sites on a ground lease. The Municipality of Amsterdam has legal ownership of the port sites. The annual ground lease payments in the first period of 50 years are deemed to have been settled, as agreed between the Municipality of Amsterdam and Port of Amsterdam. An option to update the ground lease and revise the general terms and conditions of the principal ground lease is provided at the end of the first period on 31 March 2063. Based on the economic realities of the transaction, the Municipality has made a capital contribution of the buyout payment and the buyout payment has been capitalised as 'Prepaid ground lease for land and sites' with share premium as a counterpart on the balance sheet. Port of Amsterdam is charging the prepaid ground lease to the statement of profit and loss on a straight-line basis over a 50-year period.

Ground, road and water works

Ground, road and water works concern investments in the infrastructure of the entire port area, as well as land owned by the port.

The main investments and commissioning in 2018 concern large-scale maintenance on the Katoen Natie quay (€1.3 million) and on Radarweg and surrounding roads (€0.7 million).

Other tangible fixed assets

Other tangible fixed assets include vessels, installations, computer equipment and office equipment.

The main investments in commissioning in 2018 concern the purchase of the buildings on Kopraweg (€10.8 million) and the renovation of two warehouses (€0.8 million).

Assets under construction

The largest items in assets under construction concern the projects relating to the expansion of the Afrikahaven quay (€8.9 million), the construction of the Hoogtij quay and associated equipment (€8.2 million) and the construction of waiting areas at Afrikahaven (€4.4 million). The remainder consists of various smaller assets under construction.

Notes to the balance sheet

3 Financial fixed assets

	Participating interests in group companies	Deferred tax assets	Other non-current receivables	Total
Book value as at 1 January 2018	8,571,672	295,508,823	17,090,314	321,170,809
Loans granted	–	–	15,733,683	15,733,683
Allocation	–	12,553,858	–	12,553,858
Movement as a result of rate change	–	–51,554,115	–	–51,554,115
Share in result of participating interests over which significant influence is exerted	1,374,369	–	–	1,374,369
Dividends received from participating interests	–1,000,000	–	–	–1,000,000
Interest	–	–	436,232	436,232
Current portion	–	–	–1,678,032	–1,678,032
Repayments	–	–	–729,942	–729,942
Realisation	–	–11,548,471	–	–11,548,471
Book value as at 31 December 2018	8,946,041	244,960,095	30,852,255	284,758,391

Participating interests

The company's interests in other companies can be analysed as follows:

	Share in issued capital in %
Bouw- en handelsmaatschappij Hallum B.V., Amsterdam	100.00
Hallum Cruise B.V., Amsterdam	100.00
Regionale Ontwikkelingsmaatschappij Noordzeekanaalgebied N.V., Amsterdam	33.33

Notes to the balance sheet

Participating interests in group companies	31-12-2018	31-12-2017
Bouw- en handelsmaatschappij Hallum B.V.	2,967,212	2,903,527
Hallum Cruise B.V.	4,875,496	4,056,670
Regionale Ontwikkelingsmaatschappij Noordzeekanaalgebied N.V.	1,103,333	1,611,475
Total participating interests in group companies	8,946,041	8,571,672

<i>Bouw- en handelsmaatschappij Hallum B.V.</i>	2018	2017
Carrying amount as at 1 January	2,903,527	2,790,435
Result	63,685	113,092
Carrying amount as at 31 December	2,967,212	2,903,527

<i>Hallum Cruise B.V.</i>	2018	2017
Book value as at 1 January	4,056,670	3,761,351
Result	818,826	295,319
Book value as at 31 December	4,875,496	4,056,670

<i>Regionale Ontwikkelingsmaatschappij Noordzeekanaalgebied N.V.</i>	2018	2017
Book value as at 1 January	1,611,475	2,000,000
Result	491,858	-388,525
Dividend received from participating interest	-1,000,000	-
Book value as at 31 December	1,103,333	1,611,475

Deferred tax assets	2018	2017
Balance as at 1 January	295,508,823	-
Allocation due to start of tax liability	12,553,858	300,130,368
Movement as a result of rate change	-51,554,115	-
Movement due to error recovery	-5,632,500	-
Change in temporary differences during 2018	-5,915,971	-4,621,545
Balance as at 31 December	244,960,095	295,508,823

Notes to the balance sheet

Port of Amsterdam has been subject to corporate income tax since 1 January 2017. The company prepared the fiscal opening balance sheet in 2017. In the 2017 financial year the recognised deferred tax (1 January 2017: €300.1 million) was the best estimate based on discussions with the tax administration. In 2017, this non-recurring income led to non-recurring net income totalling €281.3 million after deduction of the realised and current corporate tax amounting to €18.8 million, in which the current corporate tax amounts to €14.1 million.

This non-recurring income has been stated as follows in the 2017 statement of profit and loss. The deferred tax is expected to be settled in full in 2063.

The settlement agreement was signed by Port of Amsterdam and the tax administration on 17 January 2019. This includes the definitive fiscal opening balance sheet as well as a number of other agreements on the determination of the fiscal profit of Port of Amsterdam.

Effect of changes in estimates

According to the definitive fiscal opening balance sheet in the settlement agreement there is a total difference of €937 million between the equity for tax purposes on 1 January 2017 of €1,804 million and the equity for commercial purposes on that date of €867 million. A higher valuation for the 'Prepaid ground lease for land and sites' was the main cause of the difference between the equity in the commercial and fiscal balance sheets. The prepaid

ground lease is carried at fair value in the fiscal opening balance sheet and at historical cost in the commercial financial statements. As a result of the final adoption of the fiscal opening balance sheet, the sum of €12.6 million must be allocated to the deferred tax asset in 2018.

Effect of rate changes

Corporate income tax rates were changed with effect from 19 December 2018. According to the Guidelines of the Dutch Accounting Standards Board, changes must be recognised in the measurement of deferred tax. From 2020, the top rate of corporate tax will gradually decrease. The top rate in 2019 is 25%. In 2020, it will decrease to 22.55% and from 2021 it will be 20.5%. As a result of these future rate cuts, the deferred tax asset is adjusted downwards by €-51.6 million.

An amount of €6.9 million of the deferred tax asset is expected to be realised within one year.

The deferred tax asset was revised in 2017 due to an error recovery. A more detailed explanation of the nature and the size of the error recovery can be found in the accounting policies.

Notes to the balance sheet

Other non-current receivables	31-12-2018	31-12-2017
Long-term loans	12,093,324	10,643,428
Prepaid discount and transitional schemes	18,758,931	6,446,886
Total other non-current receivables	30,852,255	17,090,314

The long-term loans include a deferred tax liability of €9.8 million (2017: €10.3 million).

The prepaid discount and transitional schemes relate to amounts already paid to customers in relation to long-term contracts. Because the discounts granted relate to the entire term of the contracts concerned, they are realised in the result over the whole contractual term.

The increase is explained by an amount of €8.9 million paid for a ground lease right.

4 Receivables

	31-12-2018	31-12-2017
Trade receivables	9,474,544	8,132,595
Amounts owed by group companies	1,810,603	1,421,233
Taxes and social security contributions	–	2,236,938
Corporate income tax	7,620,372	–
Prepayments and accrued income	6,447,624	4,480,046
Total receivables	25,353,143	16,270,812

Notes to the balance sheet

A provision for doubtful debts of €886,997 has been deducted from the total trade receivables (2017: €923,659). €923,659). The receivables from group companies concern ordinary trade receivables, invoices pending and amounts to be settled.

In 2017, under 'Tax and social security contributions', Port of Amsterdam had a tax receivable resulting from a land purchase.

Prepayments and accrued income	31-12-2018	31-12-2017
Prepaid discount and transitional schemes	1,306,358	1,062,933
Invoices pending	3,248,814	1,981,825
Prepaid expenses	1,122,594	877,568
Grants to be received	100,652	–
Other receivables	669,206	557,720
Total prepayments and accrued income	6,447,624	4,480,046

The increase in the outstanding invoices is mainly due to more outstanding port dues statements that have yet to be invoiced (€0.4 million) and incidental contract revenue that has yet to be invoiced (€0.4 million).

The other receivables relate particularly to the short-term part of the long-term loans (€0.4 million).

5 Liquid assets

	31-12-2018	31-12-2017
Cash at banks	6,673,255	35,333,279

Notes to the balance sheet

Deposits

No cash and cash equivalents were held on deposit on the balance sheet date.

Limited availability of cash and cash equivalents

The cash and cash equivalents are freely available.

6 Shareholders' equity

	Issued capital	Share premium reserve	Legal and statutory reserves	Other reserves	Result for the year	Total
Balance as at 1 January 2018	45,000	300,584,972	2,567,525	22,604,093	356,447,395	682,248,985
Movement in profit appropriation	–	–	–	–	–356,447,395	–356,447,395
Results for the year	–	–	–	–	17,940,069	17,940,069
Profit appropriation for previous year	–	–	–	356,447,395	–	–356,447,395
Movement in legal reserves	–	–	–372,046	372,046	–	–
Dividend distribution	–	–	–	–60,938,572	–	–60,938,572
Balance as at 31 December 2018	45,000	300,584,972	2,195,479	318,484,962	17,940,069	639,250,482

The shareholders' equity was revised on 1 January 2017 due to the correction of an error.

A more detailed explanation of the nature and the size of the error recovery can be found in the accounting policies.

Notes to the balance sheet

7 Issued capital

The authorised capital is €225,000 divided into 225,000 shares, each with a nominal value of €1. The issued and paid-up share capital upon incorporation on 1 January 2013 is €45,000 and consists of 45,000 ordinary shares each of a par value of €1.

8 Share premium reserve

On its incorporation, the company acquired the port sites on a ground lease. The annual ground lease payments in the first period of 50 years are deemed to have been settled, as agreed between the Municipality of Amsterdam and Port of Amsterdam. Based on the economic reality of the transaction, the Municipality of Amsterdam has made a capital contribution equivalent to the buyout payment and the buyout payment has been capitalised as 'Prepaid ground lease for land and sites' with share premium as a counterpart on the balance sheet.

9 Legal and statutory reserves

The legal reserve is maintained for the capitalisation of development costs and participating interests. The legal reserve for development costs has been created up to the amount of capital development costs and the applicable conditions have been met with regard to technical, commercial and financial feasibility. At the end of 2018, the legal reserve amounted to €42,475 (2017: €138,972).

The legal reserve for participating interests has been created to the extent that the company is unable to effect payment of the positive results without limitation. Port of Amsterdam's share in the direct increases and decreases in assets of the participating interests is included in the legal reserve. At the end of 2018 the legal reserve amounted to €2,153,004 (2017: €2,428,553).

Notes to the balance sheet

Appropriation of the result for the previous financial year

The 2017 financial statements were adopted at the General Meeting held on 26 April 2018. The General Meeting also adopted the appropriation of the profit in accordance with the proposal submitted.

10 Provisions

	31-12-2018	31-12-2017
Provisions for decontamination	72,567,346	73,978,916
Provisions for demolition	1,320,027	413,500
Personnel provisions	1,495,148	1,763,588
Provision for home insulation	–	345,950
Total other provisions	75,382,521	76,501,954

Provisions for decontamination	2018	2017
Balance as at 1 January	73,978,916	74,323,237
Allocations	908,500	41,317
	74,887,416	74,364,554
Release	–11,500	–35,525
Withdrawals	–2,308,570	–350,113
Balance as at 31 December	72,567,346	73,978,916

The provision is measured as the nominal value of the expected decontamination expense at the locations in which on the one hand the tenant or leaseholder has bought out the contamination obligation or on the other hand Port of Amsterdam has accepted liability for the decontamination of the land based on past events. Since at most locations there are technical uncertainties with regard to the amount of land to be dealt with and the techniques to be used, a risk premium is applied with regard to the situation on which the provision has been calculated. The risk premium applied by Port of Amsterdam ranges between zero and 25%, depending on the degree of uncertainty with regard to the expected decontamination costs. At the end of 2018 Port of Amsterdam had a number of decontamination projects with a risk premium of 0% or 15%. In the

Notes to the balance sheet

assessment of which risk premium is applicable, due account is taken of the certainty or uncertainty regarding the volume and location of the contamination. The observation as to whether the decontamination is mobile or immobile also plays a role. There are no locations in which the premium percentage is 25%. The weighted average of the risk premiums is 15%. At the end of 2018, an amount of €10.3 million was included in the decontamination provision by way of a risk premium.

At the end of 2018, a total of 237 hectares of land was not let by Port of Amsterdam or issued under a sub-ground lease and Port of Amsterdam is consequently responsible for the quality of the soil. These are mainly sites on which no industrial activities have ever taken place. Although no soil reports are available for the bulk of the sites, on the basis of historical information, these new sites are not expected to have been polluted. The proportion of the sites available for issue which have been recovered from previous customers have all been investigated for soil pollution by external, specialist firms. Where necessary, the land has been decontaminated or the pollution has been bought out by the previous customer and included in the decontamination provision.

A number of sites have been included in the decontamination provisions for which the buyout took place more than three years ago and at the end of 2018 no new investigation had been instituted into the soil condition because there are no grounds to do so having regard to the immobility of the contamination. In the case of mobile contamination, periodic monitoring takes place every three to five years. Of the provision, €7,198,824 is short term (<1 year) and €64,295,288 is long term (> 5 years).

On 21 December 2017, City Council approved the Port-City Development Strategy, which means that from 2029 the Municipality of Amsterdam will build between 40,000 and 70,000 homes. Some of these homes will be built in the port area around Coenhaven, Minervahaven, Mercuriushaven and Vlothaven. Having regard to this decision and the possible consequences for the Port-City area in the near future, an external party was commissioned in 2018 to investigate the decontamination costs of restoring the area to the industry standard as defined in the Soil Quality Regulation. The additional estimated decontamination cost is €22.5 million.

Notes to the balance sheet

The port sites examined in Port-City form part of the ground lease agreement between the Municipality of Amsterdam and Port of Amsterdam. When the area is transformed, the Municipality of Amsterdam can once again acquire full ownership of the land. The ground lease agreement, which was drawn up when the company became an independent entity in 2013, between the Municipality of Amsterdam and Port of Amsterdam, specifies that the cost of decontaminating the land to the industry standard would be on the account and risk of Port of Amsterdam.

On the foregoing basis, Port of Amsterdam concluded during the 2018 financial year that the decontamination obligation for Port-City already existed when the ground lease agreement with the Municipality of Amsterdam was concluded. The identified error was accounted for retrospectively and the shareholders' equity for the 2017 financial year was recalculated. A more detailed explanation of the nature and the size of the error recovery can be found in the accounting policies.

Provisions for demolition	2018	2017
Balance as at 1 January	413,500	360,000
Allocated and charged to result	915,000	53,500
	1,328,500	413,500
Decrease credited to result	-8,473	-
Balance as at 31 December	1,320,027	413,500

The provision for demolition relates to:

Demolition of wind turbines

Port of Amsterdam has a ground lease in which the leaseholder is required to pay Port of Amsterdam an annual ground rent of up to €725,000, of which €125,000 will be used for the costs of dismantling the wind farm at Afrikahaven. The wind farm consists of nine wind turbines and will have to be dismantled at the end of its technical life. The net provision as at 31 December 2018 amounts to €250,000 (2017: €0) and is entirely long term.

Notes to the balance sheet

Demolition of foundations

The provision for the demolition of foundations relates to an obligation accepted by Port of Amsterdam to demolish the waste processing slag used as a foundation layer on a site in the port area. The cost of removing the foundation layer is estimated at €4.75 million.

The net provision as at 31 December 2018 amounts to €665,000 (2017: €0) and is entirely long-term.

Demolition of buildings

The demolition of buildings relates to the demolition costs accepted by Port of Amsterdam. on termination of a rental or ground lease. The provision is measured as the nominal value of the expected expense expenditure at the locations concerned. These expected expenses are estimated on the basis of the current known costs and price indexation. The net provision as at 31 December 2018 amounts to €405,027 (2017: €413,500) and part of it (€50,000) is short-term.

Personnel provisions	2018	2017
Balance as at 1 January	1,763,588	2,384,540
Allocations	130,837	167,795
Interest	29,278	-30,778
	1,923,703	2,521,557
Release	-131,669	-501,831
Withdrawals	-296,886	-256,138
Balance as at 31 December	1,495,148	1,763,588

Personnel provisions have been recognised in the context of non-statutory employment benefit for former personnel and benefits for future service anniversaries. Interest is added annually to personnel provisions, which have a short-term character and amount to €383,259.

The provision for former personnel as at 31 December 2018 amounts to €926,962 (31 December 2017: €1,178,166).

The provision for service anniversaries as at 31 December 2018 amounts to €568,186 (31 December 2017: €585,422).

Notes to the balance sheet

Provision for home insulation	2018	2017
Balance as at 1 January	345,950	878,488
Release	-289,347	-
Withdrawals	-56,603	-532,538
Balance as at 31 December	-	345,950

The provision for home insulation relates to the noise reduction in homes as a result of the expansion of the Westpoort noise zone. This item was settled in full in 2018.

11 Non-current liabilities

	31-12-2018	31-12-2017
Ground lease payments received in advance	56,726,064	60,495,724
Other liabilities	2,587,586	2,649,186
Total	59,313,650	63,144,910

Non-current liabilities	Balance as at 31 December 2018	Remaining term >1 year	Remaining term >5 year
Ground lease payments received in advance	56,726,064	56,726,064	48,592,635
Other liabilities	2,587,586	2,587,586	2,587,586
Total	59,313,650	59,313,650	51,180,221

Ground lease payments received in advance

The ground lease payments received in advance concern redemption payments from tenants with regard to future ground lease. Port of Amsterdam is consequently not liable to pay any interest. The 2018 portion of the ground lease payments received in advance is stated under current liabilities in an amount of €2,102,790 (2017: €2,172,042).

Notes to the balance sheet

Other liabilities

The other non-current liabilities item includes contributions received from third parties for the implementation of the Houthavens Covenant (€1.1 million) and the deposits received (€1.5 million).

12 Current liabilities

	31-12-2018	31-12-2017
Debts to credit institutions	25,000,000	–
Trade payables	1,396,135	1,499,675
Contract revenue received in advance	25,272,197	20,442,496
Taxes and social security contributions	3,114,677	16,335,795
Pension liabilities	398,997	374,106
Other liabilities and deferred income	22,833,430	16,071,916
Total short-term liabilities	78,015,436	54,723,988

Debts to credit institutions

Port of Amsterdam has a 'Revolving facilities agreement' for €110 million. Of this facility, €50 million can only be utilised once construction of the new sea lock at IJmuiden has started. The facility has been granted under market conditions and can be periodically drawn for one, three or six months at an interest rate of one, three or six months Euribor +0.5%. In addition, a covenant has been agreed with the lender in which the adjusted shareholders' equity must be at least 30% of the total equity. This condition was met comfortably in 2018. No collateral has been provided for this loan. Due account has been taken of additional costs in the valuation of this loan.

As at 31 December 2018, the utilisation of this facility amounted to €25 million (2017: €0).

Notes to the balance sheet

Other liabilities and deferred income	31-12-2018	31-12-2017
Invoices to be received	10,633,706	5,947,897
Discounts payable	3,346,730	3,038,259
Other taxes payable	3,024,051	1,290,064
Holiday pay or days	2,612,704	2,647,604
Grants received in advance	919,973	577,892
Revenue received in advance	312,676	450,018
Other	1,983,590	2,120,182
Total other liabilities and deferred income	22,833,430	16,071,916

The increase in invoices to be received is due particularly to a number of large invoices relating to investments.

The increase in other taxes relates to real estate tax. The increase was due to a delay in the receipt of the tax assessments.

The other items relate in particular to the aftercare plan for the dredging sites (€1.4 million) and the reclassification of the credit balances in the debtors (€0.4 million).

Assets, liabilities and arrangements not included in the balance sheet

Information covering contingent arrangements

Transformation area

In the Port-City Transformation Strategy, which was adopted in the City Council meeting of July 2013, it was determined that the Municipality of Amsterdam would pursue a gradual transformation strategy, starting with the non-port sites. On 21 December 2017, City Council approved the Port-City Development Strategy, which means that from 2029, Amsterdam will build between 40,000 and 70,000 homes, some of which will be built in the port areas around Coenhaven, Minervahaven, Mercuriushaven and Vlothaven.

The financial consequences for Port of Amsterdam depend on further decisions and are thus uncertain. In the 2014 coalition agreement, the Municipal Executive decided that the existing companies located on the port sites inside the ring road can remain there until at least 2040.

The development strategy specifies that new homes will be gradually built among current businesses. The other agreements remained the same. The following agreements are currently in force:

- Houthaven/NDSM Covenant;
- Existing companies can remain at their current locations until at least 2040, within the existing environmental contours.
- New allocations and expansions are possible with a duration up to 2029, or in consultation with the Municipality;

- The city will reimburse Port of Amsterdam for all current assets at the time of the transformation at the carrying amount applicable at that time;
- Major new investments in the area, with a depreciation period going beyond 2029, must be agreed with the Municipality, with the possibility that Port of Amsterdam will not be reimbursed the full carrying amount for all of the new investments on transfer;
- The land must be delivered clean, which means industry level.

Houthavens Covenant

Port of Amsterdam has concluded the Houthavens Covenant with the Municipality of Amsterdam, the Province of North Holland and various companies in the port. The aim of the agreement is to achieve the right balance between facilitating the development of the port and the companies established there on the one hand and the development of housing in Houthaven and on the NDSM shipyard on the other.

To give this agreement concrete form, an innovation fund has been set up from which companies can be paid a contribution towards environmental measures exceeding the statutory minimum, meaning measures that extend beyond the companies' obligations under the laws and regulations, which help to improve the environmental situation and living environment existing at that time. A maximum of €9 million has been made available for the innovation fund. Port of Amsterdam's maximum contribution is €3 million. The remaining liability at the end of 2018 amounts to €1.9 million (2017: €1.9 million).

HoogTij project

For the purpose of refinancing the HoogTij project, Port of Amsterdam provided security for the Province of North Holland and the Municipality of Zaanstad in February 2016 subject to conditions and up to a maximum of €23.3 million at an annual premium of 0.55% over the principal, covered in part by a mortgage on the property underlying the transaction.

Sea lock

As an interested party, Port of Amsterdam has made a financial contribution to the construction of the new lock. The amount of the contribution has been set at €46.51 million and will be paid in two installments. The first tranche of €5 million was paid in October 2017 and was therefore charged to the 2017 result. The remaining liability at the end of 2017 amounts to €41.51 million. This amount must be paid and included in the financial statements on the completion date or on 31 October 2019, whichever is later.

If the availability date is later than 31 October 2019, Port of Amsterdam will receive €1.3 million in compensation for each full calendar year that elapses between 31 October 2019 and the availability date, as well as a proportional share of that sum for each part of a full calendar year that elapses between 31 October 2019 and the availability date. The expected completion date is currently January 2022.

Assets, liabilities and arrangements not included in the balance sheet

Information on liabilities not included in the balance sheet

At the end of 2018, Port of Amsterdam had a number of multi-year financial liabilities toward third parties relating to ground leases, maintenance of the port area and infrastructure, and internal business operations. These concern multi-year contracts for ground leases that have not been settled, office leases, leasing of vehicles, IT services, road cleaning, etc.

The total amount of these liabilities is €115.5 million. Of this amount, €22.2 million have a term of one to five years and €85.8 million have a term longer than five years.

A number of contingent liabilities have also been entered into with suppliers in the form of framework agreements for the management and maintenance of the port area, for example.

Investment liabilities not included in the balance sheet

At the end of 2018 Port of Amsterdam assumed liabilities toward third parties in the amount of €17.5 million (2017: €65.9 million) for the purchase and development of intangible and tangible fixed assets.

Information on assets not included in the balance sheet

Port of Amsterdam has entered into long-term rental and ground lease contracts for property, land and quays. The minimum future revenue from these contracts is €2,450 million, of which €92.3 million is due in the coming year.

A total of €84.8 million in receipts was recognised in the statement of profit and loss in 2018. The agreements have a term of 20–50 years, with the income being a fixed amount per year that is indexed annually.

Post-balance sheet events

An owner of water within the Amsterdam port area alleges that it has a claim against Havenbedrijf Amsterdam in respect of the use of the water by inland shipping and other vessels without that owner's consent. The basis and amount of the claim are unknown at this stage. There have been no other events after the balance sheet date that add further information on the actual position as at the balance sheet date or are material for users of the financial statements in forming an opinion.

Proposed appropriation of result

The net result for 2018 amounts to €17,940,069. The amount of the dividend is adopted by a resolution of the general meeting.

Notes to the statement of profit and loss

13 Revenue

	2018	2017
Rent and ground lease	84,875,740	79,327,591
Sea port dues	57,223,266	55,974,696
Inland port dues	7,470,131	7,266,074
Revenue from mooring reservations	2,675,043	2,284,581
Other revenue	5,168,596	5,203,038
Total revenue	157,412,776	150,055,980

Rent and ground lease

The rental and ground lease revenue has increased due to new allocations and regular price increases. A net total of 45.1 hectares of land was issued in 2018. In 2017, the figure was 18 hectares. Large port-based issues for which Port of Amsterdam is also building or renovating a quay were Katoennatie, Commodity Centre Netherlands and Paro. Various plots were also allocated for large-scale logistics at Atlaspark, including for Fetim and the developers Delin and Borghese Real Estate. Finally, at Minervahaven work started on the construction of a student hotel and various premises are being developed on previously issued plots.

Sea port dues

The revenue from seaport dues increased by €1.2 million in 2018, as a result of a 1% increase in throughput, as well as price indexation. The dry bulk tonnage decreased substantially, particularly due to a 17% decline in coal compared to 2017. By contrast, agriproducts and construction materials performed well. The total volume of liquid bulk compensated for this decline as a result of the favourable situation in the trading market for fuels in the period from September to November 2018. General cargo increased by 28%, largely as a result of an increase in container volumes. This increase was also reflected in the number of calls, which increased by 7.5%, against the long-term trend. Since general cargo is generally carried in smaller vessels, the average ship size decreased. For this reason and the decrease in the share of 'relatively cheap' coal as a whole, sea port dues per ton of throughput increased by 1.6%.

Notes to the statement of profit and loss

Revenue from mooring reservations

The revenue from mooring reservations increased in 2018, due to the fact that some of the berths on De Ruyterkade West were out of use in 2017, but became operational again in 2018. The introduction of a new reservation system also resulted in better berth occupancy.

Other revenue

The other revenue mainly relates to the Port Waste Plan (€2.4 million), a fee for the management and maintenance of the areas within the remit of the Amsterdam Municipal Development Company (€0.7 million), revenue from works for third parties (€0.6 million), revenue from the dredging depot (€0.6 million) and revenue from shore-based power facilities (€0.8 million).

120

14 Personnel costs

	2018	2017
Wages and salaries	23,377,021	22,919,882
Social security contributions and pension costs	7,099,571	6,906,713
Other personnel costs	3,917,289	3,411,958
Total personnel costs	34,393,881	33,238,553

An amount of €1,212,815 has been deducted from wages and salaries as a result of the recharging of wages and salaries (2017: €1,278,549).

This increase is due to regular periodic salary increases and a collective labour agreement. Employees of Port of Amsterdam were also granted a one-off compensation of €112,754 for a new work roster and one-off bonuses of €310,250 under the collective labour agreement entered into in April.

The other personnel expenses increased by €505,331, mainly because of the release of a reserve for reorganisation costs presented in 2017.

Notes to the statement of profit and loss

Social security contributions and pension costs	2018	2017
Social security contributions and pension costs	3,573,684	3,545,123
Pension costs	3,525,887	3,361,590
Total social security contributions and pension costs	7,099,571	6,906,713

Number of employees

Port of Amsterdam had the following number of employees at year-end, calculated on a full-time basis and broken down by activity:

Number of employees by activity	2018	2017
Nautical activities	162.6	165.7
Operation of port sites and overheads	193.2	192.0
Total	355.8	357.7

Remuneration of the Board of Directors

In December 2017, the shareholder adopted the remuneration policy applicable to members of the Port of Amsterdam Board of Directors for 2018, based on a proposal from the Supervisory Board. This remuneration policy offers an employee benefits package consisting of a fixed basic salary, possible variable remuneration and a pension contribution. The new remuneration policy for the Board of Directors complies with the current municipal remuneration policy for its participating interests.

Name	Start of term	End of term	Fixed remuneration	Variable remuneration	Pension contribution	Total
K.J. Overtoom	06-12-2016	06-12-2020	149,916	–	19,564	169,480
M.R. de Brauw	01-11-2015	01-11-2019	138,375	–	19,122	157,497

Notes to the statement of profit and loss

Fixed remuneration

The fixed remuneration of the members of the Board of Directors decreased in 2018 compared to 2017 (Overtoom) or remained unchanged (De Brauw). The stated amounts include holiday pay and exclude employer's social security contributions.

Variable remuneration

The members of the Board of Directors may be granted variable remuneration of up to 10% of their gross salary. This is partly related to long-term value creation. No variable bonus was granted in respect of the 2018 financial year.

Pension costs

The members of the Board of Directors participate in the pension scheme of Algemeen Burgerlijk Pensioenfonds (ABP). Their pension scheme is the same as that for Port of Amsterdam employees.

Remuneration of Supervisory Board members

The remuneration for the members of the Supervisory Board is tied to the maximum applying to the highest-earning director, in accordance with the Standards for Remuneration in the Senior Executives in the Public and Semi-Public Sector's Act (*Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector, WNT*). For the members, this means 10% of the general WNT standard in 2018. For the chairman, the figure is 15%.

Name	Start of term	End of term	2018	2017
K. van der Steenhoven	01-08-2016	01-08-2020	28,050	27,150
R.I. Doerga	03-05-2017	03-05-2021	18,700	20,975
J.F.J.M. de Haas	15-12-2015	08-12-2019	18,700	20,975
W.J. Maas	03-05-2017	03-05-2021	18,700	20,975
P.G. Stibbe	26-04-2018	26-04-2022	18,700	20,975
R.M. Smit	06-03-2013	01-04-2017	–	6,250
			102,850	117,300

On the nomination of the Supervisory Board, the General Meeting of the shareholder appointed Philip Stibbe for a second term with effect from 26 April 2018.

Notes to the statement of profit and loss

15 Depreciation

	2018	2017
Depreciation of intangible fixed assets	190,253	275,462
Depreciation of tangible fixed assets	21,528,770	21,405,167
Total depreciation	21,719,023	21,680,629

A book loss on a disposal amounting to €150,901 was also recognised in the depreciation of tangible fixed assets (2017: €1,326). This concerns in particular the write down of the carrying amount of the jetties on the De Ruyterkade, which were replaced.

16 Other operating expenses

	2018	2017
Accommodation expenses	2,616,288	2,657,911
Management and maintenance expenses	6,418,017	5,849,407
ICT costs	6,051,851	6,262,217
Environment and spatial planning	3,609,071	1,244,040
Communication, marketing and acquisition	2,827,135	2,700,235
Rental and ground lease charges	2,285,012	2,249,491
Research and consultancy expenses	2,099,309	2,104,021
Other expenses	2,949,097	-2,214,500
Total of other operating expenses	28,855,780	20,852,822

This increase in management and maintenance costs is mainly due to the hiring of additional towage services and higher costs for waste collection as part of the Port Waste Plan.

Notes to the statement of profit and loss

A release of a provision for a non-current receivable to the sum of €10.3 million was recognised under other expenses in 2017. The first contribution to the new sea lock, amounting to €5 million, was also recognised under this item.

External auditor's fees

The breakdown of the fees paid to the external auditor Ernst & Young Accountants LLP is as follows:

	2018	2017
Audit of the financial statements	160,000	212,035
Other audit engagements	3,900	5,294
Other non-audit engagements	13,260	9,740
Total	177,160	227,069

Port of Amsterdam has recognised the total fees of the external auditor relating to the 2018 financial year as costs in the statement of profit and loss.

17 Financial income and expenditure

	2018	2017
Interest income	696,543	808,013
Interest expenses	-41,629	-11,908
Total financial income and expenditure	654,914	796,105

Interest income	2018	2017
Interest on outstanding loans	509,851	484,637
Interest on employee benefits	–	30,777
Interest due to deferred payment of debts	186,692	292,599
	696,543	808,013

Notes to the statement of profit and loss

Interest expenses	2018	2017
Interest on credit facility	6,669	–
Interest on employee benefits	29,283	–
Interest on late payments to creditors	5,677	11,908
	41,629	11,908

18 Taxes

	2018	2017
Corporate income tax	–6,739,658	–14,161,395
Corporate income tax in respect of prior years	755,080	–
Movement in deferred taxes	–50,548,728	295,508,823
	–56,533,306	281,347,428

The adjustments in respect of taxes for prior financial years (€755,080) concern the difference between the recognised corporate income tax payable for 2017 (€14,161,395) and the submitted return for 2017 (€13,406,315).

The movement in deferred tax was revised in 2017 due to an error recovery. A more detailed explanation of the nature and the size of the error recovery can be found in the accounting policies.

Notes to the statement of profit and loss

Movement in deferred taxes

Realisation of temporary differences in the year	-11,548,471
Increase in deferred tax as a result of definitive fiscal opening balance sheet	12,553,858
Change in deferred tax due to decrease in tax rates from 2020	-51,554,115
Total	-50,548,728

The increase in the deferred tax asset (€12,553,858) occurred as a result of the final adoption of the fiscal opening balance sheet following the signing of the settlement agreement.

The reconciliation between the nominal top tax rate and the effective tax rate according to the income statement is as follows:

	2018 in %	2017 in %
Nominal rate	25	25
Capitalisation of deferred tax asset	-	-399.7
Less tax payable for prior year due to settlement agreement	-1.0	-
Additional capitalisation of deferred tax asset due to adjustment to fiscal opening balance sheet 1-1-2017	-17.2	-
Decrease in deferred tax asset due to lower corporate income tax rates	70.5	-
Effective rate	77.3	-374.7

19 Share in results of participating interests

	2018	2017
Result of Hallum Cruise B.V.	818,826	295,319
Result of Hallum B.V.	63,685	113,092
Result of RON N.V.	491,858	-388,525
Total results of participating interests	1,374,369	19,886

Signature page

Amsterdam, 4 April 2019
Port of Amsterdam:

signed: K.J. (Koen) Overtoom
Chief Executive Officer

signed: M.R. (Michiel) de Brauw
Chief Financial Officer

Amsterdam, 4 April 2019
Signatures of Supervisory Board members:

signed: K. (Koos) van der Steenhoven
Chairman

signed: R.I. (Ingrid) Doerga

signed: J.F.J.M. (Jeroen) de Haas

signed: W.J. (Willemijn) Maas

signed: P.G. (Philip) Stibbe

Other data

Provisions of the articles of association concerning profit appropriation

The dividend policy adopted when the company became an independent entity in 2013 and set out in article 9 of the Port Agreement was amended on 9 January 2018. That policy was replaced by a provision in the articles of association of Port of Amsterdam to the effect that the dividend policy would henceforth be established by the shareholder on the proposal of the Supervisory Board and the Board of Directors. Article 9 of the Port Agreement therefore ceased to apply.

The dividend policy set by the shareholder will ideally match the four-year term of Port of Amsterdam's strategic plan. The shareholder has established the current dividend policy for the period 2017-2021.

The basic principles of the policy for determining the dividend are the continuity of the company and a robust capital structure. There must be sufficient scope for investment, with the investment agenda in the Strategic Plan 2017-2021 serving as a starting point. The policy allows sufficient scope for an effective balance between the investment agenda and the level of the dividend.

Independent auditor's report

To: the shareholders and management of Port of Amsterdam N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Port of Amsterdam N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Port of Amsterdam N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2018;
- The profit and loss account for 2018;
- The cash flow statement for 2018;
- Accounting policies and principles for determining results;
- Notes to the balance sheet;
- Assets, liabilities and arrangements not included in the balance sheet; and
- Notes to the profit and loss account.

Basis for our opinion

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

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

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

Report on 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:

- The management report; and
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Other data

Based on the following procedures performed, we conclude that the other information:

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to 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

Other information

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 4 April 2019

Ernst & Young Accountants LLP

Signed by
drs. M.H. de Hair RA

GRI table

Category	Standard	Reference	Notes
Organisational profile	102-01 Name of the organisation Profile	Title sheet	
	102-02 Main brands, products or services Profile: How we create value	Profile, vision and mission Value creation	
	102-03 Location of the organisation's headquarters Publication details	Publication details	
	102-04 Number of countries where the organisation operates	Port map Appendix 2	
	102-05 Ownership structure and legal form Strategic performance: Our organisation	Governance and compliance Organisation chart	
	102-06 Markets served (geographic reach, sectors served and types of customers and beneficiaries)	Profile, vision and mission Strategic roadmaps Value creation Stakeholder dialogue	
	102-07 Scale of the reporting organisation	Profile, vision and mission Value creation Shipping and nautical safety Our employees Financial results Economic significance of the North Sea Canal Area Financial statements	
	102-08 Employees and other workers	Our employees About this report	102-8b and 102-8e: Port of Amsterdam has no employees stationed outside the Amsterdam region and no seasonal employees. Omission for 102-8a, 102-8b and 102-8d. This information is not available at the time of publication. If available, the 2018 data will be published retrospectively in the 2019 annual report.

GRI table

Category	Standard	Reference	Notes
	102-09 Description of the supply chain	Profile, vision and mission Value creation Strategic roadmaps	
	102-10 Significant changes during the reporting period: Size, structure, ownership or supply chain of the organisation	Organisation chart	No changes took place with regard to locations and operations in 2018.
	102-11 Precautionary principle for risk management	Risk Management	
	102-12 Externally developed economic, environmental and social charters, principles or other initiatives which the organisation endorses	About this report	
	102-13 Memberships of associations and national or international advocacy organisations	Appendix 2	
Strategy	102-14 Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy	Message from the Board of Directors	
Ethics and integrity	102-16 The organisation's values, principles, standards and norms of behaviour	Governance and compliance	
Governance	102-18 Governance structure of the organisation	Organisation chart Responsibility for sustainability	
Stakeholder engagement	102-40 Stakeholders engaged by the organisation	Stakeholder dialogue	
	102-41 Percentage of the employees covered by collective bargaining agreements	Our employees	

GRI table

Category	Standard	Reference	Notes
Reporting	102-42 Identifying and selecting stakeholders with whom to engage	Stakeholder dialogue	
	102-43 Approach to stakeholder engagement	Stakeholder dialogue	
	102-44 Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded	Value creation Strategic roadmaps Stakeholder dialogue Materiality About this report	
	102-45 Entities included in the consolidated financial statements	Financial statements Appendix 1	
	102-46 Process for defining the report content and the topic boundaries.	Materiality About this report	
	102-47 List of the material topics identified in the process for defining report content	Materiality	
	102-48 Restatements of information given in previous reports	About this report	There are no restatements of information given in previous reports
	102-49 Changes in reporting	Materiality	
	102-50 Reporting period	About this report	
	102-51 Date of most recent report	About this report	
	102-52 Reporting cycle	About this report	
	102-53 Contact information	About this report	
	102-54 Statement in the text that report has been prepared in accordance with the GRI Standards	About this report	
	102-55 GRI content index	Appendix: GRI table	
	102-56 Policy and current practice for obtaining external assurance for the report		Port of Amsterdam ensures that the annual report complies with GRI Standards (Core). The external auditor has issued no assurance concerning the non-financial information in this report.

GRI table

Theme	Standard	Reference	Notes
Environment and living environment	103-1 Explanation of the material topic and its boundary	Materiality	
	103-2 Management approach	Materiality: Environment and living environment	
	103-3 Evaluation of the management approach	Materiality: Environment and living environment Responsibility for sustainability	
	203-1 Development, current or expected impacts and type of investments in infrastructure and services	Message from the Board of Directors Message from the Chairman of the Supervisory Board Strategic roadmaps Investments and market Materiality: Environment and living environment Responsible commercial chain	
	203-2 Significant indirect economic impacts	Materiality: Environment and living environment Investments and market Economic significance of the North Sea Canal Area	
	302-1 Energy consumption within the organisation	Appendix 3	Omission for 302-1d. This information does not apply.
	302-4 Reduction of energy consumption	Materiality: Environment and living environment Appendix 3	
	305-1 Direct greenhouse gas emissions (scope 1)	Materiality: Environment and living environment Appendix 3	
	305-2 Energy indirect greenhouse gas emissions (scope 2)	Materiality: Environment and living environment Appendix 3	
	305-7 Other significant air emissions by type and weight	Materiality: Environment and living environment	Omission for 307-2a. Information not available on: iii. Persistent organic pollutants (POP), iv. Volatile organic compounds (VOC) etc. Hazardous air pollutants (HAP) because this information is not measured.

GRI table

Theme	Standard	Reference	Notes
	413-1 Impact of operations on the local community	Stakeholder dialogue Materiality: Environment and living environment Economic significance of the North Sea Canal Area Shipping and nautical safety	
	413-2 Operations with significant actual and potential negative impacts on local communities	Risk Management	
Clean and safe shipping	103-1 Explanation of the material topic and its boundary	Materiality	
	103-2 Management approach	Materiality: Clean and safe shipping	
	103-3 Evaluation of the management approach	Materiality: Clean and safe shipping Responsibility for sustainability	
	306-3 Total number and volume of significant spills	Materiality: Clean and safe shipping Appendix 4	Omission for 306-3bi, 306-3bii and 306-3c. No information is available on the size, type and impact of the water pollution.
	403-1 Occupational health and safety management system	Materiality: clean and safe shipping Shipping and nautical safety	
Work and knowledge	103-1 Explanation of the material topic and its boundary	Materiality	
	103-2 Management approach	Materiality: Work and knowledge	
	103-3 Evaluation of the management approach	Materiality: Work and knowledge Responsibility for sustainability	
	Port of Amsterdam criteria, knowledge: Knowledge-sharing	Materiality: Work and knowledge	
	Port of Amsterdam criteria, work: Sustainable employability	Our employees: Developing agility	

GRI table

Theme	Standard	Reference	Notes
Energy transition and circular economy	103-1 Explanation of the material topic and its boundary	Materiality	
	103-2 Management approach	Materiality: Energy transition and circular economy	
	103-3 Evaluation of the management approach	Materiality: Energy transition and circular economy Responsibility for sustainability	
	Port of Amsterdam criteria	Materiality: Energy transition and circular economy	
Responsible supply chain	103-1 Explanation of the material topic and its boundary	Materiality	
	103-2 Management approach	Materiality: Responsible supply chain	
	103-3 Evaluation of the management approach	Materiality: Responsible supply chain Responsibility for sustainability	
	205.3 Number and nature of confirmed incidents of corruption	Materiality: Responsible supply chain	
	308-1 Percentage of new suppliers screened using environmental criteria	Materiality: Responsible supply chain	
	414-1 Percentage of new suppliers screened using social criteria	Materiality: Responsible supply chain	

Appendix 1

List of participating interests

	Participating interest
Bouw- en handelsmaatschappij Hallum B.V.	100%
Port of Amsterdam Activities B.V.	100%
Port of Amsterdam International B.V.	100%
Windpark Ruigoord B.V.	50%
Sail Beheer B.V.	47.5%
Portbase B.V.	25%
Mainport Innovation Fund II B.V.	23.03%
Bin2Barrel Holding B.V.	10%
Hallum Cruise B.V.	100%
Waterkant B.V.	100%
Waterkant C.V.	100%
Regionale Ontwikkelingsmaatschappij N.V.	33.33%

Appendix 2

List of strategic partnerships and memberships

AIVP (the worldwide network of port cities)

Amports

Amsterdam Airport Area

Amsterdam Cruise Port

Amsterdam IJmuiden Offshore Ports (AYOP)

Amsterdam Logistics Board

North Sea Canal Area (NSCA) Administrative Platform

Bettercoal

Sea Port Sector Organisation (BOZ)

North Sea Canal Area Central Nautical Management

Organisation of Own-Account Carriers (EVO)

Emma at Work

European Sea Ports Organisation (ESPO)

International Association of Ports and Harbors (IAPH)

International Harbour Masters Association (IHMA)

Holland International Distribution Council (HIDC)

Maritime by Holland (NML)

Dutch Wind Energy Association (NWEA)

Network Council Amsterdam Economic Board

Pantar

Heating & Cooling Programme for the Amsterdam Metropolitan Region

Appendix 3

Notes on CO₂ footprint

Direct RFH 2 emissions (scope 1)

Year	2018	2017	2016
Total	1,140 tons of CO ₂ emissions	1,290 tons of CO ₂ emissions	1,420 tons of CO ₂ emissions
Analysis	<ul style="list-style-type: none"> Gas: 89,496 m³ Fuel: 385,110 litres Biodiesel for vessels: 355,921 litres Diesel for vessels: n/a Petrol for company cars: 22,456 litres Diesel for company cars 6,643 litres 	<ul style="list-style-type: none"> Gas: 113,524 m³ Fuel: 404,750 litres Biodiesel for vessels: 316,560 litres Diesel for vessels: 54,095 litres Petrol for company cars: 26,199 litres Diesel for company cars 7,896 litres 	<ul style="list-style-type: none"> Gas: 110,788 m³ Fuel: 377,862 litres Biodiesel for vessels: n/a Diesel for vessels: 346,240 litres Petrol for company cars: 24,569 litres Diesel for company cars 7,053 litres

Indirect RFH 2 emissions due to electricity consumption (scope 2)

Year	2018	2017	2016
Total	440 tons of CO ₂ emissions	370 tons of CO ₂ emissions	390 tons of CO ₂ emissions
Analysis	<ul style="list-style-type: none"> Electricity consumption: 899,257 kWh, of which 162,331 kWh green 	<ul style="list-style-type: none"> Electricity consumption: 1,020,413 kWh, of which 298,399 kWh green 	<ul style="list-style-type: none"> Electricity consumption: 890,619 kWh, of which 147,570 kWh green

Appendix 3

Year	2018	2017	2016
Total	480 tons of CO ₂ emissions	500 tons of CO ₂ emissions	580 tons of CO ₂ emissions
Analysis	<ul style="list-style-type: none"> Claimed private car use: 1,775,406 km Air travel: 522,896 km 	<ul style="list-style-type: none"> Claimed private car use: 1,862,882 km Air travel: 528,010 km 	<ul style="list-style-type: none"> Claimed private car use: 2,174,713 km Air travel: 645,072 km

RFH 2 emissions of Port of Amsterdam (scope 1, 2 and 3 combined)

Year	2018	2017	2016
Total	2,060 tons of CO ₂ emissions	2,140 tons of CO ₂ emissions	2,390 tons of CO ₂ emissions

Scope 1: direct emissions from use of natural gas and fuel in operational vehicles.

Scope 2: indirect emissions from electricity consumption.

Scope 3: indirect emissions from claimed business travel by car and air.

Calculation

We use the Smarttrackers application (formerly www.co2managementsysteem.nl) and the list at www.co2emissiefactoren.nl on SKAO level using the performance ladder methodology. The emission factors are calculated in grams of CO₂ per measured unit.

Appendix 4

Water contamination in the Port of Amsterdam management area

Year	2018	2017	2016
Number of water contamination incidents	17	30	30

Location analysis 2018

Location	Number of water contamination incidents
Westsluis IJmuiden	2
NZK lock Houtrak	1
Amerikahaven	3
Centre	2
Eastern port area	2
Westhaven	4
Mercuriushaven and Coenhaven	1
Afrikahaven	1
Oil ports	1

Source: Report on the public duties of the Harbour Master's Division.

Colophon

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