



ANNUAL REPORT 2024 SUMMARY

SUMMARY

FOREWORD

Dutch Pilots' Organisation ensures safe and smooth shipping 24/7 in the Dutch seaports and the Flemish ports on the River Scheldt. Geopolitical tensions and an economic downturn made 2024 a challenging year. Despite this, the quality of our services remained as high as ever. Changing trade flows brought new dynamics to the ports and forced us to further strengthen our role in the maritime chain and within society. Despite all the uncertainty, the year was marked by growth and good collaboration.

FINANCIAL DEVELOPMENTS

In business terms, it was a moderately successful year in which we failed to achieve our estimates. These estimates form the basis for our predetermined rates. Until the third quarter things were on schedule, but in the end we piloted fewer trips than expected, keeping our revenue below the estimates. There were massive differences between the regions. The North region achieved 14.5% more trips, while the number of trips in the Rotterdam-Rijnmond region dropped by 4%. The number of trips in the Amsterdam-IJmond region was 2% more than estimated, but the revenue dropped by 5%. In the River Scheldt region, both the revenue and the number of trips for vessels bound for Dutch ports were higher than estimated, while shipping bound for Belgian ports was lower. In our current unpredictable world, making accurate trip estimates is becoming increasingly difficult. This year, our revenue failed to cover our costs. Our financial flexibility is limited, partly because we are legally obliged to be available 24/7. This puts future investments in equipment and innovation under pressure.

THE NORTH SEA LOCKS

In October 2024, the kings of the Netherlands and Belgium opened the North Sea Locks. This was an important milestone, symbolising the close collaboration between the Netherlands and Belgium.

The North Sea Locks are expected to provide better access and smoother traffic from the Western Scheldt to the Ghent-Terneuzen Canal and beyond. This way, the North Sea Locks will support new economic activities both in Zeelandic Flanders and in Flanders itself.

SUSTAINABLE OPERATIONS

We are seeing efforts to improve the sustainability of society in our daily work. The Amsterdam-IJmond and North regions are expecting a transition to an energy port, and offshore wind farms are booming there.

Dutch Pilots' Organisation also has an intrinsic motivation to make the use of its resources and processes more sustainable.

In 2024, we reaped the rewards of earlier investments. The new fuel-efficient M-class tenders 'Mare', 'Mees' and 'Maud' were put into service; the last in the series, 'Milo', will follow in 2025. The construction of the hybrid swaths for the River Scheldt region can finally start this year. Sustainability has now also become standard in our offices and our taxi and vehicle fleet.

RECRUITMENT

Many pilots will reach retirement age in the next few years, whereas the recruitment of new pilots is not guaranteed in the current job market.

In 2024, we took an important step to remedy this: the introduction of the pre-Master's programme for upper secondary vocational (MBO) students. This makes the pilot training course more accessible and increases our recruitment levels.

DIGITAL INFRASTRUCTURE

Our digital infrastructure plays a crucial role in making our operations more sustainable and efficient. The RADAR (Robotisation, Automation, Digitalisation as a Result) project was further expanded to the fleet management, purchasing, finance and IT departments. In early 2025, we selected a single software supplier to provide every department with custom solutions where possible.

In addition, the Lutine programme provided valuable insights into navigation behaviour, fuel consumption and maintenance, which contributes to lower carbon emissions.

While these digital developments are not always visible, they do ensure that our operations are more efficient, more sustainable and more secure.

INTERNATIONAL COLLABORATION

In April 2024, we organised the International Maritime Pilots' Association (IMPA) congress in Rotterdam. With pilots from all over the world, we discussed the challenges in our area of expertise and global organisational set-ups for pilots organisations. The conclusion was that the Netherlands has an excellently functioning pilots organisation and that we need to stay alert to safeguard our quality and safety levels.

SAFETY AS A PRIORITY

Safety had a high priority in 2024, both on the work floor and in the ports. Dutch Pilots' Corporation (NLC) and Dutch Pilotage Service Organisation (NLBV) presented their joint vision in the statement entitled 'Samen Veilig & Vlot' (safe & afloat together). This will be a key part of the future mission, vision and strategy (MVS). Safety was also given a broader dimension due to geopolitical tensions. Concerns are being voiced publicly about the territorial and digital safety of our country and our ports. As a vital partner in the maritime chain, we are always looking out for possible threats. We maintain close contact with the Dutch authorities regarding the security of our systems and discuss whether we can play a role in identifying suspicious situations at sea and in the ports where we operate.

THANKS TO OUR PEOPLE AND PARTNERS

Our customer satisfaction survey from 2024 showed that captains appreciate us coming aboard. They praise our registered pilots for their expertise and reliability when safely navigating vessels into the ports. The collaboration with harbour masters, policymakers and stakeholders is also valued highly.

These pilots are supported by strong foundations: all the employees and organisations that together make up Dutch Pilots' Organisation.

We can look back on our work in 2024 with pride. For more than 35 years, we have been a committed, reliable and expert partner in the maritime chain. This was also emphasised during the (postponed) symposium in March 2024 to celebrate our 35th anniversary.

I would like to thank all the pilots, employees and stakeholders for their commitment and collaboration. Together we will ensure that Dutch Pilots' Organisation remains strong and future-proof.

Willem Bentinck,
President of Dutch Pilots' Corporation



2024 AT A GLANCE

In 2024, war in Europe and unrest in the Middle East caused unrest and unpredictability in the shipping sector. This resulted in 1,902 fewer piloted trips compared to the year before. Our priority was and remains to ensure safe and smooth shipping, in addition to improving sustainability, security and the dialogue with our stakeholders.

The dropping number of trips and revenue put pressure on the system for establishing the pilotage rates based on trip estimates. This creates significant challenges for Dutch Pilots' Organisation. Our revenue fell 2.5% short compared to the estimates, which could only be partially absorbed by lowering costs.

Last year we had already voiced our concerns about the new Dutch law updating the market regulatory system for registered pilots (Wet actualisatie markttoezicht registerloodsen, Wamr) and the price cap system for establishing pilotage rates. An analysis has shown that we, as an organisation with a 24/7 presence, do not have the financial flexibility required to improve our efficiency to the extent assumed by the new law. Estimating the correct number of trips also turned out to be rather difficult in 2024.

As a 'market party' we keep looking for ways to improve our agility and lower the costs in the face of disappointing trip numbers, without sacrificing the services we provide. That is a difficult puzzle. We have informed the Ministry of Infrastructure and Water Management (I&W) of the risk that continued uncertainty about our revenue may result in cautiousness regarding future investment decisions, which could put pressure on the continuity and quality of the pilotage services. We hope that the discussions we initiated with the Ministry of Infrastructure and Water Management about the new law will continue in 2025.

The introduction of the Project Management Office (PMO) has given NLBV a tool to control the implementation of projects and slightly increase financial flexibility. PMO makes it possible to streamline projects and prioritise them early by guiding and assessing them based on quality, timeliness and budget.

Despite these challenges, Dutch Pilots' Organisation was given an excellent rating by the auditor in the management letter included with the financial statements, with only a few findings.

SAFE AT SEA AND ON SHORE

Safety at sea and on shore had a high priority in 2024. We focus on working safely in awareness campaigns, employee meetings and the video entitled 'Veilig werken op zee' (Working safely at sea).

In December, a working group of representatives from all the regions presented the new safety statement: 'Samen Veilig & Vlot' (safe & afloat together). This statement reflects the shared ambition of NLc and NLBV to ensure that everyone always returns home safely and in good health. This is only possible by operating as a team.

For pilots and employees, this means taking responsibility, sharing knowledge and experience, providing and receiving feedback, and showing their commitment by setting a good example.



INCIDENTS

In 2024 there was an incident with one of Dutch Pilots' Organisation's tenders. In December, a technical malfunction caused a collision between the tender 'Apollo' and a departing vessel. One person suffered minor injuries. The internal investigation into this incident is still ongoing.

In addition, a very serious shipping accident ('ZESO incident') occurred in the Rotterdam-Rijnmond region. This was a fatal accident involving Saipem 7000.

SOCIAL SAFETY

A cultural survey was carried out in early 2024. It revealed room for significant improvements within NLBV in the field of cultural experience. In order to ensure people's safety on the work floor, an inappropriate behaviour reporting centre was set up in 2024 and the code of conduct was updated. A campaign was also developed regarding social safety and an external confidential counsellor was hired for employees who were in need of this.

DIGITAL SAFETY

The NIS2 EU Directive entered into force in late 2024. The purpose of this Directive is to improve the protection of essential organisations and their network and information systems against the risks of cyberattacks. The NIS2 legislation puts Dutch Pilots' Organisation under government supervision and gives it a duty of care and a duty to report in case of possible threats. NIS2 will be transposed into Dutch law in 2025.

Both employees and pilots monitored the safety of our organisation in 2024. We shared lessons learnt from cyber incidents on our intranet every month to make everyone aware of the risks of handling data. Our security and data breaches reporting centre received 9 reports in 2024.

As a vital link in the maritime chain, Dutch Pilots' Organisation is concerned about the resilience and stability of its digital operations.

UNDERMINING

Many illegal activities take place in and around the seaports, most of which involve drug trafficking. In order to increase people's awareness of these dilemmas and for them to recognise undermining, we organised several internal meetings in 2024. We also assisted the authorities by reporting suspicious situations.

SAFETY UNDER PRESSURE

The safety of Dutch infrastructure at sea and in the seaports is being put under increasing pressure due to the growing threat of war in Europe. Fibre-optic cables have been damaged several times in the Baltic Sea, major companies worldwide are being targeted by cyberattacks and the vulnerability of the port of Rotterdam in particular is no secret.

We also discussed the early warning function pilots have with the Ministries of Defence and I&W. Due to their presence on vessels, they act as the eyes and ears of our society, and watch over the territorial safety of the Netherlands together with other parties.

RECRUITMENT

The recruitment of new pilots and the filling of technical vacancies remained points for concern. This was even reported in regional and national media in August 2024. NLc and NLBV work together in recruiting pilots and employees.

MBO PRE-MASTER'S

Our target group for new pilots was broadened significantly in 2024. Together with the 'Scheepvaart en Transportcollege' (STC, Shipping and Transport College) in Rotterdam, Dutch Pilots' Organisation has developed a pre-Master's programme that allows upper secondary vocational (MBO) students to move on to higher professional education (HBO). The first group of students will start in 2025.

We also recruit people by being visible within society, by attending events like maritime trade fairs and job fairs. During the World Port Days, interested people could join registered pilots on board and experience this profession for themselves. We turned the christening of the M-class tenders 'Mare' and 'Mees' into a 'recruitment party' at the nautical colleges on Terschelling and in IJmuiden. This gave students a unique introduction to the work performed by Dutch Pilots' Organisation.



NAVIGATOR TRAINING PILOT

Society is becoming increasingly complex, which affects the work performed by our navigators. In order to improve the basic skills of navigators, the Board introduced the navigator training pilot in 2024. The pilot was a mix of training in practical knowledge and in management skills. Subjects included management skills, meeting skills and coaching. Laws and regulations will also be added as a subject in 2025.

INCREASING KNOWLEDGE

Sharing and gathering knowledge is vital to our organisation. Our new Research & Development (R&D) working group keeps close tabs on the many technological, digital and legal developments. Examples are autonomous vessels, new navigation support equipment and remote piloting. The working groups improves our focus and sets priorities with regard to developments. Regional representatives collaborate with an external coordinator in the R&D working group.

INVOLVING PILOTS

The Rotterdam-Rijnmond region organised two symposiums for registered pilots. Their aim was to inform the pilots, gather their input for the revised policy plan and boost their involvement. The small-scale nature of the symposiums lowered the barrier for pilots to join the discussion on themes important to our organisation, such as innovation and future, finances, and efficiency.

SUSTAINABILITY

A big step was taken to improve the sustainability of Dutch Pilots' Organisation's resources in 2024. Three new M-class tenders were put into service during the year. This will result in maximum fuel savings of 30% compared to the Aquila and L-class tenders.

Dutch Pilots' Organisation is using biofuels increasingly often for pilot transport. New helicopters fuelled by biokerosene are operational in the Rotterdam-Rijnmond region and a process has been launched in the River Scheldt region to switch to fully electric taxis. From mid-2026, the River Scheldt region will also be getting two new swaths with hybrid propulsion and an electric drive system.

Significant steps were also taken at our offices to improve their sustainability. Our offices have an 'A' energy label and the number of (rapid) charging stations for our car fleet has been greatly expanded.

The construction of the new helicopter hangar was started in Rotterdam's Pistoohlaven. The hangar will be fitted with solar panels and a heat pump. The Rotterdam-Rijnmond region is investigating whether they can purchase battery packs. Demand for electricity is higher than network managers can provide, which leads to a threat of grid congestion. The region intends to use the battery packs to absorb peaks in demand and guarantee the continuity of its operations.

DIGITALISATION

Data and digitalisation were once again used in 2024 to improve sustainability and optimise efficiency. As part of the Lutine project, the fleet management, shipping service and IT departments use data increasingly often to perform analyses for things like fuel savings and maintenance monitoring. One example is combining data on fuel consumption with g-forces, weather conditions and navigation behaviour.

The implementation of new software within the RADAR project is entering a new phase. In early 2025, a single software supplier was selected to provide departments with custom solutions where possible. This paves the way for fleet management, purchasing and finance, and IT to start using the software as well.

Pursuant to European laws and regulations, Dutch Pilots' Organisation is currently not required to report on the impact of its operations on people, the environment and society (CSRD). Since July 2024, however, we are subject to the 'Besluit CO2-reductie werkgebonden personenmobiliteit' (Work-related Mobility of Persons (Carbon Reduction) Decree), for which we have now started registering data.

DIALOGUE WITH STAKEHOLDERS

Commitment, reliability and expertise are the three core values of our organisation. Collaboration, both internally and with chain partners, also has a high priority. The two-yearly customer satisfaction survey revealed that pilots and harbour masters collaborate intensively and complement each other well. Captains rated the pilotage services highly with a score of 9.2 out of 10, just like in previous years.

We are in constant contact with our chain partners and stakeholders, both nationally and regionally, within the context of knowledge sharing and chain optimisation. In March we organised a symposium to celebrate the 35th anniversary of Dutch Pilots' Organisation becoming independent. Stakeholders enthusiastically joined the discussion about our future and provided valuable points for improvement for our organisation. We will include this input when developing our new mission, vision and strategy (MVS). The symposium was a success and we would be happy to organise another one soon.

In April, pilots from all over the world visited Rotterdam for IMPA 2024. During this annual congress, we jointly discussed current themes, such as working in war zones and the various organisational forms used for pilotage services. The participants concluded that the organisation of pilotage services in the Netherlands is highly successful. Piloting ships is a profession based on experience, with continuity and stability being the keys to success.

Key figures table	2024	2023
Total number of acts of pilotage	89.326	91.228
Of which: Dutch Scheldt	80.612	82.536
Of which: Flemish Scheldt	8.714	8.692
Of which: North region	3.947	3.644
Of which: Amsterdam-IJmond region	12.871	13.097
Of which: Rotterdam-Rijnmond region	52.468	54.398
Of which: Scheldt region	20.040	20.089
Total revenue (x €1,000)	241.392	226.777
Result (x €1,000)	-3.276	-2.530
Average number of registered pilots (in FTEs)		
North region	17,07	15,73
Amsterdam-IJmond region	65,58	66,42
Rotterdam-Rijnmond region	217,71	215,58
Scheldt region	166,69	165,32
Total	467,05	463,05
Average number of employees (in FTEs)		
With an employment contract	448,46	441,28
Flex pool	38,61	37,49
Total	487,07	478,77
Investments (x €1,000)	27.163	13.894
Capital base (x €1,000)	107.507	93.712
Current ratio	1,47	1,92
Solvency ratio	39,50%	39,60%

ABOUT THE DUTCH MARITIME PILOTS' ORGANISATION

MISSION, VISION AND STRATEGY

Dutch Pilots' Organisation is an independent organisation that works in the public interest. Our main charge is the pilotage of seagoing vessels to and from all Dutch seaports and the Flemish ports on the River Scheldt. In this way we contribute to the safety of ships and crew, the economic success of ports and the protection of public security interests associated with maritime sea transport. The charge of providing pilotage services is exclusively reserved for registered pilots. The Authority for Consumers and Markets monitors the price development of our services and annually sets the tariffs for ships calling at Dutch ports.

In 2019, one single mission, vision and strategy was formulated for Dutch Pilots' Organisation, the organisation that encompasses several entities, each with their own separate tasks, but which together provide the pilotage service in the Netherlands and the Flemish ports on the River Scheldt.

MISSION

With our mission statement we declare what we stand for as Dutch Pilots' Organisation.

'Dutch Pilots' Organisation is an independent, reliable, high-quality partner in the logistics chain for the safe and efficient pilotage of seagoing vessels from, to and through the Dutch seaports and Flemish ports on the River Scheldt.'

PROFESSIONALS AT WORK

The foundation of the pilotage service is the registered pilots' independent practice of their profession combined with the position of Dutch Pilots' Organisation as a semi-public organisation. Together, these aspects guarantee a good balance between public and private interests and position Dutch Pilots' Organisation as a high-quality partner in the maritime logistics chain.

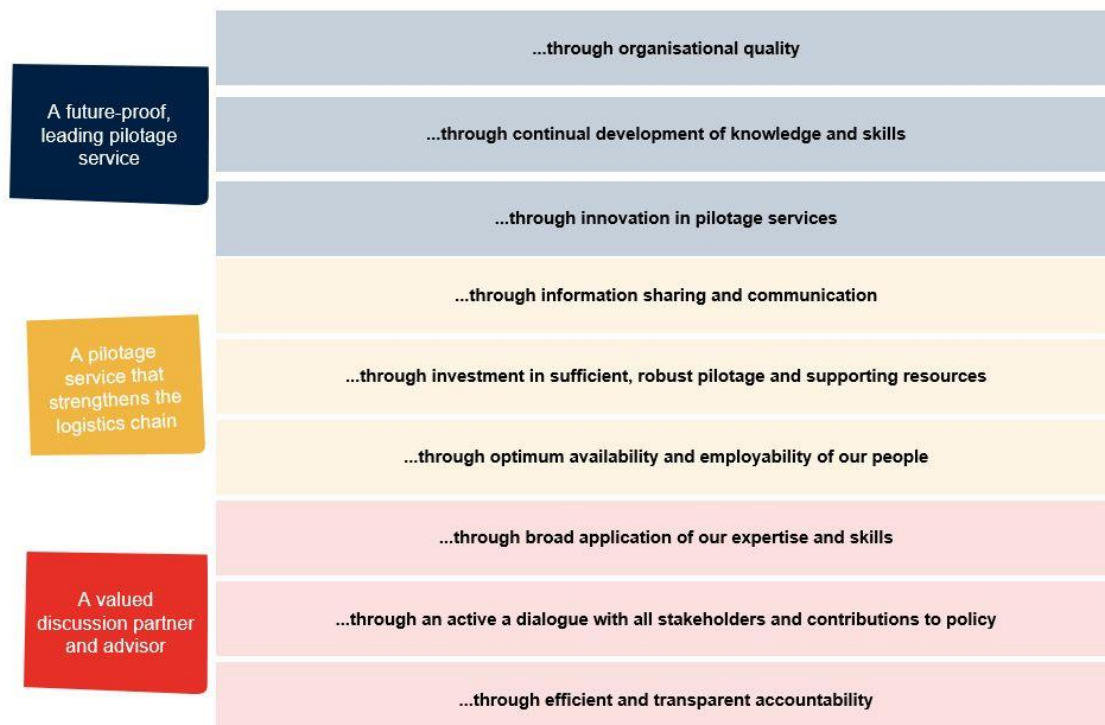
VISION

Dutch Pilots' Organisation carries out the public and private tasks and related activities that have been assigned to the pilots, without losing sight of opportunities that can make the organisation and its stakeholders stronger. The vision is based on three pillars:

- A future-proof, leading pilotage service
- A pilotage service that strengthens the logistics chain
- A valued discussion partner and advisor

STRATEGY

We use our strategy as stated below to put our vision into action. In the annual report we account for our services, operations and results on the basis of the three pillars in our vision:



ROLE OF THE PILOT

The pilot is a highly trained professional who advises a shipmaster on how to safely navigate the vessel in and out of the port and, with his/her permission, acts as a participant in the marine traffic. The pilot is an expert who assists the team on the bridge with his/her knowledge, using modern technological tools as well. The pilot contributes to ensuring safe, efficient service in the maritime transport chain. The pilot bears in mind public interests, and private interests as well. The pilot plays a role in several domains, providing advice, both requested and on his/her own initiative, in various consultative bodies on a wide range of maritime-related matters, all with the same objective of promoting safe and efficient shipping traffic. Within the Vessel Traffic Services (VTS) structure, pilots are an integral part of the safe handling of shipping traffic.

CORE VALUES

Committed, reliable and expert are the core values for the pilots and employees of Nederlands Loodswezen. These three values form our moral compass and the core of our organisation.

Committed

Our pilots and staff consider it a privilege to be part of Nederlands Loodswezen, their own organisation that fulfils such an important social and legal charge. As such, they are all committed to and involved in the enterprise. Their commitment then naturally also extends to the maritime world in general, which is reflected in the efficient services we as an organisation provide. We take our responsibility seriously and put the collective interest above each individual's personal interest. Only through collective involvement can we grow as an organisation and continue to carry out our social and legal charge with passion.

Reliable

The shipping industry is counting on us; it needs us. We carry out our work in all weathers, punctually, and using the most modern means and technologies. We are always there on demand. All of this makes us a reliable and predictable partner for our stakeholders, from port authorities to policymakers and from peer service providers to people who live and work in and around the ports.

Expert

With our expertise we offer certainty and live up to the trust placed in us. We constantly look at ourselves with a critical eye; after all, our expertise is not a given, but something we want to continue to develop in ourselves. We continuously improve our knowledge and skills through training, knowledge development and innovation. We share our knowledge, skills and experience with others.

GOVERNANCE

Government agencies and regulatory authorities are placing increasingly stringent demands on the governance and transparency of semi-public organisations like the regional and national pilotage corporations. We applaud this social trend. After all, these entities perform an important public service, and it is our responsibility to explain how we carry out our charge.

DUTCH MARITIME PILOTS' ORGANISATION: A LITTLE BACKGROUND

Up until 1 September 1988, Dutch Pilots' Organisation was a State pilot authority. On 1 September 1988 the organisation was privatised and mandated with its main charge of the pilotage of seagoing vessels to and from the Dutch seaports and the Flemish ports on the River Scheldt. This charge is exclusively reserved for registered pilots. The way in which Dutch Pilots' Organisation is organised and financed is stipulated by law. The continuity and quality of the pilotage services are therefore embedded in legislation and regulations. The Authority for Consumers and Markets (ACM) monitors the price development of our services and annually sets the tariffs for ships calling at Dutch ports.

STRUCTURE

Dutch Pilots' Organisation is the name under which a number of entities, each with their own tasks and responsibilities, jointly provide efficient pilotage services in the Dutch seaports and the Flemish ports on the River Scheldt. Dutch Pilots' Organisation consists of a professional organisation (for the pilots) and a company organisation (for service and support).

PROFESSIONAL ORGANISATION

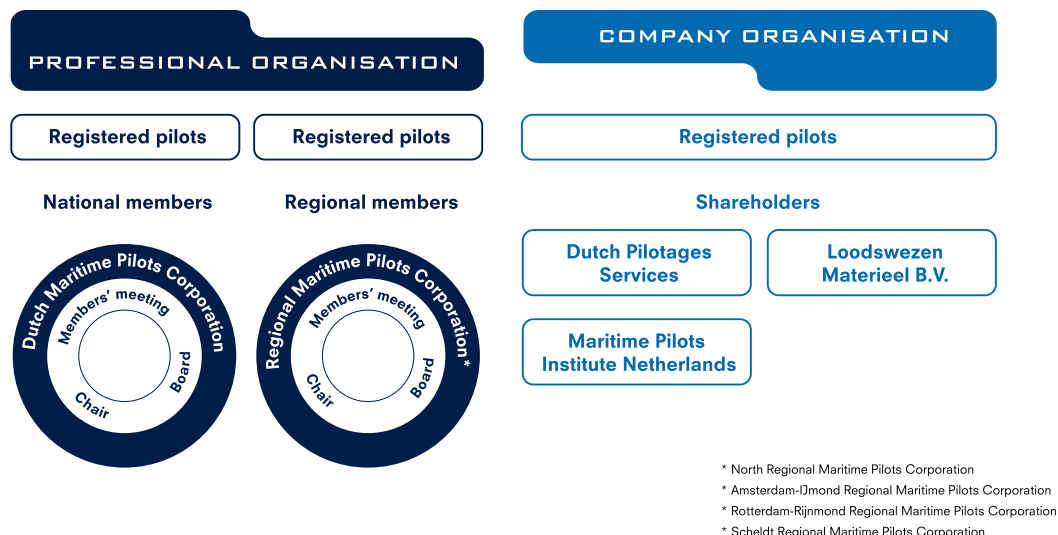
The professional arm of Dutch Pilots' Organisation consists of Dutch Pilots' Corporation (NLC) and the four Regional Pilots' Corporations (RLC): North, Amsterdam-IJmond, Rotterdam-Rijnmond and River Scheldt. In addition, there is a foundation that provides training for pilots and promotes the expertise and quality of the profession in general (STODEL). Together, these organisations fulfil the mandate set by law with regard to the quality of the professional practice, the professional competence of the pilot, the powers, service provision, and the training of pilots.

COMPANY ORGANISATION

The company organisation comprises Dutch Pilotage Service Organisation (NLBV), Loodswezen Materieel B.V., three silent partnerships (Amsterdam-IJmond Pilots Association, Rotterdam-Rijnmond/North Pilots Association and River Scheldt Pilots Association) and the Maritime Pilots' Institute Netherlands B.V. The Dutch Pilotage Service Organisation (NLBV) provides services in the area of fleet management, maintenance, logistics, planning and administration in the boarding of pilots and pilotage of seagoing vessels and is charged with the collection of pilotage dues. Loodswezen Materieel B.V. is the legal owner of the fleet. The maritime pilots associations are the associations representing the registered pilots. The registered pilots are responsible for piloting seagoing vessels. Activities that are not directly aimed at the boarding of pilots and pilotage of vessels are conducted through the Maritime Pilots' Institute Netherlands B.V. This knowledge centre concentrates on activities like offering nautical expertise to the maritime sector at home and abroad.

The figure below gives an idea of the organisation of Dutch Pilots' Organisation (not including the silent partnerships and STODEL).

PROFESSIONAL ORGANISATION & COMPANY ORGANISATION



PERSONAL DETAILS

COMPOSITION OF THE GENERAL ASSEMBLY

President, Dutch Pilots' Corporation (NLC): Mr J. W. Bentinck. Appointed on 1 May 2023, steps down on 1 May 2026

Secretary, Dutch Pilots' Corporation (NLC): Ms B. W. Silvis, appointed on 1 February 2023

President of North Regional Pilots' Corporation: Mr E. J. Kilian. Appointed on 1 August 2022, steps down on 1 August 2026

President of Amsterdam-IJmond Regional Pilots' Corporation: Mr R. de Jonge. Appointed on 1 January 2022, stepped down on 1 January 2025. He was succeeded by Mr B. J. Blokker on 5 February 2025

President of Rotterdam-Rijnmond Regional Pilots' Corporation: Mr J. J. van Driel. Appointed on 1 July 2023, steps down on 1 July 2027

President of River Scheldt Regional Pilots' Corporation: Mr G. B. P. Jaburg. Appointed on 1 May 2018, reappointed on 1 May 2022, steps down on 1 May 2026

NLBV BOARD OF DIRECTORS, MANAGEMENT TEAM AND SUPERVISORY BOARD

BOARD OF DIRECTORS

- Managing Director (under the articles of association): Mr H. B. W. Broers

MANAGEMENT TEAM

- Financial Director: Mr W. N. Dorst
- HR Manager: Ms N. van der Drift
- Fleet Manager: Mr P. Keijzer
- Information Manager: Mr N. J. Donselaar
- Crewing Manager: Mr S. van der Stap
- Finance & Control Manager (advisory member): Ms E. A. E. M. de Bruijn

SUPERVISORY BOARD

- Mr M. J. M. Borsboom – steps down on 1 July 2026, Chair
- Mr R. E. A. De Meyer – steps down on 1 July 2025
- Ms J. H. P. M. van der Wijst – steps down on 1 July 2027

BALANCED COMPOSITION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Article 2:276 of the Dutch Civil Code includes requirements for ensuring a balanced ratio of men to women for Management and Supervisory Board members. In this article, a balanced ratio means that at least 30% of the seats are held by men and at least 30% by women (in so far as the seats are held by natural persons).

The Dutch Pilotage Service Organisation (NLBV) has a single Managing Director under the articles of association. As this is only one person, no balanced ratio of men to women can be achieved here. The position is currently held by a man.

The Supervisory Board of the Dutch Pilotage Service Organisation (NLBV) consists of three people. When a position becomes vacant, the ratio of men to women will be taken into account. Since 2012, the Board has had 33% female members, which meets the provisions for a balanced composition.