



Annual report

Koninklijke Heijmans N.V.

2023

100 JAAR **DE HAND** VAN **HEIJMANS**



7.15

SECURMAR

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RE UITSMEREN SINCE 1970

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Notice – The version of the annual financial reporting of Royal Heijmans N.V. for the fiscal year ended on December 31, 2023, has not been presented in the ESEF format as specified in the technical regulatory standards for ESEF (Delegated Regulation (EU) 2019/815). The ESEF reporting package is available via reporting.heijmans.nl under 'Downloads'.

The management report as referred to in Title 9 Book 2 of the Dutch Civil Code concerns the following sections: 1. Preface, 3. Key Data, 4. Our Organization, 5. Our Environment, 6. Engaging with Stakeholders, 7. Mission, Vision, and Strategy, 8. Improving, 9. Innovating, 10. Sustaining, 11. Van Wanrooij, 12. Results, 13. Conclusion of Strategy 2018-2023, 15. Governance, 16. Risk Management, 17. The Share of Royal Heijmans, 18. Outlook, and 21. Glossary. And the annexes 20.1, 20.2, 20.3, 20.6.4, 20.6.5, 20.6.8, 20.6.9, 20.6.10, 20.6.13, 20.6.14, and 20.6.16.



1 Foreword

Last year was a momentous one for Heijmans in many ways. The grand celebration of our centenary was one wonderful milestone. It was with pride and gratitude that we were also able to add the Royal predicate to our company name. This is a crowning achievement for us and for the many generations who went before us. We have worked with passion and conviction to make the Heijmans mark visible right across the country in those 100 years. And as creators of the healthy living environment, we are now determined to continue doing so. In addition to all of this, the acquisition of Van Wanrooij's development and construction business was another significant milestone for Heijmans in 2023.

Good performance

The ongoing instability on the world stage also had a negative impact on confidence in the economy last year. Uncertainty about energy prices, fluctuating interest rates, the reliability of the supply of materials and the rising cost of living determined the mood in both boardrooms and among consumers. In our industry, we were also confronted with persistent political uncertainty on topics relevant to us in the construction industry and the housing sector.



CEO Ton Hillen

"We have exerted ourselves with passion and conviction to make the hand of Heijmans visible throughout the country over those 100 years. As creators of the healthy living environment, we are determined to continue doing so."

In that light, Heijmans performed well in 2023, thanks to the efforts of all our employees, who helped us achieve these results. For example, we managed to limit the expected decline in the number of new-build homes sold. Calculated in terms of the numbers of homes sold, we saw only a very slight decline compared with 2022. However, due to lagging effects from lower sales in previous years, Property Development's revenue and result were substantially lower. But thanks to the strong figures we achieved at Building & Technology and Infra, Heijmans still posted organic revenue growth of 10% with an unchanged result. Underlying EBITDA increased by € 21 million to € 147 million, including Van Wanrooij. That includes the release of the € 14 million provision in the so-called Wintrack II case, as a result of the positive final ruling by the Board of Arbitration. We have now been able to close this matter in a positive way. We are optimistic about the immediate future. Our order book increased further to € 2.8 billion and contains a lot of excellent high-quality contracts. We are particularly proud of our long-term relationships with regular clients in the Non-Residential and Infra sectors, which have resulted in a growing share of recurring business.

100 years of the Heijmans mark

The Heijmans mark is on full display in the Dutch built environment. We know how to adapt flexibly and effectively to market conditions and external influences. It is thanks to that adaptability and agility that Heijmans can look to the future with confidence. With entrepreneurship, a focus on solutions and innovation, we work in a targeted way on creating a healthy living environment. This is teamwork par excellence, to which all Heijmans employees contribute. We succeed in engaging the right people with an eye for each other. They find it stimulating to have a positive impact on society and value Heijmans as a committed and social employer. We devoted extensive attention to all these characteristics that are so typical of Heijmans during the festivities around our anniversary. There was only one conclusion at the closing party with our colleagues and their partners: Heijmans is as solid as a house and the yellow heart beats in many people.

In addition to Heijmans' centenary in 2023, we also celebrated another milestone. It was also 50 years ago that Heijmans formalised employee participation. An important moment that we reflected on last year. After all, the Works Council is a valuable delegation of all Heijmans colleagues and an important body for the Executive Board in its connection with the organisation. They are an extra pair of eyes and ears to safeguard the Heijmans culture.

Safety

At Heijmans, we have long been committed to making work in the construction industry safer. Broad awareness of this and a shared sense of urgency are our top priority. On the so-called Safety Culture Ladder (SCL), we have now reached level 4 (of 5 in total) for the whole of Heijmans - excluding recently acquired companies - for which we have received the corresponding certification. Naturally, we are proud of this, but there is still work to do. We were deeply affected by a traffic accident with one fatality on the Gorinchem - Waardenburg (dyke reinforcement) consortium project in 2023, and this reminded us once again of the absolute necessity for us to continue to improve safety. We are therefore putting all our focus on preventing dangerous situations, with the emphasis on behaviour, plus the tightening of and compliance with procedures.

Housing market developments

We saw the first signs of recovery in the housing market back in the fourth quarter of 2023. We are counting on the construction of good, sustainable and affordable housing to increase again in the near future. After all, the growing housing shortage and demographic projections leave us with no other choice. Heijmans is well equipped to deal with a strong recovery in the housing market. The acquisition of industry peer Van Wanrooij as of 5 September 2023 strengthens our position in the housing market. As a result, our working inventory in property development land holdings has almost doubled from approximately 15,000 to around 30,000 new-build homes. At Heijmans and Van Wanrooij, we will initially focus on understanding and learning from each other's business models and success factors. In 2024, we will focus on more cooperation and reciprocal knowledge exchange. For the time being, Van Wanrooij will continue to serve the housing market as a stand-alone company within Heijmans.

With the opening last autumn of our own timber-frame housing production plant in Heerenveen, we can also take another step towards modular and industrial-scale construction for some of our projects. This will enable us to deliver future-proof, sustainable and affordable homes quickly and on a large scale in the coming years. Affordability and sustainability remain important principles when developing homes. The Horizon concept has unprecedented possibilities in terms of choice and variation. There is no single formula for success, and not every area needs the same range of homes. We therefore take into account the housing wishes and needs of different target groups. However, one thing all our housing projects will have in common is that we will always look at the opportunities for nature-inclusive and climate-adaptive construction. We are increasingly successful at this; this makes a significant contribution to a healthy living environment for people, animals and nature.

Infrastructural projects

Heijmans also sees attractive opportunities and possibilities in the area of infrastructural project, which enable us to leverage our extensive expertise and experience. From a government perspective, the construction of new roads is increasingly giving way to the replacement and renovation of existing infrastructure. With our Infra business area, we successfully competed for various replacement and renovation projects last year. We are confident that demand for our expertise and quality in this field will remain high for the foreseeable future.

We recently completed several infrastructure projects with good results. The renovation of the Piet Hein tunnel, for example, and the major maintenance works on the Zwanenburg runway at Schiphol Airport. Other long-term projects fall within the broader framework of the government's flood protection programme and the energy transition, and as such continue to receive our full attention. One example is the sustainable reinforcement of the Lauwersmeer dyke, in which we are using emission-free equipment as much as possible. For energy company TenneT, Heijmans is working on the expansion and reinforcement of the Dutch high-voltage grid. We want to continue to expand our activities in the energy chain and are also looking at growth opportunities, like our acquisition of Dynniq in 2022. To this end, in addition to the design, construction and maintenance of energy systems, we are now also focusing on their operation in cooperation with partner companies.

Improving sustainability and social responsibility

We take our social responsibility extremely seriously. Improving sustainability plays a leading role on this front and has now been an integral part of our strategy for several years. This is visible in every aspect of our work. In 2023, we also managed to make progress on the crucial themes of climate, circularity, biodiversity and nature-inclusive construction.

We want to remain at the forefront of the ongoing green transition, and this is one of the reasons why we invested € 12 million in Infra-related electric equipment last year. We welcome the increasing focus on sustainability in tender principles according to the Most Economically Advantageous Tender (Dutch: EMVI). This is essential if we are to make the required investments in sustainable construction economically viable too. In addition, we are seeing an increase in the generation of data throughout the chain and that certainly includes data on every aspect of sustainability. We find this development encouraging, as it will enable us to realise our sustainability ambitions.

Our ambition is to work entirely emission-free by 2030, i.e. without emitting CO₂ as referred to in scope 1 & 2. That is quite a task, and not something we can achieve alone. For instance, the availability of electric construction equipment is still inadequate, with grid congestion also an inhibiting factor for further investment. However, we are at the front of the queue as soon as deliveries are available again, and we are looking for creative solutions to convert our own equipment and make it more sustainable and to provide our building sites with charging capacity. A growing number of clients rightly set sustainability requirements when commissioning their projects.

We are directly affected by global climate change in our operational areas. We are seeing periods of extreme water surplus alternate with increasing drought and rising temperatures. This obviously has a major impact on the built environment and the way we build. For example, we are increasingly looking at ways to capture and store water, as we did in the Hart van Zuid project in Rotterdam. This is helping us to transform a 'petrified' city into an adaptive city. In this crucial area, we prefer to look for cooperation, as we did for instance in our recent affiliation with the WaterBank platform.

Political choices

The political landscape of the last few years has not been conducive to spatial development in the Netherlands. We hope that a new government will make clear choices about where we can live, where economic growth takes place, and where agriculture and nature have a place. The Netherlands needs a clear spatial framework, including solution-based policies for the nitrogen emissions problem. As far as Heijmans is concerned, progress is being made in drawing up a clear policy for public housing and spatial planning. It is fundamental that we quickly have concrete suburban planning capacity for housing construction, so that we can make rapid progress on the enormous challenge of building at least 900,000 homes, which is a task that we, as the construction sector, need to realise by 2030 at the latest. We call on society to become more selective about objecting to every initiative, which is stifling construction, plus we should be acting more in the interests of society as whole rather than the interest of individuals. We also call on politicians to make haste to speed up and make the building permit process more efficient. This is also essential if we are to address the serious housing shortage. We would like to continue to make a pro-active contribution on this front.

The scarcity in the housing market remains, the result of years of government policy that focused on inner-city construction, primarily of apartment complexes. This government policy has resulted in a one-sided supply of mostly large-scale, inner-city projects with long construction times and difficult business cases. Increasing suburban town planning capacity and shortening spatial planning procedures are essential to arrive at a structural solution to the scarcity in the housing market. There is certainly a demand for affordable housing, but we should not lose sight of the need to increase the supply of homes to boost housing market mobility. In say seven to ten years' time, today's first-time buyers will want to move up on the property ladder. This is why our plea is to build for these starters, but not to lose sight of mobility in the housing market in the near future.

Completion of 2018 – 2023 strategy

In 2023, we completed our 2018 - 2023 strategy. As part of this strategy, we formulated a number of so-called bold statements, themes with which we wanted to set a clear marker on the horizon and achieve real movement. We measure our progress on these fronts using the three axes that make up our business strategy: better, smarter, more sustainable. The goal was to achieve 100% movement on all bold statements and to achieve at least half of the ambitions formulated in those statements. We had managed to achieve 69% of our targets by the end of 2023.

Focus on the future

Well before we were supposed to complete the 2018 - 2023 strategy, we set to work on formulating a new vision of the future as the basis for a recalibrated strategy that runs through 2030. Heijmans wants to make a meaningful contribution to the development of the Netherlands. Our refined strategy is based on five strategic pillars: Well-being, Sustainability, Connection, Makeability and Team. Each pillar zooms in on what Heijmans wants to achieve over the period to year-end 2030, how we will do this, and with whom. This also makes it clear in which areas Heijmans wants to take the lead to work with other players to create a healthy living environment. Due to our acquisition of Van Wanrooij, we need more time to quantify the new principles. We expect to complete that process in the second quarter of 2024, and we will then share the results with the market.

Outlook 2024

Thanks to our strong positioning, we expect to outperform the outlook for the market as a whole. We start 2024 with a well-filled order book, which is growing again with rising profit potential. The outlook for Building & Technology and Infra is certainly favourable. Thanks to the pick-up in housing sales especially in suburban areas, and our confidence in a healthy housing market, we are also optimistic about Property Development and Van Wanrooij. The acquisition of Van Wanrooij has given us an even stronger position in this market. Partly due to this acquisition, we will record higher revenue in 2024, with the € 2.5 billion mark in sight. We are targeting an underlying EBITDA margin of at least 6.5%.

We are looking forward to continuing our work on the creation of a healthy living environment in 2024, together with all our colleagues, our clients, suppliers, subcontractors and partners. We want to create an environment where people can live, work and connect pleasantly. Because that is the purpose of everything we do. Our yellow heart will also continue to beat in the year we turn 101. That's a wonderful thought!

Ton Hillen

CEO Royal Heijmans N.V.

8 March 2024

2 Highlights

JANUARY

1,400 RUNWAY LIGHTS REPLACED AT SCHIPHOL

The old halogen lamps are being replaced with an LED variant and the fittings will be reused.



LAUNCH OF HEIJMANS RADIO

On the occasion of our 100th anniversary, we launched Heijmans radio.

RENOVATION OF PIET HEIN TUNNEL COMPLETED

All technical installations and the asphalt have been replaced, the ceilings have been provided with a heat-resistant coating and the escape doors have been renewed.

FEBRUARY

GREEN LIGHT FOR 650 APARTMENTS NEAR EUROMAST IN ROTTERDAM

Construction of new apartments spread across eight buildings.



CONSTRUCTION OF 120 APARTMENTS IN WOERDEN

Commissioned by Cazas Wonen housing corporation, Heijmans will build rental apartments in the sustainable Snellerpoort urban district.



WADDENKWARTIER CONSORTIUM CONTINUING WITH LAUWERSMEERDIJK

The construction consortium to start work on the strengthening 9.4-kilometres-long Groningen section of the Lauwersmeer dyke.

MARCH

HEIJMANS WINS THE 2022 ROTTERDAM BOUWDOUWER AWARD

An award from the City of Rotterdam for putting the highest number of homes into production in the port city.



REPLACING FIRE ALARM SYSTEMS IN 181 MINISTRY OF DEFENCE BARRACKS

In the South Netherlands region (and at Leeuwarden Air Base), Heijmans is taking care of the process, from inventory, design and installation to sustainable removal and replacement of materials.

GOVERNMENT OFFICE IN THE ARNHEM RAILWAY STATION AREA

In March, Heijmans started the renovation and expansion of a municipal listed building into a new government office in Arnhem.

APRIL



100TH ANNIVERSARY

Heijmans kicks off the anniversary with cake in the workplace and with a strike of the gong at the opening of the Euronext stock exchange in Amsterdam.

RENOVATION GEMINI NORTH EDUCATION BUILDING AT TU EINDHOVEN

Large-scale renovation of the low-rise section containing laboratories and teaching and study areas.

HEIJMANS COMPLETES RENOVATION OF PALACE HET LOO

All the museum's technical installations have been renewed and expanded.



MAY

MAINTENANCE CONTRACT FOR NATIONAL TRUNK ROADS IN EASTERN BRABANT

On behalf of The Ministry of Public Works and Water Management, in the coming years we will be responsible for, among other things, green space maintenance, public lighting and incident management.

HEIJMANS CONSORTIUM REALISES WATER TRANSPORT PIPELINES FOR VITENS

This is our contribution to a more future-proof water supply in central and northern regions of the Netherlands.

JUNE

AWARDED ROYAL PREDICATE

We change our official company name into 'Royal Heijmans'.



LETTER OF INTENT ON INNER AREA DEVELOPMENT IN BREDA

An agreement with an alliance of parties. Their ambition is to transform the Chassékwartier area into a high-quality urban district.



ACQUISITION OF VAN WANROOIJ

The acquisition covers the project development activities, the construction company, the carpentry factory and Bevers Bouwmaterialen.

VISITING HEIJMANS DURING CONSTRUCTION DAY

Heijmans opens a number of building sites to the public.





HEIJMANS PARTNER OF VAN GOGH NATIONAL PARK

An initiative to make the Brabant landscape more beautiful, healthier and greener.

START OF NEW CONSTRUCTION OF 220 RENTAL HOMES IN THE HAGUE

Heijmans signs a turnkey contract with the Staedion housing corporation for the 'Dreven, Gaarden en Zichten' area development in The Hague.

HEIJMANS AS A WHOLE REACHES LEVEL 4 OF THE SAFETY AND CULTURE LADDER

All Heijmans business areas are now certified at level 4, with the exception of recent acquisitions.



JULY



HEIJMANS CONSORTIUM REPLACES AND RENOVATES TWO BRIDGES IN SOUTH HOLLAND

In addition to the technical installation, Heijmans will also maintain both bridges.

HEIJMANS ONE OFFERS DISPLACED UKRAINIANS A HOME

The homes are part of the Mrija temporary housing estate in Vlaardingen.

AUGUST



ACM GRANTS APPROVAL FOR HEIJMANS' ACQUISITION OF VAN WANROOIJ

HEIJMANS BUILDS PHYSICS AT TU DELFT

Physics includes physics laboratories, chemical and bio labs, offices and general facilities.



Heijmans completes acquisition of Van Wanrooij on 5 September



HEIJMANS REPLACES ASPHALT ON PARTS OF A2-A12 AROUND UTRECHT

Sustainability and nuisance limitation played an important role.

INSTALLATION OF CHARGING STATIONS IN GRONINGEN

The network of charging stations in the municipality will be expanded by 300 to 500 stations over the next three years.

MINISTER HUGO DE JONGE SIGNALS START OF CONSTRUCTION OF 220 NEW HOMES

The new-build project in Steenzicht in The Hague for Staedion is part of the Dreven, Gaarden en Zichten major area development.



COMPLETION OF 200 HOMES IN PORT QUARTER

The future-proof owner-occupied homes in Rotterdam Havenkwartier were officially handed over.

PART OF BINCKHORST IN THE HAGUE GETS HEATING AND COOLING NETWORK

Heijmans is doing this together with Essent. All new buildings and homes will be connected to the network.



OCTOBER

HEIJMANS WORKS COUNCIL CELEBRATES FIFTIETH ANNIVERSARY

On behalf of all Heijmans colleagues, the company presented three sustainable wooden benches around the trees in the 'front garden' of the head office in Rosmalen.

OPENING OF TIMBER-FRAME HOUSE FACTORY

We opened the doors of our new production plant in Heerenveen for the production of timber-frame houses according to the Heijmans Horizon concept.



FINAL VERDICT WINTRACK II PROCEEDINGS POSITIVE FOR HEIJMANS

The ruling in this case, which has been ongoing since 2018, is positive for Heijmans and is now concluded.

FOLLOW-UP RENOVATION OF KONINGINNENSLUIS LOCK IN NIEUWEGEIN

Now we are tackling the bridges, operation and control, bottom and walls and safety around the lock.

NOVEMBER



PURMEREND AND HEIJMANS TO COOPERATE

The cooperation involves area development of the Waterland Quarter.

DELIVERY OF 203 SOCIAL HOUSING UNITS OOSTENBURG IN AMSTERDAM

Heijmans delivers four different residential buildings to the Stadgenoot housing corporation.





CUSTOMER EVENT IN HONOUR OF 100TH ANNIVERSARY

With the theme 'Make Tomorrow More Beautiful', Heijmans, led by inspiring speakers, talks with the directors and young potentials of its clients.

TON HILLEN REAL ESTATE MAN OF THE YEAR

A compliment to all Heijmans employees.

ROYAL FLORAHOLLAND AND HEIJMANS

Both companies intend to conclude a multi-year maintenance contract for the the maintenance and management of the company's three sites. The total area to be managed is 1.9 million square metres.



SVB AND HEIJMANS SIGN MAINTENANCE AND MANAGEMENT AGREEMENT

The Social Insurance Bank (SVB) and Heijmans have signed a 14-year agreement for the maintenance and management of the technical installations in ten office buildings.

DECEMBER

COOPERATION ON CIRCULARITY

Heijmans signed the The New Normal manifesto to accelerate circular construction.

HEIJMANS AND THE MUNICIPALITY OF TEYLINGEN

Heijmans signs agreement for the area development and realisation of Nieuw Boekhorst in the municipality of Teylingen. We will build 1,250 to 1,300 homes.

THE MINISTRY OF PUBLIC WORKS AND WATER MANAGEMENT COMMISSIONS VARIABLE MAINTENANCE OF ROADS IN THE EAST OF THE NETHERLANDS

Heijmans is responsible for the implementation and process management of Variable Maintenance across the entire maintenance chain.



HEIJMANS JOINS THE WATERBANK

Private and public parties should join forces more to formulate an architectural response to climate change.

HEIJMANS STARTS FIBRE HEMP TRIAL WITH FARMER

In 2024, Heijmans will start a trial in Friesland with the cultivation and application of bio-based building materials from fibre hemp for insulation or board material for its Horizon homes.

3 Key data

3.1 Financial key data

Key figures	2017	2018	2019	2020	2021	2022	2023
Result							
x € millions							
Revenue	1,487	1,579	1,600	1,746	1,748	1,812	2,117
Underlying EBITDA ¹	31	43	78	85	106	126	147
Underlying EBITDA margin ³	2%	3%	5%	5%	6%	7%	7%
Operating result (EBIT)	45.3	22.6	29.2	55.7	55.2	70.9	81.0
Operating margin ³	3%	1%	2%	3%	3%	4%	4%
Result after taxes	19.5	20.5	30.1	40.1	50.3	59.6	59.8
Net margin ³	1%	1%	2%	2%	3%	3%	3%
Capital							
x € millions							
Assets	771	776	898	931	991	1,083	1,336
Average invested capital ³	202	161	196	240	250	245	421
Equity capital	162	149	178	226	268	317	384
Net debt ³	-14	-31	30	-37	-91	-151	137
Cash flow							
x € millions							
Operating	21	27	42	128	109	110	88
Investment	91	-10	4	-33	-32	-17	-316
Financing	-116	-3	-26	-29	-42	-66	31
Cash flow	-4	14	20	66	35	27	-197
Ratios							
in %							
Return on average capital ³	22.5	14.1	14.8	23.2	22.1	28.9	19.2
Result after tax ³ :							
- as % of equity	12.0	13.8	16.9	17.7	18.8	18.8	15.6
- as % of revenue	1.3	1.3	1.9	2.3	2.9	3.3	2.8
Solvency rate based on guarantee capital	26.8%	25.0%	24.8%	28.8%	30.1%	29.3%	28.7%

Key figures	2017	2018	2019	2020	2021	2022	2023
Number of shares							
x 1.000							
End of year	21,409	21,409	21,409	21,933	22,760	23,553	26,826
	21,408	21,409	21,409	21,715	22,415	23,223	24,933
Data per share²							
x € 1							
Equity	7.57	6.96	8.31	10.41	11.96	13.65	15.40
Operating result (EBIT)	2.12	1.06	1.35	2.56	2.46	3.05	3.25
Result after taxes	0.91	0.96	1.40	1.85	2.24	2.57	2.40
Dividend	-	-	-	0.73	0.88	1.01	0.89
Share price information							
x € 1							
At year-end	9.71	8.00	7.50	9.33	14.90	10.12	12.12
High price	10.9	12.9	11.5	9.7	15.4	15.7	12.9
Low price	6.02	7.44	7.12	4.47	9.26	9.19	9.99
Other data							
Order book (€ millions)	1,898	2,014	2,124	1,946	2,358	2,358	2,757
Employees (average number of FTEs)	4,520	4,483	4,565	4,678	4,706	4,815	5,119

¹ Underlying EBITDA is the operating result before depreciation and amortisation, including EBITDA joint ventures, excluding any impairment of property and/or goodwill, reorganisation costs, acquisition costs, including retention bonuses and book results on the sale or purchase of entities. Underlying EBITDA defined as such also forms the basis for the calculation of the covenants to the banking group.

² Data per share is expressed relative to the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end.

³ See further explanation in Chapter 21 Glossary.

3.2 Non-financial key data*

QUALITY OF THE ORGANISATION

Number of employees
at year-end

5,487 ↑
2022: 5,071

eNPS

+35 ↑
2021: +25



Absenteeism

5.1% ↑
2022: 5.0%

Diversity women

14.8% ↑
2022: 14.3%

MATERIALS

Purchase value from preferred suppliers
with signed sustainability declaration

2023 96%
2022 95%

Total amount of residual materials

2023 16,979 ton
2022 19,004 ton

OTHER



**SUSTAINABLE
TIMBER USED**

99.8% →
2022: 99.8%

SAFETY



Number of accidents
(incl. subcontractors)

2023 72
2022 71

Accident incidence
(IF figure)

2023 3.1
2022 2.7

ENERGY



**AVERAGE CO₂
EMISSIONS
COMPLETED HOMES**

1,061 ↑
2022: 932

EMISSIONS

	2023	2022
Absolute scope 1 & 2 (tonnes CO ₂ -eq.)	22,510 ↓	26,082
Absolute scope 3 (tonnes CO ₂ -eq.)	789,051	nb**

not calculated; base year 2019: 920,441

* Excluding Van Wanrooij, number of employees at year-end



4 Our organisation

4.1 Creators of the healthy living environment

Everyone wants to breathe clean air, live in a nice neighbourhood, enjoy beautiful nature, have a good workplace, travel safely from A to B and return home healthy at the end of the day. These are the goals we have in mind with all our activities in Property Development, Building & Technology and Infra.

Heijmans focuses on three areas of activity: living, working and connecting. We advise, design, develop, realise, manage and maintain. We work for residential consumers, companies and the government and local authorities and we focus on sustainability, quality improvement, innovation and integration. Heijmans wants to take a leading role in making the construction sector safer and more sustainable. This is how we make a proactive contribution to the solutions for numerous significant social issues. Now and in the future. All our activities are aimed at creating the healthy living environment. And in everything we do, we keep our focus on end users.

Real Heijmans

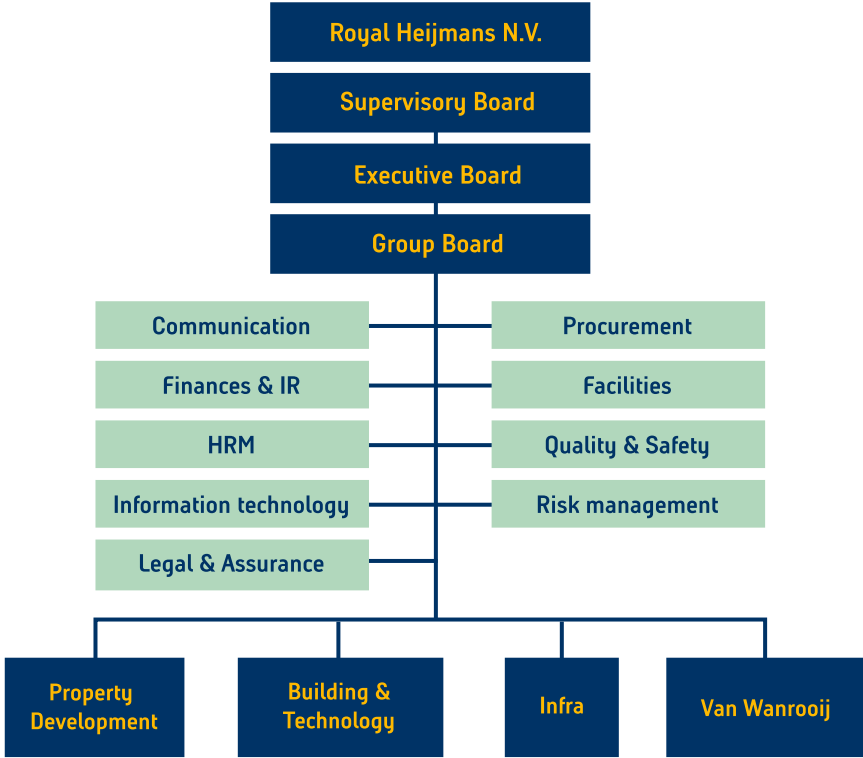
In 2023, we looked back with pride on one hundred years of Heijmans. What started with one man, Jan Heijmans, grew into a listed company with some five thousand employees. Basically, we are still a family business, with an eye to and attention for our people and the environment. Based on our experience and craftsmanship, we always look ahead, which is the character of makers with a yellow heart.

4.2 Stock exchange listed since 1993

Heijmans has been listed on Amsterdam's Euronext stock exchange since 1993. We only operate in the Dutch market. Most of our cooperation partners are from the Netherlands. The market for raw materials and purchased products is largely Dutch, while a small part is European. A fraction of the basic raw materials we use come from outside Europe. Our main suppliers are subcontractors (labour) and suppliers of building materials. Our main sales markets are the housing market, national government bodies (the Ministry of Public Works and Water Management, the Central Government Real Estate Agency, etc), water boards, network companies (managers of electricity, water and gas networks) and private customers (industry, healthcare, etc).

4.3 Our organisation

The optimisation of our integrated way of working, based on cooperation and direction, is essential for us. We steer this process from our two-man Executive Board and the Group Council, where the day-to-day operational management of the company is vested. The Group Council consists of the Executive Board, the chairmen of the three business areas Property Development, Building & Technology and Infra, the Chief Risk Officer (CRO), the Chief Human Resources Officer (CHRO) and the Chief Procurement Officer (CPO).



4.4 Business areas

We work in different markets and we develop specific and diverse solutions for these markets. Although we do this from our three business areas, we are also increasingly looking at the big picture. Due to the increasing complexity of our clients' assignments and the integrated approach required for these projects, plus our more prolonged involvement in projects, our various business areas are becoming increasingly intertwined. The close cooperation between Property Development, Building & Technology and Infra enables us to offer our clients ever more complete and broader propositions that respond to today's challenges.

For the time being, Van Wanrooij will continue to operate standalone within Heijmans under the company name Van Wanrooij and will (for now) be managed directly by the Executive Board.

Heijmans Property Development

Property Development develops large-scale and smaller projects in inner-city and suburban areas. We act as initiator, developer and seller of mainly residential, but also retail and commercial real estate. As area developers, we work on complex assignments, responding to the existing situation, new-build demand and (frequently inner-city) transformation assignments.

Sustainability, greening and social cohesion are central to all our area developments. For us, sustainability goes beyond circular and energy-neutral. It also encompasses nature inclusiveness, biodiversity, climate adaptability, water balance, health, quality and future-proofing. Under the name Smart City, Heijmans contributes to the transformation to smart cities and areas. Using digital solutions and data, we optimise comfort, physical and social safety and the efficient use of space for residents and users. The diversity of our housing solutions also contributes to social cohesion.

Property Development operates from four offices with a central area development department. Our ambition is to work with housing corporations, public authorities, businesses and residents to come up with total solutions that give a sustainable quality boost to promising areas and help create a healthy living environment.

Heijmans Building & Technology

This business area combines our know-how and expertise in the areas of Residential building, Multi-functional high-rise residential construction, Non-residential building and Non-residential Services.

Residential building

Heijmans' Residential building activities include new-build, conversion and renovation, and improving the sustainability of homes. This includes the transformation of buildings being given a new function, for example from office to residential. Heijmans focuses on an integrated approach to construction and installation technology. We apply smart energy and housing concepts to make new and existing properties more sustainable. We also aim to minimise CO₂ emissions in the construction process.

Together with Property Development, Residential building develops innovative residential concepts for ground-level and stacked housing (houses and apartments). This enables us to realise complex inner-city transformation projects, as well as more series-based new-build homes. The standardised process of our housing concepts enables us to develop and build faster, safer and more affordably, without compromising on quality and variety. Since 2023, we have been producing energy-neutral timber-frame houses in our own production plant in Heerenveen. This is an important step in the industrialisation and increased sustainability of our homes.

Multi-functional high-rise residential construction

Multi-functional high-rise residential construction focuses on complex inner-city new-build projects and buildings where people both live and work. Because the combination of complexity in building techniques, logistical accessibility and environmental management requires a bundling of expertise and specific knowledge, we have one nationwide business unit with permanent teams for this purpose.

Non-residential Projects

Non-residential Projects designs and constructs buildings with high-quality electrical and mechanical installations. We focus on complex large-scale buildings in healthcare, the public and semi-public sectors, commercial property, the high-tech clean industry (such as laboratories) and data centres. Our integrated approach to construction and installation technology is essential to Heijmans and an increasing number of our contracts are now linked to long-term management, maintenance and installation services.

Non-residential Services

Heijmans has incorporated building monitoring and data-driven services in Non-residential Services. We now conclude an increasing number of long-term contracts for building maintenance, under which we carry out preventive, corrective and replacement maintenance on a daily basis. We ensure that systems are always available and add value to the client's primary processes. This involves both the structural and technical installation-related operation, as well as the safety and security of systems. We take responsibility for the deliverables in these long-term commitments.

We use our services and systems to extend the lifespan of buildings. Smart solutions ensure optimum space utilisation, greater comfort, energy savings and the more efficient use of available manpower and materials.

Heijmans Infra

Heijmans has combined its knowledge and expertise in the fields of Infra and Energy in this business area.

Infra

Infra designs, builds, renovates and maintains public spaces and infrastructure in the Netherlands in the most sustainable way possible. This includes roads, electricity networks, dyke reinforcement, hydraulic engineering works, viaducts, tunnels and bridges, including any related technical installations and energy facilities. In our work, the focus is increasingly shifting from new-build to asset management: optimal management and maintenance with timely replacement or renovation. Data-driven solutions, digital streamlining and services also play an increasingly prominent role in Infra's total activity portfolio. In this respect, we aim for more and more standard solutions and the smartification of production technology.

The Netherlands is facing a major energy transition, which is accelerating the demand for the reinforcement of electricity grids and the construction of heat networks. Infra is also increasingly focusing on energy infrastructure. From design to construction and maintenance and from area integration to environmental management.

In addition, Infra is active in technical work to make infrastructure and public spaces safer and more usable. Infra designs, installs and maintains technical systems and installations such as camera and various signage systems, lighting and control systems.

Infra makes use of the knowledge and expertise of in-house specialists and departments, such as: engineering services, asset management, tensioning and displacement techniques and drilling techniques, foundation techniques, and road and soil specialists. Thanks to our integrated approach to and execution of infrastructural projects, we can connect design, realisation and management & maintenance more smartly and effectively.

Energy

Heijmans founded Heijmans Energy with the ambition to design, build and operate sustainable, decentralised, integrated energy systems. Since 2020, Energy has developed into a growing business activity focused on both thermal energy storage systems and solar energy, as well as networks and infrastructure in existing and new buildings. By incorporating these energy systems smartly in our built environment, we make energy more sustainable and keep it affordable and reliable. While energy used to be a closing item, it is now an integral part of the design of an area.

Van Wanrooij

On 5 September 2023, Heijmans completed the acquisition of Van Wanrooij. This acquisition puts Heijmans in an excellent position to accelerate production in the housing market, armed with an expanded range of sustainable and affordable homes in suburban areas. Van Wanrooij's Optio® development concept lends itself well to accelerated suburban construction. Started in 1969 by brothers Wim and André van Wanrooij, over the past 55 years Van Wanrooij has grown from a small contracting firm into a successful family business in the housing and development sector, with around 275 enthusiastic employees. Van Wanrooij is known as a close-knit and enterprising family business, focused on entrepreneurship, the forging of long-term relationships, short lines of communication and investment in innovations. For the time being, Heijmans and Van Wanrooij will continue to operate independently in the market. Parallel to this, Heijmans and Van Wanrooij have started to get to understand and know each other's business models and success factors to facilitate further cooperation and optimisation where relevant.



“The award of the Royal predicate is an appreciation”



JACK MIKKERS

MAYOR OF THE MUNICIPALITY OF 'S-HERTOGENBOSCH

“The award of the Royal predicate is an appreciation of Heijmans’ position at the heart of society. Making the Netherlands more liveable, healthy and sustainable is Heijmans’ reason for existence and its focus. In short: Creating smart and healthy spaces for living, working and connecting on the basis of corporate social responsibility, with an eye for the welfare of local communities, education, social and cultural life and charity.”



5 Our environment

The world around us is constantly changing. Demographic, economic, socio-cultural, ecological, technological and political developments follow each other in rapid succession and affect our business operations. Heijmans wants to respond effectively to these developments; we also want to have a positive impact on the world around us. In the sections on our strategic pillars, Better, Smarter and More sustainable, we explain how we deal with these developments.

5.1 Social developments and trends

Shortages on the labour market

We are still facing shortages in the labour market. Many companies are experiencing the consequences of this either directly or indirectly, including Heijmans. The number of vacancies in the construction industry continues to rise. This is a point of concern, given the continuing trend that there are fewer and fewer people with practical training. Skilled workers are scarce. We see that this is increasingly affecting both suppliers and subcontractors, which has an impact on Heijmans. Despite these developments, Heijmans itself is not yet experiencing a labour shortage, but we know it is essential to remain alert. Of course, this is something that has our attention now, but especially for the future. Among other things, we aim to deploy the available people as efficiently and smartly as possible by using automation, standardisation and digitalisation, for example by developing new digital solutions, tools and modular construction solutions.

Pressure on availability and affordability

Over the past year, procurement prices increased significantly across the board in our industry, and we do not foresee prices falling substantially anytime soon, and expect them to stabilise at this high level. Materials and labour availability have also been under unrelenting pressure. In particular, energy and the semi-finished products it is used to produce are considerably more expensive than in previous years. This continued increase in costs means that we only accept larger works or works with a longer execution period with clear indexation agreements. If this is not possible or the contractual frameworks are not reasonable, we choose not to compete for the contract.

Digitalisation

Digitalisation has become an integral part of the construction industry. Developments in products and services follow each other in rapid succession. Millions of sensors such as cameras and other monitoring and measuring systems are now running in public spaces. Augmented reality (AR), virtual reality (VR), artificial intelligence (AI), drones and digital project management tools for the likes of building inspections, construction and production processes, maintenance, management and project monitoring are also playing an increasingly important role at Heijmans. The development of innovative products and services not only helps us to meet customer demands and needs more effectively, but also to deploy our people where they add the most value. Standardising and automating repetitive work and better planning based on data enable us to deploy our people more efficiently. That is not unimportant in the current and future labour market. Furthermore, the digitalisation, automation and industrialisation of our processes also help us improve safety. At the same time, the increasing dependence on technology makes society, the industry and the economy vulnerable. That is why investing in digital safety, or cybersecurity, is vital.

Legal and regulatory requirements

Changes in legislation translate almost directly into impact on our business operations. The construction industry has an interest in a long-term and consistent policy from the government to enable the continued smartification of the construction sector. On 1 January 2024, the Environment and Planning Act came into force. This act should make business more predictable and procedures faster and cheaper. For instance, the Environment and Planning Act incorporates the General Provisions of Environmental Law Act (Wabo), the Spatial Planning Act (Wro), the Nature Protection Act (Wnb) and the Water Act (Wtw). The fifty thousand existing zoning plans will be bundled into one environmental plan per municipality. From financial year 2024, the Corporate Sustainability Reporting Directive (CSRD) will also apply to Heijmans, which means we will report even more on the impact of our activities on people and the environment. The Building Quality Assurance Act (Wkb) will take effect in stages on 1 January 2024. The Building Quality Assurance Act aims to improve construction quality and construction supervision by engaging private quality assurance companies. In this respect, a type approval for our industrially produced houses in our timber frame production plant could increase efficiency. In addition, the Act extends contractors' liability towards private and professional clients. Heijmans has prepared for all these developments, including by mapping out the impact on its business operations and communicating this by organising webinars with employees. Furthermore, the government wants 'health' to be explicitly included in the development of spatial policy. This mindset is laid down in the National Policy Document on Health 2020-2024 and other policy documents. Local authorities are now supposed to put users first and encourage healthy lifestyles. Heijmans embraces this thinking. Creating the healthy living environment has been our mission for many years and we already think from the user's perspective.

Energy transition

The commitment to zero-emission operations, such as zero-emission construction, transport and use, is increasing the demand for electricity tremendously. Consequently, there is an enormous demand for charging infrastructure. The charging requirement for 2030 is estimated at 1.7 million charging stations. What is more, the central government will require the purchase of electric business cars from 2025. As a result, the existing power grids cannot handle the demand for electricity and are simply running at full capacity. We see a similar risk when connecting utilities in new construction projects. Grid operators cannot handle the demand for new electricity and gas connections, which results in delays. Securing energy supply in the future requires major adjustments and expansions of both local grids and the main infrastructure.

Clients are also increasingly demanding the use of sustainable equipment. For instance, the Dutch Ministry of Public Works and Water Management wants to be fully climate-neutral and work in a circular way by 2030 at the latest. Heijmans Infra fulfils this ambition by applying new techniques, reusing materials and using emission-free equipment. Creating a good economic business case for the purchase of emission-free equipment remains a challenge, as only a limited number of clients are asking for this and they are not always willing to pay the additional costs. This requires consistent policy from the government.

Climate change

We are increasingly feeling the impact of climate change and concerns are growing. Long periods of drought and heat stress (higher temperatures in built-up cities) are alternating with increasingly heavy showers resulting in flooding. The National Delta Programme aims to protect the Netherlands from flooding, ensure sufficient fresh water and contribute to a climate-proof and water-robust design of our country.

In addition, the Netherlands is committed to the goals of the Paris climate agreement for the reduction of greenhouse gas emissions, including CO₂. The Netherlands aims to emit 95% fewer greenhouse gases by 2050 than in 1990. The agreement in the Climate Agreement is for seven million homes and one million other buildings to be disconnected from natural gas by 2050. As a first step, the first 1.5 million existing homes will be made sustainable one neighbourhood at a time in the period to 2030. This is also a major challenge for Heijmans. After all, climate change and the transition to sustainable energy require a smarter and faster construction process.

Circular economy

In the circular economy, products and materials are reused and raw materials retain their value. Many raw materials can be endlessly reintroduced into the natural or technical cycle. Circular thinking is gaining traction in our industry. The more we build in a circular fashion, the more we spare the climate and the environment. True circular thinking encompasses the entire life cycle of an object to be built. From design for reuse to life-extending maintenance and collecting and reusing the residual materials. However, switching to circular thinking requires change and a great deal of effort. For example, the evolution of material flows into cycles has major implications for the entire construction sector. The use of bio-based materials and reuse of construction raw materials and materials should help to reduce CO₂ emissions in construction and the use of fewer primary materials. Although circular construction will have an impact on reducing CO₂ emissions, it is not enough to achieve CO₂-neutral construction. To do that, we also need to focus on sustainable materials, such as sustainable concrete and asphalt. In addition, prefabricated construction, such as timber frame construction, also offers many advantages and environmental gains. Heijmans contributes to this by creating circular designs and building circular objects. We can draw up a material passport for each project and this insight helps us to reduce the use of primary raw materials and makes it easier to reuse materials in the future.

Nitrogen

The nitrogen issue remains a concern in the housing market. The fact remains that the construction sector accounts for a very small share of nitrogen deposition (less than 0.6% nationwide), but it still has to demonstrate that its activities have no negative impact on nature for each of the tens of thousands of projects it carries out every year. In November 2022, the Council of State ruled that the construction exemption was no longer valid, as it violated European nature conservation law. Thanks to thorough preparation, we managed to minimise the negative consequences of this ruling for

Heijmans. Projects that were under construction continued. New housing projects are also still possible, provided the nitrogen deposition during the construction phase remains within the legal limits. We demonstrate this using Aerius calculations. Heijmans had Aerius calculations of the construction phase made for almost all its projects under its own development in anticipation of the Council of State's ruling on the construction exemption. This is how we try to keep any delays to a minimum.

Need for homes

According to CBS projections released in 2023, the population of the Netherlands will grow from 17.8 million today to 19.6 or even 20.6 million in 2050. Demand for rental and owner-occupied housing remains as high as ever, and affordability remains a concern. High cost levels add to the problem of affordability and the borrowing capacity of consumers. The focus in recent years on ever more inner-city construction has not improved affordability, housing type diversity or construction speed. Inner-city construction has become more complex. Inner-city projects, consisting mostly of apartments, are realised in a complex pre-existing environment with numerous stakeholders and have therefore become increasingly complex. This complexity means costs are higher. The high densities mean that pre-sales percentages of 70% are not always achieved in a declining market and so construction cannot be started. This does not contribute to the circulation in the housing market.

To accelerate housing construction, what is needed above all is more planning capacity, especially in suburban areas. Building houses in suburban areas, in addition to existing inner-city plans, is absolutely necessary to realise the government's building ambition in the coming years. We have responded to this by acquiring Van Wanrooij with a land portfolio in predominantly suburban areas. Heijmans has confidence in the housing market, as the demand for housing remains high and will increase in the coming years.

There are enough initiatives and plans in the Netherlands to meet the demand for housing more effectively, but not enough of these plans have been made concrete. Only a small percentage of the planning capacity has been laid down in an established and/or irrevocable zoning plan. A lack of hard planning capacity, delays in spatial planning (RO) procedures due to the ever-increasing need for everyone to object to the granting of permits for new plans, plus capacity shortages in local authorities, mean that the implementation of a large proportion of plans is not certain in the near term.

Dutch renovation challenge

In the coming decades, the Netherlands faces the immense task of renewing its existing infrastructure. Many roads, bridges, viaducts, tunnels and locks were constructed and built in the 1950s and 1960s. It is essential to replace or renovate these objects in time to keep the Netherlands safe, accessible and liveable. The government will choose renovation and maintenance wherever possible, as this is more sustainable and less expensive than demolition and new construction. Smart and sustainable techniques will be used in these projects. The Netherlands is also facing the enormous task of renovating existing housing owned by housing corporations and institutional investors. This involves making homes more sustainable, as well as the large-scale renovation of 1950s and 1960s homes. The renovation task is a considerable one in itself, with bottlenecks in the construction sector, such as a looming shortage of labour and building materials and high cost levels. Added to this is the challenge of carrying out the necessary replacement and renovation in an increasingly climate-neutral manner, with minimal CO₂ and nitrogen emissions and with a greater focus on circular construction by reusing materials. Heijmans wants to respond to this and make its contribution to meeting this challenge.

6 In dialogue with stakeholders

Because we operate in property development, building & technology and the infrastructure sector, we deal with a broad spectrum of stakeholders. We value open dialogue with our stakeholders. It enables us to respond more effectively to developments in society with our business operations. After all, as an organisation you have an impact on your stakeholders, while our stakeholders also have an impact on our organisation.

In 2023, we entered into dialogue with our stakeholders in a number of ways, as described below and outlined in more detail for each stakeholder group in the table. Some recurring topics of conversation were: our future vision for 2030, safety in the built environment (from design to realisation) and the safety of our employees, as well as developments on the sustainability front.

Stakeholder	Type dialogue	Subjects of discussion
Principals, clients and users	• Multiple contact moments per year at various levels	• General market developments
	• Meetings	• Developments in society
	• User surveys	• Specific client developments
		• Strategy 2030
Employees, works council and unions	• Staff appraisal cycle (2x)	• Employee development & spearheads employee engagement survey
	• Employee engagement survey (1x)	• HSE (Health, Safety, Welfare, Environment), communication, social affairs, strategy and finance
	• Works council (including consultation meetings with directors)	
	• Multiple contact moments	
	• Regular consultations	
Shareholders, other capital and guarantee providers, interest groups, banks and analysts	• Shareholder meeting (1x)	• Financial and non-financial performance and expectations
	• Extraordinary shareholders' meeting (1x)	
	• Analyst meetings	
	• Regular meetings	
	• Multiple contact moments	

Stakeholder	Type dialogue	Subjects of discussion
Suppliers and subcontractors	Multiple contact moments per year at various levels	<ul style="list-style-type: none"> • Innovation • Sustainability • Chain responsibility • Market developments • Safety • Supply security
(Local) Government and politics	Multiple contact moments per year at various levels	<ul style="list-style-type: none"> • Housing market developments • Infrastructure in the Netherlands • Energy transition • Nitrogen • Environmental impact • Safety
Industry associations, knowledge and educational institutions	Consultation with content specialists, as well as boards and programme managers	<ul style="list-style-type: none"> • Developments in society • Trends • Sustainability • Labour shortages • Image • Training courses • Technology
Civil society organisations	Multiple contact moments per year at various levels	<ul style="list-style-type: none"> • Environmental impact • Biodiversity
Local residents, local community, end users	<ul style="list-style-type: none"> • Residents evenings • Dag van de bouw (construction day) • Online dialogue 	<ul style="list-style-type: none"> • Accessibility • Sustainability • Safety • Innovation • Energy transition • Impact of our projects on the local environment
Insurance firms	Multiple contact moments per year at various levels	<ul style="list-style-type: none"> • Trends and developments in both the market and technology

6.1 In contact with our clients

We are in constant contact with our clients when executing our activities. From the tender and design phase to delivery and after-care, and in the maintenance and management phase of our projects. In doing so, we also devote a great deal of attention to evaluating our work with our clients. We regularly conduct surveys from the various business units to assess satisfaction with Heijmans regarding the various products and services we offer. This enables us to continuously improve and optimise our range of products and services and respond to the needs of our clients. We also frequently discussed the steps Heijmans wants to take towards the future and our refined strategy for 2030.

6.2 Dialogue with our employees

In 2023, we conducted another employee engagement survey. We are happy with the positive outcome. You can read more about this in chapter 8.

The Executive Board (and the Supervisory Board) has regular consultations with the Works Council (OR) within the company. Through a number of permanent Works Council committees, the employee participation body conducts a broad dialogue within the organisation on specific topics. Insights gained from this are shared with the Executive Board. In addition, the Executive Board regularly submits requests for advice to the Works Council on organisational changes and acquisitions.

6.3 Creating long-term partnerships with suppliers

Our suppliers make an indispensable contribution to the successful achievement of our objectives. Thanks to increasing chain integration, suppliers play a crucial role in the realisation of our projects. We cooperate intensively in the field of production, but also in the fields of innovation and sustainability. On this front, creating long-term partnerships is one of our spearheads.

In 2018, we started assessing suppliers in the fields of Environment and Human Rights. We do this partly by having them sign the Code of Conduct as part of their contract documents and discussing this regularly during evaluations. We have also mapped out the specific themes per purchasing cluster to enable us to devote attention to these themes, all based on Heijmans' sustainable procurement policy.

6.4 Cooperating with partners and industry peers

We work with our partners and industry peers to have a positive impact. We use various opportunities, resources and platforms to maintain these contacts. Appendix 20.6.4 includes an explanation of the partnerships and Public-Private Partnerships (PPPs) in which we are active. One example is the initiative that Heijmans has taken together with several other larger construction companies and the Dutch Green Building Council (DGBC) to arrive at an industry standard on the interpretation and classification of CO₂ emissions.

6.5 Including external stakeholders in future vision for 2030

In 2023, Heijmans completed its 2018-2023 strategy. In 2023, we therefore devoted a lot of attention to recalibrating our strategy for the period to 2030. We believe it is important to include our external stakeholders in this process, together with our internal stakeholders. After all, the current social challenges in the Netherlands require direction and connection. Only together with our clients and partners can we contribute effectively to a sustainable and future-proof the Netherlands. Heijmans therefore organised a stakeholder meeting in which various representatives from our stakeholder groups were introduced to our new vision of the future 'Together towards 2030'. Our external stakeholders indicated that Heijmans tells a logical story in clear language.

As part of the strategy process, Heijmans performed a new materiality analysis in 2022. The resulting themes also form the basis of the refined strategy for the period to 2030. Our stakeholders recognise the current themes for 2023 and additionally see possible progression towards the refined 2030 strategy with more synergy opportunities.

Stakeholders also responded enthusiastically to the fact that Heijmans is continuing along its chosen path. The strategy builds on the road that Heijmans has already taken with the Heijmans DNA. The fact that Heijmans is also investing in a robust organisation is considered a strong point. At the same time, people find it innovative that Heijmans has added the 'Water' element under sustainability and that Heijmans as a builder is focusing so prominently on the outside world, with a focus on well-being and sustainability. Recommendations from our stakeholders focus primarily on setting a measurable ambition level, determining the aspect in which we want to differentiate ourselves significantly, including circularity, connecting the chain (and society) and making the social aspect (well-being) concrete within our strategy. Heijmans will include these recommendations in the ongoing process of defining the 2030 strategy in concrete terms.

6.6 Dialogue on sustainability

Heijmans recognises and acknowledges the importance of a meaningful dialogue with stakeholders regarding the sustainability aspects of its strategy. In that context and in order to implement best practice 1.1.5 of the Dutch Corporate Governance Code, Heijmans has drawn up a policy on stakeholder dialogue regarding sustainability. You will find this policy (in Dutch) on the Heijmans website in the section Codes, statuten en reglementen (heijmans.nl).

6.7 Our role in the chain

Our supply chain consists of our contractors and suppliers of construction materials. We use different types of materials in our projects, including steel, timber, concrete, fired bricks, asphalt bitumen and installation components.

The sustainability of materials plays an important role in our supply chain. We purchase most of our materials from suppliers in the Netherlands, a small proportion from Europe and a fraction from outside Europe.

Heijmans adds value in the chain by using the input and knowledge and expertise of its suppliers. This is how we make high-quality products that add value for our stakeholders.

VALUE CHAIN MODEL

We are Heijmans, creators of the healthy living environment.

We aim to make a meaningful contribution to the development of the Netherlands. Our goal is to leave the places we build or develop better than we found them. We strive to do this as comprehensively as possible through our three business units: Infra, Construction & Technology, and Property Development. In everything we do, we focus on the end user. We seek to add value for residents, homebuyers, employees, visitors, patients, entrepreneurs, and road users as much as possible. So that they can live, work, and connect comfortably.



1. EXTRACTING RAW MATERIALS

For the construction of homes, buildings, and infrastructure, we require building materials that we procure from suppliers. Heijmans sets requirements for quality and sustainability in this regard. We consider the reuse of residual streams. We monitor, measure, and control the emissions emitted during the extraction of new raw materials, production of materials, and their transportation.

3. AREA DEVELOPMENT PROJECTS

In the development of an area, Heijmans stands alongside its clients, making sustainable choices that are appropriate for the area. Our developers consult with ecologists to make the best choices regarding life, health, safety, well-being, biodiversity, and water. Mobility and the creation of a 'smart city' are also themes on which Heijmans provides advice. This includes preparing the ground for construction.

5. BUILDING

We build with respect for humans, animals, and nature. We aim to minimize the impact on the soil as much as possible. Safety during construction – for employees, the surrounding area, the structure, and the eventual users – is a key requirement. We reuse any residual products that arise during the construction phase and reintegrate them into the production process.

2. PRODUCTION

Heijmans purchases a large portion of its products. Our purchasing department adheres to a sustainable procurement policy. When we produce ourselves, sustainability is an integral part of our choices. We track the impact on our end product.

4. REUSE

Recycling creates a positive impact. Recycling raw materials after demolition work reduces energy consumption and the use of resources. Demolition work releases materials that can be dismantled and reused. In this way, we reuse materials in the production or construction phase. We also consider circular use in the design of homes by building in a detachable manner.

6. UTILIZATION

We always reason from the perspective of the end user so that they can live, work, and connect in a healthy, safe, comfortable, and pleasant environment. During the use of a home, building, or infrastructure, maintenance and eventual replacement are necessary. Heijmans assists its clients in becoming more sustainable. Whenever possible, we reuse or refurbish raw materials or components.



7.1 Our mission: the creation of the healthy living environment

We are creators of the healthy living environment. Our goal is to leave the place where we build or develop better than how we found it. Our own operations also need to be healthy. For us, it is a basic requirement to offer employees and partners a safe working environment, both physically and socially. An environment where everyone can and may be themselves. Where fit and healthy colleagues enjoy doing their work.

7.2 Our vision: prioritising end users

In everything we do, we maintain our focus on end users. We want to add as much value as possible for residents, home buyers, employees, visitors, patients, entrepreneurs and road users. This involves liveability, sustainability, future-proofing and affordability. Because we are staying involved in projects for ever-increasing periods of time, we add value well into the usage phase. We are convinced that if we do well for end users, we add the most value for our clients.

7.3 Our DNA

Our reputation is determined by the quality of our work and the way we carry it out. The strength of our success lies in our employees. Only together can we make a difference. Our core values provide direction for this:

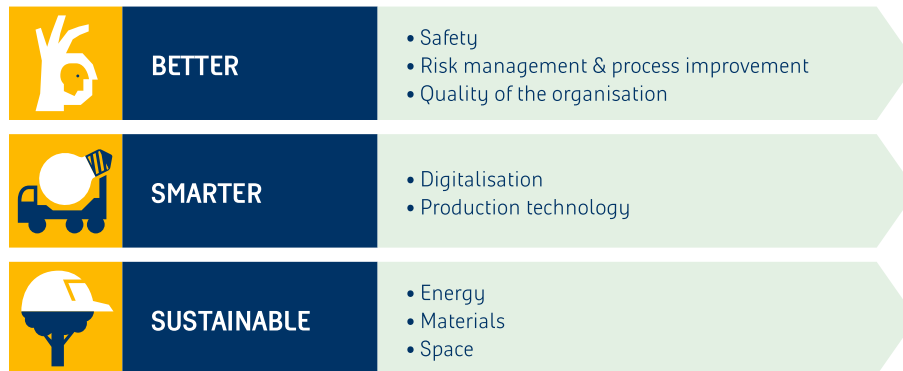
- Ownership
- Result focus
- Collaboration

7.4 Our 2018 – 2023 strategy

We are goal-oriented and ambitious in our own development:

- Making things better makes us reliable
- Making things smarter adds value
- Making thing more sustainable provides long-term solutions

These are our building blocks for the healthy living environment:



Over the past few years, our strategy has significantly strengthened the stability of our organisation. An essential condition if we are to fulfil our ambitions, as stability creates room for innovation.

Better

Making things better is the basis of our strategy. In addition to safety, greater predictability and more control over projects, it is also about stability, reliability and being an attractive employer. Making things better requires change, the will to always do it right, the guts to make choices and daring to say no.

Smarter

By making things smarter, we offer solutions that help solve significant social issues of today and tomorrow. The results and impact of our innovative ideas, products and services are becoming increasingly visible. We measure and monitor developments well into the usage phase. This is how we collect data and information that we use to serve our clients and users even more effectively.

Sustainable

By making things more sustainable, we as creators want to make a difference by designing, building and operating sustainably, so we also have a healthy living environment in the long term. With an eye for alternative energy generation, reduction of emissions, efficient use of energy, space and materials, while ensuring optimal comfort and experience. We see it as our challenge to respond to today's needs while also keeping an eye on the long-term effects of those solutions.

Integration and synergy

Heijmans' strategic direction since 2017 has been strongly focused on the integration of all our business units. We work closely together, benefiting from all the know-how and experience within the organisation. From idea to realisation, to maintenance and management, by combining different specialisms and activities, we offer integrated solutions that add value for our clients and end users. We also work closely with our clients and partners and value good relationships. We work ever smarter and more sustainably and proactively provide our clients with appropriate solutions. This sets us apart.

7.5 Material topics

To provide direction for our strategy, we conducted a new materiality analysis in 2022 (see annex 20.6.10). We used this to map out the topics with which the organisation has a significant impact on the economy, the environment and the world around us. This analysis focused on so-called dual materiality (not CSRD). Firstly, we identified topics that provide insight into how sustainability affects Heijmans' financial performance. Think profitability, use of capital, equity and reputation. Secondly, we included topics that provide insight into Heijmans' impact on the environment, people and society. The top five material topics for Heijmans are:

- Energy-neutral construction
- Nature-inclusive and climate-adaptive construction
- Circular construction
- Healthy living environment
- Safe working conditions

You will find more information on these themes in the Material topics appendix.

7.6 Value creation

Heijmans focuses on making a positive contribution to society as a whole. Our value creation model provides insight into how we use raw materials and other capital to add sustainable long-term value by producing goods and services.

The value creation model can be interpreted as follows:

- **Business model and strategy**

Our main priority is to operationalise our mission: 'Creators of the healthy living environment'. We give substance to this mission with the realisation of our strategy. Our strategy has three pillars: better, smarter and more sustainable. We do this via our organisation based on our DNA: result-focus, ownership and collaboration. And we take into account a number of significant trends and developments that affect our business model, such as the energy transition and mobility and housing needs.

- **Input**

The input of the value creation model consists of everything we need to initiate value creation. This ranges from the buildings we are housed in, to the brainpower and manpower we need to realise our products and services.

- **Output**

The output consists of our results, or our tangible products and services. These include obvious products such as our homes or roads, but also less tangible contributions such as those to knowledge development in the industry or our contribution to the integrated chain.

- **Impact**

Ultimately, Heijmans' output has an impact on a number of social issues. Using a Sustainable Development Goals (SDGs) impact analysis, we have determined which of the 169 sub-goals we have the most impact on. See also appendix 20.6.11 for this. This involves the following sub-goals:

- Affordable and sustainable energy
- Honest work and economic growth
- Industry, innovation and infrastructure
- Sustainable cities and communities
- Responsible consumption and production

Over the past few years, we have formulated performance indicators for various non-financial ambitions. Those ambitions can be linked to the SDG targets. We use these performance indicators to measure the current status of our value creation, but also our impact on society. Our main positive impact consists of creating buildings to live and work in, facilitating mobility and realising facilities to mitigate climate change (such as dykes and water storage). Our main negative impact consists of emissions (such as CO₂ and nitrogen), resource consumption and waste. In the overview of performance indicators, in Appendix 20.6.5, we show how this relates to the goals in our strategy, to our material topics and to the SDGs we have selected. In doing so, we also indicate what impact we are creating in society, for example in the context of climate change.

WHAT DO WE HAVE AT OUR DISPOSAL?

PRODUCED CAPITAL	NATURAL CAPITAL	HUMAN CAPITAL	INTELLECTUAL CAPITAL	SOCIAL CAPITAL	FINANCIAL CAPITAL
Land, buildings, offices and equipment	Raw materials and materials, such as concrete, steel, timber and asphalt	Committed and skilled employees	Innovation and knowledge captured in systems and people	Suppliers, subcontractors and business partners	Assets and invested capital

WHAT IS OUR ROLE AND WHAT CHOICES DO WE MAKE?



WHAT DO OUR STAKEHOLDERS NOTICE IN THE SHORT TERM?

PRODUCED CAPITAL	NATURAL CAPITAL	HUMAN CAPITAL	INTELLECTUAL CAPITAL	SOCIAL CAPITAL	FINANCIAL CAPITAL
# homes sold # new homes, buildings, infrastructure # maintenance and management buildings, infrastructure # renovated homes, buildings, infrastructure	laid out areas, % CO ₂ reduction	# employees # accidents % absenteeism	€ expenditure on innovation and training (x mln)	% revenue preferred suppliers and client satisfaction	€ EBITDA, return on invested capital

WHAT IMPACT DO WE CREATE IN THE LONG TERM?





8 Better

Making things better is the foundation of our strategy. We are alert to risks and opportunities and we actively manage risk awareness, risk management and process improvement. We make clear choices and do what we do best. In addition, we believe safety and quality are essential to being a good employer and to the reliability and predictability of our products and services for clients. Having stability in these areas also creates room for innovation and entrepreneurship. We take the initiative and work on the basis of our conviction that things can always be done better.

8.1 Together towards a healthy improvement culture

Under the header 'Together towards a healthy improvement culture', Heijmans organises numerous in-house activities and brings people together. We share success stories and learning points. We believe this is the only way we can continue to make improvements. Improvement means change and change is difficult. This is why we devote a lot of attention to change management. We have the right conversations and offer the right support to help our people realise the changes. The 'Learning from evaluation' programme strives for an improvement culture with continuous attention to learning from previous tenders and projects. Lessons learned are shared widely in the organisation. And at the start of a new tender, those lessons learned are collected from knowledge holders. Last year, we combined all our change processes in an online environment to get an overview of the improvement landscape and to connect people, share knowledge and exchange experiences. Because improvement is not just about tools and processes; it is also about behaviour and attitude.

As part of our promotion of the improvement maturity of our organisation, last year we devoted attention to training colleagues. For instance, we devoted attention to the 'Strong Implementation' training course, a course with a specific focus on change management. In addition, we developed and implemented standards on this front. We introduced VeranderWijzer (change guide) as a tool for guiding change. Parallel to these training programmes, in the course of the year we organised several webinars and knowledge-sharing events for employees, clients and suppliers.

A concrete example of our improvement projects over the past year is the Kaizen Blitz: a method to solve a problem in a short time. Six business units participated, with each team focusing on a specific improvement within one week, together with directly involved colleagues. In 2023, the Kaizen Blitz projects included shortening queues at the entrance gates of the National Military Museum in Soesterberg, working together on a well-organised warehouse in the South-West Region, improving parking requests at Warmsingel in Breda, optimising the inspection process at HMB Materieel Wegspecialisten, improving equipment deployment at Klavertje 4 in Venlo, switching from reactive to proactive thinking and dealing differently with behaviour in temporary traffic situations. In 2024, we will continue to focus on this Kaizen Blitz approach to improvement actions.



“Safe working ultimately comes down to having the conversation about it”



DOUWE ZIJLSTRA
TENNET

“In the end, working safely comes down to having a good discussion about it with your partner, in this case Heijmans. Everyone around the table felt responsible for working safely. If safety is compromised, you look at the planning differently.”

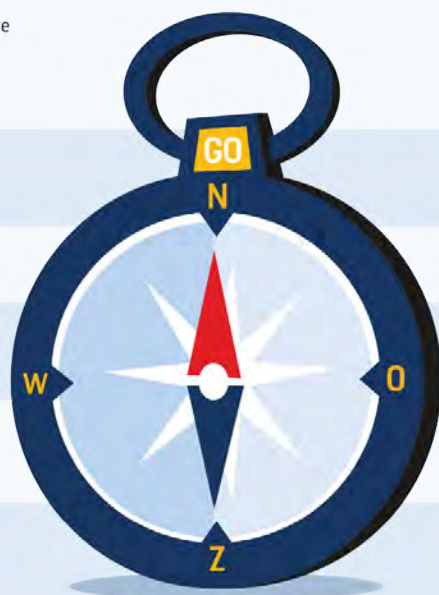
8.2 Safety

We work safely or we do not work at all

We are creators of the healthy living environment. For ourselves, our partners and, of course, for end users. Safety is a prerequisite in this: we either work safely or we do not work at all. It is important to us that everyone arrives home healthy every day. That is why we have been working for years on a proactive safety culture, in which we do not turn a blind eye, but address unsafe behaviour and encourage each other to do better. We continuously strive to create the right working atmosphere for this. When working with our partners, we also consider it important to have an equal relationship, especially when it comes to safety. This does not happen automatically, which is why we take the lead on this front.

Safety is in the DNA of our employees; our GO! compass is our guiding principle here. GO stands for No Accidents. Ten years after its launch, GO! is now firmly embedded in our organisation. All our business areas are actively implementing their safety and master plans on a continuous basis. This includes safety rounds together with subcontractors, sessions with clients and partners, presenting awards for clean and safe construction sites and offering interactive toolboxes on themes that require attention. It is up to the business itself, but supported by the Safety department. Ownership in the various business areas has grown significantly over the years. They think independently about what could or should be improved, after which they incorporate this in their safety master plan. This also requires a different role on the part of the Safety department: from leading to coaching.

OUR AGREEMENTS	YOUR ROLE
We take a positive and and proactive approach to safety	I set a good example and take responsibility for my own safety and that of others. I support and appreciate everyone who works safely
We take the time for safety	I initiate discussions about safety, make dilemmas discussable and share good examples
We always work according to plan	I have read the plan and abide by work instructions
We are aware of risks and take measures to manage risks	I make sure I'm aware of the risks, take appropriate measures and always conduct an LMRA when starting new activities
We never look away and we call each other out	when I see them working unsafely and appreciate other people talking to me
We improve continuously	I report unsafe situations, so everyone can learn from these, and I invite others to give me feedback on my own safety behaviour



Safety a subject of constant attention

The Safety Culture Ladder promotes safety awareness and consciously safe conduct within the organisation. In 2023, all of Heijmans - except recently acquired companies - was certified at level 4 of the Safety Culture Ladder. Heijmans Infra has successfully continued on level 4 for the third year in a row. This means that our proactive safety culture is actually perceived as such. We continue to improve on this front. In addition to structural safety and safety at our building sites, Heijmans is devoting increasing attention to environmental safety. So all aspects of safety are considered wherever we build.

In 2023, Heijmans reviewed its Safety Strategy. Of course, we continue to do everything possible to ensure that our colleagues can perform their work in a physically safe manner; we minimise risks in all our process steps and we ensure that everyone has the right skills and the right work equipment to work safely. For example, safety is a standard part of our various training programmes. We also held several safety (behaviour) sessions with employees and with suppliers. Employees at Property Department participated in sessions on the duty of care with the aim of eliminating or reducing certain risks in the design phase by making architectural, technical and organisational choices. The 'For whom do you come home safely' communication campaign capitalised on the sense of responsibility to achieve behavioural change among some twelve hundred employees at Heijmans Non-residential Services. In addition to physical safety, social safety is also very important. Our code of conduct and system of confidential counsellors are examples of how we deal with this aspect of safety.

Furthermore, in 2023 we once again increased awareness of our internal virtual reality (VR) simulations among the professionals on our building sites. The 'VR dream team' continues to build on realistic training courses to make safe working practices easier. By detecting safety risks early in this virtual world, we ultimately prevent incidents on building sites and encourage safe behaviour. Building site employees are positive about this form of training. The customised VR safety training at the Science Campus project in Leiden even won the best practice public award from Bewuste Bouwers (the Considerate Constructors scheme). This foundation stands for environmental management, corporate social responsibility, sustainability and safety on and around building sites and encourages companies to improve on these points.

To raise safety within the construction industry to a higher level, Heijmans entered into a partnership with KPE Group, experts in education and training in the construction, infrastructure and real estate sectors. We hope to have a significant impact together by offering industry-wide innovative VR safety training to construction professionals and providing them with a realistic learning experience.

EMBEDDING SAFETY



Safety is a fundamental requirement at Heijmans. Day in and day out, we devote a great deal of attention to safety; training courses, communication campaigns, policies, nudging techniques and much more. Since 2023, we have been certified company-wide at step 4 of the Safety Culture Ladder, with the exception of recent acquisitions. This is great achievement of which we are proud. However, actually bringing about sustainable behavioural change among our employees is proving to be a complex task. Reducing the number of accidents permanently is therefore a challenge. All the more reason for us to continue to learn in this area and improve continuously.

How do we do that? First of all, it is important that our tools and procedures are in order. That is the basis on which we work continuously to improve safety. In addition, we look at both the specific behaviour we want to change and the wider context. Because what gets in the way of working safely? And how do we solve it? For this, we need to listen to practitioners, who are close to the issues. An open and honest working atmosphere is essential for this.

An environment where everyone dares to be themselves and where people proactively share ideas and concerns. We believe that psychological safety is a prerequisite for physically safe work. To achieve this, we first need to have the basics permanently in order. In the coming years, we will therefore continue to work on risk management, instruction and training and focus on providing the right work equipment. Of course, we will ensure that our tools and procedures remain in order. To make sure we can also influence the culture and proactive safety behaviour, we will focus on (more) active management of our colleagues, developing safety leadership and learning from good examples and incidents. This is how we will continue to make strides and improve safety for our people.

Innovation in safety

At the Smart Infra Experience in October, we presented attendees with ideas on how we can use specific technology to increase safety around roadworks. Every year, the infrastructure sector is faced with traffic incidents with casualties at road works. This is why we want to continue innovating to improve safety with technology. Using so-called v2x technology, a vehicle automatically stops at a red cross, which prevents collisions. This will enable us to take our responsibility on the road. Together with our partners in the Heijmans, Swarco, V-Tron consortium, we are advocating a dynamic mix of short-distance and long-distance communication.

Focus themes

In 2023, we devoted more attention to psychological safety. We believe it is important to work in an environment where everyone feels they have the room to be themselves and where they can proactively share ideas, opinions and concerns. We see this as a prerequisite for the physical safety of our colleagues. Last year, we used a number of campaigns to raise awareness of this message among our employees. This theme was also the focus during the Conscious Safety Day on 29 March, and this has made the topic more accessible. We have noticed that people are talking about this, even if they find it difficult. This is not just about calling each other to account for unsafe behaviour, but also about appreciating safe behaviour.

Our internal and external safety systems are increasingly successful. For instance, we are seeing a constant improvement in how our GO! app, Workday, SAP, our IRES audit system and our safety dashboard communicate with each other. As a result, data is always up-to-date and instantly accessible. This also means that the use of these systems is being adopted more widely by employees. Reports are now automatically categorised thanks to machine learning. Using this kind of artificial intelligence (AI) makes it a lot easier to discover trends in the different types of incidents and applicable lessons. We will continue our efforts to make the threshold as low as possible for the reporting of safe and unsafe situations. This is the only way we can keep improving continuously.

Safety in the chain

An increasing number of clients are taking responsibility and addressing their role in safety. The Central Works Councils Platform for the Construction & Dredging sector (PCOBB) is working with construction industry umbrella organisation Bouwend Nederland and the Dutch Labour Inspectorate on a questionnaire that will enable contractors in a tendering process to check (anonymously) during the information note whether clients comply with all their health & safety obligations. This will enable us to create a context in which contractors can perform their work safely before that work starts. At Heijmans, we take the initiative to enter into discussions with clients about their joint role in safety. We do this in the form of workshops.

Since 2022, Heijmans has been applying Safety in Tendering (ViA) and the Safety Culture Ladder as selection criteria in our chain. This means that we only want to work with subcontractors and suppliers who are at least level 2 and SCC (Dutch: VCA) certified. We continue to encourage them to take the step up to level 3.

To improve safety when working on or from emergency lanes, Heijmans and other infrastructure companies have entered into discussions with the Ministry of Public Works and Water Management. The number of unsafe situations and accidents during work on the hard shoulder is growing and the behaviour of road users who ignore red crosses is also increasing steadily. This puts our colleagues working on the road in additional danger and we need to take action to counter this. In addition to the extra safety measures we take as principals and contractors, it is also important that road users start obeying traffic rules more. That calls for additional measures, a different way of working and more awareness. Subcontractors, contractors, clients, road authorities, labour inspectorates and road users; everyone involved can play an important role in increasing safety on and along our roads. Meanwhile, construction and technical services sector employers' bodies Bouwend Nederland and Techniek Nederland and SME sector organisation MKB-Infra have issued a joint statement setting out additional requirements for this work.

SAFETY IN CONDUCT



Safety is a key priority at Heijmans. We either work safely or we do not work at all. It is a prerequisite in all the work we do. As far as we are concerned, safety should therefore not be a point of discussion. Nevertheless, we and certainly our colleagues - often due to time pressure - feel forced to make choices; economic result or safety? As a result, we see that agreements we have made with each other are not always kept. Indeed, in practice, we are rewarded for sustainability and price, for instance by organising a tender financially efficiently. But we are not always valued for ensuring safety. Clients are more likely to steer on limiting obstacles, lead times and price - in other words, economic and financial considerations. This can compromise the safety of our employees.

How do we deal with this? Safe and healthy work comes before time and money. This is why Heijmans enters into dialogue. We are in constant dialogue with our clients, subcontractors and consultants about how we can work together to maintain a healthy working environment and improve it where necessary. We want an equal relationship with both executing and commissioning partners when it comes to safety. This means that safety is also a crucial part of every decision in the cooperation with our partners. In this respect, the welfare and safety of bystanders, local residents, suppliers and colleagues are always the starting point of our actions: we must protect them. But we can only do this together with our chain partners. We need each other to take the next step in safety. If a partner fails to work according to this vision, we provide feedback and help to make the right trade-offs. And unfortunately, it sometimes also means we have to bid farewell to a client.

Construction safety

The structural safety of construction projects is essential in both the final and user phases. As both client and contractor, we play an important role in this. Structural safety is about preventing, limiting and combating disasters caused by the failure of a structure. Due to the increasing fragmentation in the construction industry, it is not always clear who is responsible for structural safety. Combined with the challenges in terms of sustainable solutions, other materials and material applications used, this issue requires constant attention.

In our framework agreements and associated job descriptions, Heijmans has made our core values more explicit to engineering firms. Where necessary, we also have discussions with our clients. Together, we make our projects and those of our clients structurally and qualitatively better and safer. In addition, we continuously evaluate the renewed cooperation both internally and externally. We keep talking to each other or take the initiative to continuously improve in this way, based on the conviction that everyone does their work as well as possible. Showing ownership and leadership is essential on this front.

8.3 Risk management and process improvement

All projects are predictable and contribute to our profit

Risk awareness and therefore risk management has improved significantly within Heijmans in recent years. It has now become an integral part of the organisation and our way of working. The result of these efforts is clearly visible. Attitudes towards risks have changed. Risks are part of our work, but we only accept those risks that we can control, influence, mitigate or bear. In addition, these risks should be in appropriate proportion to their earning potential. This enables us to take manageable risks while continuing to grow profitably.

At the same time, we also have to deal with external factors. In the first half of 2023, the war in Ukraine had an undiminished impact on the price of energy and thus on products produced using a large amount of energy. Furthermore, the scarcity of people and materials persists, prices remain high and legal and regulatory frameworks are increasing. The nitrogen issue also remains a concern in the sector. All these factors lead to uncertainties in our operations and for our employees.

In all sectors, we are alert to accepting risks in large and/or complex projects and entering into cooperation with a risk-bearing partner. We assess the culture, competencies and level of solidity of a partner in advance and are reluctant to take on too many large projects simultaneously. Larger projects are only acceptable if they fit within our competencies and our risk appetite. When we work with partners, we only work with the right partners with an appropriate contract form and risk allocation. We only want to bear risks that we can control and influence, and if the project is profitable. As in previous years, last year we continued to focus on the ratio of risk acceptance to earning potential. We remain committed to margin over volume and we can see that thanks to this approach, our order book is growing, both in terms of size and in quality. Almost 40% of our revenue is recurring and not project-based. This increases predictability, helps lower our risk profile and makes a significant contribution to the company's stability. It enables us to deal with the consequences of external developments in the shorter term while looking further ahead.

Process improvement

At Heijmans, we devote a lot of attention to quality and quality assurance. Our processes are not just about how we organise our work, but also about quality control. Internal quality assurance on our products and projects provides insight into what is going well and where there is room for improvement. So we make good products with a high quality standard. And we are good at translating customer requirements into offers. In 2023, we started registering improvement issues in our Sharepoint improvement list. This list registers all reports of things that are going well, along with those that are not going well. When a report comes in, it is linked to an employee, so the report is followed up but also monitored. When a problem is solved, it is automatically reported to the employees involved. We also use machine learning to examine common threads in notifications and solutions to arrive at lessons learned. And we monitor successes and carry these over to the next tender, improving quality even further.

Established processes guarantee a uniform way of working but can be perceived as ballast, as they are sometimes cumbersome or inefficient. So Heijmans still sees process maturity as a high priority. By continuously streamlining and simplifying mandatory processes, we avoid unnecessary processes and procedures. As a result, employees increasingly feel that they are truly supported by these processes and can therefore do their work better and more easily.

Furthermore, we devote a lot of attention to the onboarding of new colleagues, and this involves more than their immediate supervisor. Other people, including those from the likes of the Safety and Quality department, are also involved in this process. And devoting attention to 'This is how we work' is not confined to new employees. Teams that work on one large project with other partners for a long time and then return to the Heijmans organisation are given a kickstart, if required, to bring them back up to speed with all our standards, tools and processes that have been improved in the meantime. Employees really appreciate this, plus it contributes to the continuity of the quality of work and the products they deliver. In addition, we use e-learning courses to continuously train our employees in areas such as contract management, risk management and cyber security.

User-friendly tools

In 2023, we once again initiated and successfully completed several initiatives to continuously improve and renew our tools. The aim is to provide our colleagues and clients with optimal support in the performance of their work. User-friendliness is essential here, also in view of the tight labour market. An employee enjoys their work more if they have good support tools. Our clients can also see this and it contributes to the image they have of Heijmans.

This includes both the tools for supporting Heijmans' primary processes (project preparation and execution, service and maintenance, home sales and production) and the tools for supporting processes (including HR and finance). In addition, we are increasingly linking various tools to each other when this is necessary. This means that employees can do their work from one integrated environment as much as possible and information from clients enters Heijmans' systems directly and without extra processing time and manual work. Furthermore, we are increasingly developing data models to enable further analysis (operational and financial) and as a basis for integrated company-wide reports. In 2023, employees gave IT services within Heijmans a score of 7.9.

Reliable and safe technology and systems

Cyber attacks are a serious threat to organisations worldwide, including Heijmans. We take the risks of phishing, ransomware and other types of attacks very seriously. At Heijmans, a lot of information passes through our hands every single day, both digitally and on paper. Information about our colleagues, our construction projects **and** our clients. They not only build **with** us, but also **on** us. On the basis of the 'Secure@Heijmans' cybersecurity roadmap, we are continuously working on the integration of cybersecurity into our business operations, products, services and projects. Awareness and knowledge of our own actions and responsibilities are equally important. In the past year, we once again took steps to further increase our resilience in terms of cybersecurity.

For one, we provided employees with training in information security with the aim of ensuring that everyone at Heijmans knows how to act, how to identify risks, prevent cyber incidents and thus keep Heijmans safe. Employees also received various training courses on a range of topics, including social engineering, using secure passwords and responding to risks. We also launched an internal campaign to further increase awareness among our employees. And we highlighted the topic of security technology in various interactive meetings.

Safer and renewed digital workstations

In 2023, we replaced the laptops of 3,500 Heijmans colleagues with new, modern laptops with the latest programs. The laptops have been equipped with maximum security via the use of facial recognition and/or fingerprint sensors. We also introduced a stricter installation policy. As a result, it is no longer possible for employees to install software themselves. We created a separate procedure for employees who need specialised software. Thanks to this comprehensive action, we have ensured a more secure and updated digital workplace in one fell swoop and we are now even better equipped to prevent incidents. We will replace the laptops of other employees in the first half of 2024.

The rise of artificial intelligence

In view of the rapid technological advances in artificial intelligence, the world is facing a major transformation. Artificial intelligence (AI) is a science that creates systems that exhibit some form of intelligence. The current technological revolution is due to the large amount of data, the computing power of today's computers and machine learning. Heijmans is responding to these developments in a number of ways.

For example, we are already investing heavily in smart technology such as machine learning. Computers use machine learning to learn the formulas that we used to programme a computer with in the past, and now do it themselves using pattern recognition. This technology is used, among other things, to make analyses that enable us to respond more effectively to an environment in an urban development plan, for example, or for calculations that help us take certain decisions.

In addition, the Heijmans Analytics team, which specialises in data science, helps the organisation work in a more data-driven and efficient way. This includes using different forms of AI, such as generative AI, which saw significant growth in 2023. Generative AI is a form of artificial intelligence that can use machine learning algorithms to produce text, images and varied content based on the data it is trained on. We carried out a broad exploration of potential applications in this field in 2023. We have now started a number of 'proof of concepts' within Heijmans, in which we are looking at how the technology can contribute to our acquisition process, or in which we are taking steps in the area of processing data analysis more effectively and more quickly. But we are also looking at how this technology could, for example, support our technicians. The first results are promising and we will continue to explore these ideas in 2024. In line with our new strategy, we will then also use the technology to streamline business processes.

Heijmans organised a two-day housing hackathon in November 2023. During an extensive simulation of an area development, we looked at parametric and generative design at Heijmans using as many digital tools as possible. How do we use data, computing power and AI in an optimal way?

AI also entails certain risks. To limit risks for Heijmans, we have drawn up ground rules for the use of AI applications. Meanwhile, we also launched an AI working group that is following developments in various disciplines and is also exploring the opportunities and risks for Heijmans.

8.4 Quality of the organisation

Heijmans' strength lies in its people. This is why being a good employer is a major priority for us. We have an eye for our people. They must be able to do their work safely, healthily and with pleasure.

Satisfied employees

In 2023, we once again conducted an employee engagement survey. It is important to us that our people are comfortable in their own skin, and feel engaged and motivated. Appreciation ensures that employees enjoy coming to work and return home with energy. We used the engagement survey to measure what employees think is going well and what could be improved in our company. This is how we continue to learn together at Heijmans. No fewer than 83% of all colleagues completed the survey. In 2023, the organisation was given an Employee Net Promoter Score (eNPS) of +35. This was higher than the previous employee engagement survey in 2021, when the score was +25. This compares with eNPS of +14 in the construction sector as a whole and an eNPS of +25 in the installation sector (source: Integron October 2023 report). So we have a great deal to be proud of and we are looking to the future with confidence.

- We now have even more ambassadors. Our yellow heart is beating even harder!
- Heijmans' greatest strength lies in its many motivated colleagues who take pleasure in their work. And who are very satisfied with the cooperation and relationships with other colleagues.
- Looking ahead, it remains important to appreciate each other and pay attention to personal growth.

100 years of Heijmans

In 2023, Heijmans celebrated its 100th anniversary and we were awarded the Royal predicate. This royal recognition is a confirmation of and appreciation for the craftsmanship and entrepreneurship of our employees today and in the past. Of course, we celebrated 100 years of Heijmans extensively throughout the year with all our employees, to thank them for their dedication and hard work. The pride and commitment of all Heijmans employees was clearly visible at the concluding grand party in the Brabanthallen congress centre.

Capacity and deployability

In the construction and infrastructure market, we are faced with a scarcity of highly employable workers. For the time being, we are managing to fill vacancies, but this requires an enormous effort on our part. We use the 'Make it happen' labour market campaign for all vacancies, which ensures that Heijmans is highly visible and recognisable in the market. We hired around 800 new employees in 2023. They all participated in an onboarding programme to quickly feel at home in the organisation. The total outflow within Heijmans has remained relatively constant in recent years. Based on analyses of unwanted turnover, in 2023 we took a number of specific measures aimed at employee retention. We completed the integration of Dynniq in July 2023, with the hiring of the employees involved.

In recent years, our learning programme for refugees with work permits ensured the influx of a group of highly motivated and driven employees. Heijmans now employs a total of 41 refugees. While refugees were initially only trained as technicians, the influx has now broadened to other positions, such as modellers, calculators, operators and building site employees. When we did this, we decided to offer each individual a tailor-made programme best suited to that individual's level of education, experience and ambition. A working group supports the business and HR department in these tailor-made processes. Heijmans will devote extra attention to this path in 2024 and has the ambition to train and offer jobs to at least 50 refugees, giving them the opportunity to build a new life in the Netherlands.

In addition, we will use internal training courses - including those at the Heijmans Technology Academy - to retrain numerous colleagues to bring them up to speed with (technical) developments and to keep them employable within their own work fields. The pressure on the labour market is making it even more urgent to focus fully on employee retention. In that context, last year we looked more specifically for the underlying reasons people left the company. We analysed information from exit interviews and held talks with management and employees to look for targeted solutions and substantive adjustments in the work we offer. We also investigated the appropriateness of our job structure and the market conformity of our remuneration. Based on various benchmarks, we made adjustments for some specific groups. Finally, we launched measures aimed at guaranteeing equal pay for Heijmans employees.

Prevention and vitality

High absenteeism remains a concern: although the rolling figure varies greatly by business unit, the overall absenteeism within Heijmans has continued to fluctuate around 5% since the first quarter of 2022. In particular, we see a high frequency of absenteeism among younger employees (>1 in the age category up to 35 years) and an increasing duration of absenteeism as people get older. In recent years, we have devoted a great deal of generic attention to prevention and vitality. In 2023, we increased our focus on looking for a specific approach at group level. In certain parts of the company, we provided managers with training and guidance to strengthen their coaching role. In the older group of operational employees, we made an effort to hold individual discussions on sustainable employability. As long-term absenteeism in the younger age category is often due to psychological complaints, we used preventive interventions to help them find a work-life balance and increase their mental resilience. To prevent colleagues from carrying on for too long with stress complaints, we now use Absenteeism & Prevention meetings to teach managers to pick up signals at an early stage.

Comfortable in your own skin

Creating a healthy living environment works best if you yourself are fit and healthy. Which is why we consciously devote attention to the subject of vitality. Depending on their age, every Heijmans colleague receives an invitation for a Periodic Occupational Health Examination (Dutch: PAGO) once every two or four years. A PAGO is a preventive examination of the individual health of our people. It identifies any health risks and the lifestyles of our employees. The most frequently identified risks from the PAGOs in 2022 were translated into a Heijmans-wide Vitality Programme in 2023.

The themes are:

- Healthy life
- In balance
- Prevent and adjust

We organised a programme of various initiatives over the course of the year, such as: a workshop given by nutrition specialists from the Voedingsacademie (nutrition academy), inspiring lectures by Erik Scherder and Dai Carter, a work-out by Olympic champion and colleague Stefan Groothuis, the working conditions consultation hour, regional initiatives such as stress-resilience training, a Vitality Challenge in Amersfoort and the #fietsnaarjewerkdag (cycle to work) initiative. Over a thousand colleagues participated in parts of the programme.

Talent development

The importance of developing potential is even greater in a tight labour market. That is why Heijmans invests year after year in bringing in and guiding young talent: trainees and other starters. Each year, we also launch a Heijmans-wide talent programme for young potentials with around three years' work experience. For the more advanced group of management potentials, we have an annual leadership programme, 'Leaders of tomorrow'. Participants are carefully selected and may only join once they have passed a positive development assessment and they have a concrete plan for an early, next career step. We do this because we want to prevent well-trained and motivated talent from leaving the company because they cannot move on internally quickly enough. In addition to the Heijmans-wide talent programmes, we also offer specific development activities within the business areas for all the high potentials in a specific business area. These activities are organised and supervised by management, with the support of HR. These include skills training, mentoring and content sessions around a strategic theme that plays a role within a particular business area. Everything in this process is aimed at investing more in the potential within the organisation and steering more actively towards internal mobility. We are steering towards a KPI that measures the percentage of internal appointments in key positions (the top 10% of our population). We easily achieved our target of 60% in 2023 (66%). We want to continue to attract the remainder of our talent from outside the organisation because they offer a fresh perspective and new input.

Human rights: Minimum Social Safeguards

At Heijmans, we believe that - in addition to our own employees - every employee in our supply chains deserves a pleasant and healthy working and living environment. Through their activities, companies can have a direct or indirect impact on human rights in the Netherlands and the rest of the world. Heijmans endorses the general principles of the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business & Human Rights, which describe the special role of companies in respecting all human rights.

Last year, Heijmans performed an analysis of the most relevant aspects with regard to the theme of human rights. We describe the outcome of this analysis in Appendix 20.6.13. This analysis shows that providing a safe and healthy working environment for our employees and the employees of our subcontractors is one of the most important aspects, followed by human rights deeper in the chain. We have implemented measures, taking into account safety in design, supervision and audits during execution and the analysis and follow-up on incidents, to mitigate potential negative impacts resulting from our activities.

One important risk-limiting factor is that Heijmans carries out virtually no construction activities abroad and most of our raw materials and products come from Europe. However, the rest of the supply chain is exposed to such risks. Examples of potential risks could be those associated with the extraction of raw materials and poor working conditions in the production of these materials. Some of these risks are covered by buying certified products and working with certified suppliers. An example of this is the measure to only buy sustainably certified wood (both FSC and PEFC).

Many topics related to this theme are a standard part of our safety, HR and procurement policies. These include matters such as ensuring good working conditions, freedom of association (trade unions), applying fair and equal pay, and taking sustainability aspects into account when purchasing.

Heijmans also has the 'How we work' code of conduct. The implementation of actions taken by Heijmans, including the introduction of a construction site ID system within the framework of the Dutch Act on Combatting Spurious Labour Contracts (Wet Aanpak Schijnconstructies - WAS) is also part of this theme. We also give internal and external stakeholders the opportunity to make abuses in the chain known, for example via our whistleblower scheme.

Suppliers and subcontractors are involved in procurement and chain responsibility and sign their own declaration (supplier sustainability declaration) indicating compliance with human rights. This is how we try to embed human rights in the Heijmans sustainable procurement policy and account management as much as possible.



9 Smarter

The complexity of our task is increasing. We want to offer smart solutions that match the issues of today and tomorrow. The aim here is twofold: firstly, we optimise our internal processes; secondly, we create added value through new business models and insights for our clients. In some cases, we run pilot programmes through various platforms to test innovative ideas. When they prove successful, we integrate them into existing processes and systems.

9.1 Smart City

Under the banner 'Smart City', Heijmans combines the power of data, advanced technologies and cooperation partners. The aim is to continuously optimise comfort, space, sustainability and safety, for a healthy living environment. This is about connecting the physical world with the digital world by combining solutions for major social challenges such as the energy and mobility transitions, but also promoting social cohesion. At Heijmans, sensor technology, measurement, connectivity and ecology go hand in hand. In recent years, we have gained a great deal of experience in several leading example projects, our showcases. In these projects, we combine all our knowledge and expertise and use our integrated approach in an optimal way. These include the Maanwijk project in Leusden (now completed), Park Vijfsluizen in Vlaardingen and Parijsch in Culemborg. Another good example is the Greenville residential complex in Utrecht Leidsche Rijn Centrum. In this project, electric cars are charged via solar panels on the roof. This bi-directional charging station can also return energy to the residents' homes, mitigating peak loads on the grid.

Working together with public sector bodies, knowledge institutes, market players, local entrepreneurs and residents, we ensured that the ambition for a healthy living environment has been made tangible in an increasing number of places in the Netherlands. Meanwhile, Smart City has become a permanent part of our working method in area developments.

9.2 Hive

Three years after opening the Hive, we can see that it has become an important link in the challenges we face. The Hive is our own inspiration & development centre (incubator) located in a separate building next to our head office. In 2023, we took the Hive to another level, making it a physical and virtual meeting place for employees from our all business areas. The common thread in everything they do is digitalisation. Digitalisation is a driver for and enabler of most developments. The Infra and Building & Technology software teams are growing in terms of breadth and are working together on methods, structures and software choices.

The cross-pollination between employees and the connected business areas have already produced accelerated innovations. In addition, the Hive has also become a place where we apply new technologies. For instance, we have created an energy grid in the building in which solar panels, heat pump, batteries, charging stations and a boiler are dynamically connected, enabling us to realise 'zero on the meter'. All our business areas can benefit from sharing this kind of experience.

The open structure of the Hive is also a reason for many employees to choose Heijmans. The connection with operations in the various business areas is growing closer in the Hive, making it a serious place in the onboarding programme for new employees. We are also seeing an increasing number of clients and partners from the various business areas coming to the Hive to be included in the steps we are taking.



“My work has been taken over by robots for over a hundred years”



MARTHE DOFF
HEAT TECHNICIAN

“I am eager to learn and want to be able to do everything independently as quickly as possible. I love working outside with my hands, but I’m also already looking to my future: I hope to become a good supervisor or manager. What does the future of construction look like? I think my work will have been taken over by robots in a hundred years’ time.”

9.3 Digitalisation

For us, digital construction is just as important as physical construction

Digitalisation is not just about technology; it touches almost every facet of the economy. It has to do with innovation, new legal and regulatory frameworks, robotisation and artificial intelligence. At the same time, digitalisation is also about new forms of cooperation, organisational structures and ethical issues. But above all, it is about people. We are increasingly aware of the actual value we can add to our own work processes and for clients and their environment using digitalisation. We collect and use data to more accurately to predict the maintenance of buildings, roads and bridges, but also to develop new propositions and new business models. In addition, we incorporate data from the usage phase right from the design processes. Data enables us to keep improving. This is why it is important that our business areas have a keen eye for maintaining and increasing that added value. Over the past year, the movement has started to bring IT developments within the various departments in the organisation more to the forefront and connected them to each other.

Flexible facilities management

Rather than scheduling maintenance according to a manufacturer's instructions or reacting to malfunctions in a corrective way, we are increasingly able to use data to determine the optimal time for maintenance and to take proactive action. Given our clients' increasing performance requirements, the need for efficient deployment of scarce skilled personnel and our clients' sustainability challenges, the need for adaptive and flexible maintenance is increasing. Data makes this possible. However, the challenge is to unlock that data efficiently and cost-effectively from existing infrastructure, buildings and installations not designed for that purpose.

Thanks to a number of pilot projects, we are now able to unlock relevant data in an effective and safe way. This results in the more efficient deployment of our scarce highly qualified staff and the optimisation of the energy performance of buildings based on current usage. The huge diversity of buildings and installations at the hundreds of Non-residential Services' clients and the combination of data and craftsmanship provide all the ingredients we need to set up a system landscape in which we can start scaling the knowledge and experience we have gained for all our clients. For instance, we advise clients on scenarios for CO₂ reduction using the dashboard developed by Heijmans in the context of Paris Proof (the aim of making the built environment completely climate-neutral by 2050). This enables us to help realise the short-term and long-term goals for our clients' building portfolio in a structured and data-driven way. With Beyond Eyes, a successful Heijmans initiative, we unlock information about space usage and use this to optimise building performance and efficient facility services. Beyond Eyes is ISO 27001-certified and thus meets strict information security requirements worldwide. This makes Beyond Eyes a stable foundation on which we can make the connection in data and services for end users, spaces, buildings and building portfolios. We are already putting this into practice at clients such as the European Medicines Agency (EMA) and the new courthouse in Amsterdam. Not only did we build these buildings, but we are also responsible for their maintenance for twenty and thirty years respectively. And this is where we are already fully applying this new way of working. The strong link between the usage phase of a building and the design and construction phase is a key differentiator for Heijmans in the market. Based on the available data, we not only offer insight and advice, we also immediately take the necessary actions. This makes us the accommodation partner that works with our clients to future-proof their buildings by adding maximum value to the property, its facilities and its use. We call this Future-proof value. In 2023, based in part on our Future-proof Value approach, Rabobank entrusted Heijmans Non-residential Services with the management and maintenance of all its locations right across the Netherlands, as well as the task of making these locations more sustainable.

Data-driven maintenance

Right across the country, we manage and maintain infrastructure for public and private clients, such as the Dutch Ministry of Public Works and Water Management, Schiphol Airport, provincial authorities, local councils and port areas. We monitor digital systems such as traffic lights, roadside petrol stations, charging infrastructure and public lighting. We monitor fixed structures such as roads, viaducts, locks, dykes and bridges using sensors. This enables us to continuously assess the condition of almost all the assets under our management and consequently identify critical degradation or failure at an early stage. We also monitor pollution and emission levels.

All this data comes together in Connect. We designed this platform in-house and manage it entirely in-house. The data remain the property of our clients and are collected in Connect and processed to provide our clients with insights and advice. The fact that we own the underlying systems and have them connect to each other increases the stability of this service. What is more, this creates a better overview of our services and the data they generate. As a result, investments are no longer for stand-alone solutions and products, but contribute to the big picture. We are seeing constant innovation in data processing. In addition to trend analysis and threshold monitoring, we develop automated insights into expected system behaviour using artificial intelligence. In this way, we strive for continuous and optimal operation of assets with minimal downtime due to technical failures.

Together with our clients, we explore demands and needs in the field of data-driven management and maintenance. We work towards standard processes and IT solutions such as Connect, in order to apply knowledge and methods as repetitively and uniformly as possible in our work processes. This is how we achieve operational excellence, and efficient and profitable management and maintenance, with maximum value for our clients.

Heijmans Data Depot

In addition to the above-mentioned platforms for sensor data (Connect and Beyond Eyes), Heijmans is also hard at work on the Heijmans Data Platform. This platform collects data from the primary Heijmans systems (including SAP) on a daily basis. This data is further enriched and combined into datasets that we use for both our own reporting and process optimisation and those of our clients. We are seeing more and more applications in which this data is combined with sensor data from buildings and infrastructure. This allows us to deliver even more added value for our clients. A good example of this is the modular client reporting in the Iris dashboard, which is now used in over 25 major service contracts. Iris provides clear insight into service performance, closely monitoring KPIs and faults. Iris also contributes to property value through detailed analysis of property values, including proactive monitoring of maintenance. These near real-time insights into the data of buildings and other assets are making Heijmans' services both faster and more efficient.

Heijmans Solutions Platform

For several years now, Infra has been using an internal platform that brings together concrete products and/or services. We use this platform to look - from a client perspective - at what problem a service or product solves, how it is applied and what its added value is. By the end of 2023, there were more than two hundred products on the platform. These included the likes of sustainable and circular (road) verge. We are working on the Sustainable and Circular Verge proposition with the aim of making (road) verges 100% circular and increasing biodiversity. We are developing a smart process for this, so

that our work is combined with other activities. Another good example is the charging station as an aggregate on construction sites. During construction work, a charging station can be used as a power point to replace a generator, making this a great example of emission-free working. The aim is to continue improving this platform internally, so that we can offer an overview of a large number of solutions based on client needs. This will also enable us to better highlight these solutions in tenders and in talks with clients.

Digital tools

Using digital tools developed in-house, we work continuously on process and quality improvements. Design processes are largely automated; for instance, we are working on apps that will enable us to use parametrical analysis to arrive at efficient, safe and sustainable viaduct designs. By integrating principles such as IFD (Industrial, Flexible, Demountable) and concept building into our digital tools, we create a design that effectively matches the expectations of other disciplines. Building digitally in this way enables us to prepare and realise projects in a smarter, safer and more effective way.

Radar

We use our soil mapping expertise and technology in both infra and property development projects. The Explosives Detection, Geodesy and Geophysics department investigates soil. Using 3D soil radar and other smart and innovative measuring systems for geophysics, they measure what is present in the soil and what is not with extreme accuracy. This is important information to prevent unwanted and unsafe situations during construction or the project, such as unexploded ordnance from WWII. Thanks to this measurement information, we can draw up an exact design (fact-based design) and remove old objects from the ground without danger, preventing interruptions or delays during works. We use the results of the measurements for detailed drawings and 3D visualisations. And because we share the information in a Geographic Information System (GIS), the insights and data are also automatically available for other work and activities. Meanwhile, Artificial Intelligence (AI) also made an appearance in 2023, and we are now working in-house on a smart algorithm to speed up soil data processing.

9.4 Production technology

Working more on the basis of standardised processes and products

For more than 10 years now, Heijmans has been successfully marketing affordable concept homes for all kinds of target groups. Given the increasing pressure on the housing market and an ever-increasing demand for affordable homes for multiple target groups, the advantage of conceptual construction is becoming clearer by the day. This is because we can develop and build faster at lower costs, making us flexible enough to respond to changing market conditions. This enables us to deliver sustainable, high-quality homes with excellent customer ratings. Based on established house types, variations and a standardised process, we create houses with their own unique identity. Variation and sustainability are the norm and as a result no two neighbourhoods are the same.

Efficient configuration of data centres

A few years ago, we developed a platform for efficiently configuring data centres. Last year, we presented a first version of our data centre generator to clients. The aim was to arrive at a product version suitable for running a pilot project. We developed this product version in cooperation with our own software development team, so we could gain knowledge and experience for a wider range of purposes.

Meanwhile, we continued to develop the underlying platform to create a suitable base that all our business areas can use to develop new modular building blocks, for instance in the design of houses and viaducts. Expanding the functionalities will enable us to respond optimally to the wishes of our clients, giving them even greater insight into criteria that are important to them and consequently into the feasibility of an assignment. These include analyses of investments, lead times and sustainability criteria such as the impact on CO₂ and nitrogen emissions.

This platform, complete with its catalogue, is a very powerful and growing tool. The synergy between individual products, the knowledge and experience of Heijmans, our chain partners, our projects and our business areas is opening up a whole world of innovative solutions.

Flexible living

An increasing number of local authorities and housing corporations are finding a solution to the continuing housing shortage in temporary buildings. The Heijmans ONE is an affordable and sustainable tiny house with the same living comfort and experience as a 'normal' home. With these quickly installable ready-made homes, we contribute to the solution to many social issues. Such as the circulation of residents, affordability of housing and construction speed. Small neighbourhoods with Heijmans ONEs can already be found in many places in the Netherlands, like Vlaardingen, where the Waterweg Wonen housing corporation offers displaced Ukrainians a home in one of 48 Heijmans ONEs. The homes are part of the Mrija temporary housing estate, where a former industrial site was transformed into a small village for Ukrainian refugees in less than a year.

In addition to the Heijmans ONE, we have also developed the Heijmans TWO. This too is a ready-made relocatable wooden house with an efficient lay-out and a high-end appearance. The Heijmans TWO complies with the building code for permanent housing, which means it is not mandatory to relocate the house after ten years. The first Heijmans TWO is in Nijkerk, where the home will be used as a work, meeting and information centre for a newly developed neighbourhood.

In addition to the quality of the housing itself, we also consider connection with the environment and nature important in temporary construction. Because in many cases 'temporary' housing still means a period of ten years or more. This makes a healthy living environment just as important as in large area developments. This is why in these projects we also create nature-inclusive neighbourhoods with, for example, flower gardens, bee hotels and vegetable gardens.

Smart apartment concept for inner-city construction

In addition to our house concepts, Heijmans Property Development and Heijmans Residential building have teamed up to develop the Heijmans urban apartment complex. This allows us to carefully add affordable housing in inner-city (redevelopment) areas and provide affordable housing for every target group. We do this while maintaining urban planning and architectural quality, but also in a sustainable, healthy way that boosts the liveability of the neighbourhood in question. By standardising while maintaining variation, digitalising and prefabricating, Heijmans can develop more efficiently and build more quickly. This results in affordable apartments for various target groups in the social, middle and higher segments, both for the rental and the owner-occupied markets.

This apartment concept consists of numerous building and housing types (with one-room to five-room homes), ensuring suitable housing types for many target groups. This creates a diverse building with greater social cohesion. The structure-defining elements, such as shafts for pipes, are placed at strategic positions, allowing us to stack and link the different housing types in a smart way. This ensures a high degree of variation in housing type and size within one building. Heijmans customises the building's 'plinth', facades and roofs, giving each building a unique look. As part of the transformation and renewal of the Dreven, Gaarden and Zichten neighbourhoods in South-West district of The Hague, in 2023 we started construction of Steenzicht, based on the principles of this new concept. We will also develop our next projects in this area development in line with this apartment concept.

Affordable Huismerk Apartments

Heijmans started construction on the first Huismerk apartment project in January 2023 and we successfully completed the project in November of last year. The Heijmans Huismerk Apartments is our residential product that offers affordable apartments for the government-regulated social rental and owner-occupied markets. This concept consists of four fixed apartment types with 50 m² and 70 m² of floor space, together with gallery access modules. Using these modules, we can put together a wide range of buildings to meet the wishes of our clients and fit the location.

During the development of this gallery apartment complex, we worked intensively with co-makers. The aim was to create the most efficient and affordable building possible. Consequently, many components arrived at the construction site ready-to-use. Technicians install all the technical installations in the special precast floor in our production facility. The precast concrete shell elements, together with balconies and galleries, are quickly and safely assembled at the building site. In the same cycle, the unique precast façade elements with mineral stone strips and window frames are fitted without scaffolding. The first project in Culemborg, 43 apartments for the Kleurrijk Wonen housing corporation, was completed within nine months. For the second project in Arnhem, Heijmans is currently working on the realisation of 65 apartments, together with a number of Huismerk houses. Together, they will form a unique new neighbourhood! Affordable apartments in Gorinchem will follow in 2024.

New generation homes

As the next step in its journey towards a combination of standardisation and sustainability, Heijmans will produce energy-neutral timber-frame houses on an industrial scale: Heijmans Horizon, houses that can be assembled on a modular basis. At the end of 2021, Heijmans acquired the energy-neutral timber-frame house production plant in Heerenveen and expanded it for the production of these sustainable homes. In October 2023, Mayor Avine Fokkens-Kelder of Heerenveen and Heijmans CEO Ton Hillen hosted the festive opening of the production plant, which was attended by Heijmans employees, business associates and cooperation partners. The new production plant has an area of 18,500 m².

With the opening of our own timber-frame house production plant, we can now produce future-proof and affordable houses quickly and on a large scale. This is how we are responding to the challenges of today and tomorrow. The basic principles in the development of the homes are variation and sustainability. The Heijmans Horizon concept has an unprecedented number of options that enable us to meet the wishes and requirements of both clients and consumers. Thanks to the use of timber and energy-neutral installations, these Horizon homes are also highly sustainable. At the same time, we build and develop in a nature-inclusive and climate-adaptive way. This is how we contribute to a healthy living environment for both people and nature.

To ensure the efficient management of the production plant, we have digitalised the entire primary process. The machines in the factory can now be controlled directly from our 3D models. This saves time and reduces the risk of errors in the process. In addition, this way of building keeps the houses affordable. In parallel with the refurbishment of the timber-frame housing factory, Heijmans, together with its strategic partner VDM, gained a lot of knowledge in building with timber for the Heijmans Horizon concept.

Heijmans has now installed the first Horizon homes produced in Heerenveen for the 'thuis housing foundation in the 't Ven neighbourhood in Eindhoven. This project involves a total of 88 homes. In 2024, the Heijmans production plant is expected to produce between 200 and 250 homes. This will increase to around one thousand homes a year in the coming years.

Optimum freedom of choice

Clients and consumers can use an online home configurator to put together their own homes. The many options and execution levels offer optimum freedom of choice, giving Heijmans the opportunity to help create diverse and attractive residential neighbourhoods in the Netherlands.

Accelerating housing production

Once they have been configured, the houses are produced at the production plant using a digital process; they then emerge from the factory in demountable blocks, including sanitary fixtures, and finished walls and floors. Timber is much lighter than other construction materials, making it more sustainable to transport. This means we need fewer and lighter transport movements. The house is produced entirely at one location and then transported to the construction site in one go, which means less inconvenience for local residents. Once at the construction site, a house can be built in a single day. Once the preparatory work has been done, the delivery of a Horizon home can be reduced to about nine weeks, compared with around nine months in regular housing construction. This results in a meaningful acceleration of housing production.

With the production of Horizon homes, Heijmans is taking the next step towards circular and energy-neutral construction. This is in line with our ambition to build entirely emission-free in 2030. The environmental gain is directly measurable because the production plant is 100% carbon-neutral. Moreover, the timber used is circular, which means these homes have a smaller CO₂ footprint throughout their lifecycle. In addition, all Horizon homes are energy-neutral in use.

Renovation and improved sustainability

With a view to 2050, when the energy supply in the Netherlands must be almost entirely sustainable and carbon-neutral, the renovation of existing buildings is becoming increasingly important. Heijmans ensures that existing buildings and homes are comfortable, energy-efficient and future-proof. An important premise in this process is the reuse of materials, by both clients and suppliers. The advantages of renovation are that it is possible to preserve architecture, it is usually quicker than demolition and new-build and can even yield cost benefits in the long term. In 2023, we renovated 1,363 homes and made them more sustainable, compared with 1,200 homes in 2022. All the homes were renovated in line with the principles of B'woond, our renovation concept for existing homes aimed at housing corporations and investors.

STANDARDISATION MAKES CONSTRUCTION ONE DIMENSIONAL



In the construction sector, we are increasingly faced with cost increases. There is no let-up in the rise in purchase prices for materials and energy, which is affecting the affordability of housing. Combined with rising costs, it is increasingly difficult for many people to find affordable housing in the tight housing market. And faced with labour shortages in the years to come, we will look at construction differently in the future.

Standardisation or building from building blocks enables faster and cheaper construction. Using industrial/modular construction techniques, we have been developing and producing a wide range of solutions for many years. This results in shorter lead times, greatly reduced failure costs and higher quality of the end products. It also makes it easier to respond to various sustainability requirements. A specific type of approval for factory-built houses could also speed up permit processes and the creation of new houses.

For some people, standardisation may also conjure up an image of neighbourhoods where every street looks the same. Like in the 1960s, when a lot of houses had to be created in a short time, resulting in massive, one-dimensional construction. However, variation and customisation involve higher costs and do not help make homes more affordable. So what do you opt for?

At Heijmans, we believe in building on the basis of building blocks and feel responsible for what the Netherlands looks like. This is why we always put end users first and strive to contribute to the well-being of the residents of a neighbourhood. So we build in variation in a smart way, something we can do thanks to the techniques we apply. This can best be compared to building with Lego, where you can create almost endless combinations to achieve variation while the basis remains the same. At the same time, we also look at urban integration: a good combination of different buildings with an eye for architectural quality, social cohesion and enough space to accommodate nature.



“Heijmans has provided us with excellent guidance during this project”



RESIDENTS JULIAN AND SHANA

PROJECT HINK STAP SPRONG, EEMNES

“This is the first house we have bought. Before this, we lived with our parents-in-law. We couldn’t have dreamt it would happen so fast, especially if you think about the current housing shortage and house prices. That is until the ‘Hink Stap Sprong’ project came along. This project is specifically aimed at keeping young people from Eemnes in the village. Heijmans gave us excellent guidance during this project. Our buyer’s advisor was open and transparent. He took us through the process step by step and gave us good advice.”



10 Sustainability

10.1 Part of strategic agenda

Heijmans plays an initiating and integrating role when it comes to making the living environment more sustainable. We want to make a difference by designing sustainably, with an eye for alternative and decentralised energy generation and efficient (re)use of materials. We want to leave the environment better than we found it, so we can create value right across the board. To this end, we work closely with a wide range of partners, from the construction industry, engineering, infrastructure, education and science. Heijmans manages the theme of sustainability integrally throughout the organisation and it is a fixed part of our work.

Sustainability is high on Heijmans' strategic agenda, with three central themes:

- Energy transition
- Materials transition
- Space

Circularity plays an ever-increasing role in how we build, manage and maintain.

Complexity

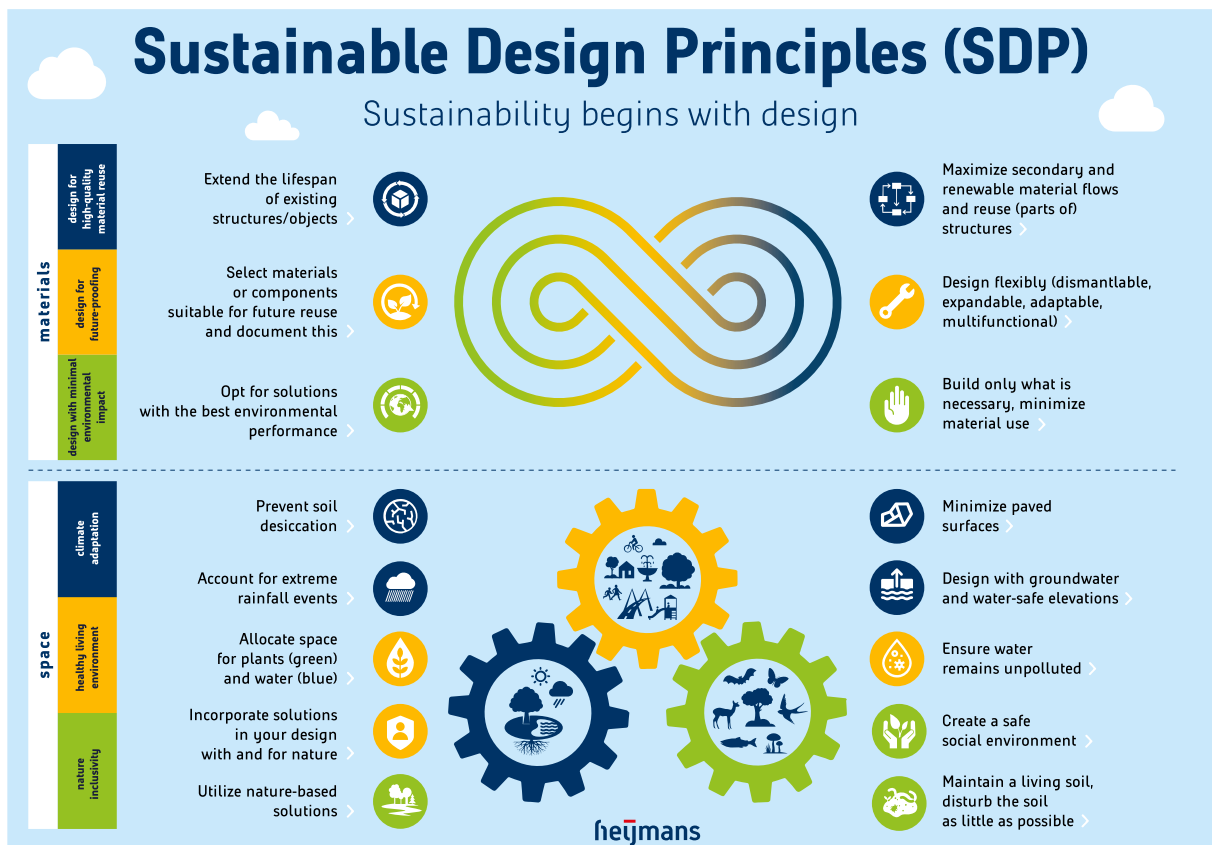
Improving sustainability is not always easy and we are faced with major complex challenges. For instance, the much-needed expansion of energy grids in the Netherlands will remain urgent in the coming years because of the large-scale electrification of homes, businesses, machinery and vehicle fleets. This is essential to ensure that lack of capacity does not slow down the required acceleration in electrification. Nor is the related development of electric energy storage in various forms an easy task. At the same time, we can also see that we are reaching the limits of nature's ability to absorb the impact of our production and consumption on ecosystems. And we are being forced to look for alternatives in places where emissions of nitrogen, noise, CO₂ and waste are too high. But the transition also offers opportunities. This is why Heijmans is investing in new production methods and why we are very open about our wish to play an active role in climate adaptation, such as raising the height of dykes and building water storage facilities, or climate mitigation, such as reducing our own footprint and building climate-neutral residential neighbourhoods.

To measure is to know

To know whether we are successfully achieving our sustainability ambitions, we take all kinds of measurements in the various phases of area and project developments. A baseline measurement beforehand, followed by measurements in the design and realisation phase and in the usage phase. To this end, we have been working for many year with various parties, such as NL Greenlabel, the Naturalis Biodiversity Centre, national forestry commission Staatsbosbeheer and Wageningen University. By taking measurements, monitoring and collecting data, we are involved in projects for longer periods, also after completion. This enables us to monitor the impact of design choices made several years earlier. This leads to greater insight into opportunities to makes things better, smarter and more sustainable.

Application of sustainable design principles

In 2023, Heijmans drew up Sustainable Design Principles (Dutch: DOP). These eight principles will enable us, among other things, to safeguard our ambitions for climate-adaptive and nature-inclusive construction in projects. We have also drawn up design principles aimed at reducing the amount of materials we use and increasing the reuse of materials.



Heijmans Infra's Design department will be the first to work with these principles. The Design department's activities are at the front end of the construction process, giving designers a great deal of influence on the strategic theme of sustainability. However, sustainability is such a broad and extensive concept that it was not always clear how best to implement it in a project. The sustainable design principles provide our colleagues with guidance on this front.

The sustainable design principles indicate what we at Heijmans consider sustainable and help us to integrate sustainability in our designs. The principles provide a number of concrete maxims in the field of materials and space, with underlying explanations and practical examples. To safeguard these (and, in a broader sense, sustainability) in our work, they have been incorporated into the design process, and we have made adjustments to our management systems and design documents for this purpose. Making the principles part of the process steps has made sustainability an integral part of our designs, and a regular topic of discussion. As a result, we are increasingly making conscious sustainable choices in the design phase of our projects.

In addition, we use the sustainable design principles in tenders, to show our clients what we stand for. We will continue to develop these principles in the coming year, among other things by adding Energy and aligning the principles to our refined 'Together towards 2030' strategy.

A portrait of Peter van Leeuwen, a middle-aged man with grey hair and glasses, wearing a light blue shirt and a grey blazer. He is looking directly at the camera with a slight smile.

“Everyone must put their best foot forward”



PETER VAN LEEUWEN

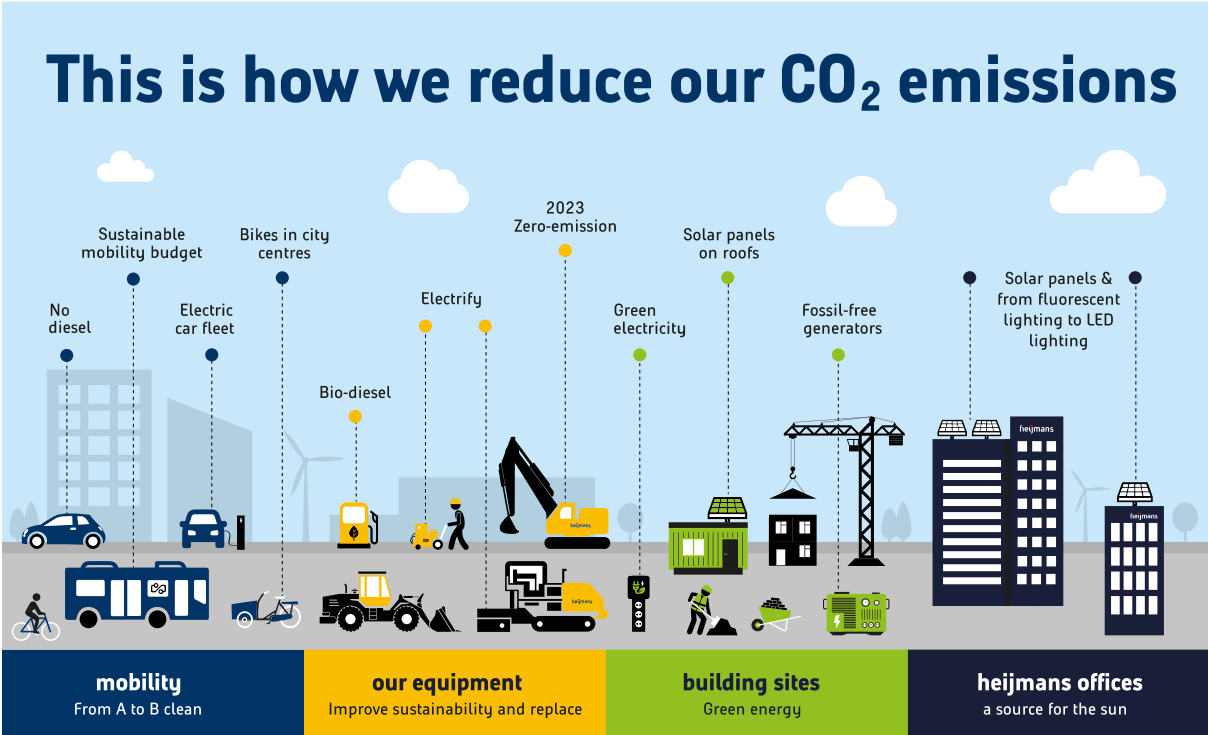
PROGRAM DIRECTOR BINNENHOF RENOVATION

“We are going to do something really special and the whole country is watching. It is an exciting and intensive project. We need each other, because everyone has their own knowledge and skills. And everyone has to put their best foot forward. To give you an idea; as the Central Government Real Estate Agency, we are now working with four contractors, 10 architects, almost 20 consultants and lots of other stakeholders. That requires coordination, respect, transparency, an eye for each other’s interests, and trust. Heijmans is also making a concrete contribution to this. This is how we are working together to make the Binnenhof renovation a success.”

10.2 Energy transition

Reducing our CO₂ footprint

In recent years, we have focused our climate plan firmly on reducing our own direct carbon footprint: scope 1 & 2. We have now broadened this by mapping our indirect emissions: scope 3. To this end, we have drafted a Net-Zero Commitment statement and submitted medium-term and long-term targets to the Science Based Target initiative (SBTi).



Scope 1 & 2: direct emissions

We are reducing our direct footprint on the basis of four themes: mobility, equipment, building sites and offices.

Mobility

Since 1 January 2023, Heijmans employees can only choose a lease contract for an electric car. We are shortening the current lease contracts for petrol and diesel fuel cars with yellow licence plates to a final expiry date of 31 December 2025. In addition, drivers of buses with grey licence plates that can run on Hydrotreated Vegetable Oil (HVO100) will be obliged to fill up with biodiesel whenever they can. We also supply heavier pieces of equipment that still run on diesel engines with this more sustainable diesel fuel wherever possible and we are investing in the transition of heavy equipment to emission-free, partly at the request of our clients. A total of 1,349 of our fleet of vehicles with yellow license plates, a total of 2,866 vehicles, are now electric.

Equipment

An increasing number of projects have strict requirements regarding nitrogen and fine particulate emissions. In addition to CO₂ reduction, Heijmans therefore also pays attention to these emissions and, where possible, adapts equipment from the use of diesel fuel to emission-free fuel. An interim option is to fit after-treatment systems to the equipment. In the longer term, it will be necessary to deploy more electrically powered equipment, which will require additional investments. It helps if clients encourage the purchase of electric equipment, as the Ministry of Public Works and Water Management is doing in the case of the A1 Apeldoorn - Twello motorway, a major project where electric equipment is explicitly included in the schedule of requirements. Meanwhile, many small pieces of equipment are now available in electric versions. Heijmans also purchased larger electric-powered equipment last year. From chainsaws and vibrating plates to excavators, forklifts and asphalt sets: wherever possible, we are bidding farewell to combustion engines and switching to batteries.

Building sites

The increase in electric equipment and transport means that we now have to provide charging facilities at our building sites. What is very important is that the electricity supply on the building site must be equipped to deal with this. To provide sufficient power, we regularly use battery packs of up to 500 kW. In addition, in the second quarter of 2023 we decided to hybridise all our small generators up to 35 kVA (with a battery and a small diesel engine) and to refuel all generators using HVO100. To reduce pressure on the environment and on scarce space, we work with so-called hubs at several inner-city building sites. We use these locations, outside the city centre, for concentrated (mostly electric) distribution of goods and materials. We also use battery technology in Horizon's timber-frame housing production plant to boost the plant's energy supply.

Offices

Although the footprint of the Heijmans offices is limited, we have taken several measures in recent years to reduce it further. We have now installed solar panels at the offices where this was possible. Next, we will investigate whether we need to make any further adjustments at the various office locations, due to the changed working from home policy and the related occupancy rate at our offices.

THE CHALLENGES OF EMISSION-FREE EQUIPMENT



The construction sector cannot avoid the issue of harmful emissions, despite contributing 0.6% to total nitrogen deposition (excluding transport)*. Reducing nitrogen emissions in particular has made things difficult for the sector in recent years. In the construction sector, emissions come primarily from excavators and cranes on construction sites (the equipment), as well as from all transport to and from the site, the transport of personnel and the supply of materials. There are gains to be made in these areas. Because clean and emission-free construction not only makes the construction sector more sustainable, this transition to sustainable mobility also ensures cleaner air in our cities and a reduction in nitrogen emissions. And this benefits society as a whole.

That is why we are making sustainability a priority whenever we can. The goal is to have a zero-emission lease car fleet by the end of 2025. We are also taking steps on our construction sites. Today, machines on construction sites often run on diesel, especially machines that have to do heavy work and therefore require a lot of power, such as crawler cranes, shovels or bulldozers. For several years now, we have been using Hydrotreated Vegetable Oil (HVO) when diesel is still required. During the renovation of the Binnenhof (Dutch houses of parliament) on behalf of the Central Government Real Estate Agency, we actively worked to shape the transition to zero emissions. Work on the foundation reinforcement phase of the Senate of the States General and Council of State is being carried out using only electric equipment.

A growing number of tenders are asking for electric equipment. We see this as a positive development, but one that will involve substantial investments. This means that we need appropriate budgets and continuity in the call for tenders. The supply of electric heavy equipment is also lagging behind and this has to be purchased abroad. These developments are bogging down the market.

So how do we deal with this? By investing and converting the equipment ourselves. This way, we continuously take steps towards more sustainable equipment. At the same time, we continuously engage in dialogue with our clients to promote continuity in sustainable procurement. This is essential for the creation of a healthy business case.

**Source: Bouwend Nederland*

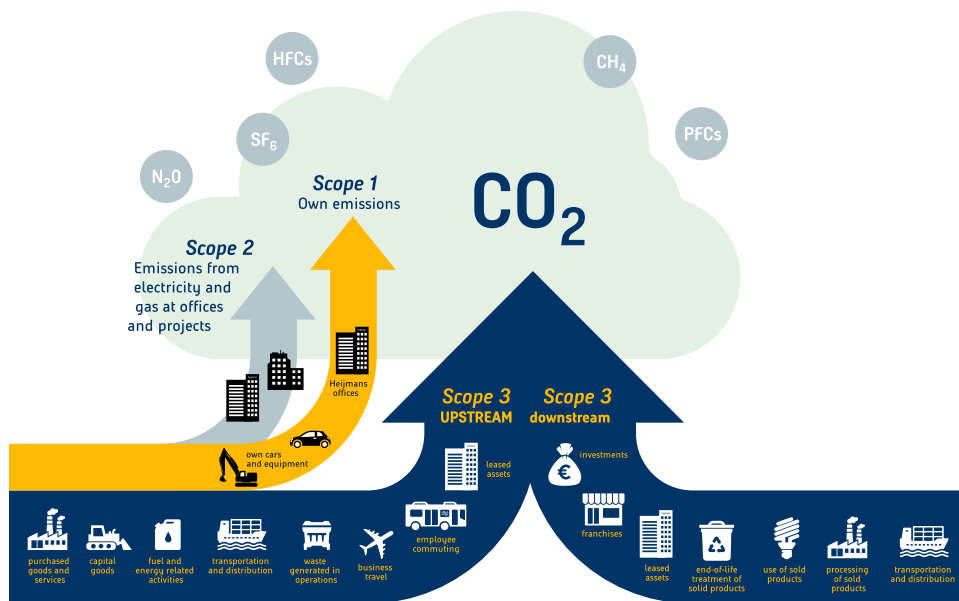
Voluntary compensation of CO₂ emissions

In the 2018-2023 strategy, we agreed to be carbon-neutral after 2023 and reduce our direct (or scope 1 & 2) emissions to zero by saving and generating energy and offsetting the remaining emissions. We are doing this because we are convinced that we need to make a huge effort by making long-term investments in sustainability and innovation. In the intervening period – in the period to 2030, when we want scope 1 & 2 to be completely energy-neutral - we want to minimise our impact on the climate with our direct emissions and have chosen to offset them by purchasing certificates from projects in which carbon emissions are sequestered over the long term or fossil emissions are replaced by sustainable alternatives.

The offset projects meet the high standards of the Verified Carbon Standard (VCS) or the Gold Standard. Reliability and effectiveness are crucial for Heijmans when it chooses compensation standards. The period for which the certificates are issued is also important and the fact that projects involved originate from the European Union. For our voluntary greening, we choose renewable energy sources such as wind, solar, hydropower and forestry projects. In 2023, offsetting involved 22,510 credits, from European wind projects. We are exploring the possibility of also purchasing certificates from a project organised by the Dutch national forestry commission (Staatsbosbeheer) as part of our cooperation aimed at adding value to Dutch forests.

Scope 3: indirect emissions

One of the spearheads of Heijmans' strategy for the coming years is to reduce all indirect emissions. We can do this by taking the emissions of the buildings to be built into account in our designs and by designing in a circular way, but especially by purchasing sustainably. One of the main influencing factors on this front is the procurement of materials. Requesting data regarding the environmental performance of the materials purchased and taking them into account in the design will be crucial in the coming years if we are to achieve our stated ambitions. Last year, we focused on making our houses energy neutral (scope 3 downstream). Our Horizon timber homes concept is having a positive impact on our equipment-related CO₂ emissions (scope 3 upstream). Our production plant opened in October and the first timber-frame houses have now been built in Eindhoven.



Solutions for our clients

Heijmans provides energy solutions for various market segments. For instance, for the construction, management and maintenance of energy networks and the development of energy solutions in area developments. To make office buildings more sustainable, our Heijmans Energy Management service gives building owners and managers insight into their energy consumption. We do this by proactively analysing and managing the property's energy consumption. Clients can then use this information to create energy-efficient offices and comply with all legal obligations.

Internal CO₂ pricing

At Heijmans, we have set up a system for internal carbon pricing. The purpose of this system is to influence investments and encourage sustainable innovations. Depending on their CO₂ emissions, the business units pay an annual CO₂ contribution to a central fund. We then use this fund to invest in innovations to help us to continue to reduce our footprint. Examples include the purchase of battery solutions and a contribution to research into sea salt batteries.

Future-proof value

We add long-term value to whatever building we build, renovate and/or manage. At Heijmans, we call this Future-proof value. It ensures that every building generates more value for the (end) user. Now that the market has become familiar with the idea of Future-proof value, we have also put this concept into practice over the past year. And we now find that an increasing number of organisations with large real estate portfolios are looking for this integrated sustainability strategy for their properties. Although the focus is still on energy and CO₂ reduction (scope 1 & 2), circularity is becoming increasingly important. A good example is Rabobank, for whom we renovated the head office in a circular fashion. Recently, the bank also awarded Heijmans the integrated maintenance of all its offices, in which sustainability is an important spearhead. But we also offer clients like the Sociale Verzekeringsbank (SVB) and GGZ Rivierduinen a clear differentiating factor with this concept. Our Future-proof value vision is also reflected in our larger new-build projects. De Nieuwe Post in Arnhem, for example, is a pilot project for the Central Government Real Estate Agency, in which we are looking to achieve high level of circularity and energy neutrality in both the construction and management phases.

DILEMMA - CO₂ EMISSIONS OF COMPLETED HOMES



We measure the average CO₂ emissions from completed homes as an indicator of scope 3 downstream emissions. It is also a measure of one of our bold statements. Over the past few years, we have seen a steady decline in the CO₂ emissions per completed home. From 1,409 kg in 2020, to 1,021 kg in 2021, to 932 kg of CO₂ in 2022. But although we are on the right track in terms of reducing CO₂ emissions from our completed homes, the 2023 average shows something different. That rose to 1,061 kg of CO₂ per home in 2023.

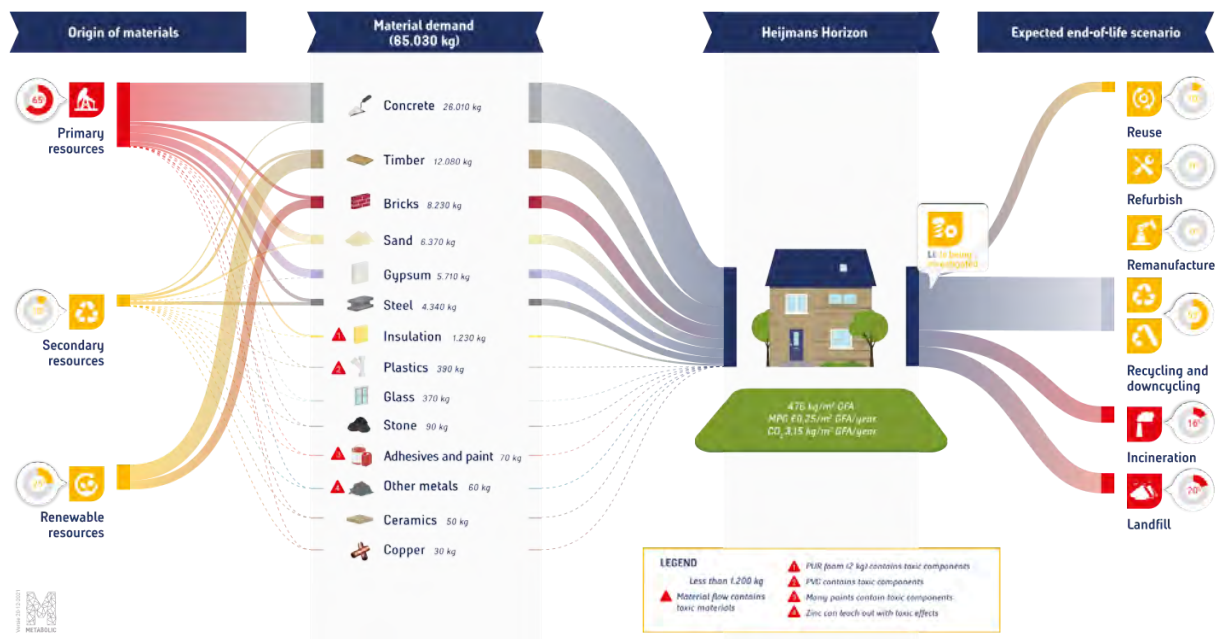
This is down to two reasons. In 2022, we delivered the Greenville Utrecht project with extremely low emissions, lowering the average for that year. In 2023, we delivered three projects that had been running for a long time, meaning they were from a different era in terms of sustainability. That meant that these homes had relatively high carbon emissions. Two of the three are large projects, giving them an especially large impact on the figures. If we exclude these three projects, the average emissions would have been 723 kg CO₂ per dwelling in 2023.

This shows that we are in a transitional phase. Ongoing projects that may not yet meet the latest sustainability requirements will be completed in the foreseeable future. On the other hand, we are developing our new projects in line with the sustainability ambition 'houses are carbon-neutral or better'. This means that in the coming years we will continue the downward trend of recent years.

10.3 Materials transition

Circular construction and CO₂ impact

In 2023, we made solid progress in the development of our refined 2030 strategy, in which sustainability plays an essential role. On the sustainability front, our primary focus for 2030 is on climate (CO₂), biodiversity and water. In terms of the sustainable use of materials, this refined strategy means that not only does circular construction aim for the endless circulation of raw materials in functional cycles, but also for an increasing focus on their environmental impact and CO₂ emissions. A significant portion of Heijmans' CO₂ emissions (scope 3) is related to the use of materials in our projects. Heijmans will continue to play its role as Master of Material Streams and we will continue to take responsibility for organising this in the chain and bringing organisations together. To this end, we have applied material flow analysis as a first step in several projects. We list a number of examples below per business unit.



Property Development and Residential building

At Property Development and Residential building, we identified material flows for all residential concepts in 2023. For both the concrete and timber-frame houses and the stacked (apartment) concepts. This gives us a total overview of material use, which means we can now focus directly on the most damaging materials. To clearly communicate the need to reduce the CO₂ emissions of materials internally and externally, we have embraced the Paris Proof method (striving to make the built environment completely climate-neutral by 2050). This involves determining the permissible CO₂ emissions of materials per home based on the available CO₂ budget in line with the Paris Climate Agreement.

We took a major step forwards on the sustainability front with our timber-frame house production plant in Heerenveen, where we produce our timber-frame houses on an industrial scale. At the end of 2023, we completed the first homes for a project in Eindhoven. These timber-frame houses score better on raw material use and environmental impact/CO₂ emissions than the current concrete variant. We have started the first studies on this topic. We also took our first step towards a timber alternative for stacked houses in 2023.

The Dutch national forestry commission (Staatsbosbeheer) and Heijmans have joined forces to incorporate OSB board material made from timber from Dutch forests in timber-frame houses produced according to the Horizon concept. Each year, Staatsbosbeheer supplies logs to West Fraser's plant in Genk, Belgium, which West Fraser then processes to produce 40,000 m³ of OSB board material under the Hollands Hout label. The raw material comes from Staatsbosbeheer's forests and is FSC certified.

Why Heijmans chooses to use FSC timber

FSC forest certification ensures not only that the forest area is preserved, but also that the forest is managed in a way that preserves its biodiversity. The earth desperately needs biodiversity to cope with climate change. For instance, grasslands with a higher diversity of grasses and herbs are more stable in providing ecosystem benefits under highly variable weather conditions. This is why Heijmans uses FSC-certified wood in our Horizon housing concept and others.

We teamed up with Europrovyl to make window frames more sustainable. We conducted a pilot project with sustainable plastic window frames in Pijnacker, installing completely fossil-free window frames without polluting PVC.

In addition, we started a collaboration with Heembeton and SQAPE for the production of cement-free concrete shells. This uses geopolymers as an alternative binding agent to cement, which can lead to significant environmental gains. The validation certificate for this was issued in December 2023 and we are working towards the realisation of the concrete shells in early 2024.

Non-residential

Non-residential completed most of the circular renovation of the Rabobank headquarters in Utrecht in 2023. In this project, we realised several circular interventions based on material flow analysis, including the use of circular concrete, cellulose insulation material, demountable internal walls and reused plasterboard. This led to a 23% reduction in the share of primary raw materials, which in turn led to a 55% reduction in material-related CO₂ emissions. Completion is scheduled for early 2024.

Another project is De Nieuwe Post: the renovation of the government offices at Stationsplein West in Arnhem. Together with the Central Government Real Estate Agency, we have set the bar high in terms of circular construction and this theme is central to the design process, which started in 2023. We have set clear targets for this project with regard to incoming and outgoing material flows, with the aim of closing the related cycles as much as possible. The New Normal, a market-wide framework that Heijmans also signed in December 2023, forms the basis for ambitions set. For example, one ambition is that 70% of the materials used in the building should have a secondary or renewable origin. In addition, 90% of the materials used must be able to be reused or recycled to a high degree in the future. We are already making great strides by constructing the top of the building entirely in timber, using a significant proportion of renewable materials. We also involved the supply chain early on in this project, so everyone can contribute to the reuse of materials. For instance, we have teamed up with a demolition company to make an early inventory of the materials that are released and record them digitally. We also looked at the opportunities for reuse with various suppliers. Furthermore, we have identified risks related to quality, transport and storage. By setting these concrete, circular ambitions, together we are gradually creating a chain-wide ecosystem in which Heijmans takes the helm as a sustainable leader.

In the field of circular management and maintenance, Heijmans has taken new steps in various maintenance contracts to make the required materials circular. Among other things, this means even more circular alternatives for common maintenance activities, such as the maintenance of pumps, filters and air treatment units. We also make Building Circularity Index (BCI) calculations for buildings. We use this methodology to measure the sustainability, reusability and detachability of any materials used. We can then use this data to provide our clients with insights into the (potential) sustainable results of circular management and maintenance.

Infra

Heijmans Infra Schiphol has applied several measures to realise the joint sustainability ambitions of Heijmans and Schiphol Airport in the MC2019 Lot 1 contract. Due to the huge numbers of materials and products that Heijmans processes at Schiphol, saving or reusing material yields enormous sustainability gains. Based on an impact analysis of circularity, Heijmans defined the prioritisation of product groups at Schiphol. On this basis, Schiphol and Heijmans employees have formed working groups for ongoing cooperation. This includes the product groups asphalt, concrete, markings, lighting fixtures and bases. In the case of asphalt, for example, we realise high-quality recycling of the asphalt that is released. Together with Schiphol Airport and Volker Wessels, in 2023 we opened a circular materials hub aimed at a high-quality closing of the concrete circle. Together with the supplier of the lighting fixtures, we have realised an initial return pilot in which we are having 1,400 runway lights reconditioned for reuse. These initiatives contribute both to reducing the CO₂ footprint and to less depletion of raw materials.

Heijmans Infra went through various processes in the field of circularity in 2023. Some of these developments have led to concrete sustainable products and reductions in waste flows, but also to pilots that have already resulted in concrete successes in a number of cases. Via regional hubs, for instance, we are gaining experience in realising local storage of reusable raw materials, helping us to minimise transport movements.

We have launched innovations in the field of recycling fine granulate as secondary raw material, applying sustainable wear layers (secondary crushed stone) and a self-cleaning gutter for microplastics. In practice, we apply self-healing concrete with less reinforcement. On the A1 Apeldoorn-Azelo project, a pilot is in progress for the use of alternative binding agents in concrete, aimed at reducing CO₂ emissions by about 75%. We are doing this partly with our cooperation partners.

For example, in the project to widen the N59 link road, we installed our circular guide rail with electric equipment. We dismantle steel that is good enough for reuse, measure it and check its quality. We de-galvanise the steel and then re-galvanise to the original quality of new guide rails. Combined with the installation of a charging square in collaboration with Greenchoice and Green Energy Storage, the use of HVO100 biodiesel and sustainable asphalt mixtures, we saved 4,467 tonnes of CO₂ on that project.

In the project to widen the A1 motorway between Apeldoorn and Twello, our ambition is to work 100% emission-free. We have gained a lot of experience on this project in areas such as electrification, working safely and working with charging facilities. We embed the acquired knowledge in processes and use as much of it as we can in other projects. We also share our knowledge with cooperation partners, clients and knowledge networks. In addition, we applied the environmental cost indicator (ECI). To lower the ECI, we conducted a trial using circular concrete together with the Rutte Group. This circular concrete is sustainable quality concrete and made from demolished concrete rubble.

At the Attero production site in Wilp, we produced 32 massive girders. These girders will be used to widen five existing structures: Zuster Meyboomlaan, Oude Apeldoornseweg, Kayersdijk and the Bridge over the Apeldoorn Canal and H.W. Lordensweg. Allowing the girders to cure for 28 days before demoulding (instead of one day) eliminates the need to add additives that shorten the curing time. Also, less cement is needed to achieve the required demoulding strength. In addition, we are using a cement type with a lower environmental impact than is normal in the precast industry. By producing the girders ourselves, we expect an ECI reduction of 18%. We will conduct another evaluation, which will also look at the actual ECI reduction.

In 2023, we also committed to an ECI reduction in the Sea & Delta Performance Contract, Oosterscheldekering (PCZD-OSK) and Basic Maintenance Contract South Netherlands - Lot Midden projects. In the case of PCZD-OSK, subcontractors' equipment and commuting are also included in the scope of the ECI, which ensures broader chain responsibility. For the Sea & Delta performance contract, South in the Ghent-Terneuzen canal, we installed a plastic trap. In cooperation with the Clear Rivers organisation, we have installed a plastic catcher and the captured waste is being analysed. The initial analysis of the waste shows that the captured plastic consists mainly of nurdles (small plastic granules).

Bio-based building materials from hemp fibre

In 2023, we announced that this year we plan to start a trial in Friesland to grow and apply bio-based building materials made from hemp fibre. The aim is to use hemp for the first time as insulation material in around 20 Horizon homes. We not only want to make our housing concepts more sustainable, but also look at whether the cultivation of these raw materials can serve as a business model in the agricultural sector. For this trial, we started a cooperation with a farmer from the municipality of De Fryske Marren and the company GreenInclusive. The hemp will be cultivated on more than 6.5 hectares of agricultural land owned by Heijmans. Together with GreenInclusive and the tenant farmer, we looked at whether it was possible to cultivate natural raw materials as part of his business. The farmer himself is curious about the sustainable crop and wants to integrate its cultivation in his business in the coming year. One important aspect was the guaranteed purchase of the 6.5 hectares of raw materials. This was made possible by the cooperation between Heijmans and GreenInclusive.

GreenInclusive will take care of cultivation supervision and the processing of the raw materials into bio-based building materials, such as insulation or sheet material. Heijmans will purchase the end products for its own Horizon housing concept. Those houses will be manufactured in nearby Heerenveen in Heijmans' timber-frame house production plant.

10.4 Space

We develop blue, green and safely

We are seeing a growing social awareness of the need to keep our planet liveable. Heijmans has also stated its firm ambition in this respect: from 2030, all our interventions will lead to the improvement of nature and a climate-proof Netherlands. Our starting point is to cooperate with the natural system as much as we can. This is how we create a healthy living environment; the core of Heijmans' strategy.

We are well aware of the importance of water and soil. This is why we treat them with care and move with local natural systems, both in area developments and housing construction, as well as in Non-residential and infrastructure projects. Climate adaptation is a matter of customisation. It is about retaining, storing, infiltrating and reusing water. In all cases, we aim to provide a future-proof living environment that can safely accommodate the extremes of the changing climate.

We are not working on a nature-inclusive, climate-adaptive living environment alone. We constantly exchange knowledge and expertise with ambitious organisations and knowledge institutions, such as Naturalis, NL Greenlabel, The Pollinators and the national forestry commission (Staatsbosbeheer).

For Heijmans, the climate scenarios published by Dutch weather bureau KNMI underline the need to work together on circular water management in the built environment. This requires an integrated view on water and new ways of cooperation with various parties. Partly for this reason, Heijmans became the first nationwide construction company to join the WaterBank platform in October 2023. This cooperative knowledge and network organisation wants to realise a new water balance, among other things by using residual water more intelligently. Heijmans focuses, among other things, on collecting and reusing rainwater. We take this into account at an early stage when designing our homes and buildings. Treating waste water locally is also one of the developments on this front.

Healthy soil

Healthy soil is fundamental to climate adaptation and nature-inclusive working. This is why we have worked in various ways to create greater awareness of this within Heijmans and also to translate this idea into concrete design principles and working methods. The following are examples of this approach:

- A joint exploration with Wageningen University & Research of the principles underlying healthy soil.
- Developing Sustainable Design Principles (SDPs) aimed, among other things, at maintaining and creating healthy soil.
- Increasing internal awareness through a collaboration with the makers of the 'Onder het maaiveld' (below ground level) documentary. The makers produced a Heijmans edition of this film and we used it to create awareness about the importance of and our impact on healthy soil.

(Smart) Monitoring biodiversity

In collaboration with the Naturalis Biodiversity Centre, we are using Artificial Intelligence (AI) technology to measure the biodiversity actually present on the construction site of the Vijfsluizen project in Vlaardingen. Using AI, we monitor biodiversity on the project's construction site based on image and sound recognition. We can then use this data to provide insight into the impact of our activities, as well as the impact of any measures we take. Heijmans sees the use of AI as an important development, partly because AI can contribute to a uniform way of monitoring biodiversity and partly because it can potentially also be applied on a large scale.

At the Parijsch project in Culemborg in 2023, we monitored the effectiveness of various nature-related measures. This produced new insights into the effectiveness of fauna facilities for various species in new buildings. We will use these insights as we continue to develop nature-inclusive measures.

Area developments

Area developments often involve major interventions in infrastructure, landscape and the environment. Together, Infra and Property Development can offer the entire process, from initiative to management. Working with NL Greenlabel and its system is now fully integrated into our area development processes. This leads to major, measurable steps towards a sustainable and healthy living environment. In the initial phase of an area development, Heijmans establishes the ambition for the project with its partners and with NL Greenlabel using a pre-screening tool. In the design phase, an NL Greenlabel assessor tests whether the ambition is actually included in the final design. Finally, after delivery, this check is performed again, leading to a final score for the project site.

NL Greenlabel's label methods examine eight main themes to determine how sustainable a development is. These themes are: Design, Realisation & Management, Products & Materialisation, Energy & Climate, Soil & Water, Biodiversity, People & Environment and Assurance. For each theme, a project can score points on three components, which must be demonstrated by Heijmans. Adding up all these points results in a score between A and G, with Heijmans always aiming for a score of A or B for the public areas of a project.

Reducing the impact on the environment

By building in an industrial scale, we reduce the impact of building sites on nature. In the past, an area was completely cleared in preparation for construction, but now we can take a different approach, devoting much more attention to the preservation and enrichment of existing nature. As more houses are produced off-site in the production plant, less equipment and fewer construction movements are needed on the building site. When building timber-frame houses, we can also use electric cranes as a result of the large weight savings. To inspire the residents of the timber-frame Horizon houses, we designed five themed gardens with a Garden Label A, one of NL Greenlabel's labels. Once the project is completed, these green gardens make the neighbourhood pleasant to live in.

Growing attention

At Infra, too, we are seeing clients paying increasing attention to climate adaptation and nature inclusiveness. Thanks in part to our knowledge in this area, last year Infra won new framework contracts with TenneT and Vitens, among others. On the other hand, the degree of priority and attention given to climate adaptation and nature inclusiveness varies widely, as does the degree to which clients have a clear focus on their ambitions and the extent to which they are able to translate these ambitions into infrastructure assignments for the municipality or province in question. This results in a variety of issues regarding climate-adaptive solutions, sustainable implementation and alternatives, and solutions related to the energy challenge. Our knowledge and experience have helped us to successfully acquire and realise some wonderful projects, from the redevelopment of residential areas to making business parks more sustainable.

Nature ladder

Heijmans and Dura Vermeer teamed up to develop the Nature Ladder. The Nature Ladder is an instrument that provides employees in the infrastructure sector with tools to ensure more biodiversity in projects. All the green spaces around our railways, waterways and motorways make up the largest nature area in the Netherlands, which is largely managed by construction companies. Looking at it from this perspective, the infrastructure sector plays a major role in promoting biodiversity in the Netherlands and making the country climate-proof. The Nature Ladder makes it possible to set concrete targets for nature-inclusive and climate-conscious construction. This helps to keep our green-blue ambitions sharp throughout the entire process, from design to realisation. In 2023, Heijmans Infra successfully applied the Nature Ladder in 15 projects. In those projects, we identified opportunities for climate adaptation and biodiversity and discussed these with clients. In several cases, this led to the implementation of these opportunities in the project.

We are currently working on version 2.0 of the Nature Ladder, which will be made available online for the entire sector. In this way, we are taking concrete action on our vision that successful assurance of climate adaptation and biodiversity can only be achieved together with all the stakeholders in the infrastructure sector.



“Making a big theme
small and tangible”



TOM VAN DE BEEK

INITIATOR OF THE POLLINATORS

“Biodiversity in the Netherlands has declined by 75% over the past century. We call attention to this, by making that major issue small and tangible. The aim is to create a bottom-up movement of citizens and companies taking up the cause of bees. The built environment is very important when you talk about pollinators. You can look at what you can add to the existing environment afterwards, but it is even more interesting to look at new buildings. That is where you can take into account a healthy environment for all kinds of life - humans as well as pollinators - before you even start a project.”



11 Van Wanrooij

11.1 Synergy with Heijmans

Heijmans' acquisition of the company as per 5 September 2023 marked the start of a new chapter for Van Wanrooij, after two generations of the Van Wanrooij family successfully built the company into a nationwide player. The Heijmans-Van Wanrooij combination is now one of the largest developing house builders in the Netherlands. The bundling of construction and development expertise, order books and the potentially wider deployment of the Optio housing concept provide a solid foundation for this acquisition. The current (family) management of Van Wanrooij is looking forward to giving Van Wanrooij a positive start as part of Heijmans and guiding the transition as effectively as possible. For the time being, Van Wanrooij will continue to operate independently within Heijmans under the company name Van Wanrooij.

11.2 Results

In the full-year 2023, Van Wanrooij sold 766 homes compared with 819 homes sold in 2022. This is the net number of homes, or, in other words, after the deduction of the proportional part realised by cooperation partners. On a gross basis (in which each house sold in a partnership is fully counted), Van Wanrooij sold 1,009 homes in 2023 versus 1,025 a year earlier. Previously, Van Wanrooij always reported on a gross basis. The gross view is also the basis on which Heijmans previously communicated that Van Wanrooij develops around 1,000 - 1,500 homes annually. In a year in which home sales lagged considerably behind previous years, particularly in the first three quarters of the year (see NVM and CBS reports, among others), Van Wanrooij thus remained within the set ranges in terms of sales. Although Van Wanrooij also suffered from an unfavourable sales climate due to rising costs and pressure on affordability, the Optio concept remains highly sought-after in suburban locations. This is because the predominantly ground-level suburban development areas are easier to phase than inner-city projects, which often involve high-rise buildings. Van Wanrooij's primary sales channel is the consumer market, and sales in this market remained at a stable level in 2023.

With a total working inventory of land positions increased to over 14,000 homes (net), Van Wanrooij is in an excellent position to accelerate as the housing market continues to recover and residential sales pick up. The first signs of this were already visible in the fourth quarter of 2023, supported by falling medium-term interest rates and rising wage growth that increased consumers' borrowing capacity. These aspects increase affordability for (prospective) buyers and the NVM has already reported 12% higher home sales in the fourth quarter of 2023 than a year earlier.

More than half of the developed homes are realised by Van Wanrooij's in-house construction company, almost always based on the Optio housing concept. This housing concept is solid and continues to develop every year, which offers a lot of perspective. Van Wanrooij continues to innovate the Optio housing concept, keeping its homes affordable and guaranteeing diversity in the plans.

11.3 Challenges and opportunities in the housing market

Changing legislation is creating an uncertain outlook in the housing market. In recent years, this was reflected in a lower volume of building permits issued. In addition, from mid-2023, inflation and interest rates increased in a short period of time, leading to uncertainty for house hunters when making investment decisions. In particular, sales of owner-occupied homes in the more expensive segment have slowed in recent years. Van Wanrooij bundles unsold homes into the 'Premium Selection' from the start of construction. This ensures that the unsold homes under construction are sold as quickly and successfully as possible with the use of its in-house estate agent, and the overall inventory position remains at a healthy level.

However, the housing market outlook remains strong, with demand structurally outstripping supply. For first-time buyers in the Netherlands, finding a home remains difficult. Supply is limited and there are still not enough affordable homes per project. With the new XS, XXS and BeBo variants in the Optio range, Van Wanrooij is also building suitable homes for this target group. In addition, Van Wanrooij will sit down with housing corporations at an early stage in new projects, to make sure the percentages of social rental housing agreed with municipalities can be realised.

Making new buildings more sustainable also remains a challenge. Changing laws and regulations lead to delays in planning and put further pressure on the affordability of homes. In its Optio range, Van Wanrooij has now combined a number of proven techniques to build sustainable and extra energy-efficient homes. Thanks in part to its permanent chain partners, Van Wanrooij can anticipate and respond to changes in the market.

11.4 Moving forward together

With a well-filled work inventory and order book for both project development and its construction company, Van Wanrooij's prospects for 2024 are good. The pooling of knowledge between Van Wanrooij and Heijmans will give the continuing sustainability improvement of the Optio concept an extra boost in the coming years. The combination will create an even larger work inventory, enabling both companies to scale up their chosen housing concepts more effectively. Together with Heijmans, Van Wanrooij is ready to realise business success and to continue to innovate and professionalise in 2024. Apart from the strength of the combination of the two companies in terms of size, the two companies have a lot to learn from each other. We will put additional focus on the latter in 2024.

A portrait of John van Wanrooij, CEO of Van Wanrooij, wearing a dark blue suit, white shirt, and patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred indoor setting with a brick wall and a white structure.

**“A solid foundation
for positive development”**



JOHN VAN WANROOIJ

CEO VAN WANROOIJ

“Two years ago, we as a family expressed our intention to step aside in the coming years and operate more at a distance from the company to ensure continuity for the future. Over the past two years, we have taken several steps on this front together with the people in our organisation. Transferring our business to Heijmans is the next step in this process. Combining our construction and development expertise, order books and the potential wider roll-out of our standard Optio housing concept provides a solid foundation for the positive development of the combined companies in the future. We look forward to giving the new combined company a positive start.”



12 Results

12.1 Financial results

Revenue and underlying EBITDA

In 2023, Heijmans' revenue increased by almost 17% to € 2,117 million from € 1,812 million. On an organic basis, excluding the impact of the Van Wanrooij acquisition, revenue came in 10% higher. Building & Technology and Infra both recorded strong growth. The decline at Heijmans Property Development was related to the nationwide decline in home sales, which became visible from mid-2022 and was accompanied by a rapid rise in (mortgage) interest rates. However, home sales have visibly picked up again since the fourth quarter of 2023, prompted by a slight drop in interest rates combined with wage increases. Van Wanrooij's revenue as from 5 September, driven by 431 net home conveyances, developed well and amounted to € 125 million.

Infra managed to respond to the central government's heavier emphasis on replacing and renovating the existing road network, as well as the flood protection programme and energy transition. At Building & Technology, both Services and Non-residential Projects posted solid volume growth. Despite the lower volume coming from Property Development, Residential Building managed to maintain its overall volume by carrying out assignments for housing corporations and investors. Residential building saw a particularly sharp increase in revenue from housing corporations, for new-build, maintenance and renovation projects.

Heijmans is targeting underlying EBITDA margins of 4% - 6% for all its construction activities and 6% - 8% for its property development activities and, as it did in 2022, managed to meet these target margins in all business areas in 2023. Infra came in even higher due to a combination of volume growth and strong project performance, even if the release of the Wintrack II provision is excluded. The Wintrack II case ended for Heijmans with the final ruling of the Board of Arbitration on appeal. The ruling on the case was positive for Heijmans, which meant we could release the provision taken for reasons of prudence.

Underlying EBITDA rose to € 147 million from € 126 million in 2023. Building & Technology and Infra recorded an increase in underlying EBITDA, while at Property Development underlying EBITDA fell in line with lower revenue to € 27 million from € 42 million. Van Wanrooij contributed € 20 million to EBITDA from 5 September. The purchase price allocation as part of the acquisition resulted in the revaluation of all development positions to market value as of 5 September. Under IFRS, this revaluation results in a higher cost of sales for the land under development. This non-cash fair value step-up of the land had an impact of € 11 million from 5 September to year-end. For a more detailed explanation of the impact of the purchase price allocation, please see the financial statements, section 6.2 Business combinations.

Property Development

In line with the decline in volume in the housing market, Property Development recorded a decline in revenue to € 412 million (2022: € 570 million). Underlying EBITDA fell to €27 million from €42 million. Projects performed at a similar level to the previous year, but the lower volume led to under-coverage of indirect costs, which resulted in a decline in the underlying EBITDA margin to 6.6% from 7.4%. There were two main reasons for the lower revenue. Firstly, it took longer - especially for large-scale, inner-city apartment complexes - to achieve the desired pre-sales percentages required for the start-of-construction decision. Secondly, projects are being delayed due to increasingly lengthy zoning procedures, with objection procedures taking extra time.

Residential sales picked up again from the fourth quarter of 2023 onwards. This is particularly pronounced in the suburban house segment. Inner-city projects are larger and more difficult to phase, so the recovery is somewhat slower in that segment. In 2023, Heijmans ultimately sold 1,803 homes, with 680 of these sold to private buyers and 1,123 to housing associations and investors. This means the total number of homes sold remained practically the same as in 2022 (1,811 homes sold). Projects involving the construction of houses, such as Blent in Nijmegen, Hulakker in Lunteren and Borg and Buiten in Culemborg contributed to this development.

The scarcity in the housing market remains, the result of years of government policy with a focus on inner-city construction, primarily of apartment complexes. This government policy has resulted in a one-sided supply of mostly large-scale, inner-city projects with long construction times and difficult business cases. Increasing suburban planning capacity and shortening spatial planning procedures is essential if we are to arrive at a structural solution for the shortages in the housing market. There is certainly demand for affordable homes, but in say seven to 10 years' time, today's first-time buyers will need to move up on the property ladder. Our plea is therefore to build for starters, but not to lose sight of mobility in the housing market in the near future.

Van Wanrooij

From 5 September (the acquisition date) to year-end, Van Wanrooij posted revenue of € 125 million. Underlying EBITDA in this period was € 20 million after the allocation of the release of the fair value step-up of € 11 million that was performed as part of the purchase price allocation (for a more detailed explanation see the financial statements, section 6.2 Business combinations). Project Development saw 431 homes transferred to buyers in the last months of the year. Due to the high number of transfers in the final months - accounting for more than half of the full year figure, the underlying EBITDA in this period was relatively high compared with the full year. Van Wanrooij uses separate purchase and contract agreements, resulting in a lower revenue base and correspondingly higher margin than at Heijmans Property Development. The high level of standardisation resulting in higher productivity per employee also contributes to this higher margin.

In 2023, Van Wanrooij sold 1,009 homes (gross) compared with 1,025 in the previous year, almost entirely in the private segment. In a year in which home sales lagged considerably behind previous years, particularly in the first three quarters of the year (see NVM and CBS reports, among others), Van Wanrooij therefore remained within the set bandwidth of 1,000 to 1,500 homes (gross) in terms of home sales. On a 'net' basis, i.e. after deducting the proportional part realised by cooperation partners, Van Wanrooij sold 776 homes. As this is the definition used by Heijmans Property Development for residential sales, we will be reporting on this basis in the future. In this case, the target range will be 750 to 1,250 homes (net) per year.

Van Wanrooij's primary sales channel is the consumer market and sales figures remained at a stable level in that market in 2023. Although Van Wanrooij also suffered from an unfavourable sales climate due to rising costs and pressure on affordability, Van Wanrooij's homes in suburban locations remain highly sought-after. This is because the mainly suburban house development areas are easier to phase than inner-city projects, which are often in high-rise buildings. More than 90% of the homes Van Wanrooij built in 2023 were based on the Optio concept. Good examples of projects in which the Optio concept shows its value include Landgoed Coudewater ('s-Hertogenbosch) and Huurlingsedam (Wijchen). Both projects are characterised by a great deal of variation in housing types and price categories. From affordable starter homes, rental homes, spacious terraced and corner houses to luxury semi-detached houses. Van Wanrooij continues to innovate the Optio housing concept, keeping homes affordable and ensuring diversity in plans.

With a work inventory of land positions that has increased to over 14,000 homes (net), Van Wanrooij is in an excellent position to accelerate when the recovery in the housing market continues and residential sales continue to pick up. The first signs of this were already visible in Q4 2023, supported by falling interest rates and rising wages, which increased borrowing capacity for consumers. These aspects increase affordability for (prospective) buyers.

Building & Technology

Revenue at Building & Technology increased to € 1,076 million from € 933 million. Driven by higher volume, underlying EBITDA rose to € 46 million from € 38 million. At 4.3%, the margin was slightly higher than in the previous year. This margin includes the start-up costs of the timber-frame housing production plant in Heerenveen, which opened in October. The basic premise in the development of these homes is sustainability and affordability through industrial and modular production. The Heijmans Horizon concept has many options and variations. At the same time, we build and develop in a nature-inclusive and climate-adaptive way. This is how we contribute to a healthy living environment for people and nature. After the opening of the timber-frame housing production plant, the first houses of this were placed for a housing association in Eindhoven at the end of 2023 and the first owner-occupied houses have now been sold in Culemborg.

The increase in revenue at Building & Technology was largely realised in the Services business. Heijmans was particularly pleased with the share of recurring business, arising from existing, long-term relationships. Royal FloraHolland (RFH) is the most recent partner with whom Heijmans has closed a long-term contract in this context.

There was also strong growth at Non-residential projects. Heijmans was commissioned to renovate and expand a listed municipal building to create a new government office in the Arnhem railway station area. This involves a former post office, which will house the Tax and Customs Administration, the Central Government Real Estate Agency and the Education Executive Agency. The contract, including maintenance, has a total contract value of over € 55 million. Heijmans also received the definitive contract for the technical design of the new building for the Faculty of Applied Sciences at Delft University of Technology. The design phase started last year, after which demolition of the current plot will start in the course of 2024. The total project has a revenue value of around € 65 million for Heijmans.

Despite a lower share of construction projects from Heijmans Property Development, the revenue share for the construction/renovation of homes remained at the same level. This was partly due to more renovation contracts from housing associations, which last year resumed investing in new-build projects and making existing homes more sustainable as a result of the removal of the landlord levy. This involved a total of around 2,000 homes that were made more sustainable. On the other hand, through more new-build projects, such as the construction of 264 rental apartments (156 social and 108 mid-rental apartments and around 1,500 m² of social business space and workplaces) in Utrecht's Leidsche Rijn Centrum. Heijmans recently started construction work on the Bloei030 project in Utrecht. The revenue value of the project is € 55 million. Last year, Heijmans also signed an agreement with the Woonkracht10 housing corporation for the realisation of 137 new-build houses and apartments in the Kraaihoek district in the centre of Papendrecht. The revenue value of this contract is € 26 million.

Infra

Infra's revenue rose 21% to € 800 million from € 661 million. This strong increase was primarily due to higher volume at energy infrastructure, asset management and the government's Flood Protection Programme (Dutch: HWBP). Following the Board of Arbitration's final ruling on appeal in the Wintrack II project case, the case ended in Heijmans' favour. This meant Heijmans was able to release the remaining provision, which had a positive impact of € 14 million on underlying EBITDA. Infra's underlying EBITDA increased to € 66 million from € 55 million, resulting in an excellent margin (net of the impact of the release of the Wintrack II provision) of 6.6%. Infra's order book remains above € 1 billion.

Infra is well positioned for the energy transition, as evidenced, among other things, by its partnership with TenneT in the EU 303 tender for upgrading high-voltage substations in the Netherlands. Last year, Infra's delivered the modification of the Krimpen high-voltage substation with the maximum achievable client satisfaction. Other projects in the context of this partnership are still in progress.

At the end of 2023, Heijmans was awarded the maintenance contract for the motorways in the province of South Holland. Heijmans was also awarded the Variable Maintenance of the national motorways in the eastern part of the Netherlands. This is a four-year framework agreement worth around € 125 million. Earlier this year, Heijmans also won other maintenance contracts, including those for sections of the A2 and A12 motorways in the central Netherlands. In collaboration with a partner, Heijmans has started work on the replacement and renovation of two bridges, the Spijkenisse Brug and the Brug over de Noord, also known as the Alblaserdam bridge. In 2023, Heijmans and GMB, working as the Waddenkwartier construction consortium, started work on the reinforcement of the Groningen section of the Lauwersmeer dyke. The construction phase represents a value of around € 90 million, with the Heijmans share amounting to 75% of this.

In the future, the theme of water will become an increasingly important one for Infra, in terms of both water safety and water balance and quality. With projects like the Médoclaan in Maastricht, which involves the storage of rainwater, and in Rotterdam's Hart van Zuid district, which involves the reuse of rainwater after local treatment to clean buildings and in fountains, Infra is already showing that it is responding to this issue.

Revenue in € mln.	2023	2022
Property Development	412	570
Building & Technology	1,076	933
Infra	800	661
Van Wanrooij	125	0
Elimination	-296	-352
Total revenue	2,117	1,812

Underlying EBITDA in € mln.	2023	2022
Property Development	27	42
Building & Technology	46	38
Infra	66	55
Van Wanrooij	20	0
Group	-12	-9
Total underlying EBITDA	147	126

Operating result

Heijmans' operating result (EBIT) came in at € 81 million in 2023 (2022: € 71 million). This included € 12 million in transaction costs related to the Van Wanrooij acquisition, consisting of advisory costs, other transaction costs, including transfer tax, a one-off employee retention bonus and costs related to the calculation of the purchase price allocation in the financial statements. The 2023 operating result was also impacted by € 3 million in restructuring costs due in particular to qualitative adjustments to the organisation (2022: € 3 million).

Compared with 2022, depreciation and amortisation increased to € 46 million from € 39 million. About half of the higher depreciation was related to increased investments in electric equipment and the timber-frame housing production plant, while the other half was related to the acquisition of Van Wanrooij. At Van Wanrooij, depreciation was largely related to leases (offices and cars) and to the amortisation of the Bouw order book that was valued as a result of the Purchase Price Allocation (see financial statements section 6.2 Business combinations).

The composition of the operating result can be specified as follows:

Operating result in € mln.	2023	2022
Underlying EBITDA	147	126
Correction EBITDA joint ventures	-5	-9
Depreciation real estate and land holdings	0	-4
Acquisition costs	-9	0
Retention bonuses	-3	0
Restructuring costs	-3	-3
EBITDA	127	110
Depreciation/amortisation	-46	-39
Operating result	81	71

Financial income and expenses

The balance of financial income and expenses in 2023 was a negative € 3 million (2022: negative € 4 million). Compared with the previous year, there were three main movements. Firstly, prior to the acquisition of Van Wanrooij, Heijmans was in net cash position. In the first eight months of the year, Heijmans deposited € 100 million in a deposit account. Given that short-term interest rates rose sharply from the summer of 2022, this led to interest income of a rounded 3% on an annual basis, increasing interest income compared with the previous year. Secondly, as a direct consequence of the Van Wanrooij acquisition, Heijmans once again drew on its syndicated bank facility from 5 September. This also increased interest expenses. The syndicated bank facility consists of a Term Loan and a revolving loan that are both subject to a floating rate of interest (three-month Euribor and one-month Euribor respectively). The applicable interest rate on the drawn amounts, including interest margin, was over 6%. Finally, interest expenses were no longer payable on the cumulative preference shares, as these were fully redeemed and cancelled in 2022.

The interest expenses also consist of (a limited number of) project financing facilities, capitalised fees related to refinancing costs, costs for keeping credit available (preparation costs) and the interest expense for lease obligations resulting from the application of IFRS 16 Leases. In addition to receipts in the deposit account as described above, interest income relates to loans granted and capitalised interest from land holdings.

Financial income and expenses in € mln.	2023	2022
Financial income	6	1
Interest expenses	-9	-4
Balance	-3	-3
Write-down of loans granted	0	-2
Capitalised interest	1	1
Other financial result	-1	0
Financial income and expenses	-3	-4

Result from associates

The result from joint ventures came in at € 3 million in 2023, which was lower than in the previous year. There were no exceptional items in this item; the decline was mainly due to lower volume in joint ventures that are not proportionally consolidated. A number of joint ventures were added with the acquisition of Van Wanrooij. The profit contribution of these joint ventures was adjusted downwards due to the fact that part of the fair value step-up of the inventory position is in joint ventures.

Taxes

Pre-tax profit came in at € 81 million in 2023, which was higher than in the previous year (2022: € 73 million). The tax rate in 2023 was 26.4%, which was higher than a year earlier (2022: 18.5%) and also slightly higher than the nominal rate of 25.8%. The increase was mainly due to two factors. Firstly, compared with the previous year, there were only limited unrecognised tax loss carry-forwards that could still be capitalised. In 2022, this had a net impact of € 5 million. Secondly, part of the transaction costs incurred as part of the Van Wanrooij acquisition were not deductible for corporate income tax purposes. The effective tax rate is expected to be in line with the nominal rate in the coming year.

Net profit and proposed dividend

Net profit for the full year 2023 came in at € 60 million, the same as in 2022. Heijmans proposes to make € 0.89 dividend per share available for the 2023 reporting year in the form of an optional dividend. This dividend proposal is in line with Heijmans' dividend policy, which envisages an annual pay-out ratio of 40% of net profit.

Cash flow

In 2023, cash flow was heavily influenced by investments. Both in the form of property, plant and equipment (see the investments in electrification and the timber-frame housing production plant), and in particular the acquisition of Van Wanrooij. Total investment cash flow (investments including acquisitions less depreciation) was a negative € 314 million. However, operating cash flow was strong, driven by an excellent net result development adjusted for the cash dividend and a slight improvement in working capital. Working capital (excluding Van Wanrooij for comparison's sake) remained at similar levels to the previous year. Higher inventories at Property Development and lower accounts payable were offset by substantially better pre-financing (work in progress position credit).

The combination of investment cash flow and operating cash flow led to a movement in net debt of € 288 million to a total net debt of € 137 million (2022: € 151 million in cash). In addition to limited movements in project financing and leases, the main factor was a € 197-million drop in cash and cash equivalents and the fact that Heijmans drew on € 75 million of its Term Loan. At the end of the year, Heijmans had not drawn on its revolving credit facility.

Cash flow in € mln.	2023	2022	difference
EBITDA - underlying	147	126	0
Restructuring expenses	-3	-3	0
Interest paid/received	-3	-6	0
Taxes paid	-9	-8	0
Change in working capital and other	-56	1	0
Cash flow from operating activities	76	110	-34
Acquisition associates	-262	-16	0
Investments in property, plant and equipment and intangible assets	-45	-22	0
Sales of property, plant and equipment and intangible assets	2	1	0
Balance of capital provided and loans to joint ventures and associates	-9	20	0
Investment cash flow	-314	-17	-297
Dividend paid	-13	-10	0
Change IFRS 16	-37	-23	0
Change in net debt	-288	60	-348

Capital and funding

The condensed balance sheet as at 31 December based on invested capital can be specified as follows:

Condensed statement of financial position in € mln.	2023	2022	difference
Fixed assets	538	339	199
Working capital	80	-116	196
Invested capital	618	223	395
Equity	384	317	67
Non-interest-bearing liabilities	97	57	40
Net debt (cash)	137	-151	288
Financing	618	223	395

Solvency remained at a stable level of 29% at year-end 2023 (2022: 29%), despite the substantial impact of the acquisition of Van Wanrooij on the balance sheet. Heijmans' balance sheet total increased by a lower amount than the acquisition price, as Heijmans paid a considerable part of the acquisition price from freely available cash. Furthermore, the balance sheet lengthened slightly as property, plant and equipment increased as a result of the investments in the timber-frame housing production plant and the electrification of equipment. The higher revenue led to slightly higher working capital line items. As the inventory of development positions in real estate (Heijmans Property Development and Van Wanrooij) is part of working capital and the inventory of development positions increased substantially as a result of the Van Wanrooij acquisition, total working capital (assets and liabilities side netted) was positive rather than negative. Adjusted for the inventory position, working capital remained negative, as most of the activities in the construction sector were pre-financed.

In addition, equity increased due to a combination of profit retention (net profit less cash dividend for the 2022 reporting year) and the fact that part of the acquisition (€ 23.5 million) was paid by issuing 2.3 million shares to the seller at an issue price of € 10.214 per share.

Invested capital: fixed assets

The composition of fixed assets can generally be specified as follows:

Fixed assets in € mln.	2023	2022	difference
Property, plant and equipment	115	74	41
Rights of use leased assets	90	72	18
Intangible assets	176	81	95
Other fixed assets	157	112	45
Carrying value fixed assets	538	339	199

Within fixed assets, last year saw a € 42 million increase in property, plant and equipment. This increase was primarily driven by Infra and the holding company. At Infra, there was a higher level of investment (compared with the level of depreciation/disinvestment) in heavy equipment. At holding company level, this was related to investments in the timber-frame housing production plant in Heerenveen, the assets of which have been transferred to Heijmans' facilities business and where Building & Technology produces the homes. The Van Wanrooij acquisition had an impact of € 13 million on fixed assets. The other business areas saw only limited changes in property, plant and equipment.

The increase in the rights of use of leased assets was mainly due to the electrification of the fleet combined with a higher number of lease cars, as well as the acquisition of Van Wanrooij. The total leased assets item at Van Wanrooij is € 9 million and consists primarily of head office rental and staff lease cars.

The increase in intangible assets is primarily due to the goodwill related to the acquisition of Van Wanrooij (see financial statements, section 6.2 Business combinations).

Other fixed assets increased to € 157 million from € 111 million. This item consists primarily of company buildings and land, machinery, installations, large equipment and other fixed operating assets. In the year under review, investments amounted to € 44 million (2022: € 26 million). These investments were mainly in the electrification of equipment. Within other fixed assets, we also saw a slight increase in associates. This was largely due to an increase in the net asset value of AsfaltNu.

Invested capital: working capital

Working capital stood at € 80 million at year-end 2023 (2022: -/€ 116 million). The change was primarily due to the acquisition of Van Wanrooij, which led to a significant increase in the inventory position. As part of the Purchase Price Allocation, the development positions were revalued at market value, which led to a fair value step-up. As at 31 December 2023, Van Wanrooij's total inventory position stood at € 207 million. At Property Development, the inventory remained a similar level as the previous year.

If rising inventories are excluded, working capital fell by € 20 million. On the liabilities side, there was a substantial improvement in pre-financing (work in progress debit and credit netted), which was partly offset by a lower accounts payable position. On balance, Heijmans remains pre-financed. The increase in the absolute level of pre-financing was largely related to the rising volume in the larger projects at Building & Technology and Infra.

The composition of working capital can generally be specified as follows:

Working capital in € mln.	2023	2022	difference
Strategic land holdings	159	79	80
Homes in preparation and under construction	208	80	128
Other inventories	22	14	8
Work in progress	-165	-126	-39
Trade and other short-term receivables	229	239	-10
Trade and other short-term payables	-373	-402	29
Working capital	80	-116	196

Although working capital shows considerable fluctuations in any given year, in recent years Heijmans has managed to make its activities and the related impact on working capital less seasonally dependent. Working capital requirements are largely project-specific and related to clients' payment schedules. Seasonality in the construction sector is generally explained by higher levels of activity in the second and fourth quarters (especially due to lower production during the winter and summer months), as well as an increased level of notarial transfers and the settlement of additional work prior to balance sheet dates. Higher working capital requirements during the year lead to a higher capital requirement which, if necessary, Heijmans will meet by making use of a Revolving Credit Facility. Even after the acquisition of Van Wanrooij, the headroom in this facility remains high; at the end of 2023, Heijmans had only used the Term Loan (€ 75 million).

Property development inventory position

In the property development business, the working capital requirement is largely determined by the inventory position, including land under development (homes in preparation and under construction). This item increased substantially in 2023 due to the acquisition of Van Wanrooij.

The consolidated inventory position increased to € 367 million from € 159 million. On balance, this was an increase of € 208 million, € 207 million of which was attributable to Van Wanrooij. Van Wanrooij's positions were valued at market value as of 5 September and changed slightly towards the end of December.

x € 1 million	2023	2022
Strategic land holdings	159	79
Homes in preparation and under construction	208	80
On-balance sheet inventory position property (excl. work in progress)	367	159
Unconditional liabilities	34	30
Contingent liabilities	247	61
Development claims and rights	131	140
Total off-balance sheet rights and liabilities	412	231
Total inventories, including off-balance sheet rights and liabilities	779	390

Property Development's strategic land holdings increased by € 80 million to € 159 million, € 68 million was accounted for by Van Wanrooij. The increase at Heijmans Property Development relates to the acquisition of several new positions. Properties in preparation and under construction increased by € 128 million to € 208 million, with € 139 million due to Van Wanrooij. On balance, Heijmans Property Development saw a decline in its position, related to the lower construction volume. The 'completed and unsold' inventory at the end of 2023 was nine homes and three units (2022: 12 apartments).

In addition to ownership positions, Heijmans Property Development's work inventory also consists of development rights, which qualify as 'off-balance sheet commitments'. In this category, unconditional liabilities increased by € 4 million to € 34 million in 2023, mainly due to a position at Van Wanrooij. Van Wanrooij frequently works with contingent liabilities - often linked to zoning procedures - which resulted in a substantial increase in contingent liabilities to € 247 million from € 61 million. In the case of Heijmans Property Development's contingent liabilities, land does not usually have to be acquired until a certain pre-sale percentage has been achieved. In addition to the contingent and

unconditional liabilities, Heijmans also has development rights and claims. This position declined to € 131 million from € 140 million in 2023. These are positions where Heijmans has the development right without having the land holdings on its balance sheet. Van Wanrooij also has construction claims, but as part of the purchase price allocation, these have already been valued as part of the strategic land positions and homes under preparation and under construction. A different approach therefore applies to Heijmans Property Development because these positions may not be revalued.

Financing: equity

In the year under review, equity increased by € 67 million to € 384 million, from € 317 million a year earlier. As in 2022, net profit remained stable at € 60 million. In addition, equity declined by € 12 million due to the payment of dividend (gross) in the form of cash dividend for the 2022 reporting year. The remaining part of the dividend payment, amounting to € 11 million, was paid in the form of stock dividend via the issue of 972,934 (depository receipts for) ordinary shares. The increase in equity was also due to the fact that on 5 September 2023 equity increased by € 23.5 million in connection with the issuance of 2,300,000 (depository receipts for) ordinary shares as part of the payment of the purchase price relating to the acquisition of Van Wanrooij at the issue price of € 10.214 per share as set out in the purchase agreement. Last year also saw a change in pension valuations amounting to -/- € 5 million, which was recognised directly in equity. This change arises from the annual recalculation of actuarial liabilities and relates to a changed actuarial interest rate and the size and demographic expectations of the participant base.

The composition of the changes in equity can generally be specified as follows:

Changes in equity in € mln.	2023	2022	difference
Result after taxes	60	60	0
Changes in pension valuation	-5	0	-5
Tax effect of results recognised in equity	1	0	1
Dividend payment	-23	-21	-2
Share issue	34	10	24
Changes in equity	67	49	18

Amounts in € mln.	2023	2022	difference
Equity	384	317	67
Cumulative preference shares	0	0	0
Gurantee capital	384	317	67
Total assets	1,336	1,083	253
Solvency	29%	29%	

Financing: net interest-bearing debt

As a result of the acquisition of Van Wanrooij, Heijmans' net cash position changed from € 151 million at year-end 2022 to a net debt position of € 137 million at year-end 2023. Heijmans anticipated this higher level of debt in good time by extending and renewing its syndicated bank financing facilities in view of and immediately prior to the acquisition of Van Wanrooij. The original financing facility of € 117.5 million was committed until the end of 2025. The new financing facility has been extended by € 140 million to € 257.5 million and runs until 1 September 2028 and consists of the following components:

- Term Loan in the amount of € 80 million repayable on a straight-line basis over four years (see note 6.22a of the financial statements)
- Revolving credit facility in the amount of € 177.5 million, € 30 million of which is in the form of a current account facility (see note 6.22b of the financial statements).
- When Heijmans refinanced its debt in 2023, no changes were agreed to the package of securities provided to financiers. These securities are laid down in pledges, with an intercreditor agreement regulating in what situations and how securities can be redeemed. As long as Heijmans continues to comply with the banking covenants, including the financial covenants (see note 6.22c), these situations do not arise.

The securities established consist of the pledged receivables, bank accounts and any insurance proceeds. This criterion only applies insofar as Heijmans is 100% owner of the companies concerned and, measured by revenue, at least 95% of the revenue must be represented by the subsidiaries that co-sign the financing agreement (the so-called guarantor cover). Finally, the financiers have secured mortgages on a number of historical land holdings with a carrying value of € 42 million at year-end 2023. These securities will be released as the land holdings are developed.

With the exception of a number of project financing arrangements and leases, Heijmans had not drawn on the revolving credit facility at year-end 2023 and the outstanding sum on the Term Loan was € 75 million. However, Heijmans did draw on the revolving credit facility in the course of the year (only after the acquisition date of 5 September). At year-end 2023, leases had an impact of € 90 million on the net cash position and of € 12 million on the project financing (partly in Heijmans Property Development and partly in Van Wanrooij).

Interest-bearing debt in € mln.	2023	2022	difference
Long-term	155	63	92
Short-term	22	23	-1
Interest-bearing debt	177	86	91
Cash and cash equivalents	-40	-237	197
Net debt	137	-151	288

Order book

The order book for Heijmans as a whole increased by € 400 million in 2023, to € 2.8 billion from € 2.4 billion at year-end 2022 (€ 149 million of which was due to the addition of Van Wanrooij. Chapter 19 Financial Statements shows the order book excluding Joint Ventures at € 2.6 billion). At Infra, the order book remained stable at a strong level of more than € 1 billion. Property Development's order book declined due to the fact that the start of construction was postponed at several projects. This was due to the failure to achieve minimum pre-sales percentages in some inner-city projects, as well as the structural national shortage of planning capacity/objection procedures before the Council of State/progress in spatial planning procedures. At Building and Technology, the order book increased by 25% to € 1.5 billion from € 1.2 billion. The Residential Building business, which traditionally generates the majority of its revenue through Property Development, had a high order intake from third parties (primarily housing associations), which kept the overall order book at a good level. The increase was particularly visible in Non-Residential Projects and Services. The acquisition of Van Wanrooij will increase the order book by around € 149 million by the end of the year. Van Wanrooij generally has somewhat smaller, short-term cyclical works with separate purchase and construction contracts in progress compared with Heijmans Property Development and Residential building. Based on the progress in home sales, there is a substantially larger work inventory, which is not included in the order book until 70% pre-sales have been achieved.

Given the current state of the order book, all business areas have plenty of work for 2024 and there is a good spread of execution capacity and types of projects. This means it is likely that Heijmans will see higher revenue in 2024. All business areas added numerous medium-sized (€ 10 million to € 40 million) projects to the order book, which contributed to a good spread. In 2023, Heijmans acquired five larger new works in the range up to € 70 million. These include three projects at Property Development/Residential Building, one Non-residential renovation project and one dyke reinforcement project at Infra.

Order book in € mln.	2023	2022	2021
Property Development	452	596	595
Building & Technology	1,481	1,227	1,224
Infra	1,011	1,007	712
Van Wanrooij	149	0	0
Elimination	-336	-472	-470
Order book	2,757	2,358	2,061

Outlook 2024

Heijmans is confident about the future. As a centrally organised player, Heijmans is in an excellent position to provide solutions for the infrastructure, construction and property development challenges of today and tomorrow. Thanks to this strong positioning, combined with sound risk management and a diversified portfolio, we expect to outperform the outlook for the market as a whole. Our refined strategy puts an even stronger focus on looking to connect with clients to find solutions for complex societal themes.

We started 2024 with a well-filled order book, which, as in previous years, continued to grow and in qualitative terms gives us a solid basis to meet our return targets. Building & Technology and Infra have both seen an increase in the share of recurring business in management and maintenance. This gives us a much clearer picture of revenue and result development for 2024 and we expect further growth in both business areas this year. We are also positive about Heijmans Property Development and Van Wanrooij, as we are confident about the housing market. This confidence is backed up by the increasing home sales over the past five months, especially in suburban areas. Partly thanks to the acquisition of Van Wanrooij, Heijmans is in a good position in the housing market. The pick-up in home sales in particular is expected to result in healthy growth in revenue and profit after 2024.

Heijmans' revenue growth will continue in 2024, partly because Van Wanrooij will be included in the figures for the full year, bringing the € 2.5 billion mark in sight. We are targeting an underlying EBITDA margin of at least 6.5% for 2024, partly driven by the underlying EBITDA at Van Wanrooij, which we expect to be in a bandwidth of € 30 million to € 50 million in 2024, including the impact of the purchase price allocation of around € 20 million. At the time of the Van Wanrooij acquisition, we stated that we wanted to return to a net cash position by the end of 2026. We expect to take a healthy step in that direction this year thanks to a clearly positive cash flow. In addition, we are targeting a solvency ratio higher than 30% and a leverage ratio (net debt/underlying EBITDA) that remains well below 1.0 in 2024.

12.2 Non-financial results

In 2023, we once again focused on achieving the targets we set for the end of last year. For Heijmans, its bold statements highlight the most important themes for the direction we want to move in and areas in which we want to effect real change. That is why we deliberately set these targets ambitiously. Our goal was to achieve 100% movement on all bold statements and to achieve at least half of them. They were categorised along the axes of our strategy: Better, Smarter and More sustainable. The targets set at the time expired in 2023. As expected, the realisation of these targets through to the end of 2023 was something of a mixed bag.

Better

1. We will not be satisfied until we record 0 accidents.

Last year was overshadowed by a fatal traffic accident on the Gorinchem and Waardenburg (dyke reinforcement) project, in which a subcontractor's employee was killed. We are also disappointed with the number of accidents (involving absence or replacement work) in the past year. The number of accidents rose to 72 in 2023 from 71 in 2022. We suspect this is partly because more and more (minor) accidents are being reported by colleagues. This is a sign that our people are looking away less and behaviour is slowly changing. We continue to aim for 0 accidents.

For all our accidents (involving absenteeism), we use the 1-3-14 method, in which accidents are analysed, investigations are conducted and actions are taken on the first, third and fourteenth day. This method helps us to learn how to improve and formulate concrete improvement actions. To increase the learning effect, in 2023 we added a module to our incident registration system (IRES). In this module, the improvement actions are linked to an action owner and we run an extra check to see whether the improvement is embedded across the entire Heijmans group.

2. IF < 1 in 2023.

The IF figure increased to 3.1 Heijmans-wide (was 2.7 in 2022). While the number of accidents was similar to 2022, there were more accidents involving absenteeism where replacement work was not possible.

We will continue to monitor the IF figure and the number of accidents, but when it comes to focusing on learning from near accidents we are ready for the next phase: focus. Focus to learn and improve. To really prevent the serious accidents with (potentially) fatal or life-threatening injuries. We need to get a grip on extreme risks, because life-threatening situations still occur in our company. To this end, in 2023 we developed new policies that came into effect on 1 January 2024.

3. In 2023, the entire organisation will have reached step 4 on the Safety Ladder.

In 2023, all business units were certified at step 4 of the Safety Culture Ladder (out of 5 in total), barring recent acquisitions. However, we continue to make strides on safety. You can find more information in chapter 8.

Key performance indicator	Score 2023	Score 2022
1. Number of accidents; total incl. subcontractors	72	71
2. Number of fatal accidents	1 ^[*]	1
3. Injury frequency (IF figure)	3,1	2,7

* Fatal road accident at consortium dyke reinforcement project between Gorinchem and Waardenburg

4. In 2023, we are predictable because all larger projects (cat. 2 and 3) end within the initial bandwidth.

While projects under construction are more susceptible to fluctuations due to market conditions, projects remained predictable across the board. We see project performance improving on the whole as projects move towards completion.

5. In 2023, all projects make a positive contribution to our profit.

In 2023, despite the changed market conditions, the relative contribution of projects to profit remained at the same level. This shows that all improvements we have made over past few years are now embedded robustly enough in the organisation for us to take these changed market conditions in our stride.

Key performance indicator	Score 2023	Score 2022
4. Percentage of larger projects (cat. 2 and 3) that end within the initial bandwidth	76%	86%
5. Percentage of projects that make a positive contribution to profit	92%	91%

6. We reduce the number of colleagues who leave at their own request by 50% each year.

By 2023, the number of colleagues who left at their own request fell by a quarter in relative terms. It remains important to retain talent; this is why we devote a lot of attention to binding and engaging employees and being an attractive employer with a social face. Celebrating Heijmans' 100th anniversary in 2023 certainly contributed to this. We analyse which groups of employees are more likely to leave Heijmans and their reasons for doing so. We deploy specific measures in response to this. For example, we have split the work package of certain groups of work planners into administrative and technical parts, enabling us to arrive at a better match of employees' qualities and interests with the task. We have also learned that we need to supervise newcomers more intensively in the first year. We know the importance of a thorough selection and onboarding process, and stay in close contact with employees about areas for improvement. Throughout the organisation, for instance, we hold team meetings on the results of the engagement survey and we have regular check-in meetings at the individual employee level.

7. We reduce absenteeism by 5% every year.

In 2023, Heijmans had a rolling absenteeism rate of 5.1%, which was almost the same as in 2022. Although this means we did not achieve our own targets, this was about 1% lower than the average in the Netherlands for companies larger than 100 employees (6%; CBS^[1]). It is also below the average for the construction industry (5.3%; CBS^[1]). At Heijmans, last year we saw a slight shift from short to (extra) long absenteeism. We devoted a great deal to this with careful case management. Both healthcare professionals and managers play an important role in this and explicitly work together. At the same time, we also devote attention to prevention; for instance, this might involve adjustments to working conditions, help to increase mental resilience and vitality, sustainable employability interviews, etc.

¹ CBS figures are rolling through the third quarter 2023.

8. In 2023, we have a higher employee engagement score than in 2021.

In 2023, Heijmans conducted an employee engagement survey. In this survey, we measured what employees think is going well and what could be improved in our company. Employees attach particular importance to the relationships with each other, the appreciation they receive and attention to work-life balance. On average, people within Heijmans are (very) satisfied on these fronts. No less than 83% of employees completed the survey. Compared with 2021, the measured eNPS increased to +35 from +25. This result is also higher than the scores of other companies that carry out the same measurement in the Netherlands. In other words, we achieved this target.

Key performance indicator	Score 2023	Score 2022
6. Staff turnover (%) ^[*]	5,1% / 3,8%	6,0% / 5,2%
7. Total absenteeism	5,1%	5,0%
8. Employee engagement	eNPS 35	n.a.

* The first figure is departures at own request, the second figure is unwanted departures (people leaving at their own request and who were functioning at or above level).

Smarter

9. All the projects we work on will have a digital twin in 2023.

The use of digital twins on our projects and contracts is a prerequisite for many new and future innovations that are part of Heijmans' renewed strategy. Moreover, there is still plenty of room for improvement in returns by 'unbundling' our working methods; digital construction and the deployment of digital twins enable more efficient working methods and processes. To give Heijmans-wide direction and control over the continued development of digital construction, we have revised the ambition ladder that we used up to 2023 to control the move towards working with digital twins. The new digital construction ambition ladder retains the strengths of the old ladder, but adds new values. These include a greater focus on supporting innovations with digital construction and cashing in on the value of digital construction on projects, rather than scoring digital construction applications. With the revised ladder, we ensure that digital construction makes a positive contribution to achieving several of Heijmans' strategic objectives.

Non-residential

By 2022, we had already reached the limits of BIM development and implementation. In addition to new construction projects, digital twins, in the form of BIM models that are actively deployed, are routine in Heijmans Non-residential renovation projects. The training and refresher programmes have become part of the regular training programmes and the processes used are part of a Plan Do Check Act (PDCA) cycle, making the processes subject to a continuous improvement cycle.

In 2023, we worked on developing prototypes through to 'minimal viable products' (first version of the product). These enable us to sharply define the value of using digital twins and high-quality information management for us as a main contractor and for our clients. As a result, our proposition is becoming increasingly effective and we know how to make better choices in the development of related products and services.

Residential building

At Residential building, we are currently seeing an upward trend in the average number of BIM stars achieved per project. This is the main indicator of the fact that we are taking a structured approach to all projects using the BIM Focus Project approach. And more importantly, this is delivering results. Not only in terms of the number of BIM stars achieved (divided over five levels), but also in terms of the perception of the people on the projects and the financial results on those projects. Projects run more smoothly and in a more structured way, resulting in more streamlined processes and lower failure costs.

Infra

In our new-build projects, we use BIM targets with a range of ambitions that depend on the complexity of the projects. The number of projects where we build digitally has increased when compared with 2022. These days, the question more likely to be 'how' rather than 'whether' we use digital construction in our projects.

We have established a standard operating procedure with the development of the Infra Digital Construction Process. This has enabled us to integrate digital construction in our '1-development process', which revolves around the controlled and integrated development of a feasible, constructible and maintainable plan that meets both the (client) requirements and the assignment. The '1-Development Hub', a GeoBIM development and integration between geographic information system (GIS), 3D-BIM, 4D-BIM, provides us with support in this process from the tender phase onwards.

You can find more information in chapter 9.

10. We successfully launch five new data-driven services in the market each year.

In addition to the continued development of propositions to create new products for our customers, for example by adding new value elements to existing products and services, we developed and launched a total of fifteen new data-driven services in the Building & Technology, Infra and Property development business areas. You will find a brief of a number of examples below:

- In 2023, we worked hard to realise the first modules in the digital building platform. Within this platform, we will gradually support conceptual and industrial housing construction with digital modules from product development through to occupation.
- The Heijmans energy storage system is a smart energy storage system combined with energy management. It is intended for non-residential projects, including a spin-off for physical management and maintenance of systems. It provides immediate solutions to acute energy transition problems that clients may face. The problems may vary by market/client situation. This system has been installed and is operational at our timber-frame housing production plant in Heerenveen.
- Based on data-driven maintenance, we have broadened our portfolio to projects involving intelligent traffic control installations (iVRIs) and public lighting (OVL) in addition to monitoring Dynamic Traffic Management. Long-term management and maintenance contracts enable us to see all failures from all systems in real time and respond proactively.
- In 2023, we continued to develop two traffic management services. We continued with the development of the Travel Time Monitoring service for traffic management in the context of large-scale road works into a production-ready and therefore cybersecure solution. This service shows real-time expected and actual travel times during diversions. This enables Heijmans to make immediate traffic management adjustments to these diversions, in particular on the underlying road network. In the context of safe working along and on the road, Infra has developed the Digital Road Safety System. Colleagues can use this system to register their road works in real time with navigation software such as TomTom, Google and Waze via an in-car box. This means road users can be notified immediately if there are roadworks in their area.

11. The number of subscriptions based on data-driven services in the in-use phase increases by 50% each year.

Property Development issued 573 subscriptions to data-driven services to private buyers/users of a Heijmans property in 2022. In 2023, we did not focus on the number of subscriptions. The earning potential is marginal and this does not currently fit into our value creation thinking.

Key performance indicator	Score 2023	Score 2022
9. All the projects we work on will have a digital twin in 2023.	81%	84% [⁶]
10. Successful launch of new data-driven services in the market	15	17
11. Number of subscriptions for data-driven services in the in-use phase	188	727

* This percentage pertains to projects in the realisation phase.

12. In 2025, we have transferred 50% of our hours – compared with 2020 – from on-site to off-site.

The shift from on-site hours to off-site hours is a measure of our planned industrialisation and standardisation. This will enable us to achieve a number of objectives related to safety, sustainable employability, the quality of delivered products and the reduction of failure costs.

In 2023, in terms of the Heijmans Woonconcept (concept houses - HWC), we remained in line with 2022 figures with 358 assembled shells. The absolute number was slightly lower because we realised five pilot projects totalling 62 homes according to the Horizon concept. In addition, we also produced elements of houses for external clients.

We also made considerable progress with our stacked concepts (apartment complexes).

In these concepts, we use prefabricated components wherever possible, produced or assembled in the production facilities of our co-makers involved in the concepts. For both the houses and the stacked products, the shell, roof and (a large part of) the façade are delivered in prefabricated form for assembly at the building site. In addition, we continuously review which other components can be prefabricated; for instance, we are running a pilot involving Horizon homes with a ready-made floor, which eliminates the need for a finishing floor, and the use of prefabricated internal walls. This also provides circular benefits: less material is needed, there is less waste and the internal walls are made of bio-based material rather than aerated concrete.

In 2023, we opened our timber-frame housing production plant. The first of a total of 88 Horizon houses produced in Heerenveen have now been placed in the 't Ven neighbourhood in Eindhoven.

A growing part of our production has thus shifted from on-site to off-site, both in terms of conceptual to industrial (in our own production plant), as well as for houses and stacked (apartments). This ensures a tidier construction site, lower failure costs and less nuisance for the neighbourhood.

Key performance indicator	Score 2023	Score 2022
12. Concept homes delivered	588	776

More sustainable

13. From 2023, Heijmans is CO₂ neutral. Any residual values are offset.

If Heijmans achieves its goal of CO₂-neutral production after 2023, it will meet the projected science-based target of COP21, requiring a linear reduction of CO₂ emissions of over 4.2% per year. In 2023, we achieved a 13.7% reduction (scope 1 & 2) compared with 2022. We use the Green House Gas (GHG) protocol to map our footprint and also report on this annually in the GHG report. This protocol addresses scope 1, 2 and 3 emissions. For more details on GHG emissions (scope 1, 2 and 3), please see the Climate appendix.

14. In 2023, we can produce emissions free, and in 2030 we do so for all our projects.

We have made considerable progress in CO₂ reduction, and we will continue with these efforts. An increasing number of clients are demanding the use of sustainable equipment. Public sector bodies are also tightening their policies related to emissions from inner-city construction.

Emission-free production is primarily about replacing used combustion engines from our equipment with electric motors. These can then be powered by batteries or, for example, by hydrogen. This will prevent any nitrogen or particulates emissions as a result of combustion. The most important measures on this front are the electrification of the vehicle fleet and the investment programme for the electrification of our equipment. We invest in equipment in consultation with our suppliers. On this front, the producers of smaller equipment are switching to all-electric more quickly, while we are seeing innovations in large-scale equipment. From 2023, we will only have new leases for electric passenger vehicles and existing lease contracts will be shortened. The equipment investment programme has now led to the purchase of electric equipment, from small (vibrating plates, forklifts) to large (crawler excavators, asphalt finishing machines, cable cranes).

15. In 2023, we can deliver 100% energy-neutral solutions for our clients.

We have seen an increase in the number of clients requesting energy-neutral solutions. We offer active solutions to fulfil this need, both on request and unsolicited.

In addition to being a contractor that builds the infrastructure for energy suppliers, Heijmans has become a party that increasingly provides energy production. This happens at the area level with solutions for the utilisation and distribution of residual heat, thermal energy storage and energy grids. We also contribute to an energy-neutral living environment at the building level by developing energy-neutral or even energy-generating homes and buildings, solar roofs and other sustainability measures. We use data-driven solutions to offer residents and users insight into the consumption of their home or building, enabling them to make the right choices for energy-efficient solutions. This is customised work in which the client demand is generally leading. We constantly review which measures and investments have the greatest sustainable impact.

Key performance indicator	Score 2023	Score 2022
13. Absolute CO ₂ emissions scope 1 & 2	22.510	26.082
Absolute CO ₂ emissions scope 3 [*]	789,051	nb
14. Emission-free production [**]	-	-
15. Average CO ₂ emissions of delivered homes [***]	1,061	932

* Not calculated for 2022 ; for base year 2019: 920,441

** No quantitative KPIs have been set for bold statement 14.

*** Average CO₂ emissions of homes for sale amounts to 220.

16. All our quotes include a calculation of the environmental performance.

Providing clients or principals with environmental information is increasingly becoming an integral part of contract terms. Heijmans stated ambition is to make an MPG (Environmental Performance of Buildings) calculation for all homes (in the case of houses at the start of the sales phase) from 1 January 2023. We aim for a score of ≤ 0.6 . This ambition should raise awareness of the influence of material choices during the design phase. At Infra, too, we are seeing a sharp increase in the number of tenders based on ECI (Environmental Cost Indicator) calculations. You will find more information on this in chapter 10.

17. In 2021, all packaging in our construction projects is 100% reusable or recyclable.

Our main focus so far has been on recycling residual materials, such as foils, for which we achieved our 100% target in 2021. We are now looking at follow-up recycling steps using reusable materials, such as pallets and crates. In this process, we try to return the released materials to the cycle as much as possible. Secondary materials are also becoming increasingly valuable, making the reuse of materials for processing more important.

18. In 2023, all the houses we deliver to our clients will be 100% circular; in 2030 this will also apply to apartment buildings.

In the Raw Materials Agreement, the Dutch government set the goal to be fully circular by 2050, eliminating the need for primary raw materials (meaning reusing and recycling, and using renewable materials such as timber). In recent years, we have tried to get ahead of this target. In 2023, we once again reduced the material impact of our houses, by lowering the MPG (environmental performance) score, material-related CO₂ emissions and the share of primary raw materials. The bold statement of 100% circular houses has proved very ambitious, even when measured against societal benchmarks. Despite some interesting developments, such as more industrial-scale construction and the use of more bio-based materials in our products, full circularity has not (yet) proven feasible. However, we will continue to explore possibilities in the coming years. Circularity is used here partly as an instrument to continue to reduce the CO₂ footprint, especially of scope 3 emissions. You will find more information on this in chapter 10.

19. In 2023, we will use circular asphalt and concrete; in 2030, we will build 100% of our projects using these materials.

At Heijmans, the use of concrete granulate as a gravel substitute for the concrete shells of the Heijmans Woonconcept homes is one of the ways we are moving toward circular concrete. In addition, we have submitted circular concrete proposals in various tenders and projects in which secondary sand and gravel are used. A significant share of current asphalt is already circular. Any further increase is hampered by current production methods in asphalt plants. The use of carbon filters will enable a further increase in the proportion of recycled asphalt in the future.

Key performance indicator	Score 2023	Score 2022
16. Category 3 quotes with score on environmental performance	35%	76%
17. In 2021, all packaging in our construction projects 100% reusable to recyclable.	90%	93%
18. Environmental performance score all houses (concept and non-concept houses)[*]	0.6	nb
19. Circular asphalt	70%	70%
Circular concrete [**]	30%	80%

* Not calculated for 2022

** The maximum percentage of recycled concrete in a project in the reporting year.

20. From 2021, all our new area developments are awarded an NL Greenlabel A rating

Since 2018, Heijmans has been collaborating closely with NL Greenlabel, which represents a demonstrably sustainable living and working environment. The NL Gebiedslabel (area label) and NL Terreinlabel (site label) methods provide insight into the cohesive sustainability in public spaces and sites. Heijmans works with the NL Gebiedslabel method in all area developments involving the development of its own land holdings as long as the area is large enough. If the area is smaller, Heijmans uses the NL Terreinlabel (site label) method.

This allows us to include all stakeholders in our ambitions, so the focus remains on sustainability themes throughout the process. This makes cohesive sustainability an explicit part of the development process through independent monitoring/assessment. The use of the NL Greenlabel methodology creates a greater degree of obligation, allowing us to actively aim for cohesive sustainability.

The methods help us to make consciously sustainable choices and to substantiate those choices. We have fully embraced the NL Greenlabel methodology, and we are using the methods in a wide range of projects.

This table below offers an overview of the current status per project:

Status as per December 2023		Timeline						Year
		Pre-screening		Label assessment				
		Type label	Unvalidated	Validated	Design phase		Realisation phase	
Draft	Definitive				Draft	Definitive		
Middle - Ermelo - Hooge Riet	NL Area label				B			2022
Middle - Leusden - Maanwijk	NL Area label						A	2021
Middle - Lunteren - Hulakker	NL Area label					A		2021
Middle - Norg - Stuifduinen	NL Site label		A					2021
Middle - Baarn - Baarnsche Zoom	NL Area label	A						2023
Middle - Nietap - Thedemaborg	NL Area label		B					2023
North-West - Velsen - Driehuis	NL Area label	B						2023
North-West - Voorhout - Hoogkamer	NL Area label					B		2022
North-West - Voorhout - Nieuw Boekhorst	NL Area label	A						2021
South - Eindhoven - Humperdincklaan	NL Area label		B					2021
South - Middelburg - De Heeren van Essen	NL Site label				B			2022
South - 's-Hertogenbosch - Willemspoort-Zuid	NL Area label		C					2020
South - Sittard-Geleen - De Haese	NL Area label		B					2023
South - Uden - Dico	NL Area label					B		2021
South-West - Gouda - Westergouwe	NL Area label	A						2021
South-West - Hellevoetsluis - Boomgaard	NL Area label	B						2022
South-West - Vlaardingen - Vijfsluizen	NL Area label					A		2022
South-West - Rotterdam - Carnisse Eiland	NL Area label	A						2021
South - Berkel-Enschot - Voorhof (Koningsoord DG 8)	NL Area label	C						2022
South - Vught - Kraaienberg	NL Area label		A					2022
Subtotal label A: 9		A: 4	A: 2		A: 0	A: 2	A: 0	A: 1
Subtotal label B: 9		B: 2	B: 3		B: 2	B: 2	B: 0	B: 0
Total all labels (incl. >B): 20		7	6		2	4	0	1

A = excellent, B = very good, C = good

We also use the NL Greenlabel system when drafting anterior agreements with local authorities, like the contract for the Nieuw Boekhorst project in Voorhout.

As a result, the seven themes are already taken into account at an early stage, ensuring assurance within the overall development process. These themes are: Design Realisation & Management, Products & Materialisation, Energy & Climate, Soil & Water, Biodiversity, People & Environment and Safeguarding. For each theme, points can be scored on three components, which Heijmans is required to demonstrate. Adding up all these points results in a score between A and G, and Heijmans aims for a score of A or B in the design/realisation phase for those developments that are part of our land operations.

Finally, in 2023 we continued to work with NL Greenlabel on a Heijmans dashboard in Tygron. The Tygron Geodesign Platform combines (geo-) data, models and applications and thus provides more insight into the projects ('parametric and generated design'). This dashboard provides support in the area labelling process, provides the developer with a lot of information about the area and provides insight into how the area will respond to new designs. In cooperation with NL Greenlabel, Heijmans maximised the alignment of this system with the EU Taxonomy in 2023.

21. In 2023, all our interventions in the built environment result in an improvement in local biodiversity, climate adaptation and safety.

In 2023, we applied climate adaptation and biodiversity initiatives in almost 30 new projects. These include our showcases in the field of property development and infrastructure projects, such as the Kazernekwartier in Venlo, where we maximise climate-adaptive and nature-inclusive construction via our Sustainable Design Principles (Dutch: DOP).

We want to make the results of our efforts measurable. To this end, we cooperate with various parties. Examples include:

- The Vijfsluizen project in Vlaardingen, where we are collaborating with the Naturalis Biodiversity Centre on soil quality.
- In Maanwijk in Leusden, we are collaborating with Earth Watch on biodiversity.
- In Parijsch Culemborg, through fieldwork by our team of in-house ecologists, we conducted research into the occupancy of installed nesting sites with positive results as a result.
- We also launched our own Smart Monitoring Biodiversity and formulated the principles of healthy soil with Wageningen University.
- We continued to develop the Nature Ladder, of which we are a co-initiator, and this was well received by several clients. In 2024, we will make this tool available to the sector as an internet tool.
- We signed up to the National Bee Strategy in 2023, as we consider it important to commit to biodiversity.
- We have also joined the Water Bank platform. We want to make knowledge available and gain new knowledge in collaboration with others. Water is a growing theme and one in which we have specialised for several years.

22. We apply our latest solutions in three projects each year, and these will then become new showcases for the healthy living environment.

We have now delivered the previously mentioned Maanwijk showcase in Leusden, but we are not finished yet. We want to remain involved for a more prolonged period in the use phase, to learn from the solutions we devised and created, and their impact on a healthy living environment. In Maanwijk, we are doing this in collaboration with a number of organisations, including the University of Utrecht, which is involved in the project through the Healthy Urban Living Knowledge Hub. The university will measure various aspects of social cohesion, as well as how our interventions do or do not contribute to this, for two years after delivery.

In 2023, we once again realised a number of showcases:

- Borg & Buiten, Parijsch Culemborg: first liberalised sector project with Horizon homes (HSB homes from the Heijmans production plant in Heerenveen). Theme: Factory-based, bio-based. In the same area, we realised a Heijmans Huismerk Apartment complex (HHA) for a housing association. Theme: affordable. Borg & Buiten's urban plan is characterised by lots of greenery. Car ownership is discouraged and has been partly replaced by shared mobility. Second-car parking and visitor parking are clustered at the edges of the area in so-called hubs. Theme: mobility, green and blue.
- De Kuil, Rotterdam: social cohesion and circularity are the big themes here. For instance, this project makes use of 'restklezoor', the residual brick from which stone strips are sawn off. In terms of social cohesion, meeting in and around residential buildings is encouraged at various levels, for instance by widening galleries in combination with outdoor space.
- Karel de Grotelaan, Eindhoven: in cooperation with the Woonbedrijf housing association, we have set up a joint strategy towards the local authority. Data in area development is the bigger theme in this initiative.

Key performance indicator	Score 2023	Score 2022
20. New area developments with NL Area label/NL Site label A or B	100%	100%
21. Projecten in which climate adaptation and biodiversity initiatives have been applied	27	22
Climate adaptation propositions developed and applied	6	2
22. Number of new showcases for a healthy living environment*	4	5



“That is a very efficient way of building”



DAVEY RINGNALDA

EMPLOYEE AT A TIMBER FRAME HOUSE FACTORY

“I think we will produce homes faster, less expensively and more sustainably. For instance, more homes will come out of the timber-frame housing production plant. That is a very efficient way of building.”



13 Completion of 2018-2023 strategy

13.1 Strategic premises

In 2018, we developed a new strategy for Heijmans. At that time, we felt a strong need to put more emphasis on the added value of our three business areas. Infra, Building & Technology and Property Development all had lots of different ideas and initiatives, but we needed to focus more on the connection between them. When we were developing the new strategy, our aim was to bring together the mission, vision and core values of our three business areas under a single heading. We looked closely at the synergies between our activities and looked for what they shared. The outcome was a refined mission statement: we are creators of the healthy living environment.

That mission still stands today. This is partly thanks to the solid foundation on which Heijmans is built. The core of our success is the acquisition and successful execution of high-quality construction and infrastructure projects and a strong property development business. Moreover, we have a predictable profile based on a healthy balance between risk acceptance and earning potential. We guard this foundation robustly through sound risk management. In recent years, we have firmly embedded this in our operations.

We are surrounded by a multitude of complex, societal issues. Society and the market demand long-term solutions. At Heijmans, we can only offer those really effectively if we carefully combine the knowledge, strengths and skills of our business areas. For example, an issue is not just about building houses or laying a road. It is about living in a nice neighbourhood where everyone feels at home and safe. Or about a road that gets you from A to B quickly and safely, that contributes to reducing CO₂ emissions and takes nature and biodiversity into account. That is why we look at things in their context and full complexity, then translate this into pragmatic solutions. In everything we do, we put end users first. We have opportunities, such as in assignments where clients explicitly ask for a high-quality, creative approach. We see that these aspects are increasingly rewarded and that our extra effort in this area is paying off.

Bold statements and risk appetite

When formulating our strategic plans for the period 2018 - 2023, we deliberately chose to take an integrated view. Using that approach, we wanted to have a positive impact and bring focus and acceleration. Three strategic anchor points determined our direction: Better, Smarter, More sustainable. We expressed our ambition by linking so-called 'bold statements' to the anchor points. These statements range from absolute safety in the workplace to the most attractive employer in the sector. From an emphasis on conceptual construction with standardised processes and products to the full exploitation of digital possibilities in the physical construction process.

There can be no half measures in the pursuit of our ambitions. What is more, lessons from the past have changed our attitude to risk. When assessing new projects, we dare to say 'no' if we see unacceptable risks. We say 'yes' if there is a balance between risk acceptance and earning potential, and we see opportunities to take responsibility. In doing so, we communicate transparently about our risk appetite. This attitude helps keep us healthy as a company.

Long term

In pushing our strategic boundaries, we focus on sustainable long-term value creation. This is in line with our aim to remain involved in projects well into the usage phase, so we can add the most value. We want to be relevant and continue to differentiate ourselves in the market as a professional, inventive and reliable partner and employer. Recurring revenue from long-term customer relationships also makes us attractive to investors. We achieve this by working integrally on our strategic ambitions while sticking to our core values. We are and will remain result-focused, we take ownership and attach great importance to collaboration. We are proud of our yellow heart, which is characterised by passion for our profession combined with common sense. That commitment is typical of Heijmans and keeps our vision alive: end users are our main priority. It was so, it is so, and it will remain so. We are creators of the healthy living environment.

When we formulated our bold statements in 2018, we knew it would be challenging to realise them in full. That did not stop us from publicly naming them. After all, we had set ourselves the goal of generating the maximum amount of change on the bold statements and thus to be a driver within our industry. We set up indicators to monitor our progress and gather evidence. We accurately track these via dashboards and reports. We have made progress on all of our bold statements and got things moving. We are proud that we have actually achieved 69% of our ambitions.

Looking ahead to 2030

We believe it is important that we are constantly learning, evaluating and making any required adjustments on the way to our goals. What matters most is that we keep moving forward. This is how we will achieve even more tangible results. Even more practical solutions for living, working and connecting. With a focus on safety and sustainability, on smart digital services and products, and on innovative ways of working. We can achieve more by leveraging the full cohesion of our business activities. We are continuing to hone choices made earlier and we are pushing for new choices where necessary.

Our goals from 2018 are still almost entirely intact. However, we have decided to reassess our strategy for the period to 2030 on a number of points and create a new outlook with adjusted ambitions and goals. We worked on this with colleagues and partners in 2023. The many and rapid changes in the world around us call for a sharpening of our ambitions and an updating of the related indicators. Above all, as a robust and agile company, we will continue to work towards a healthy and sustainable environment. We cannot and will not do otherwise.

13.2 Results of the 2018 – 2023 strategy

In recent years, we worked in a targeted manner to achieve our goals. These targets were set up as a dot on the horizon and expired at the end of 2023.

Better

Internally, this pillar is the foundation for a healthy, stable company. As a project company, we need to stay alert to risks and actively manage risk and contract management. In recent years, we have made continuous improvements with regard to project and risk management, making the organisation more robust and predictable. Because these measures are embedded in the organisation, we are now able to complete complex projects successfully. That is, on schedule and within budget. On the safety front, our work culture has improved enormously and people now dare to call each other to account. Unfortunately, we have not yet succeeded in substantially reducing the number of accidents resulting in absenteeism. In general, however, we do see a clear reduction in the number of accidents with serious and permanent injuries. This can be seen as positive. We managed to reduce the number of accidents of both our own employees and subcontractors (not to zero). Nevertheless, there have been fatal accidents among subcontractors in recent years. To continue to reduce the Injury Frequency (IF) figure even further, we continue to pay attention to the risk awareness of our colleagues and improving the proactive safety culture in which we speak out and hold each other accountable. With regard to organisational quality, the total outflow has remained relatively constant in recent years. Based on analyses of unwanted staff turnover, in 2023 we took a number of specific measures aimed at employee retention. This led to a 26% relative decline in unwanted employee departures: this fell to 3.8% year-on-year in four quarters from 5.17% a year earlier. Our absenteeism rate, which rose to 5.07% after the Covid period, is about 1% lower than the Dutch average for companies larger than 100 employees (6%, CBS*). We consider this too high. Partly for this reason, Heijmans conducts employee engagement surveys on a regular basis. We have shared the results extensively within the organisation and initiated improvement actions.

** CBS figures are rolling through the third quarter of 2023.*

Project case Gorinchem-Waardenburg – Smart collaboration with an eye for the environment

The complex challenges facing the Netherlands now and in the coming year call for a new approach, such as working more in partnership contracts. A good example is Heijmans' partnership in the Graaf Reinald alliance. This is an alliance contract under which Heijmans and its partners and client, the Rivierenland Water Board, are jointly carrying out the dyke reinforcement project between Gorinchem and Waardenburg.

Heijmans is a great advocate of this type of contract. We work from a common goal and pool complementary competencies at an early stage. This shortens the lead time and boosts the predictability of the project. In addition, it is also great fun to make a project a success together in this way. And we do need that to keep our industry attractive for employees.

We put a lot of energy into optimisation in this project. Thanks to new measuring techniques and calculation methods, Heijmans can determine the safety of a dyke much more accurately. This prevents unnecessarily heavy designs. Smarter design saves time and money. Above all, it does more justice to residents, the environment and nature. You want to minimise inconvenience and create a healthy living environment, together with a safe dyke.

Smarter

We are also making great strides in the construction process itself to come up with smarter solutions, including through standardisation, industrialised processes and digital tools. In recent years, we have worked on creating digital twins as the first step in the digitalisation process. We worked on several construction projects with a high-quality BIM model. Our designers, planners and executives now work on a daily basis with the 3D geometric models and information from the BIM models to optimally coordinate, prepare and execute the projects. We also create digital twin propositions for larger maintenance contracts. In addition, we have taken several significant steps in automating and parameterising the design process. The most important development on this front is the Heijmans Woonconcept (concept houses) and Heijmans Horizon (factory-built timber-frame homes). For this purpose, we acquired an energy-neutral timber-frame housing production plant, then expanded it and opened it for business.

Project case Culemborg Parijsch – Result-focused collaboration

Culemborg's new Parijsch housing estate has a first: in the Borg & Buiten suburb, a residential complex with 43 rental apartments has emerged, built according to the Heijmans Huismerk Apartments (HHA) concept. In this social rental product, Heijmans uses four apartment types to add variety. The floor plans on the inside of the apartments are fixed, while the shell on the outside is variable. All components come ready-made from the factory, after which Heijmans assembles them at the building site. This makes bricklaying unnecessary. In addition to faster development, this also speeds up the construction process. We explicitly opted for regular cooperation partners with whom we exchange lessons, so that we can immediately apply them in a subsequent project and work together in a result-focused way. Modular manufacturing in a production facility also reduces the nuisance around the building site for the neighbourhood.

Project case The Hague South-West – Smart social solutions

The Hague city council, housing corporation Staedion and developer Heijmans have forged a long-term strategic partnership for the transformation of the Dreven, Gaarden and Zichten neighbourhoods. This development is part of the vision to make The Hague South-West better and more liveable: taking it to the level of The Hague's socio-economic average. This social ambition is not just a task for the city council, but also for Heijmans. That's why Heijmans collaborates on such themes from the start, builds alliances and sets out concrete plans. After all, developing a city district is about much more than just beautiful new apartment blocks. By taking a broad view, we ensure that the neighbourhood not only improves spatially, but also socially. The aim is to create a nice neighbourhood to live, work and stay in. Mid-rental and owner-occupied homes will also be added to create a neighbourhood for all target groups. This will ensure that all local residents will have a place in the neighbourhood and that the neighbourhoods will have a more balanced mix, also in the future. This will also increase support for shops, restaurants and other amenities.

The restructuring runs until 2040. That is why we are simultaneously starting projects in Dreven, Gaarden, and Zichten, so existing residents in all three neighbourhoods can enjoy improvements and do not have to wait years for them. We have set up a project office in the centre of the neighbourhood. Here, developers and employees from Heijmans and Staedion work together on the area development. Locally anchored, close to partners and residents. And the entire plinth is full of social entrepreneurs who are committed to neighbourhood initiatives.

More sustainable

Our goal is to stop extracting resources and instead add something to the planet. The focus in this period is to achieve carbon-neutral production from 2023. A major component of direct emissions is the company's own vehicle fleet. Therefore, from 1 January 2023, Heijmans employees can only choose lease contracts for electric passenger cars and we have shortened the current lease contracts for fossil fuel cars with yellow licence plates. This will ensure that our fleet of fossil fuel-driven cars with yellow licence plates will be emission-free by the end of 2025. We have also set up an intensive investment programme to make company vehicles, machinery and equipment emission-free. Heijmans Property Development now has a stricter ambition for the energy performance of the homes it develops. As a result, emissions will continue to fall in the coming years. We are now considering follow-up steps in the area of recycling reusable materials such as pallets and crates. And we have launched several circular projects. For example, for the concrete shells of the Heijmans Woonconcept homes, we used 48% concrete granulate as a gravel substitute, and at Non-residential we used an innovative circular concrete mix in the renovation of Rabobank's headquarters in Utrecht. Here, we used secondary sand and gravel, so 80% of all raw materials have a secondary origin. We have also taken steps in the field of nature-inclusive and climate-adaptive construction in recent years. Since 2018, Heijmans has been working intensively with NL Greenlabel to create a demonstrably sustainable living and working environment in our area developments. In addition, we have applied several new initiatives for climate adaptation and biodiversity.

Project case Rotterdam Hart van Zuid – Cooling with green and water

The Hart van Zuid urban renewal project in Rotterdam is a good example of circular water management as part of climate-adaptive building in a public-private partnership.

The neighbourhood around the Zuidplein traffic junction and the Ahoy event location is known as a 'petrified' area. In other words, there is a lack of green spaces, which means that during hot, dry summers it can be up to 5 °C warmer than elsewhere in the city.

Hart van Zuid is an extensive, long-term regeneration project. Property Development, Non-residential, Infra and Residential building have all been involved in the area development from its inception in 2016. We are applying innovative solutions for circular water use in Hart van Zuid. For instance, we have built a so-called urban water buffer (measuring 120 x 6 x 1 metres), in which around 20 million litres of rainwater can be stored. That rainwater is collected in special infiltration crates installed under the Gooilandsingel bus lanes. The rainwater is filtered via 'green' filtration in the newly constructed green space. Several businesses in the area take the water for such purposes as cleaning activities and flushing toilets. The water also flows into the fountains and water basins at Annie M.G. Schmidtplein, which, together with water nebulisers, provide much-needed cooling on hot days.

13.3 Financial performance from the past

The year 2016 was by far Heijmans' worst financial year in recent decades and in the company's history. A series of major loss-making projects put the company's survival in doubt.

The following year, 2017, was dominated by solving the problem projects, but also preventing new ones. Among other things, with the establishment of the Risk Office, we steered our risk appetite in relation to our earning potential. In subsequent years, the focus was on managing on the basis of margin over volume and projects that were a good match for the company. This led to a step back in volume in 2017, largely due to the sale of our foreign operations. From that point on, we increased revenue in a controlled manner. We also took steps to restore profitability and improve positive cash flow and the predictability of our financial results.

The main contribution to the recovery has been an emphatic focus on the company's risk appetite with matching earning potential. Risk appetite refers to the level of risk that Heijmans is willing to accept or is exposed to in its pursuit of long-term value creation. Risk appetite involves risk limits. These are determined by the company's culture, corporate governance and management systems, and are laid down in Heijmans' values, code of conduct, policies and procedures and authorisation schedules. More risky projects are not automatically excluded in advance, but are strictly assessed on the basis of track record and higher earning potential. In addition, Heijmans steers both between and within all business areas for a good balance in the revenue mix. As part of achieving the right risk-return ratio for Heijmans, the company's portfolio has shifted in several areas in recent years. This means fewer (very) large projects and more medium-sized projects, no traditional new DBFMO contracts, more construction team and two-phase contracts, and a growing share of maintenance projects and services (recurring business) compared to new construction projects. All of these shifts have made the organisation more robust and predictable, as we have embedded various measures in the organisation. As a result, we are able to complete complex projects successfully and according to plan. We do this under the motto: 'Stick to the plan'. We are very pleased that this has been accompanied by an increase in the total order book and improved earning potential.



14 Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2023 financial year. The financial statements have been audited by EY (Ernst & Young Accountants LLP), which issued an unqualified auditor's report on 8 March 2024. The auditor's report has been added to the financial statements to Heijmans' 2023 annual report as appendix 20.3. We recommend that the General Meeting of Shareholders adopt the 2023 financial statements and discharge the members of the Executive Board for their management of the company. We approve the Executive Board's proposal to pay out a dividend of € 0.89 on (depository receipts for) ordinary shares.

Position and tasks of the Supervisory Board

Role and powers of the Supervisory Board

The Supervisory Board supervises the strategy of the Executive Board and the general course of business at the Company and its affiliated enterprise and provides the Executive Board with advice. The Supervisory Board not only focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of its financial reporting, but also on its policies regarding sustainability and safety. In the performance of its duties, the Supervisory Board acts in the interests of the company and its affiliated companies and in doing so takes into account the legitimate interests of the Company's stakeholders. The Supervisory Board also takes into account the social aspects of business operations that are relevant to the Company. The Articles of Association of Heijmans N.V. and the Regulations for the Supervisory Board of Heijmans N.V. include rules with respect to board meetings and resolutions. Both of these documents are available on the Royal Heijmans N.V. website in the section 'Corporate Governance: Codes and regulations'.

Specific areas of supervision

The supervisory board's supervision of the Executive Board includes:

- How the board implements the strategy aimed at sustainable long-term value creation;
- the achievement of both financial and sustainability objectives;
- the risks associated with business activities
- the design and operation of internal risk management and control systems;
- the financial reporting process;

- compliance with legal and regulatory requirements;
- the relationship with shareholders - see among other things section 15.3 of the Management Report;
- the activities of the Executive Board as regards the culture within the company;
- the operation of the reporting procedure with regard to abuses and irregularities, and
- the social aspects of doing business relevant to the company.

Accents and activities in 2023

100 years of Heijmans

On 3 April 2023, Heijmans turned 100 years old. Heijmans celebrated this milestone with all employees through to the summer, including radio broadcasts made especially for Heijmans employees, a beautiful anniversary book and, as a highlight, a grand party on 3 June in the Brabanthallen congress centre. For Heijmans, its employees are its most important capital. Together, they have made Heijmans into the company it is today: a social and strong company that is working full steam ahead to achieve its objectives.

That Heijmans plays a special role has not gone unnoticed. During the anniversary celebrations, it was announced that King Willem-Alexander had granted Heijmans the right to use the Royal predicate from now on, and the predicate was handed over to Ton Hillen. Only organisations that are highly significant in their field and of national significance are eligible for this honorary title. The Royal recognition is an endorsement of the craftsmanship and entrepreneurship of all employees and crowns the work of Heijmans and all the generations that have contributed to it. This characterises Heijmans' past and is the basis for the future. The Supervisory Board believes that the pride, commitment and the yellow heart of all employees are the driving force behind Heijmans and that inspires great confidence.

Macro-economic context

The macroeconomic effects triggered in 2022 by the war in Ukraine were partly still felt in 2023. While inflation, which rose sharply in 2022, eased slightly in 2023 due to lower energy prices, consumer confidence remained at a lower level. Despite increased mortgage rates and a one-sided supply of homes, about the same number of homes were sold in 2023 as in the previous year. Certain materials and raw materials fell in price and labour availability increased. By analysing all these developments in time, Heijmans was able to anticipate them and take timely measures to prevent or mitigate any negative effects. The end of 2023 saw major unrest in the Middle East, which also led to instability. Overall, 2023 was marked by very challenging market conditions which also led to bankruptcies in the sector.

Refinement of the strategy

Heijmans' strategy is aimed at sustainable long-term value creation. In mid-2022, the Executive Board started reassessing the current strategy, which had been formulated for the period up to year-end 2023. The Supervisory Board was closely involved in this process. Topics touching on strategy and sustainable long-term value creation are discussed in almost every Supervisory Board meeting, leading to constructive dialogues. In the trading update for the third-quarter of 2023, the Executive Board provided a qualitative explanation of the refined strategy under the heading Together towards 02030. Further quantification will follow in the first half of 2024, once the acquisition of Van Wanrooij has been fully processed. The Supervisory Board oversees the implementation of the strategy. Furthermore, the Supervisory Board took note of progress in areas such as safety, compliance & risk, renewal, product development and innovation, including presentations by knowledge carriers during meetings with both Boards.

Nitrogen emissions problem

The Executive Board has kept the Supervisory Board constantly apprised of developments in the field of nitrogen (regulations) and has developed scenarios to show the possible consequences for Heijmans of amended regulations and court rulings. Despite the absence of a structural solution from the government, we can conclude that Heijmans was not significantly affected by this issue in 2023, despite the delay in the construction of large-scale infrastructure projects.

Safety

The topic of safety is a fixed agenda item at meetings of both boards. All aspects of safety are discussed at Supervisory Board meetings. These include the number and type of accidents, the IF figure and the measuring methodology, but also, for example, environmental safety in projects and structural safety. Furthermore, the board discussed safety perception and culture were extensively because they are crucial to improving safety performance. Both the Supervisory Board and the Executive Board believe it is necessary to raise safety to an even higher level, both for our colleagues own and for temporary colleagues and for the environment in the construction chain in which Heijmans operates. Despite all efforts, the results are not yet good enough. We will therefore continue with intensive discussions on other approaches and measures to further improve the safety programme.

Acquisition of Van Wanrooij

In June 2023, Heijmans announced the acquisition of Van Wanrooij Bouwontwikkeling. On 5 September 2023, the acquisition was completed after Heijmans had received approval from the Dutch Competition Authority (ACM). Through this acquisition, Heijmans has further strengthened its position in construction and property development. The Executive Board involved the Supervisory Board right from the first contact between Heijmans and the owners of Van Wanrooij. What followed was an intensive process in which the two boards had many and in-depth discussions about the strategic rationale, the terms of the transaction and its financing. The Supervisory Board is delighted that, after a thorough process, Heijmans was given the opportunity to acquire Van Wanrooij. This fulfils one of its strategic objectives, namely to further strengthen its position in property development and residential building. The Supervisory Board supports the Executive Board in its decision to allow Van Wanrooij to operate independently for two years, so the two companies have the opportunity to learn from each other and to draw up and implement a sound integration plan.

Financing

In connection with the acquisition of Van Wanrooij, the financing arrangement that Heijmans agreed with the banking consortium ABN AMRO, Rabobank and ING Bank was amended in 2023. Part of the purchase price was paid in cash, partly from the positive cash position and partly by extending the bank financing by € 140 million. This extension consists of a € 60-million extension of the existing Revolving Credit Facility to € 177.5 million, which has also been extended to five years from 5 September 2023, plus a Term Loan of € 80 million to be repaid over four years. The Supervisory Board believes that Heijmans has a healthy financing arrangement as a result of the agreements reached.

Arbitration ruling on Wintrack II

In 2023, the Wintrack II file was concluded in Heijmans' favour. Heijmans had been involved in this case since September 2018, when TenneT terminated the contract between Heijmans Euro poles B.V. (HEP) and TenneT for the purpose of constructing new high-voltage pylons (project name Wintrack). This was followed by arbitration proceedings in which it was ruled in May 2021 that TenneT had lawfully terminated the contract. Heijmans then set aside a provision for reasons of prudence. In April 2022, the proceedings in the first instance were concluded with a final ruling. Based on that ruling, in which the court, among other things, found that TenneT had to pay outstanding instalments to HEP, Heijmans released part of the provision. This was followed - in brief - by appeal proceedings on the question of whether TenneT had been lawfully allowed to terminate. In October 2023, a final ruling was issued in favour of Heijmans. In short, this amounted to a finding that TenneT should not have been allowed to terminate the contract.

Start-up of timber-frame housing production plant in Heerenveen

In November 2022, the Supervisory Board visited the timber-frame housing production plant that Heijmans acquired in late 2021. This acquisition underlines Heijmans' ambition to build in a CO₂-neutral manner and marks the company's next step towards industrial and modular construction. In 2022, a lot of hard work went into expanding the plant so Heijmans, as creators of the healthy living environment, can start using timber-frame construction technology on a large scale. The new plant was officially opened on 5 October 2023. Meanwhile, the first homes built according to the Heijmans Horizon concept have rolled off the conveyor belt and been installed. At the end of October 2023, the Supervisory Board again visited the now substantially expanded production plant and was impressed, not only by the production process but above all by the ambition of the employees. Thanks to this production plant, Heijmans is making great strides in the field of industrial-scale construction.

Result development

In 2023, the Executive Board continued to build on improving working capital and capital ratios and robustly building the risk management system. The Supervisory Board monitored and supported the Executive Board's efforts. The 'margin over volume policy' and the continuous further professionalisation of the organisation and improvement of internal processes were discussed extensively in the meetings. Frequent back-and-forth meetings were held with the Supervisory Board on securing a healthy return/risk ratio while maintaining healthy entrepreneurship when managing (new) projects. Both boards are satisfied with the shift in the portfolio. Heijmans is in good shape. It is a robustly performing and predictable company. The reduced revenue of Property Development as a consequence of a disappointing housing market was compensated by the higher revenue from Infra and Building & Technology. Thanks in part to the unflagging efforts of its employees, Heijmans ended the year 2023 successfully.

Dividend

In view of the financial results for 2023, the Executive Board proposed to pay a dividend on ordinary shares of € 0.89 per (depository receipt for a) share. The Supervisory Board agreed with this proposal.

Corporate governance

The Supervisory Board is aware of developments in the field of corporate governance. These include the effect of the updated Dutch Corporate Governance Code coming into force in 2023, the introduction of the Diversity at the Top Act and relevant new and forthcoming (European) regulations in the field of ESG. In the context of the latter, both the Supervisory Board and the Executive Board have concerns about the pressure that reporting requirements place on the company. Meetings of the Supervisory Board have discussed how to implement ESG compliance in a controlled way, taking into account the interests of all stakeholders.

For more information on governance, please see section 15.1 Corporate Governance of the Management Report.

Frequency of meetings and attendance

In 2023, the Supervisory Board held seven regular and eight interim specific meetings with the Executive Board. The regular meetings were preceded by internal Supervisory Board deliberations and were physical meetings. The remaining meetings took place entirely digitally. Ms Knape-Vosmer had to excuse herself for one meeting. She discussed the agenda items and her views on them with the chairman in advance. All members were present at both the meetings of the Remuneration and Appointment committee and the Audit and Risk committee.

The June meeting was combined with a working visit to the Vijfsluizen project in Vlaardingen. Prior to the meeting in late October 2023, both boards visited the timber-frame housing production plant in Heerenveen.

The Company's external auditor was present at the meeting in which the 2023 financial statements were discussed. The Supervisory Board also met with the external auditor in the absence of the Executive Board. As usual, the Supervisory Board is represented in the consultation meeting of the Works Council twice a year. Members of the Supervisory Board regularly consult with members of the Executive Board, depending on their specific tasks. This is particularly true for the Chair of the Supervisory Board and the Chairs of the Board's committees, i.e. the Remuneration and Appointment committee and the Audit and Risk committee.

Resolutions

The important resolutions of the Supervisory Board in 2023 included the following:

- Approval of the decisions of the Executive Board to adopt and change the operational and financial objectives of the Company;
- Approval of the 2023 business plan and budget of Royal Heijmans N.V., which outlines the parameters of the strategic principles of the policy;
 - Approval of the specification of the criteria for the short-term and long-term variable remuneration of the members of the Executive Board;
 - The nomination for reappointment of Ms M.M. Jonk and Mr S.J.S. Vollebregt as supervisory directors at the General Meeting of Shareholders on 3 April 2023;
 - Approval of the Executive Board's proposal for the appropriation of the result of Royal Heijmans N.V. for the 2022 financial year, comprising the payment of a dividend on ordinary shares;
 - Approval of the Executive Board's decision to acquire Van Wanrooij Bouwontwikkeling and the associated investment;
 - Approval of the Executive Board's decision to issue 2.3 million ordinary shares (on the basis of the power of issuance approved by the AGM) on 5 September 2023 and the placement of the depositary receipts for shares with the seller of Van Wanrooij

- Approval of the Executive Board's decision to amend the company's financing arrangement in connection with the acquisition of Van Wanrooij;
- Approval of the Executive Board's proposal to submit an amendment to the Articles of Association to an Extraordinary Meeting of Shareholders.

Executive Board

The Executive Board has two members. Their areas of attention are as follows:

- Mr. A.G.J. (Ton) Hillen, Chairman of Executive Board / CEO: General affairs, Property Development, Building & Technology, Infra, HR & Management Development and Innovation;
- Mr. G.M.P.A. (Gavin) van Boekel, member of Executive Board / CFO: Finance & Tax, Risk office, Investor relations, IT, Heijmans Energy, Legal Affairs, PR & Communications, Procurement, Sustainability, Pensions and Facilities.

Supervisory Board self-assessment

One of the principles of the Dutch Corporate Governance Code states that the Supervisory Board is collectively responsible for its own performance and lists self-evaluation as a best practice. The 2023 self-evaluation was carried out with the help of an external party. A comprehensive questionnaire was submitted to all Supervisory Board members. Individual interviews were then held with all members of the Supervisory Board, Executive Board and the Secretary. The subsequent findings were discussed extensively among the Supervisory Board members and between the Supervisory Board and Executive Board. The 2023 evaluation showed that the Supervisory Board, also compared to the benchmark, is functioning properly. The increasing size and complexity of the company, internal and external dynamics require the Supervisory Board to be alert. The Supervisory Board must evolve along with all the above-mentioned developments to be able to deal with them. In 2024, together with the Executive Board, we will examine how the Supervisory Board can best fulfil this role.

Diversity

The composition of Heijmans' Supervisory Board is diverse in terms of gender, background and experience. The Diversity at the Top Act came into force on 1 January 2022. Among other things, this envisages a gradual entry quota for supervisory boards. This means that for a balanced composition, the supervisory board of a listed public limited company must consist of at least one-third women, and at least one-third men. When appointing a new supervisory director, the balance of the m/f ratio on the board must be taken into account. If the board is not balanced, a new appointment will have to contribute to that balance. The General Meeting, the Works Council and the Supervisory Board are then obliged to take into account the diversity quota when making recommendations and nominations.

The Supervisory Board consists of five members: two women and three men. Based on this current composition, the Supervisory Board complies with the new statutory regulation. The diversity policy and plan of action based on the Diversity at the Top Act that applies to the Executive Board and Supervisory Board is included in the management report. For further background information on all members of the Supervisory Board, please see section 15.6, Management and Supervision, of the Management Report.

Committees

The Supervisory Board has appointed two committees: the Audit and Risk committee, and the Remuneration and Appointments committee. The Board has drawn up Regulations for each committee, establishing the role of the committee in question, their composition and how they carry out their tasks. These regulations are available (in Dutch) on the Heijmans website in the 'Corporate Governance: Codes, statuten en reglementen' section.

Audit and Risk Committee

The Audit and Risk committee comprises three members of the Supervisory Board and its tasks cover a number of financial areas and risk management. The discussions of subjects in the Audit and Risk committee serve as preparation for the discussion of these subjects by the full Supervisory Board. These subjects include the interim report, the financial statements, the budget, the external auditor's reports, the external auditor's audit plan, other financial reporting, the functioning of internal risk and control systems, the relationship with and the evaluation of the external auditor, the pension plans and the development of the financing requirements and debt position, as well as the relationship with the company's financiers.

In addition, the Audit & Risk committee discussed the IT project portfolio, evaluations of acquisitions, the company's fiscal position and the issue list. The committee also discussed integrity and compliance, Risk & Audit management, the Risk & Audit manager's reports, cybersecurity and privacy. A fixed item on the agenda relates to discussing developments in the field of ESG regulations and how Heijmans can proactively respond to these. Concern was also expressed about the high reporting pressure and the capacity required in that respect.

The current auditor EY has been appointed for the financial years 2022 and 2023, after which the legally required rotation must take place. At the AGM on 3 April 2023, KPMG was appointed as external auditor for the financial years 2024 and 2025. Preparatory work related to the handover from EY to KPMG started in good harmony in 2023.

The audit and risk committee consists of Ms M.M. Jonk, Mr A.E. Traas (chairman) and Mr A.S. Gastelein. Expertise in financial reporting and auditing is embedded in the committee, as Mr Traas is trained as a Chartered Accountant. In 2023, the committee met four times with the Executive Board. The external auditor also attended a number of meetings. The committee also consulted with the auditor in the absence of the Executive Board.

When relevant, managers with responsibility for finance, auditing, risks and compliance attended the meetings of the Audit and Risk committee, together with the CEO and the CFO. Relevant items requiring approval from the full Supervisory Board were submitted to the full Board together with a recommendation from the Audit and Risk committee.

Remuneration and Appointment Committee

The Remuneration and Appointment committee consists of Ms M.M. Jonk (Chair), and Ms J.W.M. Knape-Vosmer. In preparation for the Supervisory Board, the committee focuses on the remuneration of the members of the Executive Board and draws up the selection criteria and appointment procedure for members of the Supervisory Board and the Executive Board. At least once a year, the committee also assesses the performance of the members of the Executive Board and draws up a succession planning for the Executive Board. In this context, the committee conducts individual performance interviews with the members of the Executive Board at least once a year.

Remuneration

The committee held six meetings in the year under review. The members also consulted with each other regularly in the course of the year.

The remuneration policy for both boards adopted by the AGM on 15 April 2020 is applicable in 2023. In 2022, the committee recommended that the policies for both the Supervisory Board and the Executive Board be reviewed in 2023, with the aim of putting both policy documents on the agenda for the AGM in April 2024. The remuneration policy will be submitted for approval no later than the AGM in 2024 in accordance with Article 2:135a of the Dutch Civil Code. This timing dovetailed with a reassessment of the company's strategy so that careful consideration could be given as to whether the policy needed to be adjusted in the light of that strategy. The committee used the support of an external party for the review. There was intensive contact on the remuneration policy between the committee and the Supervisory Board and between the committee, Supervisory Board and Executive Board. In early 2024, the Supervisory Board decided that the remuneration policy for both boards would be put on the agenda for the AGM. In this regard, please also see the 2023 Remuneration Report.

In its meetings, the committee considered the remuneration of the members of the Executive Board in the year under review. The remuneration for 2023 is in line with the remuneration policy adopted in 2020; please see the 2023 Remuneration Report in Appendix 20.5 Remuneration Report in Heijmans 2023 annual report.

In addition, the committee held discussions with and advised the Supervisory Board on, among other things, the targets in the context of the variable remuneration, the variable remuneration itself and the Bonus Investment Share Matching Plan.

Finally, the committee prepared and discussed the 2023 Remuneration Report with both the Executive Board and the Supervisory Board. This took into account the outcome of the advisory vote of the General Meeting of Shareholders regarding the 2022 Remuneration Report.

Appointments

Supervisory Board

At the conclusion of the AGM on 3 April 2023, Ms M.M. Jonk and Mr S.J.S. Vollebregt were due to retire in accordance with the retirement schedule after a term of more than four years and after two terms of four years, respectively. Both were nominated for reappointment for four and two years respectively. The Works Council supported both nominations.

The Supervisory Board nominated Mr Vollebregt for reasons of continuity. A number of Supervisory Board members had been appointed relatively recently at the time of the AGM and the reappointment gave the Board the opportunity to conduct a timely and careful search for a candidate to fill the vacancy arising once Mr Vollebregt steps down in 2025.

Even after these reappointments, the composition of the board meets the statutory quota for a balanced composition (see section on Diversity).

Composition of the Supervisory Board

The Supervisory Board currently consists of five members. In accordance with the retirement schedule, as described above, two supervisory board members were due to retire in 2023.

The current composition of the Supervisory Board with personal details, main and ancillary positions is included in section 15.6 Management and Supervision, of the Management Report. All members of the Supervisory Board qualify as independent within the meaning of best practice 2.1.8 of the Dutch Corporate Governance Code.

In conclusion

Last year was a good year for Heijmans in a number of ways. The company achieved 69% of the targets set out in the bold statements formulated in 2018 for the period to 2023. Heijmans also realised its strategic goals, in part through the acquisition of Van Wanrooij, which further strengthened its position in construction and property development. As in previous years, both the Supervisory Board and the Executive Board continued to focus on a strict selection policy, optimum cost structure, physical and social safety, and sustainability. Heijmans worked hard to improve results in a broad sense. The changing housing market created additional challenges. However, Heijmans is resilient and flexible and uses its innovative potential to find solutions. The basis for structural success lies in a sound organisational set-up, team excellence and the development of human capital, while maintaining the right balance between entrepreneurship, returns and risk.

The Supervisory Board has great respect not only for the Executive Board and the good financial results for 2023, but especially for all the employees who made this possible. This is the foundation for Heijmans' good results!

The Supervisory Board would like to thank the Works Council, all employees and the Heijmans Executive Board for their significant contribution during the past reporting year.

Rosmalen, 8 March 2024

Sjoerd S. Vollebregt, chair
Martika M. Jonk, vice-chair
Ans J.W.M. Knape-Vosmer
Arnout E. Traas
Allard S. Castelein



“Continuing to improve together with Heijmans”



JAN SLAGMAN
EUROPROVYL

“Together with Heijmans, we continue to improve. Take recycled window glass or the reuse of hinges and locks. We are happy to give credit to Heijmans, because over the past few years they have been the ones who challenged us to make an even more sustainable window frame.”



15 Governance

15.1 Corporate governance

Corporate governance is about the sound management of a company, the supervision of that management and how the execution of the strategy is reported to all the company's stakeholders. These stakeholders include shareholders, employees, clients, suppliers, subcontractors, end users and society as a whole. Factors that play a role in the reporting include the strategy and the achievement of the company's business objectives, the corporate culture and how the company meets its reporting and transparency obligations.

15.2 Open corporate culture

Corporate governance is about the sound management of a company, the supervision of that management and how the execution of the strategy is reported to all the company's stakeholders. These stakeholders include shareholders, employees, clients, suppliers, subcontractors, end users and society as a whole. Factors that play a role in the reporting include the strategy and the achievement of the company's business objectives, the corporate culture and how the company meets its reporting and transparency obligations.

Open corporate culture

A disciplined and unified corporate culture is a prerequisite for the success of our 'Better, Smarter, Sustainable' strategy. Heijmans sees continuous improvement as of vital importance to maintain a sound basis. We recognise the importance of good corporate governance and a code of conduct for the achievement of our business objectives and the realisation of the related corporate culture. To this end, we continue to focus on communicating the core values that are vital to the realisation of this strategy. These core values are ownership, result focus and collaboration.

Heijmans strives to maintain the highest possible standards, which means that we respect and comply with legislation, and observe and initiate guidelines that apply either to the company specifically or to the industry in general. Additionally, this means that we also strive to achieve the highest possible levels of integrity and transparency in our actions and any decision-making that affects our stakeholders. We also strive to conduct a continuous dialogue with stakeholders and to distribute information simultaneously and accessibly.

For more detailed information on how governance and supervision are organised at Heijmans, see the Corporate Governance Statement (as meant in Sections 2(a) in conjunction with sections 3 through 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag*) and including the information required under the Decree implementing Article 10 of the Dutch Takeover Directive). This statement is available (in Dutch) on the Heijmans website in the 'Corporate Governance: Codes, statuten en reglementen' section.

15.3 Organisation of our corporate governance

The basic premises for Heijmans' corporate governance structure are: good business conduct, integrity, reliability, client focus, openness and transparent dealings by the management, as well as the proper supervision of same. After all, we attach a great deal of importance to achieving an equitable balance between the interests of our various stakeholders. Heijmans endorses the principles of the Dutch Corporate Governance Code to the effect that the Company is a long-term alliance of the various stakeholders of the Company.

Shares

Depositary receipts for Heijmans shares are issued through the Heijmans Share Administration Trust, or SA Trust (Stichting Administratiekantoor Heijmans). The purpose of this vehicle is to prevent resolutions being adopted by a shareholders meeting through a random majority.

A decision to issue depositary receipts for shares is taken by the company, not by the SA Trust. The purpose of depositary receipts is to prevent arbitrary decision-making at a shareholders' meeting due to a low-percentage attendance of depositary receipt holders, i.e. a low percentage of capital represented. In the Company's view, it is not desirable that in the event of low attendance, just a few depositary receipt holders can determine the outcome of a vote.

It is important that each depositary receipt holder wishing to exercise their voting rights at a general meeting always receives an unrestricted proxy from the SA Trust for this purpose. Each depositary receipt holder is therefore able to vote at a general meeting themselves or through their proxy. It is also always possible to give voting instructions to a civil-law notary. This means there are no obstacles preventing depositary receipt holders from casting their votes.

If a depositary receipt holder does not make use of the options provided for this purpose, a representative of the SA Trust, in fact a member of the SA Trust Board, casts the votes attached to the depositary receipts of the depositary receipt holder in question. This means no votes are lost. The SA Trust also offers holders of depositary receipts the opportunity to make their views on agenda items for a general meeting known in writing to the SA Trust Board in advance. The management can then take these views into account when preparing the general meeting.

The purpose of the Sa Trust is described in article 2 of its articles of association (to be found (in Dutch) on [Stichting Administratiekantoor \(heijmans.nl\)](#)). Important in this respect is: "In exercising the rights attached to the shares, the SA Trust is guided primarily by the interests of the holders of depositary receipts issued for the shares by the SA Trust, taking into account the interests of the company, its affiliated enterprise and all stakeholders."

The SA Trust therefore has no self-interest but considers the interests of all stakeholders, primarily those of the depositary receipt holders.

During the annual depositary receipt holders' meeting in November, the board of the SA Trust explains its activities in the current year. Every depositary receipt holder can register for this meeting. The minutes of that meeting are published (in Dutch) on the website of the SA Trust (Stichting Administratiekantoor (heijmans.nl)). In accordance with best practices 4.5.6 and 4.5.7, the SA Trust publishes a report of its activities each year.

Works Council

Employees are represented at Heijmans via the Works Council. Heijmans has a single Works Council at the level of Heijmans Nederland B.V. There are also a number of committees, each with its own focus area, such as finance, social policy and communications, comprising both members and non-members of the Works Council. In 2023, the Works Council held 12 Works Council meetings, and seven consultative meetings. The latter are meetings at which the chairman of the Executive Board is present. A member of the Supervisory Board attended two of the consultative meetings. In the course of 2023, the Works Council dealt with eight requests for approval and 10 requests for advice. In 2023, the Works Council will celebrate its 50th anniversary. Both the Works Council and the company celebrated this in a variety of ways because that anniversary can be considered a milestone.

15.4 The Dutch Corporate Governance Code: compliance and deviations

The Dutch Corporate Governance Code updated in 2022 was published in the Government Gazette on 30 August 2023. This Code was embedded in Dutch law as per 1 January 2024 by virtue of Section 2:391(5) of the Dutch Civil Code in conjunction with Section 2 of the Decree on the Content of Management Reports (*Besluit inhoud bestuursverslag*). Heijmans is reporting on the basis of the 2022 Code for the first time for the 2023 financial year.

Heijmans endorses the underlying principles of the Dutch Corporate Governance Code and has incorporated these principles as such in our corporate governance structure. We have also aligned the regulations of the Executive Board, of the Supervisory Board and of the committees of the Supervisory Board with the code.

Note on the application of the Dutch Corporate Governance Code

For the reporting year 2023, Heijmans is required to report regarding best practice 2.2.2. This provision deals with the number of terms of appointment for supervisory directors. A supervisory director is appointed for a period of four years and may thereafter be reappointed once for a period of four years. Thereafter, the supervisory director may be reappointed again for a term of two years, which may then be extended for a maximum of two years. Reappointment after a period of eight years must be justified in the Supervisory Board's report.

At the General Meeting on 3 April 2023, Sjoerd Vollebregt, after two four-year terms, was nominated for reappointment for a period of two years.

At the nomination for reappointment, the Supervisory Board indicated that it is of the opinion that, given his knowledge and experience over the past eight years, Mr Vollebregt has proven himself highly capable of fulfilling the role of supervisory director (and Chairman) at Heijmans. His proposed reappointment for two years was for reasons of continuity. A number of supervisory directors had been appointed relatively recently at the time of the General Meeting on 3 April 2023. Reappointing Sjoerd Vollebregt gave the Supervisory Board the opportunity to conduct a timely and careful search for a candidate to fill the vacancy that will arise when Sjoerd Vollebregt steps down in 2025. In addition, the Supervisory Board was of the opinion that reappointment of Sjoerd Vollebregt contributes to the diverse and complementary composition of the Supervisory Board, in accordance with the Heijmans Supervisory Board profile.

15.5 Corporate Governance Statement

The Corporate Governance Statement as referred to in section 2(a) in conjunction with sections 3 through 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Dutch Takeover Directive (Overname richtlijn) is available (in Dutch) on the Heijmans website in the section 'Corporate Governance: Codes, statuten en reglementen'. This statement should be considered inserted and repeated here.

Special aspects

Dividend policy

The holders of ordinary shares or depositary receipts for ordinary shares are entitled to the pay-out of a dividend. Heijmans N.V.'s dividend policy includes a pay-out ratio, barring exceptional circumstances, of approximately 40% of the profit from ordinary business operations after tax. The remaining 60% is added to the reserves in accordance with Article 31 (5) of Heijmans N.V.'s Articles of Association.

Agreements with shareholders that may give rise to restrictions on the transfer of (depository receipts for) shares or could limit voting rights

In 2023, Heijmans acquired Van Wanrooij Bouwontwikkeling. As part of the purchase price, Heijmans issued 2,300,000 (depository receipts for) ordinary Heijmans shares and placed these with the seller. The seller is not permitted to sell, pledge or otherwise dispose of the (depository receipts for) ordinary shares or the beneficial interest in the (depository receipts for) ordinary shares before three years have elapsed since the transfer date, this being 5 September 2023.

The Company is not otherwise aware of any agreements other than the aforementioned involving a shareholder that may result in:

- a limitation on the transfer of shares;
- a limitation on the issuance of (depository receipts for) ordinary shares with the Company's cooperation;
- a limitation of voting rights.

Heijmans Preference Share Trust

The Heijmans Preference Share Trust has been given a call option, which gives the Trust the right to obtain preference shares in the capital of Heijmans N.V. The purpose of the Trust is to protect the interests of the company and all its stakeholders. The Trust also aims to limit any impact that may impede the independence and/ or continuity and/or identity and/or strategy of the Company. The purpose of issuing protective preference shares is to provide the company with the opportunity and the time to effect the protection of the above-mentioned interests in the event that the company finds itself in a potentially undesirable situation.

Powers of the shareholders meeting and the rights of shareholders

According to principle 4.1 of the Code, good corporate governance assumes full participation by shareholders in the decision-making at the general meeting. The Supervisory Board and the Executive Board also consider this important. The notice of convocation, agenda and documentation to be dealt with at a shareholder meeting are all published on the company's website at least 42 days in advance of the meeting. As far as possible, the Company gives shareholders the opportunity to vote remotely and to communicate with all other shareholders. Holders of (depository receipts for) shares who cannot attend a shareholders' meeting can issue a proxy and voting instructions to a third party designated by the Company, which third party will vote in accordance with their voting instructions.

According to the Heijmans Articles of Association, any resolutions by the Executive Board that involve a significant change to the identity or character of the Company or its business are subject to approval by a shareholders meeting. The shareholders meeting also has a number of other significant powers, including the adoption of the financial statements, the appropriation of the result, the discharge of the members of the Executive Board and the Supervisory Board, the adoption of the remuneration policy for the Executive Board and the remuneration of the members of the Supervisory Board, resolutions to amend the Articles of Association or to dissolve the Company, the appointment of the external auditor and the designation of the Executive Board as the body authorised to acquire (buy back) and issue shares

Limitation on the transfer of shares

There is no limitation in the Articles of Association or contractually on the transfer of shares or depository receipts for shares issued with the cooperation of the Company. Article 11 of the Company's Articles of Association stipulates that the Company's Executive Board must approve any transfer of financing B preference shares.

Substantial shareholdings in Heijmans

Holders of shares and depository receipts for shares that, as far as the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2022, according to the Register of Substantial Shareholdings of the Dutch Financial Markets Authority (AFM), are listed in Chapter 17 'The Heijmans Share' of this annual report.

Protective measures (special voting rights; limitation of voting rights)

- The shares into which the authorised share capital of the Company is divided do not endow the holders with any special controlling rights.
- The Company does not have any employee participation plan or employee share option plan.
- There are no limitations of voting rights attached to ordinary shares or the depositary receipts for ordinary shares.
- The Company's Articles of Association include the usual provisions related to registration as a recognised party entitled to attend and to vote at a shareholders meeting.
- In accordance with Article 6 of the Company's Articles of Association, the Executive Board can be designated as the body authorised by the General Meeting of Shareholders to issue shares. This requires the approval of the Supervisory Board. The General Meeting of Shareholders determines the scope and duration of this authority.

Amendment of the Articles of Association

A resolution to amend the Articles of Association can only be passed by a majority of at least two-thirds of the votes cast at a General Meeting of Shareholders at which at least half the issued capital is represented, unless the motion for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board. If a motion for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the resolution can then be passed by a simple majority of the votes, regardless of the capital represented.

Authorisation of the Executive Board with respect to the issuance of shares and the acquisition of shares (buy-back)

The Executive Board was designated by the General Meeting of Shareholders on 3 April 2023, in accordance with the Articles of Association, such subject to the approval of the Supervisory Board, for a period of eighteen months from 3 April 2023, to decide:

- 1) to issue ordinary shares and/or grant rights to acquire ordinary shares; and 2) to limit or exclude the pre-emptive right to ordinary shares of existing shareholders, for a term of 18 months commencing on 3 April 2023. The mandate to issue ordinary shares is limited to 10% of the issued share capital on 3 April 2023; and
- 1) to issue ordinary shares in connection with a rights issue, with the understanding that this mandate of the Executive Board is limited to a nominal value equal to 20% of the issued capital at the moment of issue; and 2) in connection with this, to limit or exclude the statutory pre-emptive right of existing shareholders, insofar as the Executive Board believes such a measure to be necessary or practical in the context of a rights issue, but where existing shareholders that are eligible for this will gain contractual pre-emptive rights for new shares in relation to their shares held, in accordance with existing rights issue practice, for a term of 18 months from 3 April 2023.

Furthermore, the General Meeting of Shareholders of 3 April 2023 gave the Executive Board the authority - for a period of 18 months commencing on 3 April 2023 and subject to the approval of the Supervisory Board - to decide that the Company will acquire ordinary shares in its own capital, by purchasing same in the market or by other means.

This authorisation is limited to 10% of the issued share capital as per 3 April 2023. The company may only purchase the treasury shares at a price between their face value and 110% of the average closing prices over the last five trading days prior to the date the ordinary shares are purchased. The term shares is understood to include depositary receipts for shares.

Consequences of a public bid for important contracts

The agreement with the banking consortium includes a change-of-control clause with respect to the facility of € 252.50 million (at year-end 2023). This clause states that the consortium must be informed of any change of control, and must then be given the option to demand early repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

Payment to members of the Executive Board upon termination of their employment following a public bid

The agreements with the members of the Executive Board provide for a payment upon termination of the employment contract and/or management agreement following a public bid as meant in section 5:70 of the Dutch Financial Supervision Act.

15.6 Management and supervision

Executive Board



Mr A.G.J. (Ton) Hillen (1961)

Chairman of the Executive Board, CEO

Dutch. Mr. Hillen was appointed as a member of the Executive Board of Heijmans N.V. on 18 April 2012, reappointed on 13 April 2016 and appointed as CEO on 1 December 2016. He has held various positions at Heijmans since 1992 and was appointed Director of Property Development and Residential Building at Heijmans in 2008. Prior to joining Heijmans, Mr. Hillen was employed at BAM and Anton Obdeijn Project development. Ancillary position: Member of the Supervisory Council of the Noord Brabants Museum and member of the Management Board of Bouwend Nederland.

Mr G.M.P.A. (Gavin) van Boekel (1975)

member of the Executive Board, CFO

Dutch. Mr Van Boekel was appointed as a member of the Executive Board/CFO of Heijmans N.V. on 1 September 2021. Prior to joining Heijmans, he held various financial positions at Unilever for more than 21 years. Ancillary positions: Member and from 2020 Chairman of the Curatorium of the Executive Master Finance & Control ('Registercontrollers Opleiding') at the VU University of Amsterdam, member of the Advisory Board of the Dutch Association of Registered Controllers, member of the Advisory Board of the School of Accounting at the VU University of Amsterdam.

Supervisory Board



From left to right Mr. Vollebregt, Mrs. Knappe-Vosmer, Mrs. Jonk, Mr. Traas, Mr. Castelein.

Mr S.J.S. (Sjoerd) Vollebregt (1954), Chairman

Dutch. Mr. Vollebregt was formerly Chairman of the Executive Board of Stork B.V. and Fokker Technology B.V. Prior to that, Mr. Vollebregt was employed at companies including Exel, Ocean, Intexo Holding and Royal Van Ommeren. He was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2015, appointed as Chairman in 2016, reappointed in 2019 and reappointed for two years in 2023. He is due to step down in 2025. Principal additional positions: Chairman of the Supervisory Board of Fugro N.V. and Chairman of the Economic Board of Drechtsteden.

Ms M.M. (Martika) Jonk (1959), Vice-chair

Dutch. Ms. Jonk qualified as a lawyer in 1986 and until 1 January 2024 was a senior counsel at CMS Derks Star Busmann. She was appointed as a member of the Supervisory Board of Heijmans N.V. in December 2018 for a term of more than four years, reappointed for four years in 2023. She is due to step down in 2027. Principal additional positions: member of the Supervisory Board of HES International B.V., member of the Supervisory Council of Catharina hospital in Eindhoven.

Ms J.W.M. (Ans) Knappe-Vosmer (1962)

Dutch. Senior Vice President HR&O Global Operations | Enabling Functions | Strategic Sourcing & Procurement at ASML. She was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2020. She is due to step down in 2024. Principal additional positions: member of the Supervisory Board of Royal Douwe Egberts B.V.

Mr A.E. (Arnout) Traas (1959), chairman of the Audit and Risk committee

Dutch. From mid-2011 to April 2020, Mr. Traas was CFO at ForFarmers N.V. Prior to this, he worked at FrieslandCampina for 10 years, as well as at a number of other companies, including Arthur Anderson, Mars, H.C.S, G.T.I. Holding and Vendex/KBB. He was appointed as a member of the Supervisory Board of Heijmans N.V. on 14 April 2021. He is due to step down in 2025. Principal additional positions: Chairman of the Supervisory Board of ABAB, chairman of the Supervisory Board of Vreugdenhil Dairy Foods, coordinator of Next Generation CFO course at the VU and chair of the advisory board for the Executive Master of M&A and Valuation at VU and RUG.

Mr A.S. (Allard) Castelein (1958)

Dutch. Until mid-2023, Chief Executive Port of Rotterdam. Appointed as a member of the Supervisory Board of Heijmans N.V. on 12 July 2022. Due to step down in 2026. Principal additional positions: non-executive director at Renewi Plc, non-executive director at ABP (Associated British Ports), chairman of the Supervisory Board of the Erasmus Trust Fund, chairman of the Supervisory Board of the Rotterdam Philharmonic Orchestra, chairman of the Board of Ronald McDonald House Sophia Rotterdam, member of the Supervisory Board of the International Architecture Biennale Rotterdam.

15.7 Diversity

Diversity at the top Act report

In accordance with the Diversity at the Top Act (Art. 2:142b of the Dutch Civil Code), in this annual report we report on the composition of the Supervisory Board, the Executive Board and the sub-top level. We also report on the target figures for the Executive Board and sub-top and the associated action plan to achieve the targets. Because Heijmans is a listed company, the Supervisory Board is subject to the gradual entry quota rather than a target.

Both the Executive Board and Supervisory Board recognise the added value of diversity in a broad sense and gender diversity in particular. Heijmans' current diversity policy, with regard to the Executive Board and the Supervisory Board, is designed with this in mind. In the action plan under the Dutch Diversity at the Top Act, we take measures and actions to implement the diversity policy and targets for the Executive Board and the sub-top. Target figures should be appropriate and ambitious, and have been formulated based on those principles.

Executive Board

Executive Board	
Number of members of the Executive Board at year-end 2023	2
Number of women	0
Target number of women	50%
Target number men	50%

The Executive Board has consisted of two officers for several years. Considering the current composition, a target figure of one man and one woman in the Executive Board is obvious. Reaching a balanced male/female ratio is a challenge in the long term, because there are significant intervals between vacancies for an Executive Board with two members. The appointment terms of the current directors expire in 2024 and 2025, respectively. As there were no vacancies in 2023, Heijmans did not achieve this target.

The Supervisory Board is responsible for the composition of the Executive Board. In the event of a vacancy on the Executive Board, the Remuneration, Selection and Appointments Committee supervises and prepares the recruitment procedure. The recruitment is always carried out by an executive search agency. In the assignment, we devote specific attention to female candidates: of the number of longlisted candidates, at least 50% must be female. The Supervisory Board aims to have 50% female candidates on the shortlist, too. During the selection process, the board assesses numerous criteria and, if they prove suitable, the female candidate is given preference.

Sub-top

Sub-top	
Number of members of sub-top year-end 2023	108
Number of women	16
Target number of women	15%
Target number of men	50%

The sub-top at Heijmans (excluding Van Wanrooij) consists of officers who are part of the senior management. At the end of 2023, the sub-top consisted of 101 employees, 16 of whom were women. In 2023, five women and four men joined or were appointed to positions that are part of senior management. Five men left this group and no women.

The targets for the sub-top refer to a minimum percentage of women and men of 15% and 50% respectively, which means 35% can be women or men. At year-end 2023, the number of women stood at 15%, thus meeting that target. We will therefore increase the target number for women to 20%.

The Executive Board is responsible for sub-top diversity. Candidates for the sub-top, defined in the Top Diversity Act as positions in senior management, are recruited in the business with guidance from HR.

In recruitment, HR applies the following principles to promote diversity (in a broad sense):

- Working method within recruitment that consciously considers diversity when filling vacancies.
- Recruitment agencies are briefed on our need for diversity. Depending on the specific vacancy, (firm) we reach agreements on this subject.
- The language used in vacancy texts is tailored to the target group we are aiming to reach: e.g. men or women, cultural background or young people.

For the recruitment of officers who fall into the sub-top, recruitment will take additional measures, such as:

- The selection committee will include at least one woman.
- The aim is for at least 50% of the candidates invited, whether or not they were found through a search agency, to be women. There is a caveat for this in that it is difficult for certain technical jobs, given the number of women with certain technical educations.
- Diversity goals such as KPIs are part of senior management targets.

Supervisory Board

Heijmans is a listed company, and so is bound by the gradual entry quota for supervisory boards. There is no target figure for the Supervisory Board. As per year-end 2023, the Supervisory Board consisted of three men (60%) and two women (40%), and therefore achieved the quota of at least one-third men and at least one-third women.

In the Profile of the Supervisory Board, established on 12 June 2019, it is stated that the Supervisory Board would draw up a diversity policy with respect to the composition of the Supervisory Board, considering the aspects relevant for the Company, such as nationality, age, gender and background in terms of education and career experience. With regard to the male/female ratio, the Supervisory Board will act in line with legal requirements and the board endorses the goal of said legal requirements.

If there is a vacancy in the Supervisory Board, the Remuneration and Appointments committee prepare and guide the selection procedure. The selection will always be carried out by an executive search agency. In the commissioning, specific attention is paid to female candidates: at least 50% of the candidates on the longlist should be female. The Supervisory Board strives to have at least 50% of the candidates on the shortlist be female, too. The Supervisory Board assesses a variety of criteria during the selection, and if they prove suitable, the female candidate will have the preference.

In 2023, two supervisory directors were due to step down and were eligible for reappointment, namely Martika Jonk and Sjoerd Vollebregt. Both were reappointed at the General Meeting of 3 April 2023 for four and two years respectively.

Diversity and inclusion policy

Based on best practice 2.1.5 of the Dutch Corporate Governance Code, Heijmans has a company-wide diversity and inclusion policy (D&I policy). This includes the policy that applies to the Supervisory Board, Executive Board and sub-top pursuant to the Dutch Diversity at the Top Act.

The D&I policy can be described as follows:

"All people are equal, but not all people are the same. That said, at Heijmans we do look very much alike. It is striking how frequently the people wearing a 'yellow helmet' are the same age, ethnicity or gender. If we want to create a healthy living environment, it would help Heijmans if our employees were a better reflection of society as a whole. If our workforce were to be almost as diverse as the people we work for. This is why we consciously recruit a wide range of people: in terms of age, gender and cultural background. More diversity within Heijmans means more differences. Differences can be exciting, inspiring or instructive. We harness the power of those differences and ensure a safe workplace for everyone."

The Better strategic pillar also includes wanting to become the best employer in the construction industry. An employer where there is room for people of diverse (cultural) backgrounds and ages. An employer that has an eye for differences in background and skills. This is why Heijmans is working hard to introduce groups of people who hardly ever work for us and to bind them to our company and our industry.

Our approach

How do we want to make diversity a reality at Heijmans? We have an internal working group that holds regular discussions to exchange ideas on the theme of diversity and inclusion.

This has already resulted in several recruitment-related actions:

- For example, the recruitment team attended a training course on 'unbiased selection'. They have incorporated the key learning points from this training course in a presentation and shared this with their HR colleagues. They also discuss the findings with the managers of the various units so these findings are disseminated to the rest of the organisation.
- We have made an internal working agreement to the effect that for all vacancies, we first determine how filling the vacancy can contribute to increasing the diversity of the team in question. We then take this into account when recruiting; our vacancy texts are always geared to the desired target group in terms of language.
- We have a campus recruiter who consults on a regular basis with educational institutions that have an above-average diverse population; she also has regular contact with Jinc (an organisation that focuses on children who, due to their background, are at risk of falling behind on the labour market).
- Our recruiters actively participate in events with the specific aim of recruiting and/or getting women and/or minority groups interested in our industry.

We also carried out other activities:

- We joined the Agora network. This brings professionals in the field together to share knowledge and experiences, make networks available and empower each other in order to contribute to the growth, retention and advancement of culturally diverse talent.

- In the employee engagement survey conducted at the end of 2023, we added several questions about inclusion at Heijmans. This enables us to get a clearer picture of what is going on among employees on this front, but also to remind employees that they can discuss this with our confidential counsellors.
- We have created a 'Celebrate difference' visual aid that aims to raise awareness of this subject within Heijmans.
- We have carried out a baseline measurement on cultural diversity within our organisation with the help of Statistics Netherlands (CBS), so we can also monitor whether our efforts in this area are producing results.
- In cooperation with Young Heijmans, over the past two years we have organised several webinars on male/female differences, generational differences, cultural backgrounds, etc. The aim was to learn from each other and raise awareness.
- We have a content calendar that we use to regularly publish pieces on Viva Engage (digital environment for internal communities). For instance, this can include the holidays of various religions (such as Eid al-Fitr, marking the end of Ramadan) or national events (such as Pride Amsterdam) related to the theme of diversity and inclusion. We do all this to draw attention to the various elements within our Heijmans community, and to promote awareness and understanding of each other.



“Diversity is necessary for The Works Council”



THE WORKS COUNCIL OF HEIJMANS **SHIVA VON STETTEN**

“The Works Council used to be very reactive, waiting to see what the director would come up with. Now we also make sure that the director knows what is going on within Heijmans, for instance in the field of safety, behaviour and corporate culture. When we do this, we always look at our shared interests.”

KIM VAN DUN

“The composition of the Works Council has also changed a lot over the past 50 years. You can see this immediately from the photo of the first Works Council. It’s almost all men, with ties and cigars, formally dressed behind their typewriters. There is only one woman: the secretary. The photo of the current works council paints a different picture: young, old, people who work inside and outside, men and women - 40% are women. This diversity is necessary because the Works Council represents all employees.”

15.8 Integrity and conduct

Culture and structure

Heijmans attaches enormous value to integrity. Transparency is a basic prerequisite for integrity. We encourage an open working attitude by making sure the Executive Board and management set a good example. We discuss integrity issues at Executive Board and Group Council meetings, and we organise review meetings with the managements of the business areas. This is how we try to safeguard our open culture as much as possible. We have also set up a structure for employees to report conduct and integrity issues. If necessary, we launch an investigation and will take action if necessary.

Integrity committee

The integrity committee advises the Heijmans Executive Board on integrity issues and met twice in 2023. The committee discusses issues, dilemmas and themes in the field of integrity and all related topics. Based on this, the committee issues policy recommendations. The Executive Board then adopts the policy and decides what actions to take. The CEO chairs the committee. The core membership also includes the Compliance Officer, the Chief Procurement Officer, Chief Human Resources Officer, the Chairman of the Works Council and an integrity officer from Property Development. Topics of discussion include the content of integrity and conduct training courses, the operation of the code of conduct, improvements to the reporting structure and how we can keep integrity top of mind among our employees.

Reporting structure: compliance officer and confidential counsellors

Working safely is a key priority at Heijmans. This includes a safe reporting environment, a (work) environment in which all employees feel free to report matters that contravene our Code of Conduct and/or core values without having to worry about their position. This means that they dare to seek out a supervisor or confidential counsellor without fearing for their job. Heijmans facilitates this safe environment through a sound reporting procedure, which also allows people to report anonymously, and of course by taking all reports seriously. Heijmans also actively demonstrates the consequences of unacceptable behaviour, including by raising the issue for discussion on Viva Engage and in management team and work meetings.

Heijmans has appointed a compliance officer as a central point of contact and reporting point for (suspected) abuses and integrity issues. In addition, the compliance officer herself pursues an active policy. She makes regular enquiries among management and HRM. Anonymity of reports is guaranteed and the compliance officer examines which actions are needed per report and which procedures apply. The compliance officer also reports anonymous reports during Executive Board meetings. In many cases, issues are resolved on the shop floor, for instance through a conversation between an employee and their manager.

In addition, we have appointed eight confidential counsellors. Employees can turn to them if they encounter undesirable behaviour, such as discrimination, sexual harassment, bullying, aggression, violence or other undesirable behaviour. The group of confidential counsellors is diverse and consists of men and women who differ in terms of their position, background and place in the organisation. Employees can contact the confidential counsellor of their choice.

If employees cannot or do not want to approach the compliance officer or confidential counsellor, they can always report anonymously via SpeakUp, an external platform. Heijmans received no reports via this platform in 2023.

Business Integrity

Heijmans attaches enormous value to the integrity of its employees, which is a prerequisite to running a successful company. That is why we developed the Zakelijk Zuiver (Business Integrity) programme, consisting of an e-learning course and physical dialogue sessions in which colleagues discuss dilemmas with each other. We started the dialogue sessions in 2022 and had completed them by the end of 2023. By year-end 2023, 2,900 indirect employees had participated in these dialogue sessions. The sessions were facilitated by around 90 members of our management, who attended a train-the-trainer session for this purpose. Direct employees follow a Zakelijk Zuiver module in the collective bargaining agreement training days. We also offered the e-learning course to our supervisory directors.

The e-learning course remains a regular part of our onboarding programme. To keep the issue of conduct and integrity top of mind among our employees, the Executive Board devotes attention to it in video messages, while we also organise workshops and offer toolboxes, plus it is featured regularly on Viva Engage.

Heijmans Code of Conduct

The Heijmans Code of Conduct is not voluntary and applies to everyone involved with Heijmans: the management, our (temporary) colleagues, but also our partners, subcontractors and suppliers.

Dilemmas and conduct

Heijmans is convinced that conduct has a major impact on the quality and results of the company. For example, the impact of conduct in the field of safety; in the construction industry, this can make all the difference.

Heijmans still faces integrity and conduct issues. Not everyone has the same opinion about what is and is not acceptable. A large proportion of the reported issues are related to the following dilemmas:

- **Calling each other to account or not**

Calling each other to account for undesirable behaviour - in line with the standards we strive to maintain - encourages more openness and, in the end, more acceptable conduct. Calling each other to account is a form of ownership and a sense of responsibility. For example, employees call each other to account about wearing personal protective clothing, separating waste on building sites or submitting incorrect expense claims, not abiding by rules or agreements made, using company equipment for private use and undesirable behaviour towards each other or third parties. To make it easier for employees to call each other to account, we organise dilemma meetings, provide toolboxes and regularly put the subject of integrity and conduct on the agenda of work meetings. In these meetings, we openly discuss certain issues, dilemmas or certain kinds of behaviour.

- **Acceptable versus unacceptable behaviour** It is sometimes difficult to define the fine line between acceptable and unacceptable behaviour, but it is crucial for the culture on the shop floor. Heijmans considers a safe working environment - where everyone is treated with respect - a prerequisite on this front. We do not accept unacceptable behaviour. We take appropriate measures whenever necessary.

Reports

The compliance officer and confidential counsellors received a total of 41 reports on integrity issues and unacceptable behaviour in 2023, which was more than in 2022. No reports were submitted to the anonymous reporting line (SpeakUp). Heijmans encourages employees to report alleged wrongdoing. The Executive Board feels it is important that employees feel free to report matters. Everyone needs to know that their report will be treated seriously. Partly for this reason, the employee engagement survey we conducted in the autumn of 2023, devoted extra attention to unacceptable behaviour. We find it encouraging to learn via the survey that, according to people who had submitted reports, more than 70% of reports are dealt with adequately and they are satisfied with this.

A large proportion of the reports were prompted by labour disputes, but there were also reports of undesirable behaviour of various kinds, such as inappropriate and/or unprofessional behaviour by staff in various positions, verbal aggression and sexual harassment. Furthermore, reports included not following internal procedures and possible administrative irregularities. In each case, the Executive Board first considered the seriousness of the matter and then conducted a fact-finding investigation. Among other things, the reports led to written (final) warnings and, in a few cases, immediate dismissal. All reports (anonymised where necessary) were also discussed in Executive Board meetings and evaluated afterwards with the members of the management team involved.

Integrity and conduct

The integrity and conduct Heijmans expects from its employees are laid down in a number of regulations and guidelines:

Dossier statement

In this statement, the responsible manager explicitly declares that there was no anti-competitive behaviour in the preparation of the tender. The statement is part of the so-called final sheet, the calculation of the tender price that is signed off by the management and the Executive Board.

Integrity-sensitive positions

Heijmans has a 'Procedure for integrity-sensitive positions'. Integrity-sensitive positions include members of the Executive Board, members of the group board, members of the senior management and a number of specifically defined positions. Screening is mandatory for these functions. Employees in integrity-sensitive positions and applicants applying for such positions are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Good Conduct.

Reviews

The Executive Board discusses integrity issues and shares these, anonymously, with the management teams. In consultation with the Integrity Committee, the Executive Board makes sure that reports and issues are translated into appropriate measures and policies.

Heijmans Code of Conduct

The 'This is how we work' code is about being respectful with each other, safety, integrity, honesty and following rules. The Code of Conduct applies to everyone who works at or for Heijmans. The Code of Conduct is linked to a sanctions policy. We ask managers to set a good example. The Code of Conduct forms an integral part of the employment contract with permanent and temporary staff and also applies to any self-employed people with whom Heijmans works.

Integrity

Integrity is a fixed topic in job interviews and induction programmes.

Transaction register

To promote integrity in project development, in 2009 Heijmans Property Development set up a Transaction Register, in accordance with the NEPROM Code of Conduct. This complements the quality management system and the Heijmans Code of Conduct. In the transaction register, we examine, record and document the relevant details of each business-to-business property transaction in advance. This enables us to check transactions retrospectively for correctness, integrity and legality. This is also laid down in the Heijmans Procurement Policy.

Procurement policy

We ask new suppliers to sign a 'Sustainability statement'. This statement includes ground rules for improvements in social aspects, working conditions and safety, health and the environment.

Privacy compliance

Heijmans devotes significant attention to privacy compliance. All employees regularly follow an e-learning module on this subject, and we share a lot of practical information via our internal platform Viva Engage.

We provide specific training sessions and lectures for specific target groups. We have also appointed GDPR (General Data Protection Regulation) contact persons in all our business areas, who can offer advice on all privacy matters. At a central level, the Chief Privacy Officer and the privacy officer focus on policy-related aspects.

Over the past few years, we have brought the topics of cybersecurity and privacy to the attention of employees through e-learning modules and communication campaigns. Given the increasing importance and complexity of both topics, in 2023 the privacy office and IT security launched a long-term Cybersecurity & Privacy awareness programme. This focuses more on behavioural change and less on knowledge transfer. Heijmans will also use technological tools to actively privacy reduce risk even further.

Fighting corruption and bribery

The trust our clients and partners, as well as our shareholders and employees, have in our company is crucial to our licence to operate. That trust could be damaged by corruption or bribery. Fighting corruption and bribery is therefore an integral part of Heijmans' general compliance programme. Heijmans' Code of Conduct applies to the employment contract of every employee. It states that Heijmans expects employees to avoid all actual or apparent conflicts of interest between personal and business interests. Employees are not allowed to accept or offer any gifts or invitations that call into question their independence. Offering such gifts could also endanger the independence of either Heijmans or the purported recipient of said gifts or invitations. Heijmans and its employees must strictly abide by all legal regulations and generally accepted norms applicable to business operations and that are expressed in Heijmans' own guidelines, such as the Transaction register used at Heijmans Property Development. We impose the application of our Code of Conduct or an equivalent code on the subcontractors and partners with whom we do business.

If an employee can, by the nature of their position, find themselves in a situation where they may encounter corruption or bribery, the company will devote specific attention to this situation, for instance by offering these employees a training course. This primarily applies to our Procurement department. Heijmans has taken measures at this department to minimise the risk of bribery and corruption. For instance, the department is centrally organised, which increases the level of direct supervision. Procurement has a clearly defined segregation of tasks and procedures that are subject to the 'four eyes principle'. The department uses standard contracts that are exchanged digitally. Preferred suppliers are also selected and evaluated centrally and very carefully on the basis of a transparent evaluation system. Suppliers that do not meet Heijmans' standards can no longer be preferred suppliers. This approach has proven very successful.

Compliance

Heijmans requires all suppliers and subcontractors to comply with the Heijmans Code of Conduct and act in accordance with the principles and requirements set out in the 'Sustainability Statement'.

Additional and separate regulations

The values from the Code of Conduct are sometimes laid down in supplementary and separate regulations:

- ***Internal reporting procedures inappropriate behaviour and irregularities***

For situations in which it is difficult to find a solution within the day-to-day work situation, in early 2022 Heijmans introduced updated internal reporting procedures for inappropriate behaviour and irregularities. These procedures set out the steps to be used to report inappropriate behaviour and (suspected) irregularities. In addition, they describe how an investigation into a report proceeds and what role management plays in this.

- ***Heijmans N.V. Insider Trading Regulations***

These regulations contain provisions that apply to the officers named by law and to other Heijmans employees. These regulations were amended following the implementation of the EU Market Abuse Regulation in mid-2016.

- ***Private investment regulations***

Heijmans has a set of regulations that apply to personal investments by members of the Executive Board and the Supervisory Board. The Chairman of the Executive Board is the compliance officer for transactions in shares, depositary receipts for shares and options on shares for a member/the members of the Executive Board. The Chairman of the Supervisory Board acts as the compliance officer for the Chairman of the Executive Board.



16 Risk management

Taking risks is an inherent part of doing business. Risk management is therefore an essential part of the Heijmans culture, corporate governance, strategy development and operational and financial management. Heijmans is prepared to take certain risks associated with the performance of our core activities, as defined by the Executive Board in consultation with the group board and under the supervision of the Supervisory Board. These limits ensure that the actions of one person do not lead to disproportionate risks or missed opportunities for the entire company. Heijmans' risk management is designed to provide reasonable assurance that Heijmans achieves its objectives by integrating management controls in day-to-day operations, ensuring compliance with legal requirements and the integrity of the company's financial reporting and related disclosures. Heijmans' risk framework is in line with the Dutch Corporate Governance Code.

We face risks and uncertainties due to external and internal developments, such as geopolitical circumstances in the field of energy and the availability of qualified workers, materials and products, as well as increasing regulations related to nitrogen and other emissions, and their impact on nature and the living environment. At the end of 2022, we also saw the cancellation of the construction exemption related to nitrogen emissions. In 2023, we saw a further destabilisation of geopolitical conditions and an increase in the effects of global warming. Risks are becoming more complex and increasingly interconnected and can therefore have a greater impact when they occur. On top of this, in the Netherlands we are seeing a rise in citizen involvement in social issues (including pollution of the living environment), a shifting and fragmentation of the political landscape and social pressure for sustainable and socially responsible business practices.

The transition of the sector is marked by a growing focus on sustainability, technology and digitalisation, the scarcity of personnel and materials, and rising cybercrime. To keep up with the dynamics and rapid developments in the construction world, Heijmans is developing new initiatives internally and making investments in the fields of sustainability, industrialisation and digitalisation. We are committed to sustainable, long-term value creation. These developments are creating opportunities, but also bring new risks and therefore impact our risk profile and risk appetite.

To remain in control, it is important to keep our risk taking at a manageable level. Heijmans has set up a risk management process to manage these risks and seize opportunities. Our risk management contributes integrally to the realisation of our strategic ambitions and the achievement of our goals, and by doing so determines the success of our company.

OUR VIEW OF RISKS	HOW DO WE DEAL WITH RISKS?	EVENTS
Risk profile (16.1) Risk appetite (16.2) Main risks (16.3)	Risk framework (16.4) Risk governance (16.5) Risk statement (16.6)	Development risk profile (16.7) Manifestations of risks (16.8)

16.1 Risk profile

Heijmans is active in energy, construction and infrastructure projects, including consultancy, design, development, realisation, and management and maintenance. We are also active in property development and integrated area development. We use digitalisation to create data-driven services and industrial automation and software development are increasingly becoming an integral part of our products and services. Our choice to be active in the energy, construction and infrastructure, property development and area development segments, and to an increasing degree in digitalisation and 'as a service' concepts has an impact on Heijmans' risk profile. We have made a conscious choice in our strategy to expand the share of recurring business in our revenue. This lowers our risk profile as a company through our commitment to recurring clients and work.

For construction companies of Heijmans' size, which often act as main contractors, various risk mitigating aspects apply in the event of an economic crisis or economic recovery. Our various activities (Heijmans business areas) do not usually enter into (economic) crises at the same time. In the case of public sector clients, their business cycle tends to lag somewhat behind the private market and the peaks and troughs are also less extreme than in the private market. This is particularly true in the field of large infrastructure and non-residential works. In addition, there is still pressure on the housing market due to the lack of affordable housing. While the government regularly takes measures to stimulate the housing market, here the measures are more indirect (aimed at buyers) and the market is largely determined by consumer confidence, which tends to recover less quickly. We are now seeing housing associations invest more in the realisation of new projects and accelerating measures aimed at making their existing stock more sustainable, thanks to the removal of the landlord levy. It should be noted that order intake, revenue and returns behave differently in the shift from boom to bust and vice versa.

Partly linked to this are two additional risk-mitigating factors. Because Heijmans operates in several sectors, it has a considerable degree of diversification. In the past, this acted as a natural hedge on several occasions, as not all (sub)sectors normally shrink or grow at the same time. A typical example of this is that the maintenance market continues even when the new-build market shuts down. In addition, while the construction sector is cyclical, for a main contractor like Heijmans, cyclicity varies by sector. This has to do with the size and duration of the order book at the time of a crisis. Thanks to our management model, we are able to respond to developments in good time, as this model enables us to exchange personnel between sectors to a large degree and adjust our cost structure. In addition, we try to move with the market by maintaining a flexible shell of staff.

To remain at the top of the Dutch construction sector, Heijmans is investing heavily in sustainability, industrialisation, digitalisation and innovation. Together with the complexity and integrated nature of our projects, the reciprocal composition of these elements in individual projects largely determines the risks we are willing or unwilling to take on. Our portfolio of projects, contracts and services largely determines Heijmans' risk profile.

From the selection of a contract or development through to aftercare, our risk management process is aimed at maintaining the right balance between entrepreneurship, returns and the risk profile Heijmans is targeting. The markets in which we operate are diverse, challenging and often competitive. We carry out projects and service contracts ranging from simple and small in size to large and complex. Therefore, we are constantly making choices about which projects suit us and which do not, with a responsible balance between risk acceptance and earning potential as a general premise.

16.2 Risk acceptance

Risk acceptance refers to the level of risk that Heijmans is willing to accept or is exposed to in the pursuit of long-term value creation. Risk acceptance involves risk limits and risk criteria. These are determined by the company's culture, corporate governance and management systems, and are set out in our values, code of conduct, policies and procedures and authorisation schedules.

In assessing our risk acceptance, we categorise project risks. These include the annual revenue of a project relative to the company's revenue, the form of contract, the client, cash flow, competence fit, profitability, our capacity to do the work and the technical risk profile of the chosen solution. Each project is assigned to a risk project category (1 to 3) based on the above. This classification is based on the principle that the higher the risk profile, the higher the authorisation in the organisation, the higher the return requirements and the more frequent the project monitoring. A workflow and authorisation are automatically linked to the risk project category. Depending on the nature, size and risk profile of a project, it must be approved by the business area management and/or the Executive Board. All projects in the highest risk project category 3 are discussed with the Executive Board and the Chief Risk Officer (CRO). In our view, there is a responsible balance between risk and return when:





- The project is a good fit - in terms of its nature and size - with the company's objectives and the required experience, capacity and expertise are available.
- The project is subject to a transparent and balance contract.
- The client finances the project to be acquired.
- In the event of unlimited liability, this is manageable at project level and risks are insured where possible and desired.
- The project is profitable, with a premium for profit and risk appropriate to the risks and form of contract, while projects with a sales risk have higher return requirements.
- In property development activities, we assess whether a project can be financed. Aspects that play a role in this assessment are the method of financing, the duration and the result to be achieved, taking into account this higher risk profile.
- In principle, 70% of the property development project is sold and/or leased before construction starts, in the event that Heijmans bears the risk for the development of the project.
- For projects that are executed in combination with others (partners), each partner contributes resources in proportion to its contribution, runs a proportionate risk and adds value to the project. Accompanied by a well-founded assessment that the partner can actually bear its share of the risk.

In addition, Heijmans aims for a good balance in its revenue mix and risk acceptance, both between and within all of its business areas. As part of the right risk/return ratio for Heijmans, Heijmans' portfolio has shifted on several fronts in recent years. We take on fewer (very) large projects and more medium-sized projects, we are risk averse with respect to Design Build Finance Maintain (DBFM) contracts and focus more on construction team and two-phase contracts, plus a growing share of maintenance projects and services (recurring business) compared to new-build projects. All these shifts have led to a more robust portfolio of projects and services with a lower risk profile. We can see examples of this at Infra, where the ratio between large projects on the one hand and regional projects, specialist activities and asset management contracts on the other is developing in favour of the second risk category (fewer large and more medium-sized projects). At Building & Technology, we aim for a balanced ratio between non-residential projects, residential building, multi-functional high-rise residential construction and service work. At Property Development, we focus on the ratio between development based on our own positions, tenders/award competitions and existing relationships with clients, also with a good balance between inner-city and suburban projects and a balance between houses and apartments. Our preference on this front is for developments based on our own positions and a long-term relationship with our clients and principals. Tenders are used to supplement the portfolio if and when required.

Heijmans uses integrated CRO reporting to evaluate project, portfolio and business risks, in addition to the business risk profile and risk appetite on an ongoing basis. The Chief Risk Officer prepares this CRO report on a quarterly basis and discusses it with the Executive Board and Supervisory Board. The purpose of this report is to provide a picture of how Heijmans' risk profile is developing. In its business operations, Heijmans distinguishes between risks related to 'running the business' and 'changing the business'. We made this distinction in order to pay specific attention not only to risks, but also to opportunities in terms of future developments in the areas of Better, Smarter and More sustainable.

We also divide the business risks broadly into four categories: strategic, operational, financial position and reporting, and legal and regulatory requirements. We do this for both internal and external risks that can have an impact on the company. This gives us a picture of the impact should these risks materialise. Our risk matrix (or heatmap) lists the most significant risks per risk category, the estimate of their likelihood and impact and the control measures we have taken. We determine the potential impact of risks not only on the basis of the financial impact on the company's value, but also on the basis of the negative impact on our environment (people, environment and society) and our reputation.

Risk appetite



CATEGORIE	APPETITE	EXPLANATION
STRATEGIC For example, changed economic and/or market conditions, acquisitions, innovation, industrialisation, digitalisation, and climate change.	 AVERAGE (cautious)	To be successful, it's important to focus outward by monitoring developments in the market and society, seizing opportunities (such as acquisitions), and continuing to innovate and invest. To achieve this, Heijmans is willing to accept an average level of risk.
OPERATIONAL For example, project risks, safety & health, availability, and cybersecurity.	 LOW (minimal)	Projects and service contracts are our core business, with Heijmans as a contractor and/or developer only willing to accept low risks that we can influence and that are manageable, and where there is a balance between risk appetite and earning potential.
FINANCIAL POSITION AND REPORTING For example, credit risks, liquidity, solvency, financial resilience and reliability of external and internal reporting.	 LOW (minimal)	Heijmans is in a strong financial position and prioritises establishing and maintaining a sound and reliable financial reporting system.
LEGAL AND REGULATORY REQUIREMENTS For example, non-compliance with external legal and regulatory requirements or internal regulations and processes.	 VERY LOW (avers)	Social responsibility and reliability are an essential part of our business. In terms of compliance, integrity and compliance with legal and regulatory requirements, Heijmans is not prepared to accept risks.













16.3 Main risks




The risk assessment describes the risks that could jeopardise the achievement of our strategic objectives or our continuity. The risks are directly related to market developments, our market positioning and our business operations. Based on a benchmark, the risks Heijmans has identified are no different from those to which our industry peers are exposed. Appendix 20.6.12 provides further details on climate-related opportunities and risks and their relevance to Heijmans.




When determining the impact of the risks listed below, we distinguish between very low, low, medium and high.

- **Impact very low:** If the risk manifests itself, the impact on Heijmans' strategy, objectives and image will be zero in both the short and long term.
- **Impact low:** If the risk materialises, the impact on Heijmans' strategy, objectives and image will be limited in the short term and zero in the long term.
- **Impact medium:** If the risk materialises, the impact on Heijmans' strategy, objectives and image will be limited in both the short and long term and still manageable if appropriate control measures are taken.
- **Impact high:** If the risk manifests itself, the impact on Heijmans' strategy, objectives and image could be significant in both the short and long term and immediate control measures are necessary.

STRATEGIC RISKS	CONTROL MEASURES	
<p>ECONOMIC CIRCUMSTANCES are uncertainties in our external environment such as economic cycles, financial markets, geopolitical instability, and legislation (such as nitrogen/ PFAS), resulting in uncontrollable adverse fluctuations in turnover and returns.</p>	<p>IMPACT: average </p> <p>APPETITE: average </p> <p>TREND = stable </p>	<p>Heijmans has a structured crisis management and multidisciplinary business continuity organisation to ensure continuity in a safe and healthy manner at project sites, in the office, and remotely. Macro-economic conditions are continuously monitored, with mitigating measures defined and prepared to enable optimal anticipation of changing economic conditions.</p>
<p>CLIMATE CHANGE AND ENERGY TRANSITION are vital for the future of the planet. The climate-related risks identified relate mainly to the potential consequences of not acting quickly enough in the transition to a low-carbon economy. Major investments and efforts are needed to reduce emissions and work towards solutions that reduce and its clients.</p>	<p>IMPACT: average </p> <p>APPETITE: low </p> <p>TREND ↑ increasing </p>	<p>Heijmans implemented a roadmap to achieve its net CO₂ target in 2023 and beyond, primarily by decarbonising our end products as well as our production facilities and/or equipment used to manufacture these end products. Additionally, we are working on and constructing climate-adaptive solutions. From 2024 onwards, we will be using a new roadmap that reduces our scope 1+2 emissions to zero by 2023 (including offsetting) and halves our scope 3 emissions by 2030, reducing them to nearly zero by 2040 (excluding offsetting).</p>
<p>Under INNOVATIVE CAPABILITY, there is a risk that investments, particularly in a rapidly changing world regarding research and development, may not lead to timely, new, sustainable, and scalable technologies that provide solutions for the challenges of tomorrow and support Heijmans' and its clients' net emission-free objectives.</p>	<p>IMPACT: average </p> <p>APPETITE: high </p> <p>TREND = stable </p>	<p>By collaborating with universities, technology institutes and other (high-tech) companies, Heijmans has a network with the ability to make use of third-party knowledge and expertise, resulting in greater effectiveness. Heijmans makes full use of technological developments in digitalisation, industrialisation, electrification, connectivity, and advanced analytics to offer safer, faster and higher-value products and services with a significantly lower carbon footprint. We also provide space for innovation, sharing and learning in our 'Hive building'. Willingness is high as long as the scope of innovative projects is limited.</p>
<p>AVAILABILITY OF EMPLOYEES is the inability to attract, develop and retain sufficient and appropriately qualified employees.</p>	<p>IMPACT: high </p> <p>APPETITE: average </p> <p>TREND = stable </p>	<p>Heijmans recognises the value of its employees, as they determine the long-term success of the company. Therefore, we offer our employees opportunities through a diversity and inclusion agenda, training courses, leadership and expertise development, career opportunities, and by focusing on attracting (young) people. In addition, Heijmans invests in potentially 'forgotten' labour potential, such as refugees with residence permits. In addition to finding the right personnel, Heijmans invests in industrialisation and digitalisation to make itself less dependent on professional groups where there are or are expected to be structural shortages in labour potential.</p>

OPERATIONAL RISKS	CONTROL MEASURES
<p>The inability to guarantee a SAFE AND HEALTHY WORKPLACE, a safe environment around the worksites, and a structurally safe construction resulting in mental and/or physical harm. Risk of (internal or external) fraud resulting in reputational damage.</p>	<p>IMPACT: average </p> <p>APPETITE: low </p> <p>TREND  stable</p> <p>Heijmans does not compromise on the safety of our employees and the environment in which we build and/or maintain. We operate according to applicable (safety) standards and focus on a proactive safety culture both in the workplace and regarding social safety. The GO! program and maintaining level 4 of the Safety Culture Ladder guide us in this respect. We act with integrity and treat stakeholders as we would like to be treated ourselves. As part of the overall compliance program, we adhere to Heijmans' Code of Conduct for all employees, apply the Transaction Register within Heijmans Property development, and have provided our employees with the "Business Ethics" workshop.</p>
<p>PROJECT EXECUTION not being in control with loss-making and/or unpredictable projects resulting in dissatisfied customers. This may lead to the inability to take mitigating measures in a timely manner. Dissatisfied customers could lead to the loss of references and follow-up orders.</p>	<p>IMPACT: high </p> <p>APPETITE: low </p> <p>TREND  declining</p> <p>Heijmans has implemented measures to control project risk and manage the desired risk appetite versus earning capacity. The principle is selective tendering and/or offering with a focus on portfolio management. All projects and service contracts require approval according to the Heijmans authorization matrix. Projects are categorized (1 to 3), with all category 3 projects and service contracts requiring approval from the board of directors and CRO. There are contract rules and guidelines to structure projects with mandatory controls. Projects and their progress are independently assessed by the Risk Office based on the risk profile, and regular Status Update Projects (SUPs) are held. Increasingly, performance dashboards are being implemented to provide continuous insight into project performance.</p>
<p>Failure to control inflation and price increases in the supply chain (subcontractors, materials and services) and inadequate access to qualified and cost-effective suppliers has a major impact ON THE AVAILABILITY AND PRICE OF MATERIALS AND PRODUCTS therefore an impact on projects, both financially and technically.</p>	<p>IMPACT: average </p> <p>APPETITE: average </p> <p>TREND  stable</p> <p>By working with fixed partners and securing early purchases, we aim to mitigate the risk of price increases. Heijmans has a supplier management process that strives for long-term mutually beneficial relationships. We work with selected groups of suppliers and subcontractors at various levels. Suppliers are assessed on five different themes: safety, quality, total cost, logistics, and engineering and process. This assessment leads to a dialogue to improve performance and continuation of collaboration, and to explore alternatives (plan B) if necessary.</p>
<p>GDPR AND CYBERSECURITY: asset loss due to theft, improper use or inability to access systems. In addition, confidential and other information may fall into the wrong hands or violate privacy regulations (GDPR)</p>	<p>IMPACT: high </p> <p>APPETITE: very low </p> <p>TREND  stable</p> <p>Heijmans applies measures in the field of GDPR and security management regarding the availability and continuity of information, including cybersecurity breaches. Based on this policy, control measures are embedded.</p>

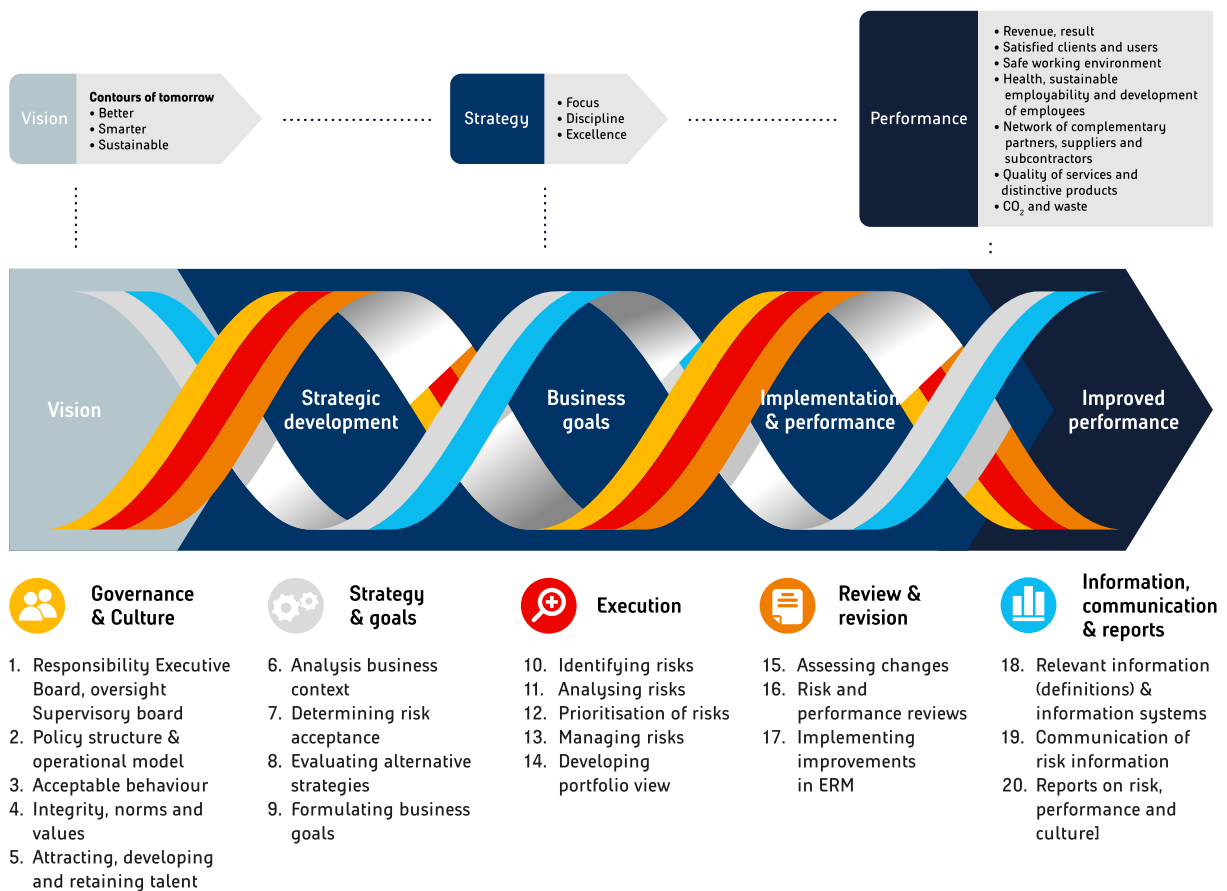
FINANCIAL POSITION AND REPORTING RISKS	CONTROL MEASURE
<p>An transparant, honest, and accurate presentation of performance and financial results is essential for trust in Heijmans. The timeliness with which developments in performance are identified determines the extent to which adjustments can be made. If solvency and liquidity come under pressure, this limits the room for maneuvering. The inability to make decisions about one's own finances and being unprepared for setbacks affect THE FINANCIAL RESILIENCE of Heijmans.</p>	<div style="display: flex; justify-content: space-between;"> <div data-bbox="592 277 810 479"> <p>IMPACT: high </p> <p>APPETITE: low </p> <p>TREND  stable</p> </div> <div data-bbox="847 277 1358 689"> <p>Heijmans' financing strategy is based on long-term relationships with reputable financial institutions and a well-diversified repayment schedule. Heijmans has a guarantee policy with conditions regarding the type of guarantees, durations, and guaranteed amounts. Guarantee requests are assessed by Treasury, placed with various guarantors, and monitored regarding the progress of issued guarantees. There is intensive stakeholder management with bilateral financiers. Heijmans has a guarantee policy with conditions regarding the type of guarantees, durations, and guaranteed amounts. Heijmans has a tight planning and control cycle that reviews the financial situation in relation to budget, financial and operational progress of projects, opportunities, and risks for the short and long term.</p> </div> </div>

LEGAL AND REGULATORY RISKS	CONTROL MEASURE
<p>Non-compliance with LEGAL, TAX AND REGULATORY REQUIREMENTS. New forms of cooperation and contract arrangements, societal developments regarding sustainability & environment, intellectual property, ICT law, cybersecurity, GDPR, and energy transition follow each other so rapidly that vigilance regarding changing laws and regulations is required.</p>	<div style="display: flex; justify-content: space-between;"> <div data-bbox="592 900 810 1102"> <p>IMPACT: average </p> <p>APPETITE: very low </p> <p>TREND  stable</p> </div> <div data-bbox="847 900 1358 1057"> <p>Always apply laws and regulations. In addition, integrity has been embedded in our culture through an internal awareness programme, 'ethical business'. Heijmans has a code of conduct and a compliance framework and a fraud risk analysis is performed annually. Reported compliance risks are discussed in the Executive Board.</p> </div> </div>

16.4 Risk framework

To make sure we can recognise and manage all possible risks in time, and be in a position to take advantage of opportunities, we have established and implemented procedures and measures at every level of our organisation. We have placed responsibility for compliance with these procedures across the breadth of the organisation. The Executive Board creates the frameworks and provides the resources, and is also responsible for the overarching risks at the level of Royal Heijmans N.V. Our risk management system is based on the COSO ERM framework, in which project-related risk management is the common thread.

Our internal control system is top-down and includes control measures at the strategic, tactical and operational levels of our organisation. Based on the framework, Heijmans has mapped out how all the components of the COSO ERM framework are embedded in the organisation in the first, second and third lines. We call this the Heijmans Governance, Risk & Compliance model.



Culture and risk awareness

Heijmans believes that the culture of the organisation is a significant factor in the management of risks. Due to risks inherent in projects, they entail a certain degree of unpredictability that cannot be entirely mitigated by guidelines and procedures alone. This requires a certain level of flexibility and an open/transparent and action-oriented culture in which people show sufficient ownership to identify and discuss and solve any problems that may arise in a timely manner. The example set by management is crucial in this respect, as is calling each other to account for failing to comply with agreements, but also pointing out things that are going well or not going well. By giving training courses that incorporate conduct and culture-related elements, such as the Heijmans Code of Conduct, the Business Integrity programme and the GO! Compass, we make clear to our employees what behaviour we expect of them and what behaviour we find unacceptable.

Procedural measures

Management across the company is bound by clear frameworks regarding representation and decision-making.

Important aspects within the control framework are:

- Management regulations and instructions for the management of the operating companies/business units, focusing on authorisations, project acquisition, entering into investment commitments and reporting and accountability obligations. Our authorisation matrix provides guidance on this front.
- Conduct-oriented instruments such as the Heijmans Code of Conduct, the GO! Compass and the Transaction Register at Heijmans Property Development.
- An accounting manual with regulations for internal and external financial reporting and related procedures.
- Business process systems for the primary and secondary processes of the infrastructure, construction and property development activities, aimed at the uniformity of processes across the group and the sharing of best practices.
- Register of statements as an additional guarantee for the integrity of senior management and specific positions. This includes Certificates of Good Conduct and Certificates of Judicial Background.
- Internal audit programme aimed at compliance with control measures in the context of project-specific risks and the controls aimed at organisation-wide business process risks.

Internal guidelines

The Executive Board determines the operational parameters of the directors and management of the business areas. The authorisations related to project acquisition, entering into investment commitments and reporting and accountability obligations are embedded in management regulations and instructions to the management of the business areas:

- Rules for internal and external financial reporting are laid down in the Accounting Manual, including related procedures such as the procedure for investments and entering into joint ventures with other parties.
- Tender guidelines, tender board, go/no-go process for tenders in project risk category 2 and 3 and all project risk category 3 tenders subject to authorisation by the Executive Board. For each project risk category 3 tender, Heijmans conducts an independent risk review under the guidance of the Chief Risk Officer and this is reported to the Executive Board.
- The business process systems include descriptions of primary and secondary processes of energy, construction and property development activities, including risk management systems, which are used to identify and control project-related risks. This promotes uniformity of processes across the entire group. The Heijmans-wide SAP-based ERP platform is making an ever greater contribution to this uniformity.

Planning and control cycle

The Executive Board meets regularly with the management of the business areas and project management, as well as on an ad-hoc basis if this is deemed necessary. In these meetings, they review developments in relevant markets, financial progress relative to budget, the financial and operational progress of projects, short and long-term opportunities and risks, and safety, among other things, on the basis of monthly and quarterly reports. For projects in progress with a high risk profile (especially project risk category 3), the Executive Board, CRO and the managements of the business areas hold separate regular project reviews. The status of sales, unsold inventory and options at Property development is reported weekly.

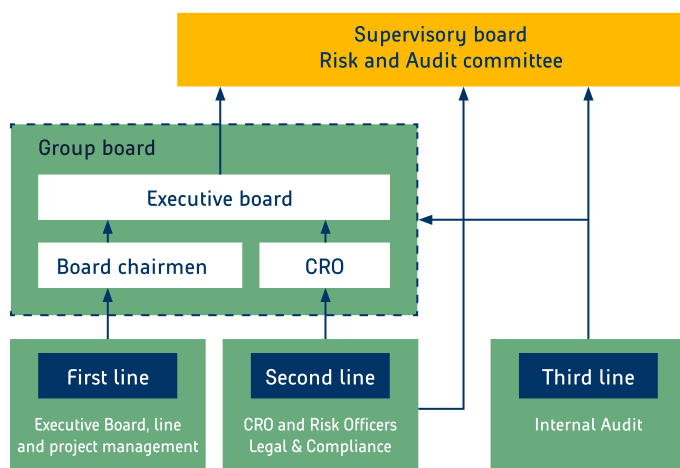
Liquidity and solvency are monitored through:

- Active monitoring of liquidity development based on daily and weekly cash reports and 13-week rolling forecasts.
- Specific 'Cash themes' to keep the focus on cash and working capital management continuously up to date.
- In the Go / No Go criteria of new projects and monitoring of existing projects, the emphasis is on effective financing schedules.
- Periodic recalculations of stress cases, always stating additional management measures to ensure cash headroom.
- Conservative approach when determining the deferred tax position, goodwill and the value of development positions.
- A guarantee policy with preconditions regarding types of guarantee, terms, amounts to be guaranteed, etc.
- Good agreements with and information flows to other financial stakeholders. In addition, we regularly check the creditworthiness of partners, debtors and creditors. When a credit score is below standard, we request additional collateral.

16.5 Risk governance

The Executive Board is ultimately responsible for risk management within the company and sets the risk acceptance level. In addition, every Heijmans employee is aware of their role in the management and/or mitigation of the risks to which the company is exposed. Heijmans' risk management and internal control process is essential to our business model and is implemented at three levels in the organisation:

- The first line is the operation responsible for implementing and complying with agreed procedures and managing the associated operational risks and specific project risks. In this respect, we recognise the following gradation:
 - the management of project-level risks from project development, design and construction to completion and maintenance: primary responsibility project and/or line management.
 - the management of business risks of the portfolio of projects and sales, general and administrative costs at business area level: primary responsibility business area management. the management of the portfolio of projects across business areas and business risks at group level: primary responsibility Executive Board.
- The second line includes the Risk Office, Legal and Compliance and analyses and tests the substance of the risk profile, develops and improves control measures, codifies lessons learned and ensures that these are implemented in the first line.
- The third line (Internal Audit) monitors the correct compliance with and effectiveness of the control measures through an audit programme and reports periodically to the Executive Board, group board and the Risk and Audit committee.



The Executive Board reports to the Supervisory Board's Risk and Audit committee on risk management processes. The Risk and Audit committee and the Executive Board receive independent information on risk management activities from both the CRO (substantive reporting on Heijmans' risk profile) and Internal Audit (reporting on risk-driven process testing). In order to advise on and prepare the Supervisory Board's decision-making, the Risk and Audit committee assesses the quality of reporting and the effectiveness of Heijmans' internal risk management and control systems. The Risk and Audit committee reports its observations and findings to the full Supervisory Board.

This structured process enables Heijmans to take risks in a controlled manner. Constant monitoring of the external environment and the operational and financial results is an inherent part of our way of working.

Risk Office

The second line of risk management includes a Risk Office led by the CRO. The objective of the Risk Office is to permanently raise risk management and a risk-aware culture to a higher level at every level and across the entire organisation. In addition, the CRO and the Risk Office act as a (substantive) second pair of eyes on project, portfolio and business risks. The CRO and the Risk Office are independent of the business areas, with the CRO reporting directly to the Executive Board. The Risk Officers are based in the various Heijmans business units, so they are a mix of experienced specialists and young potentials, frequently with project-related knowledge and experience. After a period with the Risk Office, a specialist returns to the business and is succeeded by a new experienced specialist from that business. For Heijmans, an active period as a Risk Officer is an important part of succession planning and leadership development.

Heijmans regularly evaluates the activities of the Risk Office and makes adjustments if this proves necessary. In addition, process meetings deal with and adjust elements Heijmans wide, which results in the continuous improvement of both risk awareness and risk management. These process meetings discuss and make improvements on issues such as the weighting model for project categorisation, tender board presentation, use of supporting tools, adjustment of formats used, etc.

Risk Officers are involved in categorising projects for pre-qualification and project selection. They provide an independent opinion on the risk profile of all project risk category 3 tenders and the larger and more risky project risk category 2 tenders. They are deployed for both the substantive design of second-line risk management and the substantive performance of independent risk reviews of tenders and projects under construction. This involves testing the effectiveness of our main business processes. In the CRO report, the CRO provides a quarterly update on the development of Heijmans' business risk profile.

The CRO is also consulted in the selection of partner choices for larger projects based on predefined weighting framework and reports their findings to the Executive Board.

Internal Audit

Heijmans has an internal audit team whose primary task is to initiate and realise sufficient risk-driven process audits, including clear feedback to the relevant management and follow-up actions.

In 2023, standards and risk audits were carried out in accordance with the audit plan. In addition, the team carried out regular compliance audits to ensure that the right level of smooth-running processes was maintained. The findings from the audits are compared with the main risks identified by Heijmans and the associated risk acceptance.



The main findings from the audits are shared quarterly with the Supervisory Board's Audit and Risk committee, the Executive Board and the management of the business areas. In the year under review, the entire audit programme was incorporated in a tool that records audit planning, audits, findings and follow-up actions for the entire company. When audits give rise to remedial or improvement actions, these are assigned to action holders and responsible parties. A dashboard gives us increasing insight into the nature and scope of the findings, and actions can be set out Heijmans-wide and risk-driven. In consultation with the Executive Board and Supervisory Board, a number of focus areas for the audit programme have been designated for the coming audit year, which runs from April to March. The focus of the audit programme will be determined in the first quarter of 2024. In line with expectations, the focus will be on maintaining existing processes (compliance), predictability, compliance with the General Data Protection Regulation, evaluation of investment cases and the embedding and implementation of the identified improvement actions.

External auditor

The external auditor EY performs an audit of the annual figures. The findings from the management letter are placed alongside Internal Audit's findings and included in the improvement register. The auditor is also given access to the CRO and audit reports and attends the discussion of same with the Supervisory Board meetings at least once each year.

External certification audits

Heijmans sets great store in quality and safety. To this end, the associated certifications are regularly subjected to structured audits by external bodies. The findings, any deviations and recommendations are included in Internal Audit's quarterly reports. In 2023, Heijmans was Multi-site certified for the ISO 9001, ISO 14001 and VCA** and VCA-P standards. Heijmans thus demonstrates that it has uniform processes and working methods, with room for customisation where necessary. In addition, this reduces the audit burden on the organisation. With the exception of recently acquired companies, the whole of Heijmans is now certified for Safety Culture Ladder level 4.

Executive Board and the Risk and Audit committee

The Risk Office and Internal Audit prepare quarterly reports and discusses these with the Executive Board, the group board and the risk and audit committee. The focus in these meetings is on ownership and the follow-up on mitigating measures and improvement actions. In 2023, the chairman of the Audit and Risk committee was briefed in more detail on the tool deployed to monitor audit planning, the recording of findings and the follow-up on actions. A dashboard enables us to better analyse findings and, looking towards the future, to focus the audit programme on risks that are undesirable on the basis of our risk appetite.

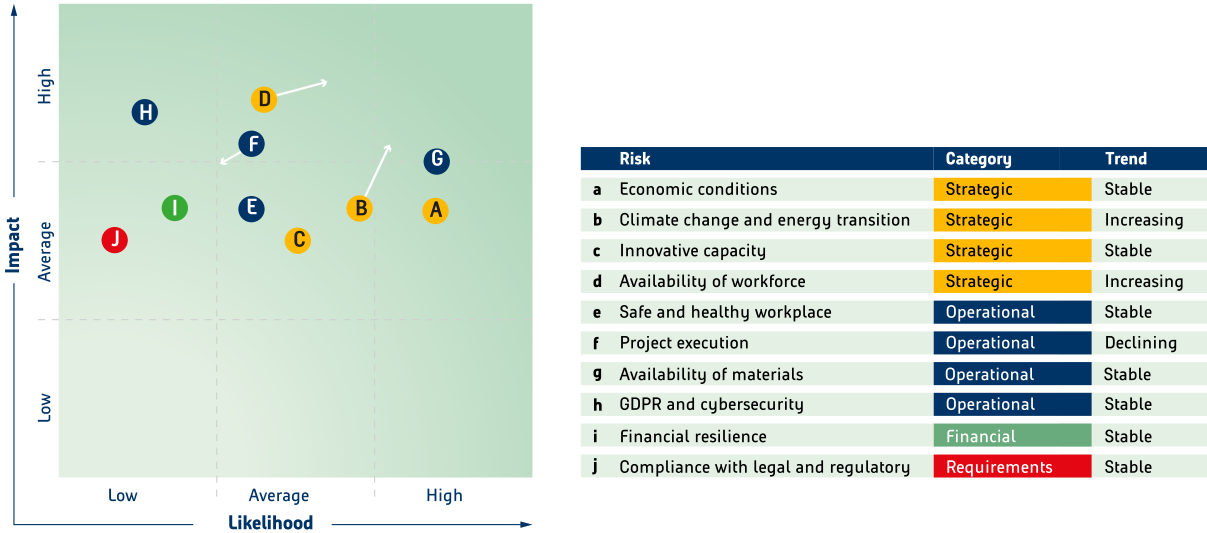
16.6 Management statement

The Executive Board is responsible for Heijmans' risk framework and for assessing its effectiveness under the supervision of the Supervisory Board. The framework, as described above, is designed to manage the key risks that may prevent us from achieving our business objectives. However, the framework cannot provide absolute assurance that all control gaps, material misstatements, incidents of fraud or violations of any legal or regulatory requirements will be prevented.

The Risk Framework should ensure consistent and reliable financial reporting, both internally and externally. In line with the Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our risk framework. For more information, please see section 20.2.

16.7 Development of the risk profile

Heijmans actively monitors both its business risks and its portfolio of project risks. Heijmans monitors its principal risks using dynamic heatmaps, both for operational opportunities and risks ('running the business') and for strategic opportunities and risks ('changing the business'). The Executive Board and Supervisory Board regularly map and review the expectation and impact of opportunities and risks.



The internal risk profile of Heijmans' business operations did not change substantially in 2023. Due to a selective project acquisition policy and the conservative valuation of current projects and contracts, the project portfolio does not contain any major surprises. The current project portfolio is adequately valued taking into account the risk profile of the various projects. Market conditions did become more complex and riskier in 2023. Procurement prices stabilised in late 2023, but were still high. In addition, external uncertainties and hence the external risk profile have increased: energy costs were volatile and mortgage rates passed the 4% mark. Although inflation fell in the second half of the year, we are in a mild recession with a chance of a wage/price spiral. Despite all these external challenges, all business areas managed to be successful in terms of their operational management in 2023.

16.8 Risk manifestation

The main operational risks Heijmans faced in 2023 were those resulting from the nitrogen emissions issue, relatively high mortgage interest rates, the government's limited execution capacity and budgets and the scarcity of materials, products and labour, as well as significantly higher procurement costs (especially for energy-driven products). Thanks to strong demand for homes in the Netherlands, despite high interest rates compared with two years ago, home sales to private individuals remained at reasonable levels in 2023 and we saw a slight recovery in the last months of 2023. Sales to housing associations increased last year. At Residential building, the decline in production for Property Development was offset by building for housing associations and renovation projects.

The nitrogen emission issue led to delays in permit procedures, delays in projects under construction and the drying up of the Ministry of Public Works and Water Management's tender calendar for new-build projects, especially for line-infrastructure projects. This is the entirety of traffic infrastructure and its surroundings meant for traffic and the transport of people, goods and messages. It includes roads and motorways, waterways, pipelines, power lines and infrastructure for telecommunications. The shortfall in government budgets for infrastructure projects has also led to postponements and cancellations of tenders. Heijmans has mitigated this by shifting its project portfolio to focus more on the flood protection programme and energy transition in addition to line infrastructure. At the same time, we are dealing with extensive spatial planning procedures, with limited civil servant capacity, which is causing delays. In addition, the nitrogen exemption for construction has expired, which means we have to provide Aerius calculations for many projects and have these verified.

Following the significant price increases in 2022, prices stabilised in 2023, but remained at high levels. In particular, energy and semi-finished products produced using it were substantially more expensive than the previous year. Heijmans closely monitors price developments and ensures, among other things, that the organisation is provided with the right information to take sufficient account of the price risk in tenders (including advice on the indexation to be applied). Price increases are primarily the result of an imbalance between supply and demand. This imbalance in turn leads to scarcity, which is ultimately more challenging. We try to mitigate this risk by working with fixed partners and securing purchases at an early stage. In addition, Heijmans has so far succeeded in passing on part of the high procurement costs in the selling prices of our products and services via indexation agreements. We do this by including an assessment of how clients deal with price risk and indexation agreements as an assessment criterion when selecting projects for tendering. The commitment, risk awareness and adaptability of our people play an important role on this front. The expected wave of bankruptcies due to the repayment of the Covid grants and/or deferred taxes failed to materialise among our suppliers and subcontractors in 2023.

We try to identify undesirable developments in time through monthly monitoring of our main projects, so we can take appropriate management measures at the earliest possible stage. In this respect, we have found over the past year that monthly monitoring of long-term projects and earlier action on (weak) signals are important for timely intervention. We will therefore continue to pay extra attention to the monitoring of our long-term contracts in the future and address this in our project reviews.

It is important that the operational risk management team is and remains independent of the tender team in order to bring and keep sufficient focus in the assessments we make during the tender process.

Heijmans is agile and can respond adequately to changing circumstances. However, if the organisation is doing well, there is a danger that our vigilance may waver. Should the market deteriorate or change substantially in the future, the pressure on the order book may increase. We are very vigilant about avoiding any increase in our risk appetite, as well as in our overall cost levels, creating potential problems for the future. We therefore also continue to focus on 'margin over volume'.



“Since we work in the ground, hygiene is important”



DAVE SAIJA

PROJECT COORDINATOR SOIL CONTAMINATION

“Since we work in the ground, hygiene is important. I am a stickler for cleanliness and take good care of my guys. Everything has to be spotless. I bring my own cleaning equipment. I clean the inside of the shed every day, so everyone can have a safe meal and a cup of coffee or tea. I also make sure there is a full jerry can of water so people can wash their hands.”



17 The Royal Heijmans share

17.1 Heijmans share capital

(x 1,000)	Share capital		Issued capital	
	2023	2022	2023	2022
Ordinary shares	35,100	35,100	26,826	23,553
Protective preference shares	8,000	8,000	-	-
	43,100	43,100	26,826	23,553

17.2 Ordinary shares

The shares are held by the Heijmans Share Administration Trust (SA Trust). The face value per ordinary share is € 0.30. The SA Trust had issued 26,825,853 depositary receipts for shares as at 31 December 2023, and these shares are listed on the NYSE Euronext stock exchange in Amsterdam. As per the amendment to the articles of association dated 6 September 2023, each ordinary share has been allocated one vote. The voting rights on ordinary shares are vested in the SA Trust. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of (depository receipts for) ordinary shares, together with a summary of the key figures per (depository receipt for an) ordinary share, are presented in the table below.

Shares x 1,000	2023	2022	2021	2020	2019
Issued 1 January	23,553	22,760	21,933	21,409	21,409
Stock dividend	973	792	604	-	-
Issue	2,300	-	223	524	-
Matching shares Share Matching Plan				-	-
Issued 31 December	26,826	23,553	22,760	21,933	21,409
Average issued over year	24,932.589	23,264	22,415	21,671	21,409
Earnings per share* x € 1.00	2.40	2.56	2.24	1.85	1.40
Proposed dividend per share x € 1.00	0.89	1.01	0.88	0.73	-
Pay-out ratio %	40%	40%	40%	40%	-

* Per average weighted issued share

Royal Heijmans N.V. is listed on Euronext Amsterdam. The data relevant to the stock market listing is presented in the table below:

Heijmans stock exchange listing	2023	2022	2021	2020	2019
Closing price year-end (in €)	12.12	10.12	14.90	9.33	7.50
Highest price (in €)	12.90	15.70	15.40	9.67	11.52
Lowest price (in €)	9.99	9.19	9.26	4.47	7.12
Dividend return on closing price (in %)	7.4%	10.0%	5.9%	7.8%	0.0%
Stock exchange value at year-end (in € mln)	325	238	339	205	161
Average daily turnover (in numbers)	72,101	85,316	122,852	158,183	122,598

17.3 Issued capital and shareholdings

The issued share capital and related voting rights changed on two occasions in 2023: on 4 May 2023 as a result of the issuance of (depository receipts for) shares in connection with the payment of the dividend on (depository receipts for) ordinary shares in the form of stock dividend, and on 5 September 2023 in connection with the issuance of 2,300,000 (depository receipts for) ordinary shares as part of the payment of the purchase price related to the acquisition of Van Wanrooij Bouwontwikkeling.

As per the amendment of the articles of association of 6 September 2023, the voting right vested in the ordinary shares is one vote per ordinary share. The composition of the issued capital and related voting rights as at 31 December 2023 was as follows:

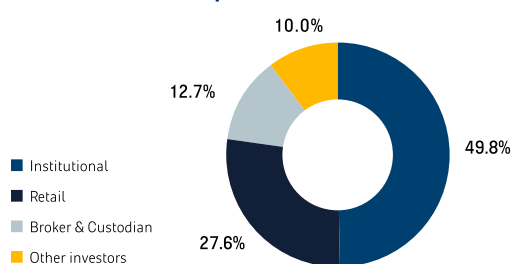
	Issued capital		(Potential) Voting right	
	Aantal	%	Aantal	%
Total ordinary shares at year-end	26,825,860	100.0%	26,825,860	0.0%
Depositary receipts	26,825,853	100.0%	26,825,853	100.0%
Non-depositary receipts	7	0.0%	7	0.0%

To the best of Heijmans' knowledge, and also based on the WMZ (Dutch Major Holdings in Listed Companies Disclosure Act) register maintained by the Dutch Financial Markets Authority (AFM), the following investors held an interest of 3% or more in Heijmans as at 31 December 2023:

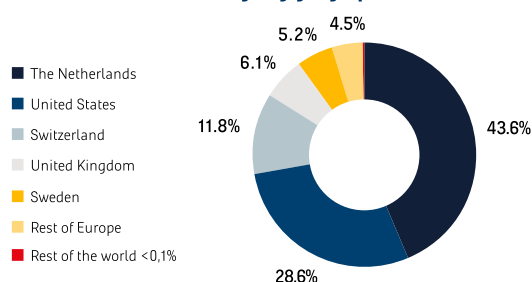
Interests in Heijmans	31 December 2023		31 December 2022	
	Capital interest (%)	Potential voting rights (%)	Capital interest (%)	Potential voting rights (%)
Van Wanrooij B&O B.V. (fam. Van Wanrooij)	8.6%	8.6%	0.0%	0.0%
ASR Vermogensbeheer	5.0%	5.0%	5.7%	5.7%
C.A.C.M. Oomen	4.6%	4.6%	5.2%	5.2%
Acadian Asset Management LLC	3.7%	3.7%	4.1%	4.1%
Dimensional Fund Advisors LLP	3.6%	3.6%	4.0%	4.0%
Quaero Capital SA	3.2%	3.2%	5.6%	5.6%
Unionen	<3%	<3%	3.4%	3.4%
	28.6%	28.6%	28.0%	28.0%
Other interests	71.4%	71.4%	72.0%	72.0%
Total	33.6%	100.0%	100.0%	100.0%

Based on the information provided by banks and custodians and information services, the distribution of share ownership can be broken down as follows:

Total shareholder composition



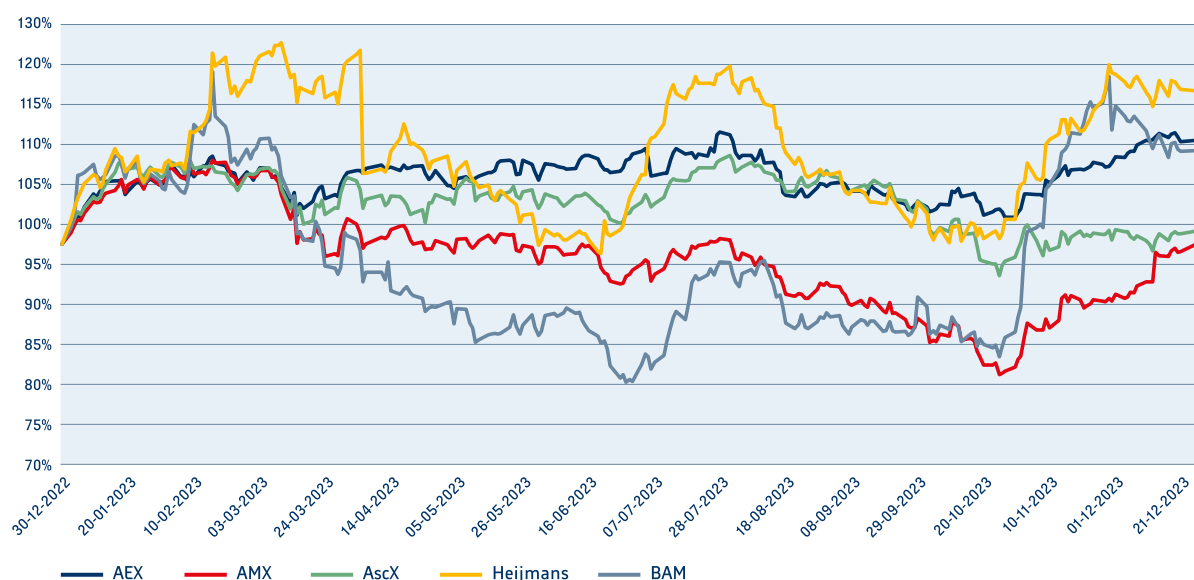
Institutional shareholdings by geograph



In the year under review, the (estimated) interest in Royal Heijmans N.V. to the extent held by institutional investors is likely to have increased to 49.8% (2022: 44.6%). Of the number of depositary receipts for ordinary shares held by institutional investors, an estimated 43.6% are held in the Netherlands (year-end 2022: 33.5%). The increase among Dutch shareholders was mainly related to the placement of 2.3 million shares with the Van Wanrooij family as part of the acquisition. Of the number of depositary receipts for ordinary shares held by private investors, the majority are estimated to be held in the Netherlands.

17.4 Share price development

At year-end 2023, the closing price of Royal Heijmans N.V. ordinary shares was € 12.12. This was a 20% increase on the closing price at the end of the 2022 financial year (€ 10.12). This was an outperformance of the AscX index, which increased by almost 1% in the same period. The share price responded positively to the announcement of the Van Wanrooij acquisition on 20 June. This fell back somewhat as interest rates and inflation rates continued to rise during the summer months. At the end of the year, interest rates fell again, which had a positive impact on house sales. Given Heijmans' greater exposure to the housing market, this is clearly reflected in the share price development. The chart shows the Heijmans share price development in 2023 compared with the AscX index, the AEX and the AMX, as well as to the other Dutch listed construction company BAM.



17.5 Financial calendar 2024

Heijmans has set the following (publication) dates for 2024:

Date	Event	Timing
01 March 2024	Publication 2023 annual results	pre-trading
30 April 2024	General Meeting of Shareholders	14.00 hrs
03 May 2024	Ex-dividend	
07 May 2024	Q1 trading update	pre-trading
26 July 2024	Publication 2024 interim results	pre-trading
31 October 2024	Q3 trading update	pre-trading



18 Looking ahead

In the memorable year 2023, we demonstrated that our aligned business activities put us in an excellent position as a national market player to work in a solution-oriented way on the complex construction, development and infrastructure challenges our country is facing. From this position, we see plenty of opportunities to continue our strong performance in 2024. This optimism is driven by our sharpened vision of the future under the banner 'Together towards 2030'. In 2024, we will take new steps on the road to realising our ambitions. One way we will do this is by linking concrete objectives to our strategic vision. In every step we take, we need to continue to take into account the potential impact of the major societal themes at play.

The outlook for Building & Technology and Infra is certainly favourable. As a result of recovering residential sales, especially in suburban areas, we are also optimistic about Property Development and Van Wanrooij and confident about a healthy housing market. Thanks to the acquisition of Van Wanrooij's development and construction activities, we have been able to further strengthen our position in this market. Van Wanrooij will be included in our business figures for the full year 2024. Upon the acquisition of Van Wanrooij in 2023, we expressed the expectation that Heijmans will once again be in a net cash position by the end of 2026. We expect to take a major step in that direction in 2024 thanks to a positive cash flow. We are also aiming for healthy balance sheet ratios, with solvency exceeding 30% and a leverage ratio (net debt / underlying EBITDA) that remains well below 1.0. In terms of results, we expect an underlying EBITDA margin of at least 6.5%.

Strategy 2030

Heijmans wants to play a more prominent role in the realisation of solutions for the complex challenges facing our country. These challenges - especially in the areas of housing, accessibility, the labour market, the energy transition and climate change - are wide-ranging, far-reaching and rather complex because they are interrelated. As a society, we need to find a powerful response to these issues. This requires strong direction and connections. Heijmans sees good opportunities to take on a more central role in this playing field. We believe that we need to join forces and work together to make a difference. Heijmans wants to make a meaningful contribution to the development of the Netherlands.

In 2024, we will translate our five strategic pillars (Well-being, Sustainability, Connection, Makeability and Collaboration) into financial and other quantitative targets and put the new plans into practice in a targeted and ambitious way. At the same time, we will continue to build a flexible and robust organisation.

Confidence in the housing market

We are counting on the recent signs of an improving housing market becoming stronger in 2024. The housing shortage in the Netherlands has continued to rise over the past few years, creating significant demand for new build homes. The government's ambition is still to build 900,000 new homes in the Netherlands before 2030. The acquisition of Van Wanrooij puts us in a good position to help achieve this. After all, the housing challenge calls for a varied supply for all target groups, both for apartments and for houses in inner-city and suburban areas. The affordability of new-build housing remains an issue, partly because of the higher materials and labour costs. Heijmans' Horizon modular building concept is firmly based on building sustainable homes quickly and at relatively low cost. At the same time, we also need to take into account circulation in the housing market.

Infra challenge for the future

We are also facing major challenges in the infrastructure market. The need to protect the Netherlands from water is only increasing, but so is the need to realise water collection, storage and distribution, and safeguard water quality. The energy transition requires substantial infrastructural adjustments, especially as far the expansion of electricity grids is concerned. We need to devote additional attention and public sector investment to clear the backlog of maintenance on our road network. Moreover, we urgently need new, future-proof infrastructure to relieve the growing congestion on our infra network. This is preceded by a planning procedure of some eight years, and we cannot wait any longer to start this. We are already seeing accelerated road congestion, with a concomitant negative impact on passenger and freight transport. At the same time, we urgently need investments in the public transport network. Heijmans has the necessary expertise and is keen to help smooth out current and future bottlenecks.

Social themes

Heijmans wants to make a positive contribution to the numerous developments coming our way and the changes in the world around us. Care and attention for people, animals and nature remain our guiding principles in this context. In 2024, we are also committed to continuing to improve the sustainability of our operations and our range of products and services.

The European Water Framework Directive (WFD) plays an increasingly important role in the implementation of our projects. This directive requires construction projects to make a positive contribution to improving ecological water quality by 2027. Biologists and ecologists at Heijmans have been working for some time to create a good habitat for plants and animals. On top of that, we see that the availability of drinking water is reaching its limits. The current consumption of drinking water in our society contributes to the depletion of this precious natural resource. Heijmans will focus on reducing drinking water consumption in its own operations and projects, and in the production of raw materials.

We have set hard targets for reducing CO₂ emissions generated by our own activities, the so-called scope 1 & 2 emissions. In 2024, we want to take additional steps to reduce scope 3 emissions, the emissions produced in our chain. We expect to increase our positive impact by working closely with our partners on environmentally friendly practices and innovations. We will report on our progress on this front, as well as on the results of the other sustainability measures, in accordance with the latest reporting requirements of the EU Corporate Social Responsibility Directive (CSRD) as of the financial year 2024.

Heijmans is well prepared for new legal and regulatory requirements. At the same time, social desires are not always clear cut, so legal embedding and implementation sometimes falters. Consistent long-term policy and more central government direction in areas related to societal challenges, from spatial planning and mobility to housing construction and water quality, remains extremely important if Heijmans is to be in a position to take responsibility and take its own well-considered steps towards the creation of a healthy living environment.

Robust organisation

Heijmans wants to continue to build on the path we have taken in recent years. There is no need to change course radically, because Heijmans is in great shape. In 2024 and beyond, we want to continue to develop in our role as a sustainable leader in tackling the major construction and development challenges in this country. This is only possible if we remain in top condition and invest in a robust, predictable and agile organisation, where safety comes first and value creation, quality and risk management are self-evident. We will need to do some smart manoeuvring among all the rapid developments, and keep our costs under control. The latter may not be an easy task, but it is essential.

Healthy growth

We have a solid foundation, which is a pleasant thought when working on a better Netherlands and a better Heijmans. The knowledge that we operate in a playing field where there is still a lot of work to be done and where our expertise is of immense value also inspires optimism. We feel empowered by our vision of the future and the ambitions set out in our refined strategy for the period to 2030. All of this certainly points to further healthy growth and the profitability that comes with it. We are looking to the future with confidence. A future in which revenue and profit, along with a healthy and positive impact on the world around us, go hand in hand.

A man with a shaved head, wearing a blue suit jacket over a white shirt, stands in the center of the frame. He is looking directly at the camera with a slight smile. His hands are clasped in front of him. The background is a blurred airport terminal with overhead lights and signs.

“Heijmans contributes to our quality and sustainability efforts”



SYBREN HAHN

EXECUTIVE DIRECTOR SCHIPHOL INFRASTRUCTURE

“Schiphol is never finished. We are working and building day and night to make our airport quieter, cleaner and better. We are well on our way to achieving a better balance with the living environment, improving working conditions for employees and offering the best service to our passengers and airlines. Quality is key and good assets are the foundation of that quality. This is why we are catching up on maintenance backlogs and improving, renewing and making the airport more sustainable. We cannot do this alone, only together with our main contractors such as Heijmans. From the recycling point for concrete rubble to the maintenance of the runways, Heijmans helps improve our quality and sustainability. We value our long-term collaboration and the commitment of Heijmans employees. Together we are Team Schiphol.”



19 Financial statements

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1. Consolidated statement of profit or loss

x € 1,000

		2023	2022
6.3	Revenue	2,117,317	1,812,208
	Cost of sales	-1,828,570	-1,577,914
Gross profit		288,747	234,294
6.4	Other operating income	1,922	1,810
	Selling expenses	-39,785	-39,410
6.5	Administrative expenses	-179,132	-139,959
6.6	Other operating expenses	9,234	14,179
Operating result		80,986	70,914
6.7	Finance income	5,809	623
6.7	Finance expense	-8,524	-5,525
6.13	Results of joint ventures and associates	2,844	7,069
Result before tax		81,115	73,081
6.8	Income tax	-21,382	-13,501
Result after tax		59,733	59,580
The entire result after tax is attributable to the shareholders of the parent company			
Earnings per share (in €)			
6.21	Earnings per ordinary share after tax	2.40	2.57
6.21	Earnings per ordinary share after tax and dilution effects	2.39	2.56

Other operating expenses include income of € 14 million (2022, income of € 19 million) related to the release of part of the provision formed for Wintrack II in 2021. See also note 6.24 Provisions.

2a. Consolidated statement of comprehensive income

x € 1,000

	2023	2022
1. Result after tax	59,733	59,580
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined-benefit plans	-5,004	-58
Tax effect on changes in actuarial results on defined-benefit plans	1,291	0
Tax effect relating to defined benefit pension plans in connection with rate change	0	13
Other comprehensive income (after tax)	-3,713	-45
Comprehensive income	56,020	59,535

2b. Consolidated statement of changes in equity

x € 1,000

2023	Issued capital	Share premium reserve	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January 2023	7,066	266,739	-60,259	310	43,583	59,580	317,019
Result after tax	-	-	-	-	-	59,733	59,733
Other comprehensive income	-	-	-3,713	-	-	-	-3,713
Comprehensive income for the reporting period:	-	-	-3,713	-	-	59,733	56,020
<i>Transactions with owners of the group:</i>							
Bonus Investment Share Matching Plan	-	-	-	-53	-	-	-53
Appropriation of result for 2022							
Retained earnings	-	-	-	-	59,580	-59,580	0
Dividend payments	292	10,731	-	-	-23,787	0	-12,764
Issuance of shares	690	22,745	-	-	0	0	23,435
Total transactions with owners	982	33,476	0	-53	35,793	-59,580	10,618
Total movements in equity	982	33,476	-3,713	-53	35,793	153	66,638
Balance at 31 December 2023	8,048	300,215	-63,972	257	79,376	59,733	383,657

x € 1,000

2022	Issued capital	Share premium reserve	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after taxes	Total Equity
Balance at 1 January 2022	6,828	257,018	-60,214	340	13,314	50,299	267,585
Result after tax	-	-	-	-	-	59,580	59,580
Other comprehensive income	-	-	-45	-	-	-	-45
Comprehensive income for the reporting period:	-	-	-45	-	-	59,580	59,535
<i>Transactions with owners of the group:</i>							
Bonus Investment Share Matching Plan	-	-	-	-30	-	-	-30
Appropriation of result for 2021							
Retained earnings	-	-	-	-	50,299	-50,299	0
Dividend payments	238	9,721	-	-	-20,030	0	-10,071
Issuance of shares	0	0	-	-	-	0	0
Total transactions with owners	238	9,721	0	-30	30,269	-50,299	-10,101
Total movements in equity	238	9,721	-45	-30	30,269	9,281	49,434
Balance at 31 December 2022	7,066	266,739	-60,259	310	43,583	59,580	317,019

3. Consolidated statement of financial position

x € 1,000

ASSETS		31 December 2023	31 December 2022
Non-current assets			
6.10	Property, plant and equipment	114,721	73,511
6.11	Right-of-use assets	89,603	71,985
6.12	Goodwill	165,148	74,295
6.12	Other intangible assets	10,864	7,459
6.13	Joint ventures and associates	100,847	73,048
6.14	Loans granted to joint ventures	36,565	9,764
6.15	Deferred tax assets	19,709	28,447
		537,457	338,509
Current assets			
6.16	Strategic land holdings	158,583	78,518
6.16	Other inventories	230,609	94,339
6.17	Work in progress assets	139,215	95,645
6.9	Income tax assets	124	0
6.18	Trade and other receivables	229,226	239,367
6.19	Cash and cash equivalents	40,384	237,012
		798,141	744,881
Total assets		1,335,598	1,083,390
EQUITY AND LIABILITIES		31 December 2023	31 December 2022
Equity			
2b	Issued capital	8,048	7,066
2b	Share premium	300,215	266,739
2b	Reserve for actuarial results	-63,972	-60,259
2b	Reserve for Bonus Investment Share Matching Plan	257	310
2b	Retained earnings from prior financial years	79,376	43,583
1	Result for the year after tax	59,733	59,580
		383,657	317,019
Non-current liabilities			
6.22	Interest-bearing loans and other non-current financing liabilities	65,484	12,136
6.11	Lease liabilities	62,435	50,633
6.23	Employee benefits	22,440	10,997
6.24	Provisions	45,212	45,106
6.15	Deferred tax liabilities	29,250	0
		224,821	118,872
Current liabilities			
6.22	Interest-bearing loans and other current financing liabilities	21,823	1,824
6.11	Lease liabilities	27,458	21,557
6.25	Trade and other payables	346,056	365,172
6.17	Work in progress credit	304,604	221,410
6.9	Income tax liabilities	6,819	1,031
6.23	Employee benefits	805	12,087
6.24	Provisions	19,555	24,418
		727,120	647,499
Total equity and liabilities		1,335,598	1,083,390

4. Consolidated statement of cash flows - indirect method

x € 1,000

	2023	2022
1. Operating result	80,986	70,914
Adjustments for:		
6.4 Gain on sale of non-current assets and property investments	-528	-783
6.10 Depreciation of property, plant and equipment	12,452	11,674
6.11 Depreciation of right-of-use assets	29,163	24,406
6.12 Amortisation of intangible assets	4,337	4,821
6.16 Adjustment of valuation of property investments and land portfolios, excluding joint ventures	0	0
6.16 Change in inventory	-121	12,467
Change in working capital	-23,772	17,625
6.24 Change in long-term provisions	-4,757	-16,735
Operating result after adjustments	97,760	124,389
Interest paid	-9,446	-6,633
Interest received	6,364	624
Income tax paid	-8,884	-8,471
Cash flow from operating activities	85,794	109,909
6.10 Investments in property, plant, and equipment	-43,960	-21,976
6.10 Sale of property, plant and equipment	1,713	611
6.12 Investments in intangible assets	-1,342	-2,476
6.2 Business combinations	-262,089	-16,071
6.13 Capital contributions to joint ventures and associates	-12,460	-9,754
6.13 Capital repayments from joint ventures and associates	4,827	20,357
6.13 Dividends received from joint ventures and associates	549	857
6.13 Loans granted to joint ventures and associates	-3,144	-1,256
6.13 Loans repaid by joint ventures and associates	1,976	12,884
Cash flow from investing activities	-313,930	-16,824
6.11 Principal portion of lease payments	-29,075	-24,338
2. Dividend payments	-12,764	-10,071
6.22 Interest-bearing loans drawn down	190,889	3,341
6.22 Interest-bearing loans repaid	-117,542	-34,572
Cash flow from financing activities	31,508	-65,640
Net cash flow in the period	-196,628	27,445
6.19 Cash and cash equivalents at 1 January	237,012	209,567
6.19 Cash and cash equivalents at 31 December	40,384	237,012

5. Accounting policies

Heijmans N.V. (the Company) has its registered office in Rosmalen, the Netherlands, and is a public limited company. The Company's consolidated financial statements for the 2023 financial year include the Company and its subsidiaries (collectively referred to as the Group) and the Group's investments in associates and interests in jointly controlled entities. The Group carries on construction and development activities in the Netherlands. The address of its headquarters is Graafsebaan 65, Rosmalen, the Netherlands.

Approval of the financial statements

The Executive Board prepared the financial statements on 8 March 2024. These will be submitted for adoption by the General Meeting of Shareholders on 30 April 2024.

(1) Statement of Compliance

The consolidated financial statements for 2023 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

(2) Basis of preparation

Presentation in thousands of euros

The financial statements are presented in thousands of euros.

Historical cost

The financial statements are based on historical cost, unless otherwise stated.

Going-concern basis

The financial statements were prepared on a going-concern basis.

Estimates and assumptions

The preparation of the financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.30, Management estimates and judgements.

Changes in accounting policies

The estimates and underlying assumptions are continually reassessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are recognised in the reporting period and future periods if the revision also affects future periods.

The accounting policies described below have been consistently applied to all periods presented in these consolidated financial statements and to all entities in the Group.

(3) Implications of new standards

The new IFRS 17 standard and the amendments to IAS 1, IAS 8 and IAS 12 accepted by the EU and applicable to reporting periods commencing on or after 1 January 2023 do not have any material effect on the consolidated financial statements.

New standards and interpretations that have been issued but are not yet mandatory.

As at 31 December 2023, the following amendments to standards and interpretations had been published:

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (the 2020 and 2022 amendments), effective from 1 January 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: disclosures, effective from 1 January 2024;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective from 1 January 2025; and
- Amendments to IFRS 16 Leases: Lease obligations in the event of a Sale and Leaseback, effective from 1 January 2024.

For the reporting period beginning on or after 1 January 2024, the above-mentioned new standards, amendments, and interpretations have been identified that have not yet been applied in the current consolidated financial statements. Following a preliminary assessment, we do not expect any of these future amendments to have a material impact on our Group's consolidated financial statements.

(4) Accounting policies used for consolidation

(4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control.

Control exists if the Group:

- a. has power over the entity;
- b. is exposed or has rights to variable returns because of its involvement with the entity; and
- c. can use its power over the entity to affect the size of these returns.

Each of these three criteria has to be satisfied to establish that the Group has control over an entity in which it owns an interest. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations

Business combinations are recognised according to the acquisition method, as from the date on which control is transferred to the Group. The transaction cost of an acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a favourable purchase is recognised directly in profit or loss. Transaction costs are recognised in profit or loss when these are incurred, unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account

balances. Such amounts are generally recognised in the statement of profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured. Instead, the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss. In the case of a phased acquisition of an interest that does not qualify as a company, the existing interest is not remeasured to fair value.

(4b) Joint ventures (equity method)

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed contractually that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.

Joint ventures are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in a joint venture, the value of the interest is written down to nil. Any further losses will no longer be recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4c) Associates (equity method)

An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases.

Associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in an associate, the value of the interest is written down to nil. Any further losses will no longer be recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4d) Joint operations (proportionate recognition)

Joint operations are arrangements over which the Group exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation) and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportionate recognition.

(4e) Elimination of transactions on consolidation

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Unrealised income from transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

(5) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date.

(6) Revenue from contracts with customers

Revenue is recognised if the Group has entered into a contract with a customer in which the performance obligations can be identified and the terms of the transaction are clear and where the contract is of undeniable economic importance. It must also be probable that the customer will pay. Revenue is recognised on each individual contract. Revenue from portfolios of contracts with similar features is recognised on a portfolio basis if the result is not materially different from the revenue measured on an individual basis. If a contract involves several performance obligations, revenue is separately attributed to the performance obligations concerned based on relatively stand-alone selling prices.

Revenue is recognised at the time when the customer takes control of the fulfilled performances. Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the attributable costs of the contract.

(6a) Sales of goods - mainly land

Revenue from the sale of goods - mainly land - is recognised at the agreed consideration or attributed consideration where the transfer of title to the land forms part of a combined purchase/construction contract in the case of residential projects. The revenue from the land is recognised at the time of legal conveyance.

(6b) Work in progress projects

The revenue relating to work in progress is recognised in the statement of profit or loss when control is transferred to the client. Since the Group executes projects on land owned by the client, the client obtains control by accession according to progress made in completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs to the extent that the costs incurred are representative of the progress made in the transfer of goods/services to the client (taking account of unsold units). Inefficiencies are disregarded in determining the stage of completion.

(6c) Services

Revenue from the provision of services, mainly servicing and maintenance activities, is recognised in the statement of profit or loss in proportion to the work performed, since the client receives the benefits from and has use of the services at the same rate. The stage of completion is determined from assessments of the work already carried out.

(7) Other operating income

Gains on the sale of assets and entities disposed of and gains on the contribution of assets to newly established joint arrangements are accounted for as other operating income. On contribution of assets to joint arrangements, any gains are eliminated in proportion to the Group's interest in the arrangement.

(8) Costs

(8a) Cost of sales

The cost of sales is made up of the carrying amount of goods sold and the costs allocated to the fulfilled performance obligations, including the expected losses on projects that are recognised immediately in the statement of profit or loss.

(8b) Selling expenses

Selling expenses are the costs of sales activities that are not charged to projects.

(8c) Administrative expenses

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

(8d) Finance income and expense

Net financing costs comprise interest payable on borrowings and lease commitments, dividends on cumulative financing shares B and interest receivable on funds invested.

Financing expenses that can be directly allocated to the acquisition, construction or production of a qualifying asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of the lease payments, as well as on funds withdrawn is recognised in the statement of profit or loss and is calculated using the effective interest method.

(9) Income tax

(9a) Income tax

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case, the relevant portion of the income tax is recognised in other comprehensive income.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the reporting date, as well as adjustments to tax payable in respect of previous years.

Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

(9b) Deferred tax

Deferred tax assets and liabilities are recognised in respect of available tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised to the extent that it arises from initial recognition of goodwill or initial recognition of assets or liabilities in a transaction that is not a business combination or which, at the time the transaction, does not affect accounting or taxable profit. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(10) Property, plant and equipment

(10a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

(10b) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the statement of profit or loss when these are incurred.

(10c) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis.

Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main load-bearing structures and roofs: 30 years
- Buildings: technical equipment: 15 years

- Buildings: interior walls: 10 years
- Office equipment: 3-10 years
- Machines: 5-10 years
- Installations: 5-10 years
- Large-scale equipment and other capital assets: 3-10 years

(10d) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located.

(11) Right-of-use assets

On the commencement date (the date on which the asset concerned becomes available for use), the Group recognises a corresponding right-of-use asset. The right-of-use asset is measured at cost less depreciation and impairment, adjusted for any revaluation of the lease liability. Cost is made up of the recognised amount of the lease liability, initial direct costs and lease instalments paid prior to the commencement date, less lease incentives received. Unless the Group is reasonably certain that it will acquire ownership of the underlying asset at the end of the lease period, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the following two dates: the end of the period of use or the end of the lease period. Improvements made to leased assets are depreciated over a period that is shorter than or the same as the period used for the leased asset concerned. Right-of-use assets are subject to impairment testing.

Non-lease components, specifically amounts for maintenance and fuel that are included in the lease instalments, are not recognised if these amounts are readily determined and are material. In practice, this applies to the non-lease payments for cars. For the other leases, use is made of the practical expedient of treating the non-lease components in the same manner as lease components.

The Group makes use of the practical expedient of not recognising short-term leases (with a lease period of less than 12 months and no purchase option) and the same applies to leases where the new value of the underlying asset is low (less than € 5,000). The lease instalments for such leases are accounted for in the operating expenses over the period concerned.

The lease period relates to the non-cancellable period of the lease, together with the periods covered by a renewal option if it is reasonably certain that the Group will exercise this option and periods covered by a termination option if it is reasonably certain that the Group will not exercise this option.

(12) Intangible assets

(12a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year.

For impairment testing purposes, goodwill acquired in business combinations is allocated, at the acquisition date, to a cash-generating unit (CGU) or group of CGUs expected to benefit from that business combination. Each unit to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

(12b) Other intangible assets

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairments.

(12c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the reporting date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting policy 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5-20 years
- Order book: 1-4 years
- Sand quarry concessions: 5-15 years
- Brand name: 5-10 years

(12d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

(13) Financial instruments

A financial instrument is a contract that leads to a financial asset or financial liability for the Group.

(13a) Financial assets

The Group's main financial assets are:

- Loans granted (see accounting policy 14)
- Trade and other receivables (see accounting policy 17)
- Cash and cash equivalents (see accounting policy 18)

Financial assets are classified as assets that are:

- a. carried at amortised cost after initial recognition, or
- b. carried at fair value with gains and losses included in the other components of comprehensive income, or
- c. carried at fair value with gains and losses accounted for in profit or loss.

This classification is based on the Group's business model for the management of the financial assets and the features of the contractual cash flows from the financial asset. The financial assets are to be carried at amortised cost (a) if both of the following conditions are satisfied:

- i. the financial asset is held as part of a business model aimed at holding financial assets for the purpose of receiving contractual cash flows, and
- ii. the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount.

Both conditions are satisfied in the case of the above financial assets. The financial assets are carried at amortised cost. On initial recognition, the amount of financial assets carried at amortised cost is measured using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset matures, is settled, is revised or is subject to impairment.

Provision for expected credit losses

Financial assets are recognised less a provision for expected credit losses. The amount of this provision is measured as the amount of the expected credit losses over the coming 12 months, based on the credit rating of the client. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, the simplified approach permitted by IFRS 9, involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses, has been used.

(13b) Financial liabilities

The Group has the following financial liabilities:

- Interest-bearing loans (see accounting policy 22)
- Trade and other payables (see accounting policy 25)

These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Swapping of debt instruments involving the same lender on substantially different terms is treated as a settlement of the original financial liability and recognition of a new financial liability. The same applies when the terms of an existing financial liability are substantially altered.

The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

(13c) Netting of financial assets and liabilities

Financial assets and financial liabilities are netted off and presented as a net amount in the statement of financial position if

- the Group has a legally enforceable right to net the amounts off, and
- the Group intends to settle the liability on a net basis or to realise the asset simultaneously with the settlement of the liability.

(14) Loans granted

Loans granted form part of the financial assets (see accounting policy 13a). Loans granted that do not meet both conditions cited in accounting policy 13a are carried at fair value with gains and losses accounted for in profit or loss. Loans granted that meet both conditions referred to are measured at amortised cost using the effective interest method, less impairments.

(15) Inventories

(15a) Strategic land holdings

The strategic land holdings represent the reported land holdings that are managed centrally in the Company's strategic land portfolio. These holdings are acquired and held for future property development. The interest and development costs for land holdings that are under development are capitalised. The land holdings are measured at the lower of cost and net realisable value.

(15b) Other inventories

Other inventories include unsold residential property in preparation and under construction (including planning and building consents), raw materials and consumables finished products (including land and premises for sale).

Inventories are measured at cost, or at net realisable value if lower. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition. The cost of inventories includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses. For fungible inventories the first-in, first-out (FIFO) principle applies.

Land and premises for sale concerns land and premises that have been technically delivered as developed but which on the reporting date were not sold to third parties. The inventories of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-downs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(16) Work in progress assets

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. In practical terms, the item is made up of the revenue (see also accounting policy 6) in proportion to the progress in fulfilling the performance obligation less invoiced instalments. Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also accounting policy 24d). Work in progress assets are measured taking account of expected credit losses in a way similar to the method used for trade and other receivables (see accounting policy 17).

(17) Trade and other receivables

Trade and other receivables form part of the financial assets (see accounting policy 13a). Trade and other receivables are carried at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, use is made of the simplified approach involving consistent recognition of an allowance at an amount equal to lifetime expected credit losses. Amounts still to be invoiced relating to concluded projects are recognised under trade and other receivables.

(18) Cash and cash equivalents

Cash and cash equivalents form part of the financial assets (see accounting policy 13a). Cash and cash equivalents comprise cash and bank balances and other call deposits. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

(19) Assets held for sale and discontinued operations

(19a) Assets held for sale

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as held for sale (or held for distribution), after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting policies. The assets or group of assets to be disposed of are generally measured at the carrying amount or the fair value less sale costs, if lower. Any impairment loss on a group of assets held for sale is first allocated to goodwill and then pro rata to the remaining assets and liabilities, subject to the restriction that impairment losses are not allocated to inventories, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting policies. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit or loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

(19b) Discontinued operations

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit or loss are restated as if the operation had been discontinued from the beginning of the comparative period.

(20) Impairments

The carrying amounts of the Group's non-financial assets, excluding work in progress assets (see accounting policy 16), inventories (see accounting policy 15) and deferred tax assets (see accounting policy 9), are reviewed each reporting date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets with an unlimited useful life, and intangible assets that are not yet ready for use, the recoverable amount is estimated at the reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(20a) Determination of recoverable amount

The recoverable amount of an asset is equal to the higher of its net selling price and its value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

(20b) Reversal of impairments

Impairment losses in respect of goodwill are never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(21) Share capital

(21a) Costs of issuing ordinary shares

Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

(21b) Repurchase of own shares

If shares representing capital that is recognised as equity in the statement of financial position are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(21c) Dividend

Dividends are recognised as a liability in the period in which these are declared.

(22) Interest-bearing liabilities

Interest-bearing loans form part of the financial liabilities (see accounting policy 13b), except for lease liabilities (see accounting policy 22b).

(22a) Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

(22b) Lease liabilities

On the commencement date of the lease, the Group measures the liability at the net present value of the lease payments that have to be made in the future. These include fixed lease payments (including essentially fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or interest rate and amounts expected to be payable under residual value guarantees. The lease payments also include the purchase option price if it is reasonably certain that the Group will exercise this option. The lease payments also include the penalties for termination of the lease if the lease period reflects the exercise by the Group of an option to terminate the lease. Variable lease payments not depending on an index or rate are expensed in the period in which the event or circumstance giving rise to these payments occurs.

When calculating the net present value of the lease payments, the Group makes use of the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the liability is increased in respect of interest and reduced by the lease payments made. The Group re-measures the liability in the event of a change in the lease agreement, an adjustment of the lease period, a review of an in-substance fixed lease payment or a change in the assessment thereof or use is made of a purchase option.

(23) Employee benefits

(23a) Defined-contribution plans

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

(23b) Defined-benefit plans

The Group's net obligation in respect of defined-benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in the statement of profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit or loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

(23c) Long-term employee benefits

The Group's net liability in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as long-service payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

(23d) Severance payments

Severance payments are recognised as an expense if the Group has shown that it is committed to terminating the employment contract of an employee or group of employees before the normal retirement date, by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

(24) Provisions

A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

(24a) Warranties

A provision for warranties is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period.

(24b) Restructuring

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

(24c) Environment

A provision for restoration of contaminated and is formed in accordance with the Group's environmental policy and applicable legal requirements.

(24d) Onerous contracts

A provision for onerous contracts is recognised if the economic benefits (i.e. the probable revenues) that the Group expects to receive from a contract are lower than the costs of meeting the contractual obligations, unless the net costs of terminating the contract are lower. For contracts concerning the execution of works, these costs are the costs attributable to the outstanding performance obligations. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

(25) Trade and other payables

Trade and other payables form part of the financial liabilities (see accounting policy 13b). Trade and other payables are recognised at amortised cost.

(26) Work in progress liabilities

Work in progress liabilities relates to work yet to be performed for clients on projects for which the Group has received a consideration from the client (or the client owes an amount). In practical terms, the item comprises the invoiced instalments less the revenue in proportion to the progress in fulfilling the performance obligation (see also accounting policy 6). Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for in the statement of financial position in provisions (see also accounting policy 24d).

(27) Statement of cash flows

The statement of cash flows is prepared using the indirect method.

(28) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Building & Technology, Infra and Van Wanrooij.

6. Notes related to the consolidated financial statements

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Building & Technology, Infra and Van Wanrooij, which Heijmans acquired in 2023, in line with the management conducted by the Executive Board. The segments are managed primarily on the basis of underlying EBITDA. The segment figures include data that can be allocated to a segment either directly or on reasonable grounds.

Condensed income statement per business segment

2023

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Van Wanrooij	Other/ Eliminations	Total
Revenue						
Third parties	411,527	806,003	774,815	124,760	212	2,117,317
Intercompany	267	269,935	25,216	0	-295,418	0
Total revenue	411,794	1,075,938	800,031	124,760	-295,206	2,117,317
Underlying EBITDA						
	26,583	46,072	66,306	20,089	-11,948	147,102
EBITDA of joint ventures	-482	-314	-4,142	-323	-107	-5,368
Write-downs on land holdings/property assets	0	0	0	0	0	0
Restructuring costs	-1,008	-869	-616	0	-493	-2,986
Acquisition costs/gains and losses on sale of investments	0	0	0	0	-9,410	-9,410
Long-term incentive bonuses	0	0	0	-2,400	0	-2,400
Total exceptional items	-1,490	-1,183	-4,758	-2,723	-10,010	-20,164
EBITDA	25,093	44,889	61,548	17,366	-21,958	126,938
Depreciation and amortisation	-1,326	-13,642	-22,129	-2,942	-5,913	-45,952
Operating result	23,767	31,247	39,419	14,424	-27,871	80,986
Finance income						5,809
Finance expense						-8,524
Results of joint ventures and associates	575	353	2,228	-833	521	2,844
Result before tax						81,115
Income tax						-21,382
Result after tax						59,733

The underlying EBITDA of the Infra segment includes income of € 14 million (2022: income of € 19 million) related to the release of the remaining, unused part of the provision taken for Wintrack II in 2021. See also note 6.24 Provisions.

2022

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Other/ Eliminations	Total
Revenue	569,685	611,136	631,177	210	1,812,208
Third parties	-	321,377	30,042	-351,419	0
Intercompany	569,685	932,513	661,219	-351,209	1,812,208
Total revenue					
	42,462	38,192	55,243	-9,445	126,452
Underlying EBITDA					
	486	-2,517	-6,515	-126	-8,672
EBITDA of joint ventures	-4,100	0	0	0	-4,100
Write-downs on land holdings/property assets	0	-657	-597	-301	-1,555
Restructuring costs	0	0	-2,611	200	-2,411
Total exceptional items	-3,614	-3,174	-9,723	-227	-16,738
EBITDA	38,848	35,018	45,520	-9,672	109,714
Depreciation and amortisation	-1,163	-15,289	-18,476	-3,872	-38,800
Operating result	37,685	19,729	27,044	-13,544	70,914
Finance income					623
Finance expense					-5,525
Results of joint ventures and associates	-647	2,494	5,305	-83	7,069
Result before tax					73,081
Income tax					-13,501
Result after tax					59,580

Underlying EBITDA is the operating result before depreciation, including EBITDA of joint ventures, excluding any impairments of property and/or goodwill, restructuring costs, acquisition costs, including retention bonuses and gains or losses on the acquisition/sale of entities. Underlying EBITDA defined in this way is also used as the basis for the calculation of the financial covenants reported to the bank consortium.

Condensed balance sheet and balance sheet breakdown per business segment

2023

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Van Wanrooij	Other	Eliminations	Total
Assets	310,844	459,438	393,733	268,927	379,162	-498,102	1,314,002
Not allocated							21,596
Total assets	310,844	459,438	393,733	268,927	379,162	-498,102	1,335,598
Liabilities	157,876	361,510	265,679	102,614	259,778	-383,733	763,724
Not allocated							188,217
Total liabilities	157,876	361,510	265,679	102,614	259,778	-383,733	951,941
Equity							383,657
Total equity and liabilities							1,335,598
Property, plant and equipment							
Depreciation	28	795	7,058	394	4,177	-	12,452
Investments	-	3,591	21,230	117	19,022	-	43,960
Right-of-use assets							
Depreciation	1,298	11,114	14,600	415	1,736	-	29,163
Intangible assets							
Amortisation	-	1,734	470	2,133	-	-	4,337
Joint ventures and associates							
Carrying amount	55,684	1,001	18,120	19,968	6,074	-	100,847

2022
x € 1,000

Business segments	Property Development	Building & Technology	Infra	Other	Eliminations	Total
Assets	355,115	420,595	387,148	274,197	-381,711	1,055,344
Not allocated						28,046
Total assets	355,115	420,595	387,148	274,197	-381,711	1,083,390
Liabilities	205,794	358,722	298,444	217,075	-375,551	704,484
Not allocated						61,887
Total liabilities	205,794	358,722	298,444	217,075	-375,551	766,371
Equity						317,019
Total equity and liabilities						1,083,390
Property, plant and equipment						
Depreciation	27	3,544	5,758	2,345	-	11,674
Investments	-	2,906	16,701	2,369	-	21,976
Right-of-use assets						
Depreciation	1,136	9,024	12,719	1,527	-	24,406
Intangible assets						
Amortisation	-	2,721	2,100	-	-	4,821
Joint ventures and associates						
Carrying amount	50,023	1,149	20,133	1,743	-	73,048

Transactions between business segments are conducted on arm's length terms that are comparable to those for transactions with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest-bearing loans, other financing commitments and VAT payable.

By the nature of its operations, the Infra segment is highly dependent on public sector contracts.

Revenue in 2023 and in 2022 was generated entirely in the Netherlands.

The non-current assets (PP&E) are located in the Netherlands.

6.2 Business combinations

Van Wanrooij

On 5 September 2023, the Group acquired 100% of the share capital in the company Van Wanrooij Bouwontwikkeling B.V. that was incorporated for the purpose of the transaction. This company directly holds 100% of the shares in Van Wanrooij Projectontwikkeling B.V., Van Wanrooij Commandiet B.V., Van Wanrooij Grondbank B.V., Van Wanrooij Bouwbedrijf B.V., Bouwmaterialenhandel Bevers B.V. and Van Wanrooij Timmerfabriek B.V. (hereafter: Van Wanrooij). Van Wanrooij is a successful family business in development and construction, primarily of houses. With this transaction, the Group strengthens its market position in the construction and property development sector in the Netherlands. The strategic rationale behind the transaction is an immediate improvement in the mix (more houses) and size of its work in hand (the number of homes to be developed in the future rises by approximately 14,000 homes).

In connection with the acquisition, a purchase price allocation (PPA) must be carried out in accordance with IFRS, in which the total transaction sum must be allocated to the acquired assets and liabilities. These are recognised at market value (fair value accounting) and the difference between the price paid and the net asset value of the assets and liabilities at market value is recognised as goodwill. The transaction amount for 100% of the shares totals € 296.8 million, which was paid in the form of 2.3 million shares with a combined transaction price of € 23.5 million and a cash payment of € 273.4 million. As permitted under IFRS 3 'Business Combinations', the fair value of the identifiable assets and liabilities acquired has been presented on a provisional basis.. An independent professional expert performed the preliminary fair value determination

Details of the purchase price, net assets acquired and goodwill are as follows:

x € mln	Carrying amount before acquisition	Fair value adjustments	Recognised acquisition value
Property, plant and equipment	13	0	13
Right-of-use assets	9	0	9
Intangible fixed assets	0	6	6
Deposits	25	0	25
Inventory	94	122	216
Deferred tax assets	3	0	3
Work in progress on balance	1	0	1
Joint ventures and associates	7	14	21
Trade and other receivables	21	0	21
Cash and cash equivalents	9	0	9
Provisions	-5	-11	-16
Lease liabilities	-9	0	-9
Deferred tax liabilities	-2	-33	-35
Income tax liabilities	-3	0	-3
Trade and other payables	-56	0	-56
Balance of identifiable assets and liabilities	107	98	205
Goodwill			91
Purchase price			296
Purchase price to be paid when 'earn out' is achieved			0
Pay-out in certificates			-25
Total purchase price in cash			271
Cash acquired			-9
Net cash outflow			262

Approximately 200 individual positions were valued to determine the market value of the total inventory of development positions. A position may consist of expenses and income booked under inventories, deposits (if payments have been made for land holdings for which ownership has not yet been obtained), work in progress, and possibly other liabilities (if properties have been transferred but Projectontwikkeling will still incur costs in the future). These balance sheet items combined, with a book value of € 117 million as of 5 September 2023, resulted in a market value of the positions of € 259 million. Consequently, the inventory position has been subjected to a total fair value step-up of € 142 million, divided between co-consolidated positions and non-consolidated positions (joint ventures). The table below specifies how this amount is made up of both on-balance sheet and off-balance sheet items. The fair value adjustment of the joint ventures of € 14 million, presented at net asset value, is after allocation of the deferred tax liability in the joint ventures. The gross amount plus the fair value adjustment of inventory adds up to € 142 million.

	From carrying amount to fair market value as of 5-9			Δ from 5-9 to 31-12	Balance		
	Carrying amount before acquisition	Fair value adjustments	Fair market value per 5-9-2023	Net investment in new positions	Fair value release	Carrying amount 31-12-2023	Note
Property development portfolio							
Deposits	25	0	25	-1	0	24	6.14
Inventory	94	123	216	1	-10	207	6.16
WIP / Other payables	-7	0	-7				
Gross value of property development portfolio (on balance)	111	123	234				
Inventory / deposits within joint ventures (off balance)	6	19	25	-6	-2	18	6.13
Gross value of property development portfolio (on balance and off balance)	117	142	259				

The fair value adjustment of provisions pertains to certain risks related to development positions obtained in the period prior to the transaction date. For a more detailed explanation, see note 6.24 other provisions.

The accounting for the acquisition of Van Wanrooij and the detailed allocation of the acquisition price to the separate assets and liabilities, are based on an assessment of their fair value on the basis of the assumptions applicable as at 5 September 2023 (acquisition date). In a limited number of aspects, the market values assigned to the assets and liabilities were provisional. This was due to the limited time between acquisition date and date of preparation of the financial statements. In this case, IFRS offers the possibility of examining and possibly adjusting the assumptions used within one year after the acquisition date. A possible revision may affect subsequent positions and will be finalised in the 2024 reporting year.

The market values of two items have been adjusted as part of the PPA process. Firstly, Van Wanrooij Bouw's order book has been valued based on the replacement cost method. The assigned value of € 6.4 million will be amortised on a straight-line basis within one year from the acquisition date. No other intangible assets have been identified, other than the order book and goodwill. Secondly, the inventory position has been subjected to a fair value step-up to market value. As part of the PPA, all positions have been valued separately, partly based on external appraisals. Van Wanrooij has land holdings with a potential to realise approximately 14,000 homes. Measured by the total number of homes that Van Wanrooij develops per year, this means it has a development inventory of approximately 15 years. The inventory position therefore includes positions in various stages: land under construction, land for sale, building developments and more strategic land (often still with a current use as agricultural land). Positions may include ownership, building claims and development rights. As is customary in property development, in many cases Van Wanrooij works with down payments and subsequent payments. These subsequent payments are off-balance sheet liabilities and in most cases are conditionally linked to a definitive zoning change.

The inventory positions were acquired over a longer period (partly in times when house prices were considerably lower than at the time of acquisition) and Van Wanrooij makes an above-average return per home within the sector. When determining the market value, this resulted in a significant fair value step-up of € 142 million (partly in non-consolidated joint ventures) compared to the carrying value of the inventory to a total of € 259 million. This fair value step up of the inventory position means that a higher acquisition price should be taken into account for accounting purposes from the acquisition date. In other words, the future gross profit (EBITDA) potential will be € 142 million lower as a result of the fair value step-up. The impact of this on Van Wanrooij's future profitability is high in the first few years and decreases as time

goes on. There are several reasons for this. 1) In the first years after the acquisition, (almost) all home conveyances to buyers (which is the basis for revenue recognition in property development) will come from the acquired inventory position. 2) The positions that will lead to land conveyances in the first few years are (almost all) subject to full permits and partly already sold. The cash flow profile is therefore already largely fixed. Due to this lower risk profile, they have been assigned a lower discount factor for valuation purposes. 3) The combination of a higher discount factor and a longer lead time results in a lower net present value for positions that will be developed further into the future.

Van Wanrooij's total development inventory of about 14,000 homes consists of approximately 200 (sub-)projects, which have been subject to separate valuations. The fair value step-up should be at position level in accordance with IFRS and will be reflected in the statement of profit or loss in the future, as properties in the projects are transferred to buyers. While the total carrying value of the portfolio has more than doubled as a result of the fair value step-up to market value, there are significant deviations at individual position level, ranging from limited downward adjustments to significant upward adjustments. As a result, the ultimate fair value step-up may differ significantly per project, depending on when and which projects are transferred. The 431 homes that were transferred between 5 September 2023 and 31 December 2023 together resulted in a fair value step-up of € 11.3 million, or over € 26,000 per home. This € 11.3 million will be charged to the underlying EBITDA of € 31 million that Van Wanrooij would have reported before the application of the PPA.

For 2024, Heijmans expects a fair value step-up of € 20,000 to € 26,000 per transferred home, which as explained above will gradually decline to zero in subsequent years after the last home from the existing inventory position has been transferred to a buyer. Percentage-wise, the fair value step-up will therefore have an impact of approximately 33% on Van Wanrooij's gross profit in 2024, and this percentage will decline somewhat each year in subsequent years. In the first year after the acquisition (including four months in 2023 and eight months in 2024), Heijmans will recognise the impact of the write-down of Bouw's order book (€ 6.4 million), as well as the allocation of a one-off retention arrangement with staff amounting to a maximum of € 7 million, as an extraordinary expenses.

As the fair value step-up of the inventory position, as well as the identification of Bouw's order book in the balance sheet, do not take place for tax purposes, a deferred tax liability appears in Van Wanrooij's opening balance sheet. The total deferred tax liability amounts to € 38 million, this being the nominal rate of 25.8% multiplied by the value of Bouw's order book and the total fair value step-up of the development position. € 5 million of this amount is formed at the level of joint ventures valued at net asset value, so this part is not visible in the balance sheet.

The goodwill of € 90.8 million is ultimately the difference between the acquisition price and the fair value of the identifiable assets and liabilities acquired at the time of acquisition. Heijmans will not amortise the goodwill in the future. However, the company will have to perform an annual test to determine whether there is still sufficient earning potential in respect of the goodwill. This test takes place at the level of Van Wanrooij (the cash-generating unit), which will continue independently within Heijmans. The goodwill is due to the fact that the Group expects a stable profit potential, from both the construction-related activities (Bouw, Bevers and de Timmerfabriek) and project development activities (Projectontwikkeling). Goodwill is not deductible for tax purposes.

Acquired receivables

Unless fair value adjustments have been made, the carrying amounts of assets acquired are generally considered to be equal to their fair values. The fair value of acquired trade and other receivables is € 20.7 million, which is equal to the contracted amount.

Revenue and profits

Van Wanrooij's financial results have been consolidated from the acquisition date, this being 5 September 2023. For the period from the acquisition date to 31 December 2023, Van Wanrooij's operations contributed revenue of € 124.7 million to the Group, together with underlying EBITDA of € 20 million and a result after tax of € 9.5 million. Given the high number of land transfers in the last months of the year (431 net, which was more than half the number of transfers in the year), this amount is not representative of the whole of 2023. The amounts have been calculated based on the subsidiary's results and adjusted for differences in accounting policies and exclude the effects of fair value adjustments. The amortisation of Bouw's order book and the impact of the fair value step-up of the land valuations had a negative impact of € 9.9 million on this result after tax.

If the acquisition had been completed on the first day of the financial year, the Group's revenue and profit before tax would have been € 2.3 billion and € 94 million, respectively. For the Heijmans part, these amounts have been calculated in accordance with IFRS standards, while for the Van Wanrooij part they have been calculated in accordance with financial reporting standards accepted in the Netherlands and they have not been adjusted for the differences in accounting policies. No conversion has taken place for this period, because this proved to be impracticable, as the complexity and effort required for such a conversion are significant. This is mainly due to the fact that it is not possible to accurately determine the impact of retrospectively applying alternative conversion policies.

Transaction costs

In 2023, the Group incurred total transaction costs of € 9 million due to the acquisition (€ 12 million including the retention bonus). This amount consists of consultancy costs related to the due diligence process, the closing process (including NMA approval) and transfer tax resulting from the transaction. These costs have been recognised directly in the statement of profit or loss in the period when these costs were incurred. In addition, Heijmans awarded a staff retention bonus of € 7 million, one-third of which has been recognised in the 2023 statement of profit or loss, while the remainder will be recognised in 2024.

6.3 Revenue

The disaggregation of revenue into categories that reflect the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors is in line with the segment information per sector.

Revenue per sector

x € 1,000

	2023	2022
Property development	411,794	569,685
Building & Technology	1,075,938	932,513
Infra	800,031	661,219
Van Wanrooij	124,760	0
Elimination	-295,206	-351,209
	2,117,317	1,812,208

The revenue from Property Development is primarily related to revenue from residential and property development projects developed by Heijmans for private buyers, amounting to approximately € 296 million (in 2022, approximately € 461 million), and approximately € 116 million (in 2022 approximately € 109 million) for real estate investors and housing associations, generally involving the delivery of both the land and the buildings. Projects for private buyers are usually not started until at least 70% of the homes have been sold. Invoicing of private buyers is in line with the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen - Owner-Occupied Housing Guarantee Fund), which is linked to predefined milestones. The first instalment is invoiced when title to the land is transferred. Construction work on projects for property investors and housing associations does not start before the sale has been completed. The invoicing schedule is agreed with each client and, as in the case of private buyers, is generally linked to the completion of milestones, the first instalment being invoiced upon conveyance of the land. Revenue from the land is recognised at the time of conveyance at the notary, while the revenue from the buildings is recognised during the course of the construction period.

The revenue from Van Wanrooij, acquired in September 2023, is mainly related to revenue from residential and real estate projects developed in-house for private buyers of approximately € 89 million (in 2022: nil), and for real estate investors and housing corporations of € 35 million (in 2022: nil), generally involving the delivery of both the land and the buildings. Projects for private buyers are usually not started until at least 70% of the homes have been sold. Invoicing to private individuals is in line with the Woningborg (housing guarantee) schedule that is linked to predefined milestones. The first instalment is invoiced upon delivery of the land. Construction work on projects for property investors and housing corporations does not start until the sale has been completed. Invoicing is agreed with each client and, as in the case of private buyers, is generally linked to the completion of milestones, with the first instalment being invoiced upon conveyance of the land. Revenue from the land is realised at the time of conveyance at the notary, while revenue from the buildings is recognised in the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of homes and non-residential buildings and related installation work on behalf of clients in the private sector and the public or semi-public sector, amounting to approximately € 729 million (approx. € 650 million in 2022). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service activities on clients' buildings and installations. Revenue from these activities, of approximately € 347 million (approx. € 283 million in 2022), is recognised as and when this service and maintenance work is carried out. A major client for the construction of residential property is Heijmans Property Development, representing internal revenue that is eliminated.

The revenue generated by Infra mainly relates to the construction of roads and other civil engineering works on behalf of public authorities, and amounted to approximately € 494 million (approx. € 438 million in 2022). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Heijmans also carries out service and maintenance work on pieces of infrastructure. Revenue from these activities, of approximately € 306 million (approx. € 223 million in 2022), is recognised as and when this service work are carried out.

In 2023, Heijmans recognised revenue totalling € 196 million (2022: € 185 million) and included this amount in work in the item 'work in progress liabilities' as at 1 January.

In 2023, Heijmans recognised an expense of € 3 million (2022: revenue of € 4 million) related to performance obligations fulfilled in earlier periods.

The amount of the transaction price that has been attributed to performance obligations that have not been fulfilled (in whole or in part) is approximately € 2.6 billion (2022: € 2.2 billion, excluding Van Wanrooij). Of this, approximately 58% will be fulfilled in 2024, 26% in the period 2025 and 2026 and 16% in 2027 and beyond (2022: approximately 53% in 2023, 29% in the period 2024 and 2025 and 18% in 2026 and beyond). The disclosed amounts concern contracted revenue and include only revenue that is highly probable. Revenue generated by contracts for which the unit price but not the volumes has been agreed have not been included in the disclosed amounts. The Group has not made use of the practical option of not disclosing performance obligations forming part of a contract with an originally expected completion date of one year or less.

The Group has not adjusted revenue for significant financing components partly because the period between fulfilment of the performance obligations and payment by the client is less than one year.

6.4 Other operating income

x € 1,000

	2023	2022
Gain on sale of non-current assets and property investments	528	783
Other	1,394	1,027
	1,922	1,810

The gain on the sale of non-current assets relates to the sale of plant and equipment. Miscellaneous includes fees for managing sold subsidiaries where the Group is, temporarily or permanently, still performing administrative activities.

6.5 Staff costs, depreciation, and research and development expenses

6.5a Staff costs

Staff costs included in the statement of profit or loss are broken down as follows:

x € 1,000

	2023	2022
Wages and salaries	-379,932	-337,053
Compulsory social insurance contributions	-57,296	-50,277
Defined-contribution plans	-38,312	-35,939
Defined-benefit plans and long-service payments	-2,152	265
	-477,692	-423,004

The statement of profit or loss includes an amount of approximately € 3 million (2022: € 2 million) relating to reorganisation provisions.

The staff costs are included in the cost of sales, administrative expenses and selling expenses.

6.5b Number of employees

At year-end 2023, the number of employees stood at a total of 5,487 (including 213 Van Wanrooij employees) (2022: 5,071, excluding Van Wanrooij employees).

6.5c Depreciation

Depreciation and amortisation recognised in the statement of profit or loss is broken down as follows:

x € 1,000

	2023	2022
Depreciation of property, plant and equipment	-12,452	-11,674
Depreciation of right-of-use assets	-29,163	-24,406
Amortisation of intangible assets	-4,337	-4,821
	-45,952	-40,901

Depreciation of property, plant and equipment and right-of-use assets is included in the cost of sales and administrative expenses.

Amortisation of intangible assets is recognised under other operating expenses.

6.5d Research & development costs

The costs for research and development recognised in the statement of profit or loss are:

x € 1,000

	2023	2022
Research & development costs	-11,791	-10,375

Research and development costs pertain primarily to digitalisation and industrialisation. Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the figures stated above.

6.6 Other operating expenses

Other operating expenses are broken down as follows:

x € 1,000

	2023	2022
Amortisation of intangible assets	-4,337	-4,821
Income/Charge for Wintrack II provision	13,571	19,000
	9,234	14,179

For further details of the Wintrack II provision, see note 6.24 Provisions.

6.7 Finance income and expense

The net financing income and expense is broken down as follows:

x € 1,000

	2023	2022
Interest income	5,809	623
Finance income	5,809	623
Interest expense	-6,509	-3,223
Interest expense on lease liabilities	-2,794	-2,113
Capitalised financing costs	996	1,748
Other financial results	-217	-1,937
Finance expense	-8,524	-5,525
	-2,715	-4,902

The interest and development costs for land holdings that are under development are capitalised. The applicable interest rate used to determine the financing costs to be capitalised was 3.0% in 2023 (2022: 3.0%).

The cumulative financial expense in 2023 amounted to € 2.7 million (2022: € 4.9 million). From the start of the year until the acquisition date of Van Wanrooij (5 September) Heijmans had a net cash position. During this period, Heijmans placed € 100 million in a short-term deposit account at an interest rate rounded off to 3%. This contributed to a significant increase in interest income. On the acquisition date, the positive cash balance was used to finance the acquisition, together with part of the syndicated loan. This also increased interest expenses compared with the previous year, as the syndicated loan was not used at all in 2022. The other financial result in 2022 was related to a write-down on a long-term receivable related to the completion of a land holding.

No interest has been capitalised on projects under construction.

6.8 Income tax

Recognised in profit or loss:

x € 1,000

	2023	2022
Current tax charges or credits		
Current financial year	-14,558	-9,032
Prior financial years	-43	0
	-14,601	-9,032
Deferred tax charges or credits		
Relating to temporary differences	896	290
Prior financial years	-210	0
Relating to tax loss carryforwards	-8,450	-9,341
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	983	4,582
	-6,781	-4,469
Total tax charge in the statement of profit or loss	-21,382	-13,501

The tax charges per country are as follows:

x € 1,000

	2023	2022
Netherlands	-21,382	-13,501
	-21,382	-13,501

Analysis of the effective tax rate:

x € 1,000

	2023		2022	
	%	€	%	€
Result before tax		81,115		73,081
Based on local tax rate	25.8%	-20,928	25.8%	-18,855
Non-deductible interest	0.0%	0	0.2%	-174
Non-deductible expenses, other	2.1%	-1,732	0.8%	-565
Non-taxable revenue in results of investees	0.1%	-72	-1.5%	1,106
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	0.1%	-43	0.1%	-86
Effect of changes in the tax rate	0.0%	0	0.0%	0
Effect of changes to loss relief rules	0.0%	0	0.0%	0
Prior-year adjustment	0.3%	-253	0.0%	0
Effect of recognising previously unrecognised losses	-1.2%	983	-6.3%	4,582
Effect of miscellaneous/foreign tax rates	-0.8%	663	-0.7%	491
Overall tax burden	26.4%	-21,382	18.5%	-13,501

The effective tax rate for 2023 was 26.4% (2022: 18.5%).

The main differences between the effective tax rate and the local tax rate in the Netherlands concern the effect of the recognition of previously unrecognised losses. The other differences concern non-deductible transaction costs related to the Van Wanrooij share transaction, the general restrictions on the deductibility of expenses, the deduction for environmental investments, and the tax exempt results from investees.

The Base Erosion and Profit Shifting Pillar 2 regulations (global minimum tax rate of 15%) came into effect on 1 January 2024 and Heijmans falls within the scope of these regulations. If the aforementioned regulations were effective as at the balance sheet date, the impact on the effective tax burden for 2023 would have been zero. This conclusion is based on an impact analysis of the safe harbour rules. Heijmans is currently preparing to make a full Pillar 2 calculation once the safe harbour rules no longer apply.

6.9 Income tax receivables and payables

x € 1,000

Geographical segment	31 December 2023		31 December 2022	
	Receivables	Payables	Receivables	Payables
Netherlands	124	6,819	0	1,031
	124	6,819	0	1,031

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of applicable loss relief rules. The receivables and payables in the Netherlands relate to the Heijmans N.V. tax group and the Van Wanrooij Bouwontwikkeling B.V. tax group.

6.10 Property, plant and equipment

Cost

x € 1,000

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2022	60,784	61,694	47,987	8,084	178,549
Investments	432	7,060	2,003	12,481	21,976
Disposals	-479	-3,858	-672	0	-5,009
Included in the consolidation	0	4,005	0	0	4,005
Reclassifications	3	9,395	893	-7,539	2,752
Balance at 31 December 2022	60,740	78,296	50,211	13,026	202,273
Balance at 1 January 2023	60,740	78,296	50,211	13,026	202,273
Investments	10,538	14,036	6,748	12,638	43,960
Disposals	-178	-3,150	-8,676	-2,554	-14,558
Included in the consolidation	6,401	2,161	12,187	0	20,749
Reclassifications	426	8,159	22	-7,839	768
Balance at 31 December 2023	77,927	99,502	60,492	15,271	253,192

Depreciation and impairment losses

x € 1,000

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2022	39,530	39,570	40,417	0	119,517
Depreciation	1,343	5,123	5,208	0	11,674
Disposals	-480	-3,236	-742	0	-4,458
Reclassifications	0	1,344	685	0	2,029
Balance at 31 December 2022	40,393	42,801	45,568	0	128,762
Balance at 1 January 2023	40,393	42,801	45,568	0	128,762
Depreciation	1,744	7,628	3,080	0	12,452
Disposals	-37	-3,153	-8,641	0	-11,831
Included in the consolidation	604	1,742	6,460	0	8,806
Reclassifications	0	260	22	0	282
Balance at 31 December 2023	42,704	49,278	46,489	0	138,471

Carrying amount

x € 1,000

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
At 1 January 2022	21,254	22,124	7,570	8,084	59,032
At 31 December 2022	20,347	35,495	4,643	13,026	73,511
At 1 January 2023	20,347	35,495	4,643	13,026	73,511
At 31 December 2023	35,223	50,224	14,003	15,271	114,721

As at year end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to € 7.0 million (2022: € 8.0 million).

6.11 Leases

The movements in right-of-use assets were as follows:

x € 1,000

2023	01 January 2023	Included in the consolidation	Depreciation	Additions	Changes in lease period and other changes	31 December 2023
Office buildings	38,691	8,488	-9,750	201	3,257	40,887
Vehicle fleet	26,169	637	-13,876	26,458	563	39,951
Other equipment	7,125	0	-5,537	5,332	1,845	8,765
Total	71,985	9,125	-29,163	31,991	5,665	89,603

2022	01 January 2022	Included in the consolidation	Depreciation	Additions	Changes in lease period and other changes	31 December 2022
Office buildings	38,869	-8,569	2,185	6,206	38,691	
Vehicle fleet	25,895	-11,262	11,985	-449	26,169	
Other equipment	8,870	-4,575	2,298	532	7,125	
Total	73,634	-24,406	16,468	6,289	71,985	

The amounts in the column headed 'Changes in lease period and other changes' are connected with lease renewals and rent increases.

The movement in the lease liabilities was as follows:

x € 1,000

2023	01 January 2023	Included in the consolidation	Additions	Lease payments	Interest	Changes in lease period and other changes	31 December 2023
Office buildings	38,139	8,488	201	-10,977	1,269	2,501	39,621
Vehicle fleet	26,679	637	26,458	-14,816	1,113	633	40,704
Other equipment	7,372	0	5,332	-6,076	412	2,528	9,568
Total	72,190	9,125	31,991	-31,869	2,794	5,662	89,893

2022	01 January 2022	Additions	Lease payments	Interest	Changes in lease period and other changes	31 December 2022
Office buildings	38,232	2,064	-9,727	1,193	6,377	38,139
Vehicle fleet	26,465	11,886	-11,772	617	-517	26,679
Other equipment	8,987	2,298	-4,952	303	736	7,372
Total	73,684	16,248	-26,451	2,113	6,596	72,190

The maturity of the lease liabilities (based on due dates of the lease instalments) per category of underlying asset can be analysed as follows:

x € 1,000

31 December 2023	Total lease instalments payable	< 1 year	1-5 years	> 5 years
Office buildings	45,358	8,355	30,748	6,255
Vehicle fleet	42,860	15,896	26,866	98
Other equipment	10,099	5,124	4,939	36
Total	98,317	29,375	62,553	6,389

31 December 2022	Total lease instalments payable	< 1 year	1-5 years	> 5 years
Office buildings	43,932	10,276	26,992	6,664
Vehicle fleet	27,544	11,332	16,212	0
Other equipment	7,797	3,411	4,182	204
Total	79,273	25,019	47,386	6,868

The Group is committed to meeting future lease obligations as at the reporting date that are still on order; this amounted to approximately € 11 million in 2023 (2022: € 0 million).

The interest expense on the lease liabilities in 2023 amounted to € 2.8 million (2022: € 2.1 million).

In 2023, the cost of short-term leases for which right-of-use assets have not been recognised amounted to € 109 million (2022: € 94 million). This is largely related to short-term equipment rental on projects.

The total cash outflow relating to leases amounted to € 143 million in 2023 (2022: € 123 million). This includes the aforementioned short-term rental of equipment on projects.

The weighted average incremental borrowing rate that was to determine the amount of the liability was 4% in 2023 (2022: 3%).

6.12 Intangible assets

Intangible assets consist of goodwill and other identifiable intangible assets.

Cost

x € 1,000

	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2022	156,971	46,003	202,974
Included in the consolidation	5,905	4,605	10,510
Investments	1,400	1,076	2,476
Balance at 31 December 2022	164,276	51,684	215,960
Balance at 1 January 2023	164,276	51,684	215,960
Included in the consolidation	90,853	6,400	97,253
Investments	0	1,342	1,342
Balance at 31 December 2023	255,129	59,426	314,555

Impairment losses and amortisation

x € 1,000

	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2022	88,581	40,804	129,385
Impairments	1,400	2,100	3,500
Amortisation	-	1,321	1,321
Balance at 31 December 2022	89,981	44,225	134,206
Balance at 1 January 2023	89,981	44,225	134,206
Impairments	0	0	0
Amortisation	-	4,337	4,337
Balance at 31 December 2023	89,981	48,562	138,543

Carrying amount

x € 1,000

	Goodwill	Identifiable intangible assets	Total
At 1 January 2022	68,390	5,199	73,589
At 31 January 2022	74,295	7,459	81,754
At 1 January 2023	74,295	7,459	81,754
At 31 December 2023	165,148	10,864	176,012

The composition of the carrying amount for goodwill and other intangible assets at year-end 2023 is as follows:

Acquisition

x € 1,000

	CGU	2023		2022	
		Goodwill	Identifiable intangible assets	Goodwill	Identifiable intangible assets
IBC (NL-2001)	Building & Technology	21,207	-	21,207	-
Burgers Ergon (NL-2007)	Building & Technology	31,107	3,108	31,107	4,129
Dynniq Energy (NL-2022)	Infra	5,905	-	5,905	-
Van Wanrooij (NL-2023)	Van Wanrooij	90,853	4,267	-	-
Other	Infra/Holding	16,076	3,489	16,076	3,330
Carrying amount at 31 December 2023		165,148	10,864	74,295	7,459

Other goodwill is mainly related to the cash-generating unit (CGU) Infra (€ 13 million). Other intangible assets is mainly related to assets created in-house, software licences and the fair value of the Van Wanrooij's order book.

In 2022, the Group acquired Van Wanrooij. Heijmans performed a provisional purchase price allocation in 2023 and will make this definitive in 2024. The goodwill of € 90.9 million is the difference between the purchase sum and the fair value of the net identified assets acquired. These assets have been re-measured to market value as part of the purchase price allocation. At Van Wanrooij, this resulted in a substantial fair value step-up of the inventory of land holdings. The remaining goodwill is explained by the fact that the Group has increased its position in property development and construction with this acquisition. Van Wanrooij is an extremely profitable company with a positive outlook, which is in good proportion to the size of the goodwill. The fair value of the order book of Van Wanrooij Bouw amounted to € 6.4 million at the moment of the acquisition on 5 September 2023 and has been recognised under Other intangible assets and will be amortised within one year. See also note 6.2 Business combinations.

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition was three years at year-end 2023, with an annual amortisation charge of € 1.0 million.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under Other operating expenses.

Impairment tests

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the recoverable amount, reference is made to the accounting policies.

The impairment tests are based on the valuation using the discounted cash flow method. Future cash flows are discounted using the post-tax WACC. The WACC in 2023 was 9.6% (2022: 9.2%). The WACC is calculated using various components on the basis of publicly available information. This includes macro-economic indicators, as well as data from other listed companies used as a peer group.

The value in use of the cash-flow generating business units is based on their expected future cash flows. The 2024 and 2025 budget is the basis for the cash flow projection. Revenue and gross margin in the budget are based on the order book, past experience and strategic ambitions. For the period from 2026 to 2030, a growth rate of 1.2% (2022: 0%) is assumed, based on estimates for economic growth in the Netherlands. For the period after 2030 (the so-called terminal value in the discounted cash flow method), a growth rate of 0% (2022: 0%) is assumed. The gross margin for the period after 2026 was assumed to be constant from a conservative point of view and based on an average of the budget and past margins.

A sensitivity analysis was performed at Building & Technology and Infra on the basis of three significant key parameters that have an impact on Goodwill impairment: WACC, growth rate and gross margin. With respect to the relevant cashflow generating units, changes that can reasonably be expected in key variables would not result in an impairment.

Heijmans acquired Van Wanrooij on 5 September 2023 and subsequently carried out a provisional purchase price allocation (PPA) in which it determined Van Wanrooij's goodwill. In this purchase price allocation, the company's assets were valued and the difference between the market value and acquisition price is the goodwill. The results realised 2023, the outlook for 2024 and market developments have developed positively between the valuation date and year-end, so there is no impairment trigger.

6.13 Joint ventures and associates

The interests in joint ventures and investments in associates included in the statement of financial position breaks down as follows:

x € 1,000

	2023	2022
Joint ventures	96,372	68,863
Associates	4,475	4,185
Total	100,847	73,048

6.13a Joint ventures

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, including equity is shown below:

x € 1,000

	2023	2022
Interest in the capital of Property Development joint ventures	75,573	50,023
Interest in the capital of other joint ventures	20,152	18,474
	95,725	68,497
Negative asset values recognised in other provisions	647	366
Total	96,372	68,863

The amounts presented below are the Group's shares in the results from continuing operations in joint ventures:

x € 1,000

	2023	2022
Share of the net result of Property Development joint ventures	-258	-646
Share of the net result of other joint ventures	2,396	7,452
Total	2,138	6,806

The property development joint ventures (in 2023, including Van Wanrooij's property development joint ventures) in which the Group participates recorded revenue of € 51 million in 2023 (2022: € 65 million). In total, these joint ventures have inventories of € 65 million (2022: € 56 million), mainly in the form of land holdings. The aforementioned amounts relate to the Group's share. The Group acquired land from these joint ventures for € 11 million (2022: € 7 million).

The item Other joint ventures includes projects carried out on a consortium basis. In addition, this item includes an asphalt joint venture (AsfaltNu). In 2023, the Group acquired asphalt for € 32 million (2022: € 23 million) from this joint venture, which was set up in late 2020.

In a number of joint ventures, there are limits on the payout of dividends, often depending on the preference specified for repayment of the debts of the joint ventures concerned. The reserves that cannot be distributed as a result of these limits were approximately € 10 million (2022: € 10 million).

The Group undertook no commitments to joint ventures in 2023 (2022: none) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.27 and 6.28 below, the Group has no commitments or contingent liabilities related to joint ventures.

In 2023, the Group recognised a total of € 6 million in trade and other receivables due from joint ventures (2022: € 3 million) and recognised a total of € 3 million in trade and other payables to joint ventures (2022: € 4 million). Heijmans also granted loans to joint ventures (see note 6.14).

6.13b Associates

The amounts shown below concern the interests of the Group in the equity and results from continuing operations of associates:

x € 1,000

	2023	2022
Interests in the equity of associates	4,475	4,185
Interests in the net results of associates	706	263

6.14 Loans granted to joint ventures and other receivables

x € 1,000

	2023	2022
Loans granted to joint ventures	9,096	8,742
Other long-term lending	1,836	1,022
Deposits	25,633	0
Balance at 31 December	36,565	9,764

The guarantee amounts stem from the acquisition of Van Wanrooij and are related to prepayments already made on land purchases where ownership has not yet been transferred. Additional preparation costs were also incurred for these development positions, which were also subjected to a fair value step-up as part of the purchase price allocation. These additional costs and the fair value step-up have been recognised under inventories.

None of the loans granted falls due within one year (2022: € 1 million), € 1 million falls due between one and five years (2022: € 1 million) and € 7 million falls due after more than five years, including those with indefinite maturity (2022: € 7 million). The weighted average interest rate is approximately 4.8% (2022: 1.6%). The loans are repayable and are secured by pledged assets and by cash flows from projects being carried on by the joint ventures concerned. An appraisal has been made of the expected credit losses on the loans granted. There were no material implications for the carrying amounts.

6.15 Deferred tax assets and liabilities

The net amount of the deferred tax assets and liabilities related to temporary differences between the carrying amounts for tax purposes and for reporting purposes of items in the statement of financial position, together with recognised tax-loss carry-forwards, can be broken down as follows:

	Receivables		Payables		Net amount	
	31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022
Property, plant and equipment	2,511	2,767	-	-	2,511	2,767
Inventory	0	0	29,149	0	-29,149	0
Right-of-use assets	23,915	18,831	23,119	18,118	796	713
Intangible fixed assets	-	-	1,644	756	-1,644	-756
Employee benefits	4,679	4,780	-	-	4,679	4,780
Other items	0	0	-	-	0	0
Recognised tax-loss carryforwards	13,266	20,943	-	-	13,266	20,943
Deferred tax assets and liabilities	44,371	47,321	53,912	18,874	-9,541	28,447
Set-off of deferred tax assets and liabilities	-24,662	-18,874	-24,662	-18,874	-	-
Net deferred tax assets and liabilities	19,709	28,447	29,250	0	-9,541	28,447

The movement in the statement of financial position of the deferred tax assets and liabilities in 2023 breaks down as follows:

x € 1,000

	Net amount at 31 December 2022	Recognised in other comprehensive income			Net amount at 31 December 2023
		Recognised in income tax		Other movements	
Property, plant and equipment	2,767	-256	-	-	2,511
Inventory	0	2,506	0	-31,655	-29,149
Right-of-use assets/lease liabilities	713	83	-	-	796
Intangible assets	-756	763	0	-1,651	-1,644
Employee benefits	4,780	-2,200	2,099	0	4,679
Other items	0	0	-	-	0
Recognised tax-loss carryforwards	20,943	-7,677	0	0	13,266
Total	28,447	-6,781	2,099	-33,306	-9,541

The movement in the statement of financial position of the deferred tax assets and liabilities in 2022 breaks down as follows:

x € 1,000

	Net amount at 31 December 2021	Recognised in income tax	Recognised in other comprehensive income	Other movements	Net amount at 31 December 2022
Property, plant and equipment	2,979	-212	-	-	2,767
Inventory	0	0	0	0	0
Right-of-use assets/lease liabilities	609	104	-	-	713
Intangible assets	-1,328	985	0	-413	-756
Employee benefits	5,354	-587	13	0	4,780
Other items	0	0	-	-	0
Recognised tax-loss carryforwards	25,509	-4,759	0	193	20,943
Total	33,123	-4,469	13	-220	28,447

6.15a Measurement of deferred tax assets

At year-end 2023, the recognised loss carry-forward stood at € 13.3 million (2022: € 20.9 million). The recognised loss carry-forwards relate almost entirely to the Dutch tax group Heijmans N.V. The utilisation of tax loss carry-forwards changed on 1 January 2022. Under the new loss relief rules, from the financial year 2022 it has only been possible to utilise 50% of profits above € 1 million against past losses. On the other hand, from the financial year 2022 it is possible under the new loss relief rules to carry forward all losses against future profits indefinitely.

A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available to be utilised for the realisation of the deferred asset. The majority of activities are performing as planned. The forecasts are based on the order book, the 2023 business plan, and the long-term forecast, which are also the basis for the measurement of the recoverable amount of goodwill (impairment tests). The long-term forecast is based on the assumption that the average EBIT margin of the Dutch tax group will grow slightly. A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2024 business plan and the long-term forecasts, which are the Group's best estimates. Based on the projected results for 2024 through 2026 and the current tax rate of 25.8%, there will be sufficient taxable profits over the next few years to enable the Group to realise the tax asset recognised as at 31 December 2023.

The netting of deferred tax assets with deferred tax liabilities is allowed as long as there is a legally enforceable right to set off current tax assets against current tax liabilities, together with an intention to do so, and the deferred taxes relate to income taxes levied by the same tax authority for the same entity or for the same tax unit. The deferred tax asset has not been netted with the deferred tax liability because they are not attributable to the same tax unit.

The movement in the deferred tax assets was as follows:

x € 1,000

	2023	2022
Balance at 1 January	20,943	25,509
Effect of changes in the tax rate	0	0
Prior-year adjustment	-210	193
Charge for the financial year	-8,450	-9,341
Recognition of previously unrecognised losses	983	4,582
Impact of new loss relief rules	0	0
Balance at 31 December	13,266	20,943

6.15b Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries, joint operations or joint ventures. In 2023, Heijmans completed the acquisition of Van Wanrooij. The application of IFRS 3 resulted in the fair value adjustment of intangible assets (€ 6 million) and inventories and strategic land holdings (€ 123 million at Heijmans and € 19 million at joint ventures, taking the total to € 142 million). This positive difference of € 148.4 million from the carrying amount of the acquired assets results in an increase in the tax base of those assets. The future reversal of this difference gives rise to a deferred tax liability of € 38 million, with € 33 million of this capitalised at Heijmans and € 5 million capitalised at joint ventures on the opening balance sheet in September 2023.

The majority of the deferred tax liabilities have a term of more than one year.

Tax losses not recognised in the statement of financial position

At year-end 2023, the tax losses not recognised in the statement of financial position amounted to € 44.8 million (2022: € 43.4 million). These are primarily related to Dynniq Energy BV, which was acquired in 2022 (2022: € 1.7 million) and three foreign subsidiaries (in Belgium and Germany) that perform no operational activities (2022: € 42.6 million). These unrecognised tax losses can be carried forward indefinitely and do not expire.

6.16 Inventories

x € 1,000

	31 December 2023	31 December 2022
Strategic land holdings	158,583	78,518
Residential property in preparation and under construction	208,082	80,358
Other inventories	22,527	13,981
Total	389,192	172,857
Carrying amount of inventories pledged as security	42,015	39,104

Strategic land holdings

The strategic land holdings are measured at cost or net realisable value if lower. The net realisable value of these holdings may be either the direct realisable value or the indirect realisable value. The net realisable value depends on the expected manner and time horizon of realisation and in most cases, therefore, is measured using an indirect realisable value method. The indirect realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, the expected cash flows usually being discounted to net present value using a discount rate of 5% unless a different rate has been agreed, for example on the basis of favourable financing arrangements available within a joint undertaking. In fixing the discount rate, account is taken of the expected capital structure, operational risks and specific circumstances affecting Heijmans or the project concerned.

Determining the indirect realisable value involves the use of judgements and estimates. The strategic land holdings are affected by several elements of uncertainty, such as demographic changes, location and details and implementation of development plans and administrative decisions, with as local a focus as possible. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. The Group makes a comprehensive internal assessment of the value of its land holdings twice a year.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without planning permission than for those with. Moreover, this risk keeps increasing the longer the expected delay is before the start of development.

In 2023, the net realisable value of the strategic land holdings was calculated and compared with the carrying amount. This did not result in a write-down (2022: zero). Nor was there a write-down in a joint venture (2022: € 4.1 million).

For more information on the pledging of land holdings in connection with the financing agreements, see note 6.22.

In 2023, the inventory included € 9.7 million (2022: nil) for a number of homes that have been completed/delivered but had not yet been sold.

Term

In principle, the strategic land holdings and the residential property in preparation and under construction have terms of more than 12 months after the reporting date (mostly two to 10 years). In principle, the other items have a term of less than 12 months.

Impact Van Wanrooij acquisition

With the acquisition of Van Wanrooij, Heijmans expanded its inventory of development positions by approximately 14,000 homes divided between strategic land positions and homes in preparation and under construction. In the context of the purchase price allocation, the development positions have been valued at market value. The total inventory of development positions was assigned a market value as at 5 September of € 259 million, which represented a fair value step-up of €142 million as at that date. This € 259 million was recognised partly on balance sheet (in consolidation) and partly off balance sheet (in joint ventures). In addition, part of the inventory of development positions also consists of work in progress and is partly classified under guarantee deposits. For a breakdown of these items, please see the table in section 6.2.

Between 5 September and 31 December, the strategic land holdings were increased by € 9 million to € 68 million. The Van Wanrooij acquisition therefore explains most of the € 80 million increase in strategic land holdings. Homes in preparation and under construction fell by € 18 million to € 139 million in the same period. This decrease was partly (€ 8.7 million) due to the high number of home transfers in this period and partly (€ 9.7 million) due to the partial release of the fair value step-up. Total homes in preparation and under construction increased by € 128 million in 2023 and this amount was therefore more than fully explained by the acquisition of Van Wanrooij.

6.17 Work in progress

x € 1,000

	31 December 2023	31 December 2022
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	3,593,067	3,057,297
less: Invoiced instalments	-3,758,456	-3,183,062
Balance of work in progress	-165,389	-125,765
Work in progress assets (positive balance of work in progress)	139,215	95,645
Work in progress liabilities (negative balance of work in progress)	-304,604	-221,410
Balance of work in progress	-165,389	-125,765

The project owner and the management of the unit involved perform a periodic assessment of the carrying amount of work in progress for each project. This assessment is essentially performed on the basis of the figures in the project files, the project accounts and the knowledge and experience of those involved. Inherent in this process and the project-related activities is that estimates have to be made and that the Group is involved in negotiations and discussions related to the financial progress of projects, such as contract savings or extras, claims, incentives and penalties, completion dates and the quality standard of the work. It may turn out at a later stage that actual results differ from the estimates. This will be particularly true for long-term projects that include considerable custom-made work. It can also occur if there are unsettled claims or discussions with clients about additional work that are still ongoing on the reporting date. For further details on a number of specific projects, see note 6.30 Management estimates and judgements.

The degree of uncertainty surrounding these estimates will be greater the more:

- types of contract and associated specific agreements involve increased risks for the Group. In a DC (Design and Construct) contract, for example, the Group also assumes the design risk. DBMO (Design, Build, Maintain, Operate) contracts also include responsibility for maintenance and operation;
- projects are still at the design stage. It is possible for substantial changes to occur in the process of turning a provisional design into the final design, leading to both upward and downward adjustments compared with the initial projection.

Projects also entail opportunities and risks during execution. For example, there may be extra work, claims or unforeseen circumstances, potentially for the account of the Group.

A variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur:

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.

- Claims and incentives are recognised in the amount for work in progress when they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

Bonuses are recognised as revenue from work in progress if the project is far enough advanced and it is highly probable that the performance indicators specified will be met (and it is highly probable that no significant reversal will occur), and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is highly probable that the bonus will be received (and it is highly probable that no significant reversal will occur).

Work in progress assets is related to the right to a consideration in respect of work on projects carried out and transferred to the client. As at year-end 2023, this item amounted to € 139 million (2022: € 96 million). No material amounts in respect of expected credit losses have been deducted from this amount.

Work in progress liabilities is related to the obligation to carry out work on projects for clients for which the Group has received a consideration from the client (or the client owes that amount). This means that in practice the invoiced instalments run ahead of the project revenue, so on balance the work is funded in advance by the client. As at year-end 2023, this item amounted to € 305 million (2022: € 221 million).

Work in progress assets and liabilities generally have a term of less than 12 months.

Work in progress assets and liabilities do not include any items of a material nature relating to marginal costs for securing or fulfilling a contract.

6.18 Trade and other receivables

x € 1,000

	31 December 2023	31 December 2022
Trade receivables	196,186	201,113
Amounts still to be invoiced on concluded projects	11,520	15,140
Receivables from joint operations	7,529	9,383
Prepayments	9,364	5,847
Other receivables	4,627	7,884
Total trade and other receivables	229,226	239,367

Trade and other receivables are presented after deduction of impairment losses. No material impairment losses have been deducted from the amounts still to be invoiced on concluded projects. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2023, the Group set aside a provision of € 0.8 million for the impairment of trade receivables (2022: € 0.6 million). For an analysis of the movements in this provision, see note 6.26 Financial risks and risk management.

Trade and other receivables are mainly short-term.

6.19 Cash and cash equivalents

x € 1,000

	31 December 2023	31 December 2022
Bank balances	37,035	230,539
Cash in hand	0	0
Funds in blocked accounts	3,349	6,473
Total cash and cash equivalents	40,384	237,012

Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

6.19a Restricted cash and cash equivalents

Of the total cash and cash equivalents, € 58 million (2022: € 30 million) is held by joint ventures. This amount was higher in 2023, due in part to the fact that the acquisition of Van Wanrooij increased the number of joint ventures in property development projects. Heijmans was also involved in several joint ventures in large infrastructure projects with high cash positions at the end of the year. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

The funds in blocked accounts, amounting to € 3 million (2022: € 6 million) are primarily related to the obligatory G accounts (guarantee accounts) held pursuant to the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

6.20 Equity

Paid-up and called-up share capital

<i>In thousands of ordinary shares</i>	2023	2022
Outstanding at 1 January	23,553	22,760
Shares issued in May 2023/2022	973	793
Shares issued in September 2023	2,300	0
Outstanding at 31 December	26,826	23,553

Refer to statement 2b for disclosures on the changes in equity, and to the Company financial statements for disclosures on the authorised share capital, the statutory reserve for investees, the appropriation of results and other figures.

6.21 Earnings per share

Basic earnings per ordinary share

In 2023, earnings after tax per weighted average share amounted to € 2.40 (2022: € 2.57). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and the weighted average number of ordinary shares that were outstanding during 2023.

Result attributable to holders of ordinary shares (all operations)

x € 1,000

	2023	2022
Result attributable to holders of ordinary shares after tax	59,733	59,580

Weighted average number of ordinary shares

<i>In thousands of shares</i>	2023	2022
Ordinary shares outstanding on 1 January	23,553	22,760
Effect of share issue in May 2023/ 2022	568	463
Effect of share issue in September 2023	812	-
Weighted average number of ordinary shares at 31 December	24,933	23,264

Diluted weighted average number of shares

<i>In thousands of shares</i>	2023	2022
Weighted average number of ordinary shares at 31 December	24,933	23,223
Dilution effect related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan.	24	26
Weighted average number of ordinary shares at 31 December after dilution effects	24,957	23,249

The calculation of earnings after tax per ordinary share in 2023 is based on the weighted average number of ordinary shares during the year, which was 24,933 thousand. The calculation of diluted earnings after tax per ordinary share takes into account the dilution related to the award of 24 thousand deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.29).

Dividend distributed per ordinary share in the financial year

In 2023, Heijmans paid out a dividend of € 1.01 per share (2022: € 0.88).

6.22 Interest-bearing loans and other financing liabilities

Heijmans has various financing arrangements in place, both at group and project level. In terms of size, the most material is the syndicated bank financing facility. This facility was expanded and extended in 2023 with a view to and immediately prior to the acquisition of Van Wanrooij. The original financing facility of € 117.5 million was committed until the end of 2025. The new financing facility has been extended by € 140 million to € 257.5 million and runs until 1 September 2028 and consists of the following components:

- Term Loan amounting to € 80 million repayable on a straight-line basis over four years, with € 75 million remaining at the end of 2023 (see 6.22a).
- Revolving credit facility in the amount of € 177.5 million, € 30 million of which is in the form of a current account facility (see 6.22b).

Established securities

At the time of the refinancing in 2023, no changes were agreed to the collateral package provided to financiers. These securities are recorded in pledges, with an intercreditor agreement regulating in what situations and in what way securities can be recovered. As long as Heijmans continues to comply with the banking covenants, including the financial covenants (see 6.22c), these situations do not arise.

The securities established consist of pledged receivables, bank accounts and any insurance proceeds. This criterion only applies insofar as Heijmans is the 100% owner of the companies concerned and, measured by revenue, at least 95% of the revenue must be represented by the subsidiaries that co-sign the financing facility (the so-called guarantor cover). Finally, the financiers have established mortgage securities on a number of historical land holdings with a carrying amount of € 42 million at year-end 2023. These securities will be released as the land holdings are developed.

The total breakdown of interest-bearing loans and other financing liabilities is shown below:

x € 1,000

31 December 2023	Non-current portion	Current portion	Total
Linear loan	53,786	20,000	73,786
Syndicated bank financing	-	-	0
Project financing	10,465	1,689	12,154
Other non-current liabilities	1,233	134	1,367
Current account overdrafts with credit institutions	-	-	0
Total liabilities	65,484	21,823	87,307

x € 1,000

31 December 2022	Non-current portion	Current portion	Total
Syndicated bank financing	-	-	0
Project financing	10,049	1,690	11,739
Other non-current liabilities	2,087	134	2,221
Current account overdrafts with credit institutions	-	-	0
Total liabilities	12,136	1,824	13,960

6.22a Term loan

As a result of the acquisition of Van Wanrooij, Heijmans moved from a net cash position to a net debt position on balance. In concrete terms, this meant that Heijmans had to use the syndicated bank financing facility again after several years. For a construction company, the extent to which it has to draw on financing very much depends on the working capital development, which can fluctuate greatly in the course of a single year due to seasonal patterns. The refinancing related to the acquisition involved two distinct components: a Term Loan and a revolving credit facility, as the revolving credit facility offers more flexibility to cope with the fluctuations in working capital. For the part expected to be drawn down throughout the year, Heijmans concluded an acquisition financing facility in the form of a Term Loan.

The Term Loan was provided in equal parts by ABN Amro, ING and Rabobank. The Term Loan had a size of € 80 million at acquisition and is repayable quarterly on a straight-line basis over four years. Heijmans made the first repayment on 31 December 2023, bringing the outstanding amount at year-end 2023 to € 75 million, less € 1 million in capitalised financing expenses. In terms of interest conditions, the three-month Euribor base rate plus a margin surcharge depends on the outcome of the leverage ratio and lies between 2.0% and 3.0% (margin grid). If the Leverage ratio is less than 0.5 - which was the case prior to the acquisition - the lowest step of the grid applies. In 2023, as well as in 2024, the outcome of the Leverage ratio is expected to be in a range of 0.5 to 1.5. The margin in that case will be 2.25% or 2.50%. Heijmans may make voluntary early repayments on the Term Loan at any time.

6.22b Revolving credit facility

The revolving credit facility amounted to € 177.5 million at year-end 2023. This amount is fully committed until 1 September 2028 on the understanding that from 30 September 2027 the total commitment will be reduced in four quarters on a straight-line basis to € 150 million. Of this facility, € 30 million has been provided in the form of a committed current account facility with ING Bank. ABN Amro Bank and Rabobank (each) provided € 52.5 million of the remainder of the revolving credit facility, while ING Bank provided € 42.5 million. A feature of the revolving credit facility (and thus the current account facility) is that the facility can be used according to need. The revolving character ensures that repaid amounts are available again in the future within the limits of the total commitment, enabling Heijmans to absorb working capital fluctuations during the year.

In terms of interest conditions, the basic interest rate is one-month Euribor plus a margin that depends on the outcome of the leverage ratio and lies between 1.9% and 2.9%. In 2023, and expected also in 2024, the margin premium will be 2.15% or 2.40%. The unused portion of the revolving credit facility is subject to a commitment fee linked to the margin payable. The revolving credit facility can be voluntarily reduced prematurely at any time.

- The margin grid is linked to a bonus/malus system of plus or minus five basis points on the basis of four sustainability criteria. In effect, Heijmans is raising its sustainability ambitions by committing to improvements in terms of reducing (CO₂) emissions, the number of accidents (drop in IF rate), the average CO₂ emissions of the homes it delivers, and increasing the share of electric cars in its total fleet. Heijmans had achieved two of the four criteria by year-end 2023, which means the company obtained a malus of 2.5 basis points and that at the start of 2024 the applicable margin was set at 212.5 basis points for the revolving credit facility and at 222.5 basis points for the Term Loan. The targets that were not achieved in 2023 was the CO₂ reduction for Heijmans as a whole and the safety aspect. Heijmans' target was a 25% reduction in CO₂ emissions compared to 2020 in terms of absolute emissions, and this came in just slightly lower at 24.6%. The IF rate as a measure of safety was higher in 2023, while Heijmans was targeting a reduction.
- It should be noted that at the time of the acquisition of Van Wanrooij, Heijmans did not yet have sufficient insight into Van Wanrooij's score in terms of the agreed sustainability criteria. For that reason, it was agreed that Heijmans has until the annual results for 2024 to map out these scores, and on that basis to agree adjusted sustainability objectives with the banks, including Van Wanrooij's contribution.

6.22c Bank covenants related to the syndicated facility

The syndicated facility is subject to several covenants, consisting of information obligations, general obligations and minimum financial requirements (so-called financial covenants). If Heijmans fails to meet these financial covenants, the facility is repayable on demand. The financial covenants are measured on the basis of the reported figures based on IFRS. Certain matters are subject to adjustments, for instance if project financing is on a non-recourse basis. The covenants will also be adjusted for IFRS 11, which means that Heijmans will not use the equity method for joint ventures but will instead report financial results on the basis of proportionate recognition.

The covenants are subject to a solvency ratio, which is measured at the end of each year to check whether this meets the required minimum of 21%. This is the solvency ratio reported in the annual report on the basis of capital base. As the cumulative financing preference shares B were fully redeemed (in 2022), the capital base is the same as group equity. The covenants are also subject an interest cover ratio, calculated at the end of each quarter and a minimum value of five is required. In addition, a leverage ratio is also calculated each quarter and this must not exceed three. The interest cover ratio is calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by net interest expenses, with both criteria calculated over the past 12 months. The leverage ratio is obtained by dividing net debt by EBITDA, with both criteria calculated over the past 12 months. The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. Significant adjustments compared

with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and certain project financing arrangements where there is no recourse against Heijmans. Significant adjustments compared with the EBITDA for accounting purposes are related to the capitalised interest, results related to business units that have been sold off, fair value adjustments, restructuring costs and EBITDA results from joint ventures. The main adjustment to the net interest expense for accounting purposes is related to the exclusion of interest expense on non-recourse project financing. Heijmans operated well within the agreed covenants throughout the year.

Compliance with the covenants is actively monitored within Heijmans. Based on the 2024 business plan and its solid financial starting position at year-end 2023, the Group expects to be able to continue operating well within the covenants in the year ahead, the key parameters here being the developments in terms of EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, which are due to seasonal effects and fluctuations driven by specific projects. The working capital requirement is generally higher during the course of the year than at year-end, and this can lead to an increase in net debt by as much as € 25-75 million. Heijmans funds these fluctuations in working capital via the headroom offered by the revolving credit facility.

Amounts x €1 million		2023	2022
	Note		
Interest-bearing debt	6.22	87.3	13.9
Lease liabilities (IFRS 16 Leases)	3.	89.9	72.2
Cash and cash equivalents	6.19	-40.4	-237.0
Net debt		136.8	-150.9
Adjustments for:			
Net debt of joint ventures		4.8	12.1
Non-recourse net debt for project financing		-18.3	-23.6
Cumulative financing preference shares B	6.22	0.0	0.0
Other		3.4	6.5
Covenant net debt (A)		126.7	-155.9
Reported EBITDA			
Reported EBITDA	6.1	126.9	109.7
EBITDA of joint ventures	6.1	5.4	8.7
Exceptional items	6.1	14.8	8.0
Underlying EBITDA		147.1	126.4
Adjustments for:			
Capitalised interest	6.7	1.0	1.7
Fair value step-up Van Wanrooij		10.9	0.0
EBITDA for project with non-recourse financing		-1.2	-1.1
Other		-8.3	-0.8
Covenant EBITDA (B) - Interest Cover		149.5	126.2
EBITDA attributable to disposals			
		30.5	0.0
Covenant EBITDA (C) - leverage Ratio			
		180.0	126.2
Net interest expense			
Net interest expense		2.7	4.9
Adjustments for:			
Capitalised interest		1	1.7
Joint venture net interest expense		-0.56	-0.4
Non-recourse project financing interest expense		-0.56	-0.7
Interest on cumulative financing preference shares B	6.22	0	-0.7
Other		-0.9	-2.4
Net covenant interest expense (D)		1.68	2.4
Equity			
Equity	2.	383.7	317
Cumulative financing preference shares B	6.22	0	0
Capital base (E)		383.7	317
Total assets covenants (F)			
	3.	1,335.6	1083.4
Leverage ratio (A/C) <3			
		0.7	-1.3
Interest cover ratio (B/D) >5 (if interest charges are negative, then not applicable)			
		89.2	52.4
Solvency ratio (E/F) >21%			
		28.7%	29.3%

Amounts x €1 million		2023	2022
	Note		
Interest-bearing debt	6.22	87.3	13.9
Lease liabilities (IFRS 16 Leases)	3.	89.9	72.2
Cash and cash equivalents	6.19	-40.4	-237.0
Net debt		136.8	-150.9
Adjustments for:			
Net debt of joint ventures		4.8	12.1
Non-recourse net debt for project financing		-18.3	-23.6
Cumulative financing preference shares B	6.22	0.0	0.0
Other		3.4	6.5
Covenant net debt (A)		126.7	-155.9
Reported EBITDA	6.1	126.9	109.7
EBITDA of joint ventures	6.1	5.4	8.7
Exceptional items	6.1	14.8	8.0
Underlying EBITDA		147.1	126.4
Adjustments for:			
Capitalised interest	6.7	1.0	1.7
Fair value step-up Van Wanrooij		10.9	0.0
EBITDA for project with non-recourse financing		-1.2	-1.1
Other		-8.3	-0.8
Covenant EBITDA (B) - Interest Cover		149.5	126.2
EBITDA attributable to disposals		30.5	0.0
Covenant EBITDA (C) - leverage Ratio		180.0	126.2
Net interest expense		2.7	4.9
Adjustments for:			
Capitalised interest		1	1.7
Joint venture net interest expense		-0.56	-0.4
Non-recourse project financing interest expense		-0.56	-0.7
Interest on cumulative financing preference shares B	6.22	0	-0.7
Other		-0.9	-2.4
Net covenant interest expense (D)		1.68	2.4
Equity	2.	383.7	317
Cumulative financing preference shares B	6.22	0	0
Capital base (E)		383.7	317
Total assets covenants (F)	3.	1,335.6	1083.4
Leverage ratio (A/C) <3		0.7	-1.3
Interest cover ratio (B/D) >5 (if interest charges are negative, then not applicable)		89.2	52.4
Solvency ratio (E/F) >21%		28.7%	29.3%

6.22d Project financing

Project financing arrangements have been entered into in connection with specific (property development) projects. This pertains to property development projects at both Heijmans Property Development and Van Wanrooij Projectontwikkeling for a total amount (pro rata share of Heijmans) of € 12.2 million. This item also includes the recognition of a liability to a joint venture producing asphalt. The project financing repayment schedules are usually related to the progress on projects. Project financing generally expires no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. In principle, Heijmans N.V. (or group companies belonging to it) does not issue parent company guarantees for the payment of instalments and/or interest for any of project financing facilities. However, this is the case for a project financing facility in a limited partnership that Heijmans acquired with the acquisition of Van Wanrooij. At year-end 2023, Heijmans' share in these financing facilities amounted to € 1.5 million and this is expected to be repaid in full in the course of 2024.

6.22e Cumulative preference financing shares B

In 2022, Heijmans effected a phased redemption of the cumulative financing B preference shares, the outstanding amount of which still stood at € 31 million at 31 December 2021. On 14 April 2022, € 15 million was redeemed based on the redemption agreements linked to the result appropriation for the previous financial year. Based on the strong balance sheet ratios and in the context of a more efficient allocation of capital, Heijmans subsequently proceeded to effect a voluntary, penalty-free redemption of the remaining share premium reserve on 28 April 2022 (upon the announcement of the first quarter results) amounting to € 16 million. The repurchase and cancellation of the cumulative financing B preference shares required the approval of the general meeting of shareholders, which was granted on 12 July 2022. On 13 July 2022, Heijmans fully redeemed the cumulative financing B preference shares by paying the nominal value and settled all remaining interest obligations. The shares concerned were subsequently cancelled, upon which the financing structure lapsed.

6.22f Other liabilities

The other liabilities pertain to financing arrangements provided by related parties in a number of specific land holdings. As security for these financing arrangements, amounting to € 1.4 million (2022: € 2.2 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

6.22g Average interest rate

	2023	2022
Cumulative financing preference shares B	-	7.1%
Linear loan	6.1%	-
Syndicated bank financing*	6.1%	-
Project financing	1.0%	1.1%
Other bank financing	-	-
Other non-current liabilities	2.1%	2.3%

* * The disclosed percentage is exclusive of amortised refinancing costs and fees.

6.22h Movements in interest-bearing liabilities

The movements in the interest-bearing liabilities were as follows:

x € 1,000

	Net amount at 31 December 2022	Borrowed	Redeemed	Net amount at 31 December 2023
Linear loan	0	78,786	-5,000	73,786
Syndicated bank financing	0	110,000	-110,000	0
Project financing	11,739	2,103	-1,688	12,154
Other non-current liabilities	2,221	0	-854	1,367
Current account overdrafts with credit institutions	0	-	0	0
Total	13,960	190,889	-117,542	87,307

x € 1,000

	Net amount at 31 December 2021	Borrowed	Redeemed	Net amount at 31 December 2022
Cumulative financing preference shares B	30,748	-	-30,748	0
Syndicated bank financing	0	-	-	0
Project financing	11,563	2,400	-2,224	11,739
Other non-current liabilities	2,880	941	-1,600	2,221
Current account overdrafts with credit institutions	0	-	0	0
Total	45,191	3,341	-34,572	13,960

6.23 Employee benefits

Movement in the liability for defined-benefit plans and long-service payments

x € 1,000

	Liability		Fair value of assets		Net liabilities to defined-benefit rights and long-service payments	
	2023	2022	2023	2022	2023	2022
Balance at 1 January	163,805	230,241	140,721	205,145	23,084	25,096
Included in the consolidation	3,738	-	390	-	3,348	-
Recognised in profit or loss						
Service cost	307	393	-	-	307	393
Interest expense/income	5,773	1,920	5,237	1,715	536	205
Actuarial result on long-service payment liabilities	859	-992	-	-	859	-992
Administrative and other expenses	-	-	-450	-129	450	129
Recognised in other comprehensive income						
Actuarial result, experience	3,109	485	577	293	2,532	192
Actuarial result, life expectancy	-	1,490	-	1,187	-	303
Actuarial result, indexing	1,763	11,031	-	-	1,763	11,031
Actuarial result, discount rate	7,374	-71,172	6,665	-59,704	709	-11,468
Contributions and benefits						
Employer contributions	-	-	10,343	1,805	-10,343	-1,805
Pension and long-service payments	-10,017	-9,591	-10,017	-9,591	-	-
Total at 31 December	176,711	163,805	153,466	140,721	23,245	23,084

The pension and long-service payments will amount to approximately € 10 million in 2024. Over the next few years, this amount should not change significantly.

The total liability arising from defined benefit-pension plans and long-service payments is recognised in the statement of financial position as follows:

x € 1,000

	31 December 2023	31 December 2022
Non-current employee benefits	22,440	10,997
Current employee benefits	805	12,087
	23,245	23,084

The drop in the current employee-related liability is mainly due to the indexation, which is determined by the sector pension fund for the construction industry (BpfBOUW). This was 14.5% for 2023 and is 0% for 2024.

Liability for defined-benefit plans in the Netherlands

Insured plans

As at year-end 2023, the Group has some 15 insured pension plans in the form of guarantee contracts. The Group is only required to meet the costs of indexation, not to fund increased liabilities due to adverse changes in life expectancy, so the pension plan risk is largely borne by the insurers. Responsibility for holding sufficient funds to pay out all benefits rests with the insurers. Regulatory responsibility lies with DNB. The amount of the additional contribution required to meet annual increases is calculated on the basis of the assumptions contained in the insurance contract. The average term of the pension liabilities is approximately 11 years.

Industry-wide pension funds

The majority of the pensions have been placed with industry-wide pension funds, the main ones being the pension fund for the construction industry (Bouwnijverheid) and the pension fund for the engineering, mechanical and electrical contracting sector (Metaal en Techniek). Both these funds operate average pay plans with annual increases. The funding ratio set by the policy of the construction industry pension fund was 124.7% at year-end 2023 (year-end 2022: 131.5%). The Group has a share of approximately 2% (2022: 2%) of the total number of members of this fund. The policy funding ratio for the pension fund for engineering, mechanical and electrical contracting sector stood at 109.8% at year-end 2023 (year-end 2022: 108.1%). The Group has a share of approximately 0.5% (2022: 0.5%) of the total number of members of this fund. The funding ratios have been calculated on the basis of the actuarial assumptions used by the industry-wide pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.

Since their funding ratios have a marginal effect on the contribution adjustments, these plans qualify as defined-benefit pension plans. Despite this, they are treated as defined-contribution plans because the administration of the industry pension funds is not designed to supply the required information.

With regard to these plans, the Group is only required to pay the predetermined contributions. The Group has no obligation to make up any deficit, other than through future contribution adjustments. The Group has no claim to any surplus in the funds.

Long-service payments

The long-service payments are a month's salary, or a portion thereof, for employment periods of 25, 40 and 50 years.

Expense items recognised in connection with defined-benefit plans and long-service payments

x € 1,000

	2023	2022
Service cost	-307	-393
Interest expense	-5,773	-1,920
Interest income	5,237	1,715
	-843	-598
Administrative and other expenses	-450	-129
Actuarial result on long-service payment liabilities	-859	992
Total expense for defined-benefit plans and long-service payments	-2,152	265

The principal actuarial assumptions as at year-end were:

	31 December 2023	31 December 2022
Discount rate	3.20%	3.60%
Future wage inflation	7.12% for 2023 and 2.25% for 2025 and later years	5.06% for 2023. 2.25% for 2024 and later years.
Future pay increases	0-1.5%	0-1.5%
Future annual increase	0.0% in 2024 for schemes following the indexation of the industry-wide pension fund for the Construction Industry and 0-1.4% for the other schemes. 0-1.4% for all schemes for 2025 and later years.	15.44% in 2023 for schemes following the indexation of the industry-wide pension fund for the Construction Industry and 0-1.4% for the other schemes. 0-1.4% for all schemes for 2024 and later years.
Staff turnover	3.5-12.5%	3.5-12.5%
Life expectancy	Projection table AG 2022 0/0	Projection table AG 2022 0/0

The discount rate is based on high-quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

The future indexation is based on the indexation that is expected to be granted by the industry-wide pension fund for the construction industry (bpfBOUW). For schemes that follow the indexation of the pension fund for the construction industry (bpfBOUW) one-to-one, future indexation is based on the indexation that bpfBOUW is expected to grant. For the year after the reporting date, this includes the indexation actually granted by bpfBOUW, i.e. 15.44% for 2023 and 0.00% for 2024.

Financing liability for defined-benefit plans and long-service payments

x € 1,000

	31 December 2023	31 December 2022
Fully funded defined-benefit plans	169,574	157,691
Long-service payments (unfunded)	7,137	6,114
Liability for defined-benefit plans and long-service payments at 31 December	176,711	163,805

As in 2022, all the fully-funded defined-benefit plans are insured schemes. There are no fund investments in equities, fixed-income securities or liquid assets.

Reasonably possible changes in one of the relevant actuarial assumptions on the reporting date, with the other assumptions remaining unchanged, could potentially affect the liabilities associated with the vested pension rights to the extent shown below.

x €1 million	2023		2022	
	Increase	Decrease	Increase	Decrease
Change of 0.5%-points in the discount rate	-11.1	12.3	-9.4	10.4
Change of 0.25%-points in wage and price inflation and rate of annual increase-	6.1	-2.8	5.2	-2.2
Change of 1 year in life expectancy	7.9	-8	6.7	-6.8

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities and not to the fair value of the investments. For a plan in the form of an insurance contract, the guarantee provided by the insurer means that the effects of these changes are largely mitigated by an equal effect on the plan assets.

The Group does not expect to have to make any contributions to its defined pension plans in 2024. This is because bpfBOUW does not expect any indexation for 2024. In addition, this involves approximately € 43 million in defined contribution plans (including the above-mentioned industry-wide pension funds). The contributions for later years are expected to be in line with this, partly dependent on changes in the above actuarial assumptions and in particular on the funding ratio of the industry-wide pension fund for the construction industry. New contributions cannot be precluded in advance.

6.24 Provisions

General

Provisions for such things as losses on work in progress, warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of resources will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

x € 1,000

	31 December 2022	Included in the consolidation	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2023
Wintrack II	15,000	0	-13,571	0	-1,429	0
Work in progress losses	15,570	0	-1,292	14,964	-13,698	15,544
Warranty obligations	32,638	981	-170	7,083	-9,494	31,038
Restructuring costs	941	0	-333	2,967	-2,341	1,234
Environmental risks	2,830	0	0	0	-483	2,347
Provision for loss- making interests	366	111	-30	200	0	647
Other provisions	2,179	11,150	-500	1,654	-526	13,957
Total provisions	69,524	12,242	-15,896	26,868	-27,971	64,767

Ageing of provisions

x € 1,000

	31 December 2023	31 December 2022
Non-current portion	45,212	45,106
Current portion	19,555	24,418
Total	64,767	69,524

Wintrack II

In October 2023, the court ruled in the Group's favour on appeal and no further provision was required.

Work in progress losses

If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions in the statement of financial position. The projects to which these losses relate will be completed within two years.

Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2024.

Provision for environmental risks

This item represents possible site reinstatement costs. The costs have been estimated by site, based on government regulations concerning the clean-up method and soil investigation. The periods within which restoration needs to take place vary by site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Provision for loss-making interests

The provision for loss-making interests relates to joint ventures in which the Group's share is negative and for which the Group has guaranteed all or part of the liabilities of that interest (or has the firm intention to enable the interest to pay (the Group's share) of its liabilities).

Other provisions

In 2023, pursuant to the Van Wanrooij share purchase agreement, Heijmans did not receive indemnification from the seller for certain risks related to development positions obtained in the period prior to the transaction date. In connection with this exposure, Heijmans has recognised a provision of € 11.2 million for these historical risks in Van Wanrooij's opening balance sheet. The risks have been assessed and valued based on the expected value method in which the issues have a range of possible outcomes. In addition, the item, other provisions consists primarily of a provision for year-two sick pay, which already existed in 2022 and has undergone limited change.

6.25 Trade and other payables

x € 1,000

	31 December 2023	31 December 2022
Suppliers and subcontractors	125,491	176,014
Invoices due for work in progress	29,409	29,731
Invoices due for work completed	35,304	46,475
Pension obligations	689	593
Staff costs payable	30,602	25,649
VAT payable	64,841	46,896
Wage tax and social security contributions payable	22,234	17,799
Administrative expenses and costs of sales payable	22,428	11,092
Interest payable	2,978	131
Payables to partnerships	2,795	4,259
Other liabilities	9,285	6,533
Total trade and other payables	346,056	365,172

The trade and other payables are predominantly of a short-term nature. The other payables include amounts of a long-term nature of approximately € 2 million.

6.26 Financial risks and risk management

General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks.

This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks and the policy and procedures for measuring and managing them, as well as the management of capital.

The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit and Risk Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

Credit risk

Credit risk is the risk that the Group will be exposed to financial loss if a party against which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners. The creditworthiness of suppliers is also assessed, focusing primarily on the risk to security of supply.

The credit risk associated with residential property development is limited, as future residents can only take possession of the new home once they have met all their obligations and there is pre-financing during the construction stage. Creditworthiness is assessed in transactions involving the development of commercial property, construction contracts and infrastructure projects, with additional collateral possibly being requested. Additional forms of security are particularly important in the case of turnkey projects (paid for on completion), although normally there is pre-financing of transactions in the 'business to business' segment as well. Especially within Infra and non-residential construction, Heijmans carries out many assignments for public authorities, for which the credit risk is considered extremely limited. In these areas of the business, Heijmans will be part of consortiums working on various large-scale, integrated projects. The more specific the expertise of a consortium partner, the greater the importance that is attached to the creditworthiness of that partner. In such cases, a poor credit rating is grounds for not entering into partnership, since financial guarantees are not worth anything if essential know-how is lost.

The assessment of creditworthiness is part of the standard procedure, and involves using company-specific reports produced by rating agencies. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk.

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. The credit risk is further mitigated by concentrating the cash as far as possible in cash pools, the cumulative balance of which is predominantly negative over the year.

The carrying amount of the financial assets exposed to credit risk can be analysed as follows:

x € 1,000

	31 December 2023	31 December 2022
Loans granted to joint ventures	36,565	9,764
Cash and cash equivalents	40,384	237,012
Work in progress assets	139,215	95,645
Trade and other receivables	229,226	239,367
Total	445,390	581,788

Loans granted are mainly loans granted by the Group to joint arrangements in which it participates.

Ageing accounts receivable and provision

An appraisal has been made of the expected credit losses. The ageing of unimpaired outstanding receivables after the due date of the invoice was as follows:

x € 1,000

	31 December 2023	31 December 2022
< 30 days	6,229	18,104
30-60 days	2,230	1,758
60-90 days	1,313	1,543
> 90 days - ≤ 1 year	2,620	528
> 1 years	1,817	2,658
Total	14,209	24,591

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables stood at € 196 million at year-end 2023 (2022: € 201 million).

The due dates of the other financial assets have not been exceeded.

Accounts receivable provision

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

x € 1,000

	2023	2022
Balance at 1 January	612	4,121
Additions	393	117
Withdrawals	-244	-244
Release	108	-3,382
Balance at 31 December	869	612

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. See also note 6.22, Interest-bearing loans. The liquidity-risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, in both normal and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

Weekly three-month rolling and annual 12-month rolling liquidity forecasts are among the tools used to determine whether the Group has sufficient liquidity available. In addition, the availability of credit, including in the form of headroom available from credit insurers or providers of guarantees, is continuously monitored by regularly making projections of the score in relation to financial covenants and engaging in an active dialogue with all financial stakeholders. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term at year-end 2023, Heijmans has access to the following facilities:

- € 252.5 million committed syndicated bank financing. € 75 million of this bank financing facility comprises a Term Loan repayable on a straight-line basis through 30 September 2027. The remaining part of € 177.5 million is a committed revolving credit facility, € 30 million of which has been committed in the form of a current account facility linked to a cash pool (see also section 6.22);
- project financing facilities for property developments; and
- leases of vehicles and equipment.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to guarantee facilities with various institutions. These facilities are uncommitted. Every month, a projection is made of the use of the available bank guarantee facilities, based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on these projections, Heijmans believes that the present size of the facilities is adequate.

At year-end 2023, the bank guarantee facilities totalled € 276 million (2022: € 273 million) provided by a total of nine parties. The overall amount of the facilities was increased to a limited degree in 2023 due to the assumption of bank guarantees issued by Van Wanrooij. Total use of the facilities increased to stand at € 147 million at year-end 2023 (2022: € 118 million, with almost € 1 million of this for guarantees relating to the international activities that Heijmans disposed of in 2017. The rest exclusively related to guarantees for projects associated with operations in the Netherlands.

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2023	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Linear loan	-73,786	-88,533	-11,675	-12,592	-24,217	-40,049	0
Syndicated bank financing	0	0	0	0	0	0	0
Project financing	-12,154	-13,591	-194	-194	-5,935	-7,268	0
Other non-current liabilities	-1,367	-1,478	-28	-151	-733	-428	-138
Current account overdrafts with credit institutions	0	0	0	0	0	0	0
Trade and other payables	-346,056	-346,056	-346,056	0	0	0	0
Total	-433,363	-449,658	-357,953	-12,937	-30,885	-47,745	-138

x € 1,000

31 December 2022	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Syndicated bank financing	0	0	0	0	0	0	0
Project financing	-11,739	-12,528	-73	-73	-146	-6,214	-6,022
Other non-current liabilities	-2,221	-2,441	-54	-154	-183	-1,774	-276
Current account overdrafts with credit institutions	0	0	0	0	0	0	0
Trade and other payables	-365,172	-365,172	-365,172	0	0	0	0
Total	-379,132	-380,141	-365,299	-227	-329	-7,988	-6,298

Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.

To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken.

Transactions of this nature are carried out within established guidelines. As at year-end 2023, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2022: none).

Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced work is primarily mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage, mainly in the case of long-term contracts. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials. As Heijmans has been focusing less in recent years on large, integrated projects, the structure of the order book has become somewhat more short-cyclical. This mitigates inflation risk.

Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the Group's results. For the majority of the project financing arrangements, Heijmans opts for fixed interest rates, which provides greater certainty with respect to results from the various projects. With respect to the use of the syndicated loan, this is subject to a floating rate, in the form of a fixed margin plus the one-month Euribor rate (revolving credit facility) or the three-month Euribor rate (Term Loan). The revolving credit facility is primarily used to finance working capital. This is generally not required at the end of the year, Heijmans currently sees no benefits for fixing interest rates for longer periods. Variable financing also provides the option of early repayment of the syndicated loan, which is allowed penalty free.

If the interest rate for 2023 had been 2% higher on average, the result before tax based on the average level of debt would have been approximately € 2.4 million higher (2022: approximately € 4.4 million higher). The impact of a 2% difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been € 1.8 million higher group equity (2022: € 3.3 million higher group equity). It should be noted with these calculations that the acquisition of Van Wanrooij had a significant impact on the average debt level for 2023. Prior to this acquisition Heijmans had a substantial net cash position, while after the acquisition this was a net debt position. Due to the fact that the average debt level for 2023 was negative (i.e. a net cash position), the calculations show that higher interest rates had a positive impact on the result development. After the acquisition date, Heijmans had an average net debt position, so the impact was actually negative in Q4 and is therefore also expected to be negative in 2024.

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

x € 1,000

31 December 2023			0-6	6-12	1-2	2-5	> 5
	Note	Total	months	months	years	years	years
Loans granted	6.14	36,565	6,248	0	1,656	778	27,883
Cash and cash equivalents	6.19	40,384	40,384	-	-	-	-
Linear loan	6.22	-73,786	-73,786	-	-	-	-
Syndicated bank financing	6.22	-	-	-	-	-	-
Project financing	6.22	-12,154	-6,565	-	-5,589	-	-
Other non-current liabilities	6.22	-1,367	-	-	-560	-	-807
Current account overdrafts with credit institutions	6.22	-	-	-	-	-	-
Total		-10,358	-33,719	0	-4,493	778	27,076

31 December 2022			0-6	6-12	1-2	2-5	> 5
	Note	Total	months	months	years	years	years
Loans granted	6.14	9,764	2,020	0	0	1,358	6,386
Cash and cash equivalents	6.19	237,012	237,012	-	-	-	-
Syndicated bank financing	6.22	-	-	-	-	-	-
Project financing	6.22	-11,739	-5,777	0	0	0	-5,962
Other non-current liabilities	6.22	-2,221	0	0	0	-1,280	-941
Current account overdrafts with credit institutions	6.22	-	-	-	-	-	-
Total		232,816	233,255	0	0	78	-517

As at year-end 2023, 8% (2022: 57%) of the interest-bearing gross debt had been negotiated at a fixed rate of interest, and 92% (2022: 43%) at a floating rate. The major change compared with the previous year is due to the extension of the syndicated loan at a floating interest rate. In this respect, the Term Loan in particular played a major role at the reporting date. Due to seasonal effects, the average debt during the year is higher than the debt at the reporting date. The portion of the gross debt subject to a floating interest rate is also higher during the year. The gross debt subject to a floating interest rate is offset by items such as cash and cash equivalents, which are also subject to a floating interest rate. While this was still largely negative in 2022, it was positive for the whole year in 2023.

The average weighted term to maturity of project financing is 2.8 years (2022: 3.3 years). In recent years, Heijmans has concluded few if any new project financing facilities and has primarily occasionally extended financing arrangements. As a result, the average weighted term to maturity is generally declining.

The interest-bearing loans that were granted and drawn are measured at amortised cost rather than at fair value. The carrying amount of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchasing and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

- **Level 1:** quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.
- **Level 2:** input that is not a quoted market price at level 1 but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).
- **Level 3:** input for the asset or liability not based on data available in a market (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.

Loans and receivables

x € 1,000

	Note	Level	31 December 2023		31 December 2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Loans granted	6.14	2	36,565	36,185	9,764	9,393
Trade and other receivables	6.18	*	229,226	229,226	239,367	239,367
Cash and cash equivalents	6.19	*	40,384	40,384	237,012	237,012
Current account overdrafts with credit institutions	6.22	*	0	0	0	0
Linear loan	6.22	2	-73,786	-73,786	0	0
Syndicated bank financing	6.22	2	0	0	0	0
Project financing	6.22	2	-12,154	-11,893	-11,739	-11,104
Other non-current liabilities	6.22	2	-1,367	-1,308	-2,221	-2,096
Trade and other payables	6.25	*	-346,056	-346,056	-365,172	-365,172
Net loans and receivables			-127,188	-127,248	107,011	107,400

* * The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2023, plus the relevant risk mark-up.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount. Credit risk has no significant effect on the carrying amount of these loans.

Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound long-term capital structure is based on operating with sufficient headroom within both the covenants as the headroom in the syndicated loan. The financial covenants are the leverage ratio, which is net interest-bearing debt after deduction of non-recourse finance divided by EBITDA not exceeding three, plus an interest cover ratio of at least five and a solvency ratio of at least 21% (see also note 6.22 for a description of the financial ratios in the conditions agreed with the banks).

6.27 Investment commitments

x € 1,000

	31 December 2023	31 December 2022
Contractual commitments for:		
- acquisition of property, plant and equipment	6,966	8,093
- acquisition of land	11,038	6,366
	18,004	14,459

Contractual commitments for acquisition of property, plant and equipment of € 7.0 million (2022: € 8.0 million) are related to plant (mainly electrical equipment) for Heijmans Infra.

There are no Group guarantees for the capital expenditure commitments (2022: none).

In general, the contractual commitments to purchase land will materialise in one to 10 years.

No investment commitments have been entered into by joint operations in which Heijmans participates (2022: none).

6.27a Contractual commitments joint ventures

The joint ventures in which Heijmans participates have undertaken investment commitments of € 23 million (2022: € 26 million), this amount being Heijmans' share of the commitments. This pertains primarily to the acquisition of land for the construction of homes shortly after acquisition.

6.28 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the reporting date. The liabilities are potential because the outflow of economic resources depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, Group guarantees and other contingent liabilities.

Bank and Group guarantees

x € 1,000

	31 December 2023	31 December 2022
Bank guarantees relating to:		
Execution of projects	136,351	112,803
Tenders	425	138
Other	10,235	5,458
	147,011	118,399
Group guarantees relating to:		
Execution of projects	326,015	254,922
Credit and bank guarantee facilities	12,072	9,851
	338,087	264,773
Total	485,098	383,172

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities applying to subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures, which amounts to € 12 million (2022: € 10 million). The Group does not expect to incur material credit losses on this.

The Group guarantees issued for divested operations (Leadbitter) are not included in the above table. They amount to € 32 million (2022: € 38 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

Other contingent liabilities

The other contingent liabilities with a significant cash impact amounted to a total of € 191 million at year-end 2023 (2022: € 19 million), while those with a limited cash impact amounted to € 22 million (2022: € 32 million), for a total of € 213 million (2022: € 51 million). These were primarily related to commitments to acquire land at the moment that a zoning plan has been finalised or when a building permit is obtained and/or a certain sales percentage is achieved and consist primarily of the following items:

- € 160 million (2022: nil) entered into by Van Wanrooij, which was acquired in 2023 (see note 6.2 Business combinations). Of this, € 4 million (2022: nil) is included in joint business combinations.
- € 54 million (2022: € 51 million) entered into by the rest of the Group (excluding Van Wanrooij). Of this, € 0.5 million (2022: € 3 million) is included in joint operating activities.
- No Group guarantees were issued in respect of this in 2023 (2022: none).

No Group guarantees were issued in respect of this in 2023 (2022: none).

6.28a Contingent liabilities joint ventures

At year-end 2023, the joint ventures in which the Group participates had contingent liabilities with a significant cash impact of € 18 million (2022: zero), while those with a limited cash impact amounted to € 16 million (2022: € 10 million), for a total of € 34 million (2022: € 10 million). These were primarily related to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

6.29 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

Transactions with subsidiaries, associates, joint ventures and joint operations

Heijmans undertakes a number of operating activities together with related parties, including in the form of joint arrangements. Significant transactions in this context are the contribution of land holdings to joint arrangements and/or their financing. In addition, large and complex projects are carried out in partnership with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.13

The Group's share in the revenue and total assets of joint operations is analysed by segment below:

2023						
Business segments	Property Development	Building & Technology	Infra	Van Wanrooij	Eliminations	Total
In € million						
Revenue	32.8	64.4	94.0	10.0	-40.3	160.9
Costs	-29.3	-57.0	-76.7	6.8	40.3	-115.9
Non-current assets	0.0	0.0	0.6	5.8	-	6.4
Current assets	21.5	30.0	44.6	33.7	-	129.8
Total assets	21.5	30.0	45.2	39.5	0.0	136.2
Non-current liabilities	6.6	0.6	2.8	13.2	0.0	23.2
Current liabilities	5.5	20.5	40.5	15.8	-	82.3
Total liabilities	12.1	21.1	43.3	29.0	0.0	105.5
Equity	9.4	8.9	1.9	10.5	0.0	30.7

2022					
Business segments	Property Development	Building & Technology	Infra	Eliminations	Total
In € million					
Revenue	39.4	61.9	55.2	-48.1	108.4
Costs	-34.6	-55.5	-46.7	48.1	-88.7
Non-current assets	0.0	0.0	0.8	-	0.8
Current assets	22.4	22.6	27.7	-	72.7
Total assets	22.4	22.6	28.5	0.0	73.5
Non-current liabilities	6.0	0.7	0.2	0.0	6.9
Current liabilities	4.4	17.9	30.6	-	52.9
Total liabilities	10.4	18.6	30.8	0.0	59.8
Equity	12.0	4.0	-2.3	0.0	13.7

Remuneration of Supervisory Directors

All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single year. They also receive a fixed or variable expense allowance. They have not been allocated any options or depositary receipts for shares. As at year-end 2023, the members of the Supervisory Board owned a total of 27,334 depositary receipts for Heijmans shares (2022: 14,079). Mr Vollebregt holds 27,334 shares (2022: 14,079). None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal gain.

The total payments granted to Supervisory Directors in 2023 and 2022 were as follows:

in €	2023	2022
Sj.S. Vollebregt– chairman ¹	67,887	64,044
R. Icke RA ²	0	16,029
Mr M.M. Jonk ³	65,622	58,351
J.W.M. Knape-Vosmer MBA ⁴	50,916	48,034
Drs. A.E. Traas RA ⁵	54,311	50,614
A.S. Castelein ⁶	52,047	24,017
Total	290,783	261,089

¹ Supervisory Director since 15 April 2015 and Chairman since 13 April 2016.

² Supervisory Director from 9 April 2008 to 13 April 2022.

³ Supervisory Director since 6 December 2018.

⁴ Supervisory Director since 15 April 2020.

⁵ Supervisory Director since 14 April 2021.

⁶ Supervisory Director since 12 July 2022.

Remuneration of members of the Executive Board

Fixed and variable remuneration paid to members of the Executive Board

The amounts paid out in 2022 and 2023 and the amounts payable in 2024 in respect of fixed and variable remuneration for the members of the Executive Board are as follows:

in €	Gross fixed remuneration*			Variable remuneration			Total remuneration		
	Payable in 2024	Paid in 2023	Paid in 2022	Payable in 2024	Paid in 2023	Paid in 2022	Payable in 2024	Paid in 2023	Paid in 2022
A.G.J. Hillen	566,667	566,667	566,667	718,516	648,292	658,309	1,285,183	1,214,959	1,224,976
G.M.P.A. van Boekel	425,000	425,000	425,000	538,887	449,305	129,721	963,887	874,305	554,721
J.G. Janssen	-	-	-	-	-	70,895	-	-	70,895
Total	991,667	991,667	991,667	1,257,403	1,097,597	858,925	2,249,070	2,089,264	1,850,592

* The gross fixed remuneration to be paid in 2024 will change, subject to the approval of the remuneration policy for the Executive Board by the General Meeting of Shareholders on 30 April 2024.

The variable remuneration payable in 2024 includes the long-term variable remuneration for the period 2021-2023 (see below).

Charges recognised in the statement of profit or loss relating to the remuneration of the members of the Executive Board

The composition of the remuneration paid to each member of the Executive Board is as follows:

in €	Gross fixed remuneration		Short-term variable remuneration		Long-term variable remuneration		Pension contributions		Signing bonus		Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
A.G.J. Hillen*	566,667	566,667	293,516	320,167	430,556	347,570	209,186	241,365	-	-	147,649	128,073	1,647,574	1,603,842
G.M.P.A. van Boekel**	425,000	425,000	220,137	240,125	365,972	304,257	65,000	65,000	50,000	50,000	79,859	53,576	1,205,968	1,137,958
Total	991,667	991,667	513,653	560,292	796,528	651,827	274,186	306,365	50,000	50,000	227,508	181,649	2,853,542	2,741,800

* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012.

** Member of the Executive Board since 1 September 2021.

The members of the Executive Board were awarded a short-term variable bonus for 2023 of 52% of the basic salary due to the targets achieved in 2023. For the period 2021-2023, the members of the Executive Board were awarded a long-term variable remuneration of 75% of basic pay, following achievement of the targets for this period. For more information, see to the remuneration report in the directors' report.

Heijmans has reserved € 495,834 for variable remuneration for the members of the Executive Board relating to the periods 2022-2024 and 2023-2025 (2022: € 443,056 for the periods 2021-2023 and 2022-2024); € 283,334 has been reserved for Mr Hillen (2022: € 277,778) and € 212,500 has been reserved for Mr van Boekel (2022: € 165,278).

When he joined Heijmans, Mr Van Boekel was awarded a signing bonus of € 150,000 that vests in September 2024. The charge will be recognised through the statement of profit or loss on a straight-line basis during the period the bonus vests.

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been applicable under which directors can opt to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2020, Mr Hillen and Mr Janssen, exercising 30% and 24% respectively of the short-term bonus awards for 2019, purchased 13,000 and 8,700 depositary receipts for Heijmans shares respectively. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. These conditionally granted depositary receipts for shares vest after three years. The depositary receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. Mr Hillen's depositary receipts for shares vested after three years. In April 2023, the Group repurchased 13,000 shares and granted them to Mr Hillen; these shares are subject to a mandatory lock-up period of two years. The depositary receipts conditionally granted to Mr Janssen have lapsed in view of his retirement on 15 April 2021. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a straight-line basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2023, Heijmans recognised an amount of € 8,190 (2022: € 24,570) as a charge related to the shares granted in April 2020.

In April 2021, Mr Hillen acquired 5,500 depositary receipts for Heijmans shares with 23% of the awarded short-term bonus for 2020. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. These depositary receipts for shares vest after three years. In the statement of profit or loss for 2023, Heijmans recognised an amount of € 25,117 (2022: 25,117) as a charge related to the shares granted in April 2021.

In April 2022, Mr Hillen and Mr Van Boekel, exercising 23% and 25% respectively of the short-term bonus awards for 2021, purchased 5,300 and 1,500 depositary receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional share was granted for each share acquired. These shares become vested after three years. In the statement of profit or loss for 2023, Heijmans recognised an amount of € 30,408 (2022: 20,272) as a charge related to the shares granted in April 2022.

In April 2023, Messrs Hillen and Van Boekel purchased 6,000 and 4,750 depositary receipts for Heijmans shares for 30% and 25%, respectively, of the 2022 gross short-term bonus granted. In the context of the Share Matching Plan, one conditional share was awarded for each share purchased. These shares vest after three years. In the 2023 statement of profit or loss, Heijmans recognised an amount of € 34,304 (2022: nil) as a charge related to the shares granted in April 2023.

The pension scheme for Mr Hillen pertains to the pension scheme of the industry-wide pension fund and a defined-contribution plan. Mr Hillen also received annual compensation of € 6,538 (2022: € 38,532), adjusted for possible collective labour agreement salary increases, for the lapse of the early retirement pension scheme. Mr Hillen also received compensation of € 125,665 in 2023 (2022: € 129,667) for the loss of pension accrual on his salary over and above € 128,810, plus compensation of € 50,232 (2022: € 50,232) for the loss of the indexation in the Delta Lloyd average salary scheme. Mr Van Boekel received a fixed amount for pension expenses, which amounted to € 65,000 in 2023 (2022: € 65,000).

The pension charge is calculated in accordance with accounting policy 23.

As at year-end 2023, the members of the Executive Board owned a total of 91,578 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2023 was as follows:

Shares owned on 31 December

In numbers of shares	2023
A.G.J. A.G.J. Hillen - Chairman	84,771
G.M.P.A. van Boekel	6,807
Total	91,578

6.30 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments, based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting policies (section 5) and the explanatory notes (6.1 to 6.29), the key elements of estimation uncertainty are explained below.

Macro-economic developments

The current economic climate is characterised by a great deal of uncertainty and is a result of high inflation, increased interest rates, geopolitical risks and the remaining consequences of the pandemic.

In the past year, purchase costs in the construction sector have risen across the board and the availability of materials and labour has been under pressure. Energy and partly-finished goods in particular are substantially more expensive than in the previous year. The Group is, therefore, not accepting large-scale or long-term work without arrangements on indexation. In 2023, the Group succeeded in passing on higher purchase prices largely through indexation arrangements passed on in the selling prices of our products and services.

Until the acquisition of Van Wanrooij, the Group had a positive net cash position. As a result, higher interest rates had a positive impact on the balance of net interest income and expenses.

Impairment test for goodwill

Higher interest rates lead to an increase in the discount rate (WACC) used in the annual impairment test for goodwill (see note 6.12 Intangible assets). Given the considerable margin between the carrying amount and the value in use of the relevant cash-generating units, which is only relevant for Building & Technology and Infra (it is not yet known for Van Wanrooij), there is only a very limited risk of a future write-down as a result of further interest rate increases. (see note 6.12 Intangible assets)

The Executive Board constantly monitors the effects of macro-economic developments. The outlook for the Group in the years ahead is good, due among other things to the orders on the books (which are of a good quality and have a limited risk profile) and the headroom afforded by the financing facilities.

Nitrogen problem (PAS)

The nitrogen problem had only a limited effect on the Group's financial results in 2023. It created delays in tenders for large infrastructure projects. The delays in carrying out our projects are currently limited. The possible effects of delays in issuing permits are monitored constantly. The prospects for the Group in the years ahead are good, given the orders on the books (which are of a good quality and have a limited risk profile) and the leeway afforded by the financing facilities among other factors.

Climate matters

Climate change brings both risks and opportunities for the Group. These may have consequences for the medium-term forecasts that underlie the measurement of assets.

Appendix 11.6.10 to the annual report lists the opportunities and risks related to climate change. This shows that the opportunities are greater than the risks. The Group does not see any reason to adjust its medium-term projections downwards.

The considerations for each asset class are as follows (in the order they appear in the Consolidated statement of financial position):

Property, plant and equipment

There is a limited likelihood of a write-down because of climate-related risks. Property, plant and equipment comprises relatively new material that meets environmental standards and capital expenditure on a timber frame house manufacturing facility (industrial-scale building). Heijmans also has older material with a relatively low carrying amount. It may be that the older material can be used less in due course. This is the case, for example, for older lorries with excessive greenhouse gas emissions. There is a plan to replace this equipment with cleaner equipment. There is a second-hand market for the older material (at least for the time being), in particular in developing and underdeveloped countries, which means that the current residual values can often still be realised. In addition, older material that cannot, for example, be used in town centres may still be used outside these areas.

Right-of-use assets

There is a limited impact of climate-related risks on the measurement due to the short-term nature of the leases.

Intangible assets

As the opportunities are greater than the risks (see appendix 11.6.10 to the annual report) for all Heijmans segments (including the Building & Technology and Infra cash-generating units to which the intangible assets are allocated), climate-related risks do not lead to a greater risk of a write-down.

Joint ventures and associates

These mainly concern joint ventures and associates holding land positions. All land positions are in the Netherlands. There is continuing high demand for housing and consequently also for land on which to build them. In the very long term there is a risk that land could become unusable because of flooding. The Group is confident that, as a prosperous country, the Netherlands will take measures against this and there is still enough time to do this. There is a limited likelihood of a write-down of joint ventures and associates holding land because of the impact of climate-related risks.

Joint ventures and associates includes the 50% holding in AsphaltNu. It is not expected that the demand for roads will decline over the long term. There is no more environmentally friendly alternative for asphalt currently available. The requirements on greenhouse gas emissions and other hazardous materials are expected to increase and so in due course it may no longer be possible to use existing asphalt manufacturing plants without further capital expenditure in cleaner solutions. There is a medium likelihood of a write-down of the holding in AsphaltNu because of the impact of climate-related risks.

Loans granted to joint ventures

Loans granted to joint ventures consist primarily of loans to joint ventures holding land positions. As explained above, there is a limited likelihood of a write-down of those participating interests as a result of climate-related risks and so the risk to loans to those participating interests is also limited.

Deferred tax assets

There is a modest likelihood of a write-down because of the impact of climate-related risks in view of the short realisation period.

Strategic land positions

All land positions are in the Netherlands. There is continuing high demand for housing and consequently also for land on which to build them. In the very long term there is a risk that land could become unusable because of flooding. The Group is confident that, as a prosperous country, the Netherlands will take measures against this and there is still enough time to do this. There is a limited likelihood of a write-down of joint ventures and associates holding land because of the impact of climate-related risks.

Other inventories

Other inventories mainly concerns residential property in preparation and under construction. There is a modest likelihood of a write-down because of the impact of climate-related risks in view of the short realisation period.

Work in progress assets

There is a modest likelihood of a write-down because of the impact of climate-related risks in view of the short realisation. Specific climate-related targets have been agreed with the principal for certain projects. In some cases these are difficult to achieve because of the limited supply of low-emission materials and this may incur penalties. Where necessary, these have already been discounted in the measurement.

Trade and other receivables

By definition, there is a modest likelihood of a write-down because of the impact of climate-related risks in view of the very short realisation period.

Measurement of projects

For more information on the key assumptions used in the measurement of projects, see note 6.17, Work in progress.

Financing

Note 6.22 discloses the conditions attached to the financing in greater detail. An important condition involves satisfying the banking covenant ratios, specifically the interest cover ratio, the leverage ratio and the solvency ratio. Proper management of project risks (see above) is crucial to meeting the ratios. The same applies to the achievement of the 2024 business plan and longer-term projection.

Pensions

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.23. There is an increased risk that the Group will be required to make additional contributions to the insured schemes that follow the indexation of the Pension Fund for the Construction Industry (Bouwnijverheid). Heijmans will not make any major contributions in 2024, due to the fact that the pension fund for the construction industry (bpfBOUW) has decided not to index pensions this year. It is possible that further contributions may be required in the years after 2024.

Deferred tax assets

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.15 Deferred tax assets and liabilities.

Strategic land holdings

For more information on the key assumptions used in the measurement of the strategic land holdings, refer to note 6.16 Inventories.

Intangible assets

For the main principles used in the annual determination of the recoverable amount of intangible assets, see note 6.12 Intangible assets.

Business combinations

As part of the acquisition, a purchase price allocation (PPA) must be carried out in accordance with IFRS, in which the total transaction sum must be allocated to the assets and liabilities acquired. These are then recognised at market value (fair value accounting) and the difference between the price paid and the net asset value of the assets and liabilities at market value is recognised as goodwill. As permitted under IFRS 3 'Business Combinations', the fair value of the identifiable assets and liabilities acquired has been presented on a provisional basis. An independent professional expert performed the preliminary fair value measurements.

6.31 Auditors' fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures, in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1,000

2023

	Ernst & Young Accountants LLP	Other EY network firms in the Netherlands	Other EY network firms	Total EY
Examination of the financial statements	2,175	-	-	2,175
Other audit engagements	138	-	9	147
Tax consultancy services	-	-	-	0
Other non-audit services	14	-	-	14
	2,327	0	9	2,336

2022

	Ernst & Young Accountants LLP	Other EY network firms in the Netherlands	Other EY network firms	Total EY
Examination of the financial statements	1,829	-	-	1,829
Other audit engagements	123	-	11	134
Tax consultancy services	-	-	-	0
Other non-audit services	13	-	-	13
	1,965	0	11	1,976

In addition to performing the audit of the financial statements required by law, Ernst & Young Accountants LLP provided the following permitted services: assurance report relating to the sustainability information contained in the annual report, in particular agreed activities with respect to the Compliance Certificate for the banking group and various specific declarations related to revenue, key figures and projects. The costs related to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

6.32 Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements.

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2023. Wholly-owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance and dormant subsidiaries, are not included in this list. A complete list of the subsidiaries included in the consolidation and other interests is deposited with the Trade Register at the Chamber of Commerce in Eindhoven.

	31 December 2023	31 December 2022
Heijmans Nederland B.V., Rosmalen	100%	100%
Heijmans Energie B.V., Rosmalen	100%	100%
Heijmans Vastgoed B.V., Rosmalen	100%	100%
Heijmans Vastgoed Deelnemingen B.V., Rosmalen	100%	100%
V.O.F. Oosterlinge 2, Rosmalen	50%	50%
Westergouwe V.O.F., Nieuwegein	50%	50%
OC Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Terra Ontwikkeling C.V., Rosmalen	100%	100%
Heijmans Woningbouw B.V., Rosmalen	100%	100%
Heijmans Huizen B.V., Huizen	100%	100%
Bouwcombinatie Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Bouwcombinatie HoogDalem V.O.F., Rosmalen	50%	50%
Bouwcombinatie Parkstad Zuid V.O.F., Amsterdam	50%	50%
Zuidplaspolder V.O.F., Rotterdam	50%	50%
Bouwcombinatie Nieuw Kralingen V.O.F., Zoetermeer	50%	50%
Van Wanrooij Bouwontwikkeling B.V., 's Hertogenbosch	100%	-
Van Wanrooij Bouwbedrijf B.V., 's Hertogenbosch	100%	-
Van Wanrooij Projectontwikkeling B.V., 's Hertogenbosch	100%	-
Bouwmateriaalhandel Bevers B.V., Rosmalen	100%	-
Van Wanrooij Grondbank B.V., 's Hertogenbosch	100%	-
Van Wanrooij Timmerfabriek B.V., 's Hertogenbosch	100%	-
Van Wanrooij Commandiet B.V., 's Hertogenbosch	100%	-
Heijmans Utiliteit B.V., Rosmalen	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F., Nieuwegein	50%	50%
Heijmans Infrastructuur B.V., Rosmalen	100%	100%
Heijmans Infra B.V., Rosmalen	100%	100%
Waalensemble V.O.F., Rosmalen	33%	33%
Dynniq Energy B.V., Nieuwegein	100%	100%
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%

8. Company financial statements

8.1 General

The company financial statements are part of the 2023 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

8.2 Accounting policies for measuring assets and liabilities and the determination of results

For determining the accounting policies to use for measuring the assets and liabilities and the determination of results of its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362(8) of Book 2 of the Dutch Civil Code. This means that the basis for measuring assets and liabilities and the determination of results (accounting policies) applied in the company financial statements of Heijmans N.V. are the same as those applied in the consolidated EU-IFRS financial statements. Investees over which significant control is exercised are recognised using the equity method. Any impairment of the receivables from group companies relating to expected credit losses is eliminated in the recognised amounts and consequently does not affect the statement of profit or loss or the statement of financial position in any way.

Heijmans N.V. is registered with the Chamber of Commerce under number 16004309.

The share in the result of investees consists of the share of Heijmans N.V. in the result of these investees. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its investees or between investees themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.29 to the consolidated financial statements.

8.3 Company statement of profit or loss for 2022

x € 1,000

	2023	2022
Administrative expenses	-3,456	-3,309
Operating result	-3,456	-3,309
Finance income	2,805	211
Finance expense	-6,071	-2,280
Result before tax	-6,722	-5,378
Income tax	-250	4,425
Share in profit or loss of investees	66,705	60,533
Result after tax	59,733	59,580

The effective tax rate for 2023 of 4% (2022: negative 82.3%) is lower than the nominal rate of 25.8%. This is almost entirely because in 2023 Heijmans NV, as the parent of the tax group for corporate income tax, settled its result for the year with the entities that are part of the same tax group.

The remuneration for the members of the Supervisory Board, the Executive Board and the Board's Secretariat are recognised in the company financial statements (see note 6.29 to the consolidated financial statements).

Heijmans N.V. employed an average of four staff in 2023 (2022: four).

8.4 Company statement of financial position at 31 December 2023 (before appropriation of result)

x € 1,000

	31 December 2023	31 December 2022
Assets		
Non-current assets		
Intangible assets	21,207	21,207
Financial assets	946,419	605,469
	967,626	626,676
Current assets		
Receivables	27,000	1,530
Cash and cash equivalents	1,290	33,777
	28,290	35,307
Total assets	995,916	661,983
Equity and liabilities		
Equity		
Issued capital	8,048	7,066
Share premium reserve	300,215	266,739
Statutory reserve for investees	36,259	19,259
Reserve for actuarial results	-63,972	-60,258
Reserve for Bonus Investment Share Matching Plan	257	310
Retained earnings	43,117	24,324
Result after tax for the current financial year	59,733	59,580
	383,657	317,020
Non-current liabilities	55,000	0
Current liabilities	557,259	344,963
Total equity and liabilities	995,916	661,983

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)

x € 1,000

	2023	2022
Carrying amount		
Balance at 1 January	21,207	21,207
Balance at 31 December	21,207	21,207

Intangible assets comprise goodwill purchased on the acquisition of IBC in 2001. Historical cost was € 47.2 million and accumulated impairment was € 26 million.

Financial assets

x € 1,000

	2023	2022
Investments in Group companies	452,855	92,990
Loans granted to group companies	481,035	491,752
Deferred tax asset	12,529	20,727
Total financial assets	946,419	605,469

Investments in Group companies

x € 1,000

	2023	2022
Balance at 1 January	92,990	32,501
Share in results of investees after tax	66,705	60,533
Capital contribution	296,873	0
Changes in actuarial results relating to employee benefits	-3,713	-44
Balance at 31 December	452,855	92,990
Set off against receivables from Group companies	0	0
Recognised under financial assets	452,855	92,990

The investments in Group companies are direct or indirect interests in them. The principal Group companies are listed in section 7 of the consolidated financial statements. For the acquisition of investees, see note 6.2 Business combinations.

Loans granted to group companies

x € 1,000

	31 December 2023	31 December 2022
Balance at 1 January	491,752	499,399
Loans granted	16,154	36,321
Loans repaid	-26,871	-43,968
Balance at 31 December	481,035	491,752

Loans granted to group companies predominantly have a maturity of more than one year.

Deferred tax assets

Deferred tax assets relate to losses of the Heijmans N.V. tax group which have been recognised but not yet utilised. The movements in the financial year were as follows:

x € 1,000

	2023	2022
Balance at 1 January	20,727	25,509
Effect of changes in the tax rate	0	0
Prior-year adjustment	-210	-23
Charge for the financial year	-8,011	-9,183
Recognition of previously unrecognised losses	23	4,424
Impact of new loss relief rules	0	0
Balance at 31 December	12,529	20,727

See note 6.15 to the consolidated financial statements for details of the deferred tax asset relating to losses of the Heijmans N.V tax group that have not yet been utilised.

Cash and cash equivalents

Cash balances are at the free disposal of the Company.

Equity

2023	Issued capital	Share premium reserve	Statutory reserve for investees	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	7,066	266,739	19,259	-60,259	310	24,324	59,580	317,019
Share issue	690	22,745	0	0	0	0	0	23,435
Dividend payments	292	10,731	0	0	0	-23,787	0	-12,764
Reclassification	0	0	17,000	0	0	-17,000	0	0
Bonus Investment Share Matching Plan	0	0	0	0	-53	0	0	-53
Appropriation of result for 2022	0	0	0	0	0	59,580	-59,580	0
Total result	0	0	0	-3,713	0	0	59,733	56,020
Balance at 31 December	8,048	300,215	36,259	-63,972	257	43,117	59,733	383,657

2022	Issued capital	Share premium reserve	Statutory reserve for investees	Reserve for actuarial results	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6,828	257,018	29,859	-60,214	340	-16,545	50,299	267,585
Share issue	0	0	0	0	0	0	0	0
Dividend payments	238	9,721	0	0	0	-20,030	0	-10,071
Reclassification	0	0	-10,600	0	0	10,600	0	0
Bonus Investment Share Matching Plan	0	0	0	0	-30	0	0	-30
Appropriation of result for 2022	0	0	0	0	0	50,299	-50,299	0
Total result	0	0	0	-44	0	0	59,580	59,536
Balance at 31 December	7,066	266,739	19,259	-60,258	310	24,324	59,580	317,020

Authorised share capital

Composition of the authorised share capital is as follows:

in €	31 December 2023	31 December 2022
35,100,000 ordinary shares, each with a nominal value of €0.30	10,530,000	10,530,000
4,900,000 cumulative financing preference shares B, each with a nominal value of €0.30	1,470,000	0
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	0	1,470,000
8,000,000 protective preference shares, each with a nominal value of €1.50	12,000,000	12,000,000
	24,000,000	24,000,000

As at 31 December 2023, the number of ordinary shares issued stood at 26,826,860 (2022: 23,552,926). All the outstanding shares are paid up, which represents a value of € 8,047,758 (at € 0.30 per share) (2022: 7,065,877.80 at € 0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option has been exercised for seven depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Share premium reserve

The share premium reserve consists of the capital paid up in excess of the nominal value.

Reserve for investees

The statutory reserve for investees represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting policies on the one hand and that portion for which the parent company can determine distribution on the other hand. The statutory reserve is determined for each investee individually. This reserve is not freely distributable.

Reserve for actuarial results

The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.23 to the consolidated financial statements).

Reserve for Bonus Investment Share Matching Plan

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.29 to the consolidated financial statements.

Appropriation of result

It is proposed to distribute 40% of the result after tax, of € 60 million, as dividend on ordinary shares of their depositary receipts and to add the remainder to the reserves, as stated in the '11.1 Appropriation of results' section of this report.

Payables x € 1,000

	31 December 2023	31 December 2022
Non-current liabilities		
Linear loan	55,000	0
	55,000	0
Current liabilities		
Group companies	388,267	344,481
Linear loan	20,000	0
Syndicated bank financing	146,435	0
Other liabilities	2,557	482
	557,259	344,963

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities

x € 1,000

	31 December 2023	31 December 2022
Bank guarantees	147,011	118,399
Group guarantees to clients	326,015	254,922
Group guarantees to credit institutions	12,072	9,851
	485,098	383,172

For information on the guarantees, see note 6.28 to the consolidated financial statements.

Joint and several liability and guarantees

With the exception of Heijmans Deutschland B.V., Heijmans Technology B.V Brabotech Metselwerken B.V., Heijmans Management Deelnemingen B.V., Heijmans Infra A27/A1 B.V., Heijmans Energie B.V., Matching Materials B.V., Interterra Beheer B.V., Heijmans Infra Commandiet B.V., Heijmans Eurocoles B.V., Hezon B.V., Hezon Holding B.V. and Riederwaard Beheer B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce.

The subsidiaries included in the consolidation and other interests are listed in section 7 of the consolidated financial statements.

Tax Group

Together with almost all of its Dutch subsidiaries, Heijmans N.V. forms a tax group for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that is part of the tax group. Van Wanrooij, which was acquired as of 5 September 2023, is not part of the fiscal group.

Share in results of investees

This is the company's share in the results of its investees, all of which are Group companies.

Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements.

Signing annual accounts

Rosmalen, 8 March 2024

the members of the Executive Board

A.G.J. Hillen
G.M.P.A. van Boekel

the members of the Supervisory Board

Sj.S. Vollebregt
M.M. Jonk
J.W.M. Knape-Vosmer
A.E. Traas
A.S. Castelein



20 Appendices

20.1 Result appropriation

In accordance with article 31 of the Articles of Association, profit is distributed as follows:

- Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to the reserves as it deems necessary;
- In so far as the profit is not transferred to the reserves, it is available to the General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares they hold.

Subject to approval by the Supervisory Board, the Executive Board has decided to pay out 40% of the result after tax of € 60 million as dividend on the (depository receipts for) ordinary shares and to add the remainder to the reserves.

Dividend policy

Royal Heijmans maintains a dividend policy whereby, barring exceptional circumstances, the pay-out ratio amounts to 40% of the profit from ordinary business operations after tax.

20.2 Executive Board statement

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Dutch Civil Code and Section 5: 25c (2)(c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of their knowledge:

- the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the Company and the companies included in the consolidation,

and;

- the annual report provides a true and fair view of the situation as at 31 December 2023 and the developments at the Company and its affiliated companies during the 2023 financial year, and of the data presented in its financial statements, and that the annual report describes the material risks the issuing institution faces.

Supplementary to the above, each member of the Executive Board states that, to the best of their knowledge:

- the report provides sufficient insight into any deficiencies in the effectiveness of the Company's risk management and control systems (see chapter 16 Risk Management);
- the above-mentioned systems provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies (see chapter 16 Risk management);
- that on the basis of the current state of affairs it is justified that the financial reporting was prepared on the basis of a going concern (see chapter 19 Financial statements – explanatory notes),

and;

- the report cites the material risks and uncertainties that are relevant in terms of the expectations regarding the continuity of the Company for the period of twelve months after the preparation of the report (see chapter 5 Our environment, chapter 12.1 Financial results and chapter 16 Risk management).

Rosmalen, 8 March 2024

A.G.J. Hillen

G.M.P.A. van Boekel

20.3 Independent auditor's report

To: the shareholders and Supervisory Board of Royal Heijmans N.V.

Statement regarding the financial statements for the year ended 2023 as included in the annual report

Our opinion

We have audited the financial statements for the year ending on 31 December 2023 of Royal Heijmans N.V., based in Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements included in this annual report give a true and fair view of the financial position of Royal Heijmans N.V. as at 31 December 2023, and of its result and its cash flows in 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements included in this annual report give a true and fair view of the financial position of Royal Heijmans N.V. as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows;
- the notes, comprising an overview of the significant accounting policies applied and other disclosures.

The company financial statements comprise:

- the company statement of financial position at 31 December 2023;
- the company statement of profit or loss for 2023;
- the notes comprising an overview of the significant accounting policies applied and other disclosures.

Basis for our opinion

We performed our audit in accordance with Dutch law, including Dutch auditing standards. We describe our responsibilities according to those standards in more detail in the 'Our responsibilities for the audit of the financial statements' section of this report.

We are independent of Royal Heijmans in accordance with the EU Regulation on specific requirements regarding the statutory audit of the financial statements of public-interest entities, 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 related to independence) and other relevant independence regulations in the Netherlands. Furthermore, we complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for the Auditing sector).

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

Information serving as a basis for our opinion

We determined our audit activities in the context of the audit of the financial statements taken as a whole and in the forming of our opinion on same. The following information intended to serve as a basis for our opinion and findings should be read in that context and not as separate opinions or conclusions.

Our understanding of Heijmans

Heijmans is a listed company that combines property development, building & technology and infra activities in the business areas property development, residential building, non-residential building and infrastructure. The group structure consists of various operational segments and we focused our audit on these. In our audit, we devoted specific attention to a number of subjects on the basis of the group's activities and our own risk analysis.

We determined the materiality and identified and estimated the risk that the financial statements contain material misstatements as a result of fraud or errors, in order to determine the audit procedures that are responsive to those risks to obtain audit information that is sufficient and appropriate to form the basis of our opinion.

Materiality

Materiality	€ 21 million (2022: € 18 million).
Benchmark applied	1% of revenue for the financial year (2022: 1%).
Additional information	Based on our professional judgement, we consider an activity-based benchmark to be the most appropriate basis on which to determine materiality. Given current market conditions, we consider revenue to be a stable and appropriate basis, also because of the insight it provides into the company's size and performance. The way we determined materiality has not changed compared with the previous financial year.

We have also taken into consideration misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 1,050,000 that are identified during the audit would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Heijmans is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive in this respect were the size and/or the risk profile of the group entities or operations.

On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit focused primarily on:

- the operating segments Infra, Property development and Building & Technology (all full scope), with the audits performed by auditors in the Netherlands. Due to our centralised approach to and management of the audit, the team operates as an integrated whole.
- the Van Wanrooij operating segment acquired in early September 2023. Using non-EY auditors, we performed audit work on the (September) opening statement of financial position (full scope), and then performed review work (review scope) for September and October. EY auditors subsequently performed review scope work for November and December.

In cases where we used the work of other EY and non-EY auditors, we provided instructions and were closely involved during the execution of the audit and reporting by these auditors.

By performing the procedures mentioned above at group entities, together with additional procedures carried out at group level, we were able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

In the aggregate, these audit procedures represent 99% the group's revenues and the entire balance sheet.

Engagement team and use of the work of specialists

We ensured that the engagement team at both group level and at entity level included the appropriate skills and competences for the audit of a listed client in the construction industry. We included specialists in the fields of IT audit, forensic accountancy, sustainability and income tax in the engagement team. In addition, we brought in our own specialists to assist with the audit of the valuation of land holdings and the processing of the acquisition of Van Wanrooij.

We evaluated and tested the work of the experts engaged by the management for the valuation of the pension liabilities and the accounting for the Van Wanrooij acquisition transaction to determine whether the work was adequate for the purposes of our audit. We also tested the expertise of the expert engaged by the management.

Our focus on climate risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO₂ reduction have an impact on financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO₂ footprint.

The Executive Board has summarised Heijmans' the commitments and obligations in section 20.6.14 (section on targets). Section 20.6.12 also includes an analysis of climate risks and opportunities (including the environment and nitrogen emissions).

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks are taken into account in estimates and significant assumptions. We also examined whether the commitments and factual obligations in this area have been taken into account. We have noted that for Heijmans, the effect is largely future-oriented (such as order book and medium to long-term prognoses).

As described in note 6.30 to the financial statements under 'Climate-related matters', these risks and their potential impact are related in particular to the valuation of joint ventures and associates and to a lesser extent to the valuation of old equipment in property, plant and equipment, with the recognised risk being greatest for the valuation of the participation in AsphaltNu. We also read the annual report and have evaluated whether there is any material inconsistency between the non-financial information and the financial statements.

Based on our audit activities, we do not consider the climate risks to be of material significance for the estimates or significant assumptions included in the financial statements as at 31 December 2023.

Our focus on fraud and non-compliance with legal and regulatory requirements

Our responsibility

Although we are not responsible for the prevention of fraud or non-compliance and we cannot be expected to detect non-compliance with all legal and regulatory requirements, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error.

In the case of fraud, the risk that a material misstatement is not discovered is higher than with errors.

Fraud may involve collusion, falsification of documents, purposely neglecting to record transactions, falsely presenting events or a breach in internal controls.

Our audit approach with respect to risks of fraud

We identified and estimated the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of Heijmans and its environment, the components of the system of internal control, including the risk assessment process and the Executive Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcome of same. Please see chapter 16 'Risk management' of the annual report, in which the Executive Board has included its risk analysis, after weighing potential risks of fraud.

We evaluated the design and the relevant aspects of the system of internal controls and in particular the risk analysis, as well as, for example, the code of conduct, the whistle-blowers' scheme and the register of compliance reports. We evaluated the design and implementation of internal control measures aimed at mitigating fraud risks.

As part of our process for identifying risks, we worked closely with our forensic specialists to consider fraud risk factors related to fraudulent financial reporting, improper appropriation of assets and bribery and corruption.

We evaluated whether these factors were indicative of the presence of any risk of material misstatement due to fraud.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with legal and regulatory requirements.

We take into consideration the risk that management can override internal control measures, as this risk is present in all companies. Due to this risk, among other things, we reviewed estimates for tendencies that may form a risk for a material misstatement, primarily focusing on significant areas requiring judgment and significant items of estimation, as explained in note 6.30 of the financial statements. We also used data analysis to identify and assess journal entries with a heightened risk and examined the business rationale (or lack thereof) for exceptional transactions, including those with related parties.

The following risks of fraud we identified require significant attention in our audit:

Valuation of large and complex works in progress (including project-related accruals and revenue recognition), whether or not as a result of management overriding internal control measures	
Fraud risk	As in all our audits, we consider the risk that management may breach internal control measures. In identifying and estimating fraud risks, we also assume that fraud risks exist in revenue recognition. In our audit approach for Heijmans, we specifically take into account that these elements are primarily reflected in the valuation and revenue recognition of work in progress in the operational segments Infra, Property Development, Building & Technology and Van Wanrooij.
Our audit approach	We describe our audit procedures to address the assumed fraud risk related to revenue recognition in the audit approach to the key issue 'Valuation and recognition of work in progress'.
Valuation of strategic land positions and land in-use with a specific focus on inner-city positions, whether or not as a result of management overriding internal control measures	
Fraud risk	In identifying and estimating fraud risks, we assume that there is a risk of overvaluation of strategic land positions and land in-use, whether or not as a result of management overriding internal control measures. In these procedures, we pay specific attention to inner-city positions.
Our audit approach	We describe our audit procedures to address this risk in the audit approach to the key issue 'Valuation of strategic land positions and land in-use'.

Failure to comply with legal tender procedures (bribery) for the purpose of contract acquisition

Fraud risk	<p>Due to the nature of the business activities (construction company) and the characteristics of the related transactions, we identify an increased risk of non-compliance with legal and regulatory requirements regarding the contracting of projects due to the risk of bribes and kickbacks to potential clients, including obtaining permits from (local) government authorities. Compliance with legal and regulatory requirements is important for Heijmans' reputation and success.</p> <p>Failure to comply with legal tendering procedures and/or corruption may result in damage to the company, for example through fines and/or exclusion from tender procedures. Such bribery could take place or be concealed in various ways, e.g. through ancillary positions, subcontractors, (consultancy) services or sponsorship without sufficient identifiable quid pro quo.</p>
Our audit approach	<p>We performed audit procedures specifically focused on this fraud risk, including:</p> <ul style="list-style-type: none">A review of the design and existence of internal control measures in the procurement and tendering process.A review (together with internal forensic specialists) of the internal management measures to ensure compliance.An analysis of a selection (based on risk factors such as size, margin, type of tender and client) of tenders won in the financial year.As part of this analysis, we assess, for example, whether there is an arm's length reason for the award, the arm's length nature of (tender) costs, the performance and background of consultants or subcontractors used, or different forecast margins compared to regular margins.A detailed audit of specific cost types following risk identification, including travel and accommodation costs, entertainment costs and sponsorship.An analysis of the ancillary positions of members of the Executive Board, Supervisory Board and local management boards, and transactions with these parties.Data analysis to identify high-risk journal entries based on specific search terms related to fraud risk in order to identify and investigate unusual transactions.

We considered available information and made enquiries of members of the Executive Board, other members of management (including legal counsel, Compliance Officer, Chief Risk Officer and segment directors) and the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud that might potentially have a material impact on the view of the financial statements.

Our audit approach with respect to the risk of failure to comply with legal and regulatory requirements

We performed appropriate audit activities focusing on compliance with legal and regulatory requirements that have a direct impact on recognised amounts and notes to the financial statements.

We also assessed factors related to the risks of non-compliance with legal and regulatory requirements that could reasonably be expected to have a material impact on the financial statements, based on our experience in the sector, through discussions with the Executive Board, reading minutes, the inspection of reports by the Compliance officer and the Chief Risk Officer and by performing data-driven procedures focused on transaction flows, financial statement items and disclosures. We refer to the note on the legal and regulatory compliance risks in section 16 Risk management of the management report.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (potential) non-compliance throughout the audit. Finally, we obtained written confirmation that all known instances of non-compliance with legal and regulatory requirements had been shared with us.

Our audit approach with respect to the going concern assumption

As explained in the accounting policies for financial reporting in the financial statements, the financial statements have been drawn up on the basis of a going concern assumption. When preparing the financial statement, the Executive Board performed a specific assessment of the company's potential to continue as a going concern and continue its operations for the foreseeable future.

We discussed and evaluated that specific assessment with the Executive Board exercising professional judgment and scepticism.

We considered whether the Executive Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, covers all 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 to the relevant related disclosures in the financial statements in our audit report. If the disclosures are inadequate, we are required to modify our opinion.

Based on the procedures we performed, we did not identify any serious uncertainties regarding the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in Heijmans being unable to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements. We communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all the matters we discussed.

We no longer consider the key audit matter 'Provision related to Wintrack legal proceedings' from the previous financial year as a key audit matter in this audit, in view of the outcome of the Board of Arbitration's final ruling and the release of the provision.

The key audit matter 'Work on acquisition statement of financial position of Van Wanrooij with specific attention to the fair value measurement of strategic land positions and land in operation' is new compared to last year.

Acquisition balance sheet of Van Wanrooij with specific focus on the fair value measurement of strategic land holdings and land in-use (see note 6.2)

Risk	<p>On 5 September 2023, Heijmans completed the acquisition of Van Wanrooij. The company determined a (provisional) allocation of the acquisition price to the individual assets and liabilities on the acquisition date.</p> <p>This allocation will continue to impact the composition of both the balance sheet and the income statement in future years, including the balance sheet item goodwill. The fair value measurement of the acquired land holdings and land in-use is the most significant item with impact on the acquisition accounting. This significant and subjective estimate was prepared - using an external expert engaged by the Executive Board - and substantiated by the Executive Board. Due to the above, we identified this as a key audit issue.</p> <p>The risk is that the fair value measurement of strategic land holdings and land in-use in the acquisition balance sheet is incorrect.</p>
Our audit approach	<p>We performed audit procedures on the Van Wanrooij acquisition balance sheet, including the reasonableness of the assumptions and estimates used, including:</p> <p>A review of the purchase price allocation by the external expert engaged by the Executive Board. We discussed the positions taken on various matters with the Executive Board and the external expert and also inspected underlying documentation. In doing so, we also established the competence, capabilities and objectivity of the external expert.</p> <p>Using another (non-EY) auditor to check input data used by the external expert, including the audit of the acquisition balance sheet.</p> <p>We sent instructions and were involved in the performance of the audit and reporting by these auditors during the audit.</p> <p>Engaging our own specialists to support our understanding of the external expert's work and their audit, including selectively and independently testing the assumptions used in the fair valuation of the strategic land holdings and land in-use (including the discount rate used). To this end, we made a risk-based selection, paying particular attention to the elements that most influence the determination of the fair value, such as the interpretation and elaboration of the development plans, the lead times and the expected development of land and housing prices, as well as construction costs. Furthermore, we performed procedures related to other elements that have a material impact on the processing of the transaction, such as, for example, the purchase price and the identification of (other) assets.</p> <p>We also tested whether the disclosures are adequate and provide sufficient insight into the uncertainty and choice of valuation assumptions.</p>
Key observations	<p>In our opinion, the accounting policies used to account for the acquisition are acceptable and adequately disclosed. The assumptions and estimates used by the Executive Board are within the acceptable range.</p>

Valuation and recognition of work in progress
(see notes 6.3, 6.17, 6.24 and 6.30)

Risk The valuation and revenue recognition of work in progress is influenced to a large extent by subjective elements, such as the estimate of costs yet to be incurred, expected increases and decreases in revenue, technical progress, (potential) claims and penalties, as well as project-related liabilities and provisions. This is partly driven by the nature of the activities, which may involve large and complex projects, and developments during project realisation. Revenues from work in progress are realised based on progress ('percentage of completion'), which is generally determined on the basis of the realised costs compared to the total expected costs ('cost-to-complete'). Losses on projects are recognised in full immediately whenever expected. Determining the aforementioned subjective elements requires significant management estimates, which creates complexity and inherent uncertainty. In addition, high inflation in procurement (material and labour) increases the uncertainty of estimated results, the potential impact of which may vary by segment and project. Due to the above, we identified this as a key audit issue in advance. The risk is that the valuation and recognition of revenue in large and complex works in progress is inaccurate. We also refer to the aforementioned fraud risk.

Our audit approach We performed audit procedures on the reasonableness of the assumptions and estimates used, taking into account the previously mentioned fraud risk of management overriding internal control measures, including:

A review of the processes related to project acceptance, project control and the reasonableness of estimates made on project deliverables. We considered the outcomes of previous estimation processes in the determination of our detailed procedures.

We made a risk-based selection of work in progress based on qualitative and quantitative (risk) criteria.

Discussion of the positions taken with various officers, including management and project officers, and a review of the minutes of key meetings and internal reports

Data analysis to identify and review high-risk journal entries, including specific (manual) journal entries in the revenue area of the general ledger, as well as journal entries that could indicate cost transfers.

Analyses of the progress of projects, the associated invoicing and revenue recognition and the recognised risk reserves.

Specific data-focused work related to cost-to-complete.

We also checked whether the disclosures are adequate and provide sufficient insight into the uncertainty and choice of valuation assumptions.

Significant observations In our opinion, the principles used for the measurement of work in progress are acceptable and adequately disclosed. The assumptions and estimates used by management are within the acceptable range.

Valuation of strategic land holdings and land in-use
(see note 6.16)

Risk The valuation of strategic land holdings and land in-use is strongly affected by developments in the Dutch housing market and other external and/or internal subjective elements. Land holdings are generally only developed after a long(er) period, largely due to (policy) changes on the spatial zoning front at provincial or municipal level. The potential impact of the nitrogen emissions problem and the Dutch government's housing agenda on the realisation increase the uncertainty regarding the net realisable value. This value is based on the expected future cash flows, which depend among other things on the likelihood of realisation, the expected timing of the realisation and the estimated sales prices and building costs.

This valuation is substantiated using qualitative descriptions and key figures. The company conducts an impairment test once a year. This test is significant for our audit, given the nature of the activities, the complexity of the estimation process, the assumptions used in these estimates and the level of subjectivity in same. In view of the above, we identified this as a key audit matter.

The risk taken into consideration for the purposes of our audit of the financial statements is that the valuation of strategic land holdings and land-in-use is too high. We also refer to the aforementioned fraud risk.

Our audit approach We performed audit procedures with respect to the reasonableness of the assumptions and estimates used, including:

We made a risk-based selection of the strategic land holdings and land-in-use, with a specific focus on inner-city positions due to the generally lagging sales rates at the start of construction.

We included the outcome of previous estimation processes in the determination of our detailed procedures. We focused primarily on the elements that have the greatest impact on the determination of the net realisable value, such as the design and execution of development plans and expected developments in land and house prices, as well as the impact of the nitrogen issue. We also devoted attention to the calculation models used in the valuation and the input for same.

We used own specialists for the valuation of the most high-risk positions. As part of this process, we assessed whether Heijmans' valuations fell within the bandwidth of our own independent valuation.

We assessed whether disclosures are sufficient and provide sufficient insight into the uncertainties and the choice of said assumptions for the valuation.

Significant observations In our opinion, the accounting policies used for the valuation of strategic land holdings and land in-use are acceptable and adequately disclosed. The assumptions and estimates used by management are within the acceptable range.

Report on the other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 all the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

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 complied with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. These procedures are not as thorough as our audit work on the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report and other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Executive Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as the auditor of Heijmans N.V. on 30 April 2014 as of the audit for the year 2014 and have operated as external auditors ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding the mandatory audit of the financial statements of public-interest entities. In addition to the mandatory audit of the financial statements, we provided the following services:

- Various opinions on revenue statements for 2021 through 2023 (Standard 800)
- Opinion on the statement of Heijmans N.V. related to several key ratio figures for 2021 through 2023 (Standard 805)
- Assurance procedures related to non-financial information (sustainability report) (Standard 3810N)
- Agreed procedures related to the Compliance Certificate for the banking consortium (Standard 4400N)
- Other audit opinions, assurance reports or reports of factual findings in the context of tenders or bids.

European single electronic reporting format (ESEF)

Heijmans prepared its annual report in ESEF. The requirements for this are laid down in the Delegated Regulation (EU) 2019/815 with regulatory technical standards for the specification of a single electronic reporting format (hereinafter: the RTS for ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Heijmans, complies in all material respects with the RTS for ESEF.

The Executive Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS for ESEF, whereby the Executive Board combines the various components into a single reporting set.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS for ESEF.

We performed our audit in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our audit consisted, among other things, of:

- obtaining an understanding of the Heijmans financial reporting process, including the preparation of the reporting set;

- identifying and assessing the risks that the annual report does not meet the materially significant aspects of the RTS for ESEF and, in response to these risks, determining and performing further assurance activities as a basis for our judgment, including:
 - obtaining the reporting set and performing validations to determine whether the reporting set containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS for ESEF;
 - examining the information related to the consolidated financial statements in the reporting set to determine whether all required tags had been applied and whether these were in accordance with the RTS for ESEF.

Description of responsibilities for the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

It is our responsibility 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information serving as a basis for our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit included:

- performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- obtaining an understanding of internal controls 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 controls;
- evaluating the appropriateness of accounting policies used for financial reporting and evaluating the reasonableness of accounting estimates made by the Executive Board and the related disclosures;
- evaluating the presentation, structure and content of the financial statements, including the notes to same;
- evaluating whether the financial statements are a fair presentation of the underlying transactions and events.

Communications

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit, including any significant shortcomings in internal controls. In this respect, we also submit an additional report to the Audit and Risk committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements for the mandatory audit of the financial statements of public-interest organisations. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with confirmation that we have complied with relevant ethical requirements regarding independence. We also communicate with the Supervisory Board regarding all relationships and other matters that may reasonably be thought to affect our independence and, where applicable, related measures to safeguard our independence.

We determine the key audit matters in audit of the financial statements on the basis of all the matters we discussed with the Supervisory Board. We describe these key audit matters in our auditor's report unless legal or regulatory requirements preclude public disclosure or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 8 March 2024

Ernst & Young Accountants LLP

P.W.J. Laan RA

20.4 Assurance report of the independent auditor with a limited level of assurance on the sustainability information

To: the shareholders and Supervisory Board of Royal Heijmans N.V.

Our conclusion

We performed an assurance engagement with a limited level of assurance on the 2023 sustainability information of Royal Heijmans N.V. (hereafter: Heijmans) in Rosmalen, included in the annual report.

Based on the procedures we performed and the assurance information we obtained, we have no reason to believe that the sustainability information does not present, in all material respects, a faithful view of:

- the policy and business operations with regard to corporate social responsibility;
- the events and performance on that front for the year 2023;

in accordance with the Sustainability Reporting Standards as disclosed in the Criteria section.

The sustainability information consists of the following chapters of the annual report:

- 3.2. Non-financial key information
- 4. Our organisation
- 5. Our environment
- 6. In dialogue with our stakeholders
- 7. Mission, vision and strategy
- 8. Better
- 9. Smarter
- 10. More sustainable
- 11. Van Wanrooij
- 12.2 Non-financial results
- 13. Completion of 2023 strategy
- 15.6 Management and supervision
- 15.8 Conduct and integrity
- 20.6 Material themes

Basis for our conclusion

We performed our assurance engagement with a limited level of assurance with regard to the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, Assurance engagements related to sustainability reports (Assurance-opdrachten inzake duurzaamheidsverslaggeving). We have described our responsibilities on the basis of this standard in the section 'Our responsibilities for the assurance engagement related to the sustainability information'.

We are independent of Heijmans, as required by the Code of Ethics for Professional Accountants (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten - ViO). Among other things, this means that we do not perform any procedures that could conflict with our independent assurance engagement. In addition, we have complied with the Dutch Professional Code of Ethics for Auditors (Verordening gedrags- en beroepsregels accountants - VGBA).

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

Criteria

The criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI – Core option) and the applied supplemental reporting criteria as disclosed in the sections 20.6.3, 'Reporting Methodology', and 20.6.4, 'KPI Table', of the annual report.

The sustainability information has been drawn up with reference to the GRI Standards. The GRI Standards used are included in the GRI Content index as disclosed in section 20.6.6 'Global Reporting Initiative' of the annual report.

The comparability of sustainability information across entities and over time may be affected by the lack of uniform practices for the assessment and measurement of this information. This offers the possibility of applying several acceptable measurement techniques. Consequently, sustainability information should be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

The sustainability information includes forward-looking information, such as ambitions, strategy, plans, expectations, estimates and risk assessments. Forward-looking information refers to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of the targets or estimates in forward-looking information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information we reviewed. We do not therefore provide assurance on this information.

We did not modify our conclusion as a result of these limitations.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation and faithful presentation of the sustainability information in accordance with the criteria as explained in the Criteria section, including the identification of stakeholders and the definition of material aspects. The Executive Board is also responsible for the selection and application of these criteria, and for determining that these criteria are sufficient for the justified informational needs of stakeholders, taking into account applicable legal and regulatory requirements for reporting. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarised in the sections 20.6.3, 'Reporting Methodology', and 20.6.4, 'KPI Table' of the annual report.

The Executive Board is also responsible for such internal controls as the Executive Board deems necessary to enable the preparation of sustainability information that is free from material misstatements, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process on the sustainability information of Heijmans.

Our responsibilities for the assurance engagement related to the sustainability information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance information for our conclusion.

The goal of our assurance engagement is to obtain limited assurance in order to determine the plausibility of the sustainability information. The procedures vary in nature and timing from those of an assurance engagement aimed at obtaining a reasonable level of assurance, and are also smaller in scope. The level of assurance obtained in an assurance engagement aimed at obtaining a limited assurance is therefore also significantly lower than the assurance obtained in an assurance engagement aimed at obtaining a reasonable level of assurance.

We apply the Regulations for quality management systems (Nadere voorschriften kwaliteitssystemen – NVKS). This gives us a cohesive system of quality controls, including documented guidelines and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included:

- performing an analysis of the environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- evaluating the appropriateness of the criteria used, the consistent application of same and related disclosures in the sustainability information. This includes the evaluation of the company's materiality analysis and the reasonableness of the estimates made by the Executive Board;
- gathering information to gain a broad understanding of the company's internal control environment, reporting processes, information systems, and risk assessment process relevant for the preparation of the sustainability information, without acquiring assurance information on the existence or testing the effectiveness of the internal control measures;
- identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to our risk analysis. These additional procedures included but were not limited to:
 - interviewing members of the Executive Board and relevant staff members responsible for the sustainability strategy, policy and performance;
 - interviewing relevant staff members responsible for providing the information for, the performance of internal control procedures on, and consolidating the data in the sustainability information;
 - obtaining assurance information to the effect that the sustainability information reconciles with the underlying administration of the company;
 - reviewing, on a limited test basis, relevant internal and external documentation;
 - performing an analysis of data and trends;
 - evaluating the consistency of the relevant financial information with the financial statements;
 - reading the information in the annual report outside the scope of our assurance engagement to identify any material inconsistencies with the sustainability information;
 - evaluating the overall presentation, and balanced content of the sustainability information;
 - consideration of whether the sustainability information as a whole, including the subjects dealt with and disclosures included in same, are clearly and sufficiently explained in accordance with the criteria used.

Communications

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and regarding any significant findings that we identify during our assurance engagement.

Rotterdam, 8 March 2024

Ernst & Young Accountants LLP

R.T.H. Wortelboer RA

20.5 Royal Heijmans N.V. 2023 Remuneration report

This report, which must be regarded as a report in the sense of Article 2:135b Dutch Civil Code and in the sense of principle 3.4 of the Dutch Corporate Governance Code, explains the implementation of the remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board. The policy was adopted by the Annual General Meeting of Shareholders (hereinafter: the AGM) on 15 April 2020 and is applicable in 2023. The remuneration policy of both the Executive Board and the Supervisory Board is published on the company's website and is briefly explained below.

The report is structured as follows:

1. Basic principles of the remuneration policy for the Executive Board and Supervisory Board
2. Main points of the remuneration policy for the Executive Board
3. Implementation of the remuneration policy for the Executive Board in 2023
4. Main points of the remuneration policy for the Supervisory Board
5. Implementation of the remuneration policy for the Supervisory Board in 2023
6. Evaluation of remuneration policy and intentions for 2024
7. Advisory vote Annual General Meeting of Shareholders

1. Basic principles of the remuneration policy for the Executive Board and Supervisory Board

Heijmans' mission is to create a healthy living environment. The company wants to be a trendsetter when it comes to innovation and works towards that mission on the basis of a distinctive vision and in-depth knowledge and skill. This strategy is aimed at making business processes better and smarter and at social responsibility with the aim of improving sustainability. This creates long-term value for all stakeholders and, in the form of sustainable homes and sustainable construction processes, makes a significant contribution to employment and the economy for society as a whole.

In order to determine and implement this strategy, Heijmans must be able to attract, motivate and retain expert directors and supervisory directors of the right calibre. The remuneration policy lays down the basis for that and as such is instrumental in realising the strategy and value creation. A basic principle of the remuneration policy is that it must not provide unwanted incentives for such things as behaviour focused on personal interests or taking risks that are in conflict with the company's risk profile. In this light, part of the remuneration, namely the long-term variable remuneration and the Share Matching Plan, is focused on long-term commitment. Heijmans endorses the principles and best practice provisions relating to the remuneration of directors and supervisory directors as referred to in the Dutch Corporate Governance Code and follows those in its policy and in this report.

Following the drawing up of the policy, each year the Supervisory Board reviews the policy to assess whether it needs to be adjusted.

For the Remuneration Policy of the Supervisory Board and Executive Board, also see: <https://www.heijmans.nl/nl/over-heijmans/corporate-governance/codes-statuten-en-reglementen/>

2. Main points of the remuneration policy for the Executive Board of Heijmans N.V.

2.1 Remuneration level

Heijmans offers the members of the Executive Board a remuneration package that is balanced and fair, both from an internal perspective, in the sense that the remuneration reflects the required competencies and responsibilities relative to other job levels, and from an external perspective, in the sense that the remuneration is comparable to the pay for a comparable board position at similar companies. The Supervisory Board includes both the internal and external reference points in its determination of the remuneration level. The external reference point is the benchmark that has been carried out for the formulation of the policy. The internal reference point is determined by the remuneration level of, in particular, the layer below the Executive Board. The internal reference point is taken into account in the sense that a connection is made between the objectives for variable remuneration that apply to members of the Executive Board and members of the management layer below it. The remuneration of the management layer reporting to the Executive Board is determined on the basis of a benchmark that is also used to maintain a proper remuneration ratio between board members and management.

Scenario analyses were carried out and taken into consideration when formulating the remuneration policy.

2.2 Remuneration package

- an annual salary;
- a contribution to the accrual of a pension provision;
- short-term variable remuneration that rewards predetermined performance objectives achieved on an annual basis;
- long-term variable remuneration that rewards predetermined performance objectives achieved over a three-year period;
- the opportunity to participate in the Bonus Share Matching Plan, which encourages the accrual of an equity interest and encourages commitment to the company.

In addition, each member of the Executive Board receives an expense allowance and insurance contributions. They are also provided with a lease car.

2.3 Variable remuneration

Both the short-term and long-term variable remuneration are paid in cash. The short-term and long-term variable remuneration each amount to 50% of the annual salary if predetermined performance targets have been fully achieved in the relevant year. If the targets have been exceeded, the payment can rise to a maximum of 75%. If the performance remains below a predetermined minimum level, the payment is zero.

Conditions for the allocation of variable remuneration:

- If the company suffers a net loss in the year to which the variable remuneration relates, the unconditional allocation is deferred. If the company suffers another net loss in the following year, the right to variable remuneration lapses;
- The Supervisory Board has the right to a final review of every award of variable remuneration for reasonableness and fairness and may adjust the award.
- The entire variable remuneration is subject to a claw-back clause, which provides that any variable remuneration awarded can be reclaimed if it emerges after the fact to have been awarded on the basis of incorrect information.

2.4 Bonus for long-term participation in shares

Members of the Executive Board are free to choose to participate in the Bonus Investment Share Matching Plan aimed at motivating directors for the longer term and bind them to the company. As part of this plan, they can invest up to 50% of (the net equivalent of) the short-term variable remuneration they receive in any given year in (depository receipts for) shares in Heijmans. The (depository receipts for) shares are blocked for three years after purchase. Provided they hold these (depository receipts for) shares for three years and are still in office at the end of this period, the company will award one bonus depository receipt, a so-called matching share, for every depository receipt invested in. The matching shares are blocked for two years after they have been awarded.

3. Implementation of the remuneration policy for the Executive Board in 2022

The Remuneration and Appointments committee consists of Ms Martika Jonk, Chair, and Ms Ans Knape-Vosmer. The Remuneration Committee held six meetings in 2022, at which the usual annual items such as remuneration for the Executive Board members, the targets in the context of the variable remuneration, the variable remuneration itself and the Bonus Investment Share Matching Plan were discussed. Current (legal) developments in the field of remuneration in general were also topics of discussion.

The current remuneration policy was approved by the AGM in 2020. In accordance with Art. 2:135b of the Dutch Civil Code, the policy should be submitted to the AGM in 2024 at the latest (whether or not in amended form). The committee started reviewing the remuneration policies of both the Supervisory Board and the Executive Board in late 2022. In 2023, there was frequent and intensive contact between the committee and the Supervisory Board on the Supervisory Board remuneration policy and between the committee, the Supervisory Board and the Executive Board on the Executive Board remuneration policy. The Supervisory Board decided in early 2024 on the remuneration policy for the Supervisory Board and the Executive Board to be presented to the AGM.

In its application of the Executive Board remuneration policy in 2023, the Remuneration and Appointments Committee assessed how the Executive Board implemented the company's strategic, financial and sustainability objectives.

The assessment of the targets set takes into account not only general, economic circumstances, but also construction industry-specific circumstances, such as the nitrogen issue, which is outside the company's sphere of influence.

On the advice of the Committee, the Supervisory Board has decided to award both short-term and long-term variable remuneration to the members of the Executive Board. This award is explained in more detail in section 3.3 of this chapter.

3.1 Table with an overview of remuneration by component

The gross fixed and variable remuneration paid in 2022 and 2023 and the amounts to be paid in 2024 to the members of the Executive Board are as follows:

in €	Gross fixed remuneration*			Variable remuneration			Total remuneration		
	Payable in 2024	Paid in 2023	Paid in 2022	Payable in 2024	Paid in 2023	Paid in 2022	Payable in 2024	Paid in 2023	Paid in 2022
A.G.J. Hillen	566,667	566,667	566,667	718,516	648,292	658,309	1,285,183	1,214,959	1,224,976
G.M.P.A. van Boekel	425,000	425,000	425,000	538,887	449,305	129,721	963,887	874,305	554,721
J.G. Janssen	-	-	-	-	-	70,895	-	-	70,895
Total	991,667	991,667	991,667	1,257,403	1,097,597	858,925	2,249,070	2,089,264	1,850,592

¹ The gross fixed remuneration to be paid to the members of the Executive Board in 2024 will change subject to the approval of the remuneration policy by the General Meeting of Shareholders on 30 April 2024.

The breakdown of the expenses per member of the Executive Board is as follows:

in €	Gross fixed remuneration		Short-term variable remuneration		Long-term variable remuneration		Pension contributions		Signing bonus		Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
A.G.J. Hillen*	566,667	566,667	293,516	320,167	430,556	347,570	209,186	241,365	-	-	147,649	128,073	1,647,574	1,603,842
G.M.P.A. van Boekel**	425,000	425,000	220,137	240,125	365,972	304,257	65,000	65,000	50,000	50,000	79,859	53,576	1,205,968	1,137,958
Total	991,667	991,667	513,653	560,292	796,528	651,827	274,186	306,365	50,000	50,000	227,508	181,649	2,853,542	2,741,800

For a more detailed explanation of the above table, see note 6.29 to the Financial Statements of this report.

3.2 Fixed Remuneration

In 2023, the fixed remuneration of the members of the Executive Board was not adjusted compared with 2022.

The accrual of Ton Hillen's old-age, survivor's and orphan's pension is in accordance with the conditionally indexed average salary sector pension fund scheme, in which pension is accrued on the gross fixed remuneration up to € 68,005 and payment starts at the age of 67. For the portion of the salary that exceeds this amount, up to € 128,810, this Executive Board member participates in a defined contribution scheme. Mr Hillen also receives compensation for the discontinuation of the early retirement top-up and the pension accrual on the salary part that exceeds € 128,810, as well as compensation of € 50,232 for the loss of indexation in the Delta Lloyd average pay scheme. In 2023, he received pro rata compensation (until the age of 62) for the discontinuation of the early retirement top-up. This compensation scheme has thus stopped. In deviation from what is stated above, Gavin Van Boekel receives fixed compensation for the accrual of a self-managed pension scheme.

There are no early retirement pension schemes for the members of the Executive Board.

The expense allowance, including car costs, social contributions and the costs of the Share Matching Plan, are reported in the table in Section 3.1 of this chapter. For a more detailed explanation, please see the notes to the 2023 Financial Statements under Related parties.

3.3 Variable remuneration

The variable remuneration recognises the achievement of the predetermined performance targets over the year to which the report relates or over a period of three years. For both the short-term and the long-term variable remuneration, half of the award depends on quantitative financial objectives that are essential for the implementation of the strategy and half depends on the qualitative objectives that reflect progress in the implementation of the strategy.

At the start of each year, the Supervisory Board sets a minimum, target and maximum level for the various objectives. At the end of the year or at the end of the three-year period respectively, it is assessed to what extent these targets have been achieved and what amount is awarded on that basis.

The Supervisory Board selects the most relevant of the financial performance criteria at that time from a list of four included in the remuneration policy. The levels are determined in hard amounts or percentages. The qualitative criteria are derived from the 'Better, Smarter and More sustainable' strategy and are determined in consultation with the Executive Board, whereby the Supervisory Board specifies the targeted level of progress and what it applies as the minimum and maximum.

The Supervisory Board assesses the extent to which the qualitative short-term and long-term targets have been achieved on the basis of a written substantiation for each objective submitted by the Executive Board. That substantiation can be a KPI, bold statement, a description of the status of a particular target with illustrative examples or a combination of these. Because the information on certain targets qualifies as business-sensitive information, this report does not include a description and score for every qualitative target.

3.3.1 Short-term variable remuneration (annual remuneration)

For the year 2023, the Supervisory Board chose the underlying EBITDA and the average net debt as the most relevant short-term financial targets. The target levels are included in the accompanying table, which shows that the achievement of these targets was between on-target and maximum, resulting on balance in a pay-out on the financial targets of 31.9% of the fixed agreed annual salary.

The short-term qualitative targets are focused on the implementation of the Better, Smarter and More sustainable strategy, with a number of specific targets, such as reducing the number of accidents, increasing the number of internal appointments to key positions, the production of timber-frame homes in the context of developing industrial-scale construction and the reduction of CO₂ emissions.

The Supervisory Board has assessed performance in relation to the above-mentioned qualitative targets on the basis of KPIs, other statistical information and explanatory information provided by the Executive Board, among other things. The Supervisory Board noted that the safety targets were not achieved and that for a number of targets, including the percentage of women in key positions and the number of timber-frame homes produced, the score was low. On the other hand, the score was high for internal appointments to key positions and the reduction of CO₂ emissions. On balance, the qualitative targets were achieved at a minimum level, which resulted in a pay-out of 20.1% of the agreed fixed annual salary.

The financial and qualitative performance achieved resulted in a total pay-out percentage of 52% of the agreed fixed annual salary.

Short-term target	Weighting	Minimum	At target	Maximum	Realisation	Pay-out % of agreed fixed annual salary
Underlying EBITDA incl. IFRS 16	25%	€ 85 mln.	€ 100 mln.	€ 130 mln.	€ 127 mln.	18.1%
Average net debt	25%	-€ 110 mln.	-€ 126 mln.	-€ 158 mln.	-€ 132 mln.	13.8%
Qualitative (discretion SB)	50%	Reasonable progress	In line with ambition	Well above ambition	Reasonable progress	20.1%
Total	100%					52.0%

¹ Variable remuneration is based on the figures excluding Van Wanrooij.

3.3.2 Long-term variable remuneration (three-year remuneration)

Award 2021-2023

The objectives for the long-term variable remuneration for the period 2021-2023 were assessed after this period.

A single financial target applied to 2023 in the above-mentioned three-year period:

A rolling average growth rate of 5% in the earnings per share over three years.

This target was achieved at a maximum target level, which on balance results in a pay-out of a total of 37.5% on the financial target.

One qualitative target was set for the three-year period 2021-2023, namely that 50% of all externally published bold statements from 2018 with a deadline on or before 2023 have been realised.

The Supervisory Board has determined on the basis of, among other things, KPIs, other numerical information and explanations by the Executive Board that the score for this target is 69%, which means it has been realised above the maximum.

On balance, the above results in a pay-out on the qualitative targets of 37.5% of the agreed fixed annual salary.

The financial and qualitative performance achieved results in a total pay-out percentage of 75% of the fixed agreed annual salary.

Long-term target	Weighting	Minimum	At target	Maximum	Realisation	Pay-out % of agreed fixed annual salary
Earnings per share (avg. 3-year, rolling)	50%	n.v.t.	5% per year over avg. 3 year	n.a.	Maximum realised	37.50%
Qualitative (discretion SB)	50%	Reasonable progress	In line with ambition	Well above ambition	Maximum realised	37.50%
Total	100%					75.00%

¹ Variable remuneration is based on the figures excluding Van Wanrooij.

The following applies to the above table. The Supervisory Board sets the on-target level for each target and the extent to which these targets were or were not met is determined at the discretion of the Supervisory Board. This methodology does not change the composition of the long-term variable remuneration: this can be a maximum of 75% of the agreed fixed salary and the financial and qualitative targets each still account for 50% of the overall target.

3.4 Bonus Share Matching Plan

As part of the Bonus Share Matching Plan, the Executive Board members are given the opportunity to use a maximum of 50% of the short-term remuneration awarded to them to buy depositary receipts for shares in Heijmans. The so-called matching shares are awarded after three years provided that the participant is still in office at that time. Ton Hillen has participated in the plan since taking office, Gavin van Boekel did so for the first time in 2022. Both members of the Executive Board purchased depositary receipts for shares in 2023.

Date investment	Number of depositary receipts purchased		Date matching
	A.G.J. Hillen	G.M.P.A. van Boekel	
April 2021	5,500		April 2024
April 2022	5,300	1,500	April 2025
April 2023	6,000	4,750	April 2026

Once the matching share have been awarded unconditionally, these are then subject to a lock-up period of two years.

In April 2022, Ton Hillen was awarded 13,000 matching shares pursuant to his purchase in April 2020. The lock-up period of these matching shares expires in April 2025. In April 2023, he purchased 6,000 depositary receipts for shares. These shares will be matched in April 2026, provided the conditions are met. Gavin van Boekel purchased 4,750 depositary receipts for shares in April 2023, which will be matched in April 2026, provided the conditions are met.

3.5 Remuneration ratios and result development

The table below shows the data in accordance with Article 2:135b(3)(e) Dutch Civil Code.

In €		2023	2022	2021	2020	2019
	Underlying EBITDA	€ 157 mln	€ 126 mln	€ 107 mln	€ 85 mln	€ 78 mln
	Average staff costs employees	92,174	86,867	84,447	83,237	80,937
	Pay ratio CEO:employees	18	18	18	17	16
A.G.J. Hillen	1 Gross fixed salary	566,667	566,667	550,000	500,000	500,000
	2 Short-term variable remuneration	294,623	320,167	314,559	325,284	242,211
	3 Long-term variable remuneration	430,556	347,570	352,083	281,250	256,250
	5 Pension expense	209,186	241,365	203,140	203,086	202,052
	6 Expense allowance	147,649	128,073	121,034	109,115	79,117
	Total	1,648,681	1,603,842	1,540,816	1,418,735	1,279,630
G.M.P.A. van Boekel	1 Gross fixed salary	425,000	425,000	141,667		
	2 Short-term variable remuneration	220,967	240,125	81,023		
	3 Long-term variable remuneration	365,972	304,257	118,899		
	4 Pension expense	65,000	65,000	21,667		
	5 Signing bonus	50,000	50,000	16,667		
	6 Expense allowance	79,859	53,576	16,767		
	Total	1,206,798	1,137,958	396,690	0	0
J.G. Janssen	1 Gross fixed salary			123,958	425,000	425,000
	2 Short-term variable remuneration			70,895	276,491	205,879
	3 Long-term variable remuneration				26,563	217,813
	5 Pension expense			25,667	88,000	88,000
	6 Expense allowance			16,591	41,717	70,037
	Total	0	0	237,111	857,771	1,006,729
Total	1 Gross fixed salary	991,667	991,667	815,625	925,000	925,000
	2 Short-term variable remuneration	515,590	560,292	466,477	601,775	448,090
	3 Long-term variable remuneration	796,528	651,827	470,982	307,813	474,063
	4 Pension expense	274,186	306,365	250,474	291,086	290,052
	5 Signing bonus	50,000	50,000	16,667	0	0
	6 Expense allowance	227,508	181,649	154,392	150,832	149,154
	Total	2,855,479	2,741,800	2,174,617	2,276,506	2,286,359

1 Agreed fixed annual salary

2 Short-term variable annual remuneration in accordance with the remuneration policy described in section 1 of this chapter

3 Long-term variable annual remuneration in accordance with the remuneration policy described in section 1 of this chapter

4 For more information on pension expenses, please see section 3.2 of this chapter

5 Including lease car costs, social premiums and the costs of the Share Matching Plan. For more information on the Share Matching Plan, please see section 3.4 of this chapter.

Pay Ratio

The term remuneration ratios according to best practice 3.4.1 sub iv of the Dutch Corporate Governance Code is understood to mean the ratio between (i) the total annual remuneration of the CEO and (ii) the average annual remuneration of the company's employees. The table below shows the remuneration ratios in accordance with the aforementioned best practice for the financial year 2023 and the four preceding financial years. The pay ratio for 2023 can be expressed as 1:18.2 (2022: 1:18.5).

For comparison purposes, the pay ratios for the financial years 2019 through 2022 have been recalculated based on the calculation methodology of best practice 3.4.1 sub iv of the Dutch Corporate Governance Code.

Pay ratio (in € 1,000)	2023	2022	2021	2020	2019
Staff costs according to the financial statements	477,692	423,004	402,580	394,659	374,764
Af: Staff costs Executive Board	-2,855	-2,742	-2,175	-2,277	-2,286
Af: Restructuring provisions	-3,000	-2,000	-3,000	-3,000	-3,000
Staff costs for the purposes of the pay ratio	471,837	418,262	397,405	389,382	369,478
Average number of FTEs according to the annual report	5,119	4,815	4,706	4,678	4,565
Less: average number of FTEs Executive Board	-2	-2	-2	-2	-2
Average number of FTEs excluding Executive Board	5,117	4,813	4,704	4,676	4,563
Staff costs CEO	1,649	1,604	1,541	1,419	1,280
Staff costs per FTE (excluding Executive Board)	92	87	84	83	81
Pay ratio	17.9	18.5	18.2	17.0	15.8
Staff costs per FTE (excluding Executive Board) in €	92,174	86,867	84,447	83,237	80,937

The Remuneration and Appointments Committee takes the pay ratios into account in the proposals it puts to the Supervisory Board in relation to the individual pay packages for Executive Board members.

4. Main points of the remuneration policy for the Heijmans N.V. Supervisory Board

The remuneration policy for the Supervisory Board as it applied in the 2023 financial year was adopted by the AGM on 15 April 2020. The aim of the policy is to enable the company to attract experienced and expert supervisory directors. That requires a competitive pay package. In accordance with best practice 3.3.1 of the Dutch Corporate Governance Code, the remuneration of supervisory directors must also reflect the time commitment and responsibilities of their position. With the supervisory directors' independent position in mind, their remuneration does not depend on the company's results and the internal pay ratio is less relevant.

In order to attune the remuneration to the time commitment and responsibilities:

- the chair and vice-chair of the Supervisory Board receive a higher fixed base compensation than (ordinary) members;
- supervisory directors receive compensation for the work they do in committees on which they serve, in addition to the base compensation that all members receive;
- committee chairs receive higher committee compensation than ordinary committee members.

In accordance with the remuneration policy adopted on 15 April 2020, the following amounts apply with effect from 2023 (incl. indexation as at 1 January 2022):

Supervisory Board remuneration	Per year in euro
Chair Supervisory Board	67,887
Vice-chair Supervisory Board	50,915
Member Supervisory Board	45,259
Chair Audit and Risk committee	9,052
Member Audit and Risk committee	6,788
Chair Remuneration and Appointments committee	7,919
Member Remuneration and Appointments committee	5,657

This remuneration is adjusted annually as of 1 January on the basis of the Statistics Netherlands (CBS) all-items consumer price index.

For the Remuneration Policy of the Supervisory Board, also see: <https://www.heijmans.nl/nl/over-heijmans/corporate-governance/codes-statuten-en-reglementen/>

5. Implementation of the remuneration policy for the Supervisory Board in 2023

In the 2023 financial year, the Supervisory Board members received a fee in accordance with the policy set out in Section 4 of this report. The allocation of duties was as follows in 2023:

- Sjoerd Vollebregt, Chair of the Supervisory Board.
- Ms Martika Jonk, Vice-chair of the Supervisory Board and member of the Audit and Risk Committee. Chair of the Remuneration and Appointments Committee.
- Ms Ans Knape-Vosmer, member of the Supervisory Board and member of the Remuneration and Appointments Committee.
- Arnout Traas, member of the Supervisory Board and Chair of the Audit and Risk Committee as of 13 April 2022.
- Allard Castelein, member of the Supervisory Board and member of the Audit and Risk Committee.

From 2019 through 2023, the members of the Supervisory Board were compensated as follows:

in €		2023	2022	2021	2020	2019
Sj.S. Vollebregt – chair	1	67,887	64,044	62,360	60,000	60,000
P.G. Boumeester	2				14,064	46,750
A.S. Castelein	3	52,047	24,017			
R. van Gelder	4				15,860	52,750
R. Icke	5		16,029	55,085	54,378	53,000
M.M. Jonk	6	65,622	58,351	55,085	54,078	49,000
S. van Keulen	7					13,500
J.W.M. Knappe-Vosmer	8	50,916	48,034	49,226	45,571	
A.E. Traas	9	54,311	50,614	47,810		
G.A. Witzel	10			44,344	33,630	
Total		290,783	261,089	313,910	277,581	275,000

1 Supervisory director since 15 April 2015, chairman since 13 April 2016

2 Supervisory director from 28 April 2010 to 15 April 2020

3 Supervisory director since 12 July 2022

4 Supervisory director from 1 July 2010 to 15 April 2020

5 Supervisory director from 9 April 2008 to 12 April 2022

6 Supervisory director since 6 December 2018

7 Supervisory director from 18 April 2007 to 10 April 2019

8 Supervisory director since 15 April 2020

9 Supervisory director since 14 April 2021

10 Supervisory director from 15 April 2020 to 12 November 2021

6. Evaluation of the remuneration policy and intentions for 2024

The Remuneration and Appointments Committee reviewed the remuneration policies for the Executive Board and the Supervisory Board approved by the AGM in April 2020. A thorough review of the Supervisory Board and Executive Board remuneration policies was started at the end of 2022. The committee did a good deal of preparatory work and submitted a proposal to the Supervisory Board for the adjustment of the remuneration policies for the Supervisory Board and Executive Board. Both the Supervisory Board and the Executive Board consider it important that the remuneration of both bodies is in line with social developments in the field of remuneration and, as regards the remuneration of the Executive Board, with sustainable long-term value creation. The remuneration policies of both the Supervisory Board and the Executive Board must be submitted to the AGM every four years, in accordance with Article 2:135a of the Dutch Civil Code. As the current policy was adopted by the AGM in 2020, the revised policy will be submitted to the AGM for approval on 30 April 2024.

Intentions for 2024

The remuneration of both the Supervisory Board and the Executive Board was benchmarked against a reference group. This showed that the current remuneration of both the Supervisory Board and the Executive Board is below the median. As a result, the basic premise for both boards was that remuneration should move towards the median of the reference group. The composition of the Executive Board's remuneration will be adjusted to bring it more in line with the market. The agenda for the AGM on 30 April 2024 provides further details on the proposed changes.

Subject to the approval of the revised Executive Board remuneration policy by the AGM on 30 April 2024, financial and qualitative targets for short-term and long-term variable remuneration will apply for 2024. Short-term financial targets may include underlying EBITDA and average net debt. Short-term qualitative targets should contribute to the company's foundation or strategy execution. Examples might include targets in the areas of safety (TRIR), sustainability (reduction of CO₂ scope 1 & 2 emissions) and embedding Van Wanrooij's management.

Long-term financial targets may include earnings per share (EPS) and total shareholder return (TSR). As with short-term objectives, long-term qualitative objectives should contribute to the company's foundation or strategy execution. These could include targets in the areas of sustainability (reduction of CO₂ scope 3 emissions, meeting the Water Framework Directive) and producibility (development and production of concept homes). Targets are not disclosed in advance due to the sensitivity of the information involved. The remuneration report for the 2024 financial year will report on the extent to which the targets have been achieved.

7. Advisory vote Annual General Meeting of Shareholders report for previous financial year

The 2022 remuneration report was presented to the AGM for an advisory vote on 3 April 2023, in accordance with the provisions of Article 2:135b Dutch Civil Code, with the proposal to adopt the 2022 remuneration report. The AGM subsequently adopted the 2021 remuneration report by a majority of 99.79% of the votes cast. In accordance with Article 135b(2) Dutch Civil Code, the company has taken this outcome into account in the preparation of this remuneration report in the sense that it has deduced from the outcome that the report was satisfactory and that it established that no questions were raised, or comments made, in response to the remuneration report during the AGM.

Rosmalen, 8 March 2024

20.6 Other appendices

20.6.1 Heijmans Share Administration Trust

The following report is presented in line with the best practice provision 4.4.6 in conjunction with provision 4.4.7 of the Dutch Corporate Governance Code.

Methods

To emphasise the independence of the Heijmans Share Administration Trust (hereinafter referred to as 'the SA Trust'), its Board of Trustees first meets in the absence of the members of the Company's Executive Board. The members of the Executive Board and the Chairman of the Supervisory Board subsequently join the meeting.

Number of shares for which depositary receipts have been issued

The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the Company's cooperation. The SA Trust is an independent legal entity, as defined in Section 5:71 (1)(d) of the Financial Supervision Act.

As at 31 December 2023, the SA Trust had depositary receipts for ordinary shares with a nominal value of € 8,047,755.90 in administration, for which 26,825,853 bearer depositary receipts with a nominal value of € 0.30 had been issued.

Number of meetings of the Board of Trustees and most important agenda items

The Board of Trustees of the SA Trust met on three occasions during the year under review.

Meeting of 20 February 2023

The following subjects were discussed during this scheduled meeting of the Board:

- Heijmans N.V.'s 2022 annual report and Heijmans N.V.'s full-year press release of 17 February 2023.
- Discussion of the items on the agenda for the General Meeting of Shareholders of Heijmans N.V. to be held on 3 April 2023.
- The annual report related to the financial reporting of the SA Trust for 2022.
- The evaluation of the Meeting of Depositary Receipt Holders of 28 November 2022 and the questions asked at said meeting.
- The appointment of a trustee.

During the meeting, the SA Trust made a number of comments and asked questions of the Executive Board with respect to subjects including:

- Does the use of sustainable equipment mean that Heijmans can undertake projects that it would otherwise not be able to do due to nitrogen emissions?
- The impact of inflation on such things as the prices of materials purchased by Heijmans.
- Is Heijmans able to successfully retain its employees and can it successfully fill vacancies?

In the spring of 2023, one board member stepped down. This was Mr P.W. Moerland; he was eligible for reappointment. The Meeting of Depositary Receipt Holders of 28 November 2022 did not recommend filling the stated vacancy. Thereupon, the board decided to reappoint Mr Moerland as member and chairman of the board for a period of two years. In accordance with best practice 4.5.3, a reappointment after a period of eight years is explained in the board's report. Mr Moerland's reappointment was motivated by the desire to ensure continuity on the board and in particular with regard to the chairmanship. This gives the board ample opportunity to look for a successor as Mr Moerland has indicated that he will no longer be available for a further term after the aforementioned two-year term.

Meeting of 26 October 2023

Subjects discussed in this scheduled meeting included:

- The 2023 interim results of (as per September 2023) Royal Heijmans N.V.
- The resolution to hold a Meeting of Depositary Receipt Holders on Friday, 24 November 2023, to be held in person.
- The composition of the Board: Mr J.J.G.M. Sanders and Mr R.H. Hooghoudt will step down at the spring meeting of 2024; both are eligible for reappointment. The board has decided to create two vacancies and give the Meeting of Depositary Receipt Holders of 24 November 2023 the opportunity to make recommendations.

During the meeting, the SA Trust made a number of comments and asked questions of the chairman of the Executive Board and the chairman of the Supervisory Board on subjects including:

- How does Heijmans view the current housing market.
- How does the acquisition of Van Wanrooij fit into that.

Meeting of van 24 November 2023

This board meeting focused on the preparations for the Meeting of Depositary Receipt Holders of 24 November 2023.

Meeting of Depositary Receipt Holders of 24 November 2023

On 7 November 2023, the SA Trust convened a meeting to be held on 24 November 2023 at the Heijmans head office.

As per 24 November 2023, the SA Trust had issued a total of 26,825,853 depositary receipts for shares. Nine depositary receipt holders registered for the meeting, representing a rounded down 0% of the outstanding shares.

During the meeting of Depositary Receipt Holders, the board determined that there were no recommendations for the vacancies created by the resignations Messrs J.J.G.M. Sanders and R.H. Hooghoudt in the spring of 2024. The board reported on the Trust's activities. The report of the meeting will be drawn up in accordance with best practice provision 4.4.6. in conjunction with provision 4.4.7. of the Dutch Corporate Governance Code and will be published on the Heijmans website.

Participation SA Trust in the General Meeting of Shareholders of 3 April 2023

Three members of the board of the SA Trust attended the General Meeting of Shareholders of 3 April 2023. At the end of the meeting, after hearing the explanations of the Executive Board and the Supervisory Board, the board of trustees voted in favour of all the agenda items put to a vote.

In brief, the SA Trust board asked whether the Executive Board could indicate how the company responds to opportunities, threats and developments in the market and society. The board answered this question in detail.

The SA Trust granted authorisation to holders of depositary receipts who attended the General Meeting of Shareholders in person or who were represented by a third party, to vote independently on the number of depositary receipts for shares reported prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in the period 2010 through 2022, in the convocation for the 2023 General Meeting of Shareholders, the board of the SA Trust offered holders of depositary receipts who were unable to attend the shareholders meeting in person the opportunity to express their views on certain issues via e-mail or otherwise in writing. The board of the SA Trust is then able to take these views into consideration when determining how it will cast its vote. The board received one response to this offer, which the board took into account in its preparations for the meeting.

Votes cast at the General Meeting of Shareholders of 3 April 2023

Of the 26,825,853 (depositary receipts for) shares issued by the SA Trust as at the record date of this meeting, 6,669,658 (depositary receipts for) shares, or approximately 28.32%, were registered and present, including 6,512,685 (depositary receipts for) ordinary shares for which voting instructions had been issued. The SA Trust represented approximately 71.68% of the depositary receipts at the AGM.

Participation SA Trust Board in the Extraordinary General Meeting of Shareholders of 6 September 2023

One item was on the agenda for the physical meeting, namely the amendment of the articles of association of the company, including a change of name to Royal Heijmans N.V. The SA trust was represented at this meeting by Mr P.W. Moerland, chairman of the board. He voted in favour of the amendment to the Articles of Association on behalf of the board, having heard the explanations given by the Executive Board and the Supervisory Board.

Votes cast at the Extraordinary General Meeting of Shareholders of 6 September 2023

Of the 24,525,860 depositary receipts for shares issued by the SA Trust as at the record date for this meeting, 7,199,938 depositary receipts for shares, or 29.36%, were registered and present at this meeting. This included 7,189,717 depositary receipts for shares for which voting instructions had been issued. The SA Trust represented approximately 70% of the depositary receipts at the EGM.

Activities

The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for the SA Trust, IQ EQ Netherlands N.V. in Amsterdam.

Costs

The costs associated with the activities of the SA Trust are primarily related to the costs of administration (which are charged by IQ EQ) and the fees charged by the auditor EY for the audit of the financial statements. Other expenses relate to the remuneration of the trustees (see the section Board of Trustees and Remuneration below).

External advice

The Board did not seek any external advice in the 2023 reporting year.

Board of Trustees and Remuneration

The board of the SA Trust consists of:

- Mr P.W. Moerland (chair)
- Mr R.H. Hooghoudt
- Mr J.J.G.M. Sanders
- Mr M.C. van Gelder

P.W. Moerland was a member of the Executive Board of Rabobank Nederland from 2003 to October 2013, the last four years as chairman. From 1980 to 2003, he was Professor of Business Administration and Professor of Corporate Finance at the University of Groningen, and from 1999 also Professor of Corporate Governance at Tilburg University. Mr Moerland was appointed as a trustee of the SA Trust with effect from 25 March 2015, reappointed in the spring of 2019, and for two years in the spring of 2023.

R.H. Hooghoudt is a member of the Supervisory Board of IBS Capital Management B.V. and a member of the Supervisory Board of IBS Fund Management B.V. He was a lawyer and partner at NautaDutilh, where he currently acts as an adviser. Mr. Hooghoudt was appointed as trustee of the SA Trust on 23 March 2016 and reappointed in the spring of 2020.

J.J.G.M. Sanders is Chairman of the Supervisory Board of Nemo Healthcare B.V., Chairman of the Supervisory Board of UPS Nederland B.V., Vice-chairman of the Supervisory Board of Bolsius N.V., Chairman of the Supervisory Board of the Catharina Hospital in Eindhoven, Chairman of Venture Fund ECFG, and member of the Advisory Committee of Voedselbank Eindhoven. From 2010 to mid-2014, Mr. Sanders was Managing Director of PSV N.V., and prior to this he spent 16 years at FrieslandCampina, for the last eight years as Chairman of the Executive Board. Mr. Sanders was appointed as a trustee of the SA Trust on 26 March 2014, reappointed in the spring of 2018, and reappointed again in the spring of 2021 for a term of two years.

M.C. van Gelder is Chairman of the Supervisory Board of Hans Anders N.V., member of the Supervisory Board of Action, Chairman of the Supervisory Board of JP Morgan European Discovery Trust PLC, Chairman of the Supervisory Board of Incision B.V., Chairman of the board of Stichting Continuïteit NN Group and member of the board of Administratiekantoor Continuïteit ABN AMRO Bank. Mr. Van Gelder was CEO of Mediq until 2014, and prior to that worked at Ahold for eight years in both the Netherlands and the US. Mr. Van Gelder was appointed as trustee of the SA Trust in March 2021 for a term of four years.

The remuneration of the Board of Trustees in 2022 amounted to € 12,000 for the Chairman and € 10,000 for each other trustee.

Contact details

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20.6.2 The Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter: 'the Trust') is an independent legal entity as defined in Section 5:71 (1) (c) of the Dutch Financial Supervision Act.

As stated in its articles of association of 16 July 2021, the purpose of the Trust is:

- To promote the interests of Heijmans N.V. (the Company) and of the business that is maintained by the Company and the companies affiliated with the Company in a group, in such a way that the interests of the Company and of that business and of all those involved are optimally safeguarded, and in such a way that influences that could compromise the independence and/or continuity and/or the identity and/or the strategy of the Company and of those businesses are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above;
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the Company and by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, the articles of association or by virtue of agreement; and
- The Trust is authorised to dispose of the shares it has acquired or to pledge them, provided that the voting rights associated with the shares in question do not transfer to the pledgee, or are not otherwise encumbered, on the understanding that the Company's approval is necessary for any disposal of shares.

The Trust has the right (a call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of (close to) 100% of the nominal value of the capital issued in ordinary shares and financing B preference shares.

The Trust was granted the right of inquiry in 2008.

At the board meeting of 3 October 2022, the board appointed Mr. B.J. Noteboom as a trustee for a term of more than three years, namely until the spring meeting in 2026.

The Board of Trustees consists of:

- S.C.J.J. Kortmann
- B. van der Veer
- B.J. Noteboom

20.6.3 Reporting methodology

Scope

Heijmans' operations are concentrated in the Netherlands and it reports key figures for these activities in this annual report. Unless specifically mentioned, combined projects have not been included in the non-financial information of this annual report, with the exception of safety-related information, for which Heijmans reports in line with SCC (Dutch: VCA) definitions. The non-financial information of the recent acquisition Van Wanrooij has not yet been included in this report.

Information gathering and verification

Those involved in preparing the content and design of this report held regular consultations in the course of the year. They organised a kick-off session in October at which they shared experiences from the previous year, together with targets and ambitions. At this session, those involved reached agreements regarding content, ambition and planning. These agreements formed the basis for the underlying report. The data used originate from the various administrations, systems and databases in the Heijmans organisation, including a number of management systems and the registration data on operating processes they produce. Examples include Workday for HRM-related aspects, energy management systems, as well as the likes of IRES for accident statistics. Information is also derived from other sources, such as the ERP systems and information from suppliers, including those supplying the company's vehicle fleet, timber suppliers, and waste processing and energy companies.

Finally, reporting also includes data originating from the certified management systems ISO 14001, ISO 9001, SCC (Dutch: VCA) and SKAO. While Heijmans has implemented various procedures for the reporting of incidents and we have actually received reports of incidents, Heijmans cannot be entirely certain that every incident has been reported.

Reporting methodology

Sustainability-related disclosures have been prepared in accordance with the Global Reporting Initiative ('with reference' option). Where possible, Heijmans uses the same terminology used in ISO 26000 and the Integrated Reporting Framework of the International Integrated Reporting Council. The report covers the reporting period 01-01-2023 through 31-12-2023.

Heijmans used the Greenhouse Gas Protocol for the disclosure of CO₂ emissions. Heijmans commissioned EY Accountants LLP to provide limited assurance. Chapters 3.2, 4 through 11, 12.2, 13, 15.6, 15.8 en 20.6.10 2, 3, 5, 6, 7.1, 7.2 and 8.4 were included in the scope of this assurance. The assurance report EY issued has been added to this annual report.

20.6.4 Joint ventures

Name	Term
Coalitie Gezond Binnen	Continuous
VWB Asfalt	Continuous
Governance Code Veiligheid in de Bouw	Since 2014
Taskforce Veiligheid Bouwend Nederland	Since 2017
NL Greenlabel	Since 2018
Platform CB'23	2018 - 2023
Beton Akkoord	2018 - 2030
Versterking Biodiversiteit Midden Brabant	2020 - 2030
Klimaatadaptief bouwen KAN	Since 2020
Green Deal Convenant Houtbouw	2021 - 2025
Living LAB bouwlogistiek en mobiele werktuigen	Since 2022
NWA-ORC onderzoekstraject Naturalis: Hidden biodiversity	Since 2022
Het Nieuwe Normaal - Cirkelstad	Since 2023
City Deal 'Een slimme stad zo doe je dat'	2023 - 2024
Bouwakkoord Staal	2023 - 2030
Convenant Schoon en Emissieloos Bouwen	2023-2030
Lidmaatschappen en samenwerkingen	Term
MVO Nederland	Continuous
Dutch Green Building Counsel (DGBC)	Continuous
Bestuur CO2 prestatieladder SKAO	Continuous
Stichting SPARK Campus	Sinds 2014
Stroomversnelling	Since 2015
Universiteit Utrecht samenwerking Maanwijk	Since 2020
Emissieloos Netwerk Infra (ENI)	Since 2020
De Bermen	Since 2020
Netwerk Conceptueel Bouwen	Since 2020
Wageningen University & Research: Natuurlijk Basissysteem klimaatadaptieve stedelijke ontwikkeling	2020 -2024
Data en KennisHub gezond stedelijk leven	Since 2021
Duurzaam Netwerk 's-Hertogenbosch	Since 2021
Samenwerking Staatsbosbeheer	Since 2021
Earth Watch samenwerking Maanwijk	Since 2022
Partnerovereenkomst stichting Struikroven	Since 2022
Nationale Bijenstrategie	Since 2022
Partnerschap The Pollinators	Since 2022
Fietsersbond	Since 2022
De Natuurladder	Since 2022
Lenteakkoord 2.0 Circulair Industrieel Bouwen	2022 - 2026
Van Gogh Nationaal Park	2023 - 2024
Wijk als Biotoop	Since 2023
City Deal Fietsen voor Iedereen	Since 2023
Vogelbescherming Nederland	Since 2023
MeerBomen.nu	Since 2023
De Waterbank	Since 2023
Werklandschappen van de Toekomst	Since 2023
Naturalis Smart monitoring Biodiversiteit	Since 2023

20.6.5 KPI table

Key performance # indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
BETTER										
Financial										
Revenue (x € bn)	-	8	8.12	Quantitative	1.7	1.8	-	2.0	Revenue from the realisation of projects (in proportion to the progress of the projects) and sale of goods (especially homes and land) from continuing operations.	Jaarrekening
Order book (x € bn)	-	8	8.12	Quantitative	2.1	2.4	-	2.6	The total of the uncompleted part of the work in progress and projects already acquired that are yet to be implemented as at the reporting date. Chapter 19 Financial Statements shows the order book, excluding joint ventures, at € 2.6 billion.	Finance & Control
Underlying EBITDA (x € mln.)	-	8	8.12	Quantitative	106	126	-	146	Underlying EBITDA is the operating result before depreciation and amortisation, including EBITDA joint ventures, excluding any property and/ or goodwill impairments, restructuring costs, acquisition costs, including retention bonuses, and book results on the sale or disposal of entities.	Jaarrekening

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
	Solvency	-	8	8.12	Quantitative	30%	29%	-	32%	Guaranteed capital (equity plus cumulative preferred financing shares) relative to the balance sheet total.	Jaarrekening
Safety											
	Number of accidents : total incl. subcontractors	1.2	5	12	Quantitative	66	71	< 50	72	All accidents at Heijmans projects according to SCC definitions.	IRES
	Number of fatal accidents	1.2	5	12	Quantitative	0	1	0	1	All fatal accidents occurring on Heijmans projects (including subcontractors).	IRES
	Injury frequency (IF figure)	1.2	5	12	Quantitative	3.8	2.7	< 2	3.6	IF: number of accidents resulting in absenteeism of min. one day per million hours worked according to SCC definitions (excluding subcontractors).	IRES
4	Safety Culture Ladder	3	5	12	Qualitative					External system of NEN foundation.	
Risk management & process improvement											
5	Homes delivered with zero snagging items		14	9.11	Quantitative	46%	37%	50%	35%	Percentage of total homes completed with zero snagging items in the year under review.	SMILE

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
6b	Client appreciation Central Government Real Estate Agency		14	9.11	Quantitative	9.4	NVT	9.0	7.5	Score given by Real Estate Agency consisting of a weighted average based on a methodology validated by them. In 2021, this involved the rating for the Laan op Zuid project in Rotterdam; no score was reported for this in 2022: project had been completed.	RVB
6c	Client appreciation Schiphol		14	9.11	Quantitative	9.0	8.1	9.0	8.0	Score given by Schiphol consisting of a weighted average based on a methodology validated by them.	SCHIPHOL
6d	Client appreciation ProRail		14	9.11	Quantitative	7.8	7.5	8	8.1	Score given by ProRail consisting of a weighted average based on a methodology validated by them.	ProRail
6e	Client appreciation private home buyers		14	9.11	Quantitative	7.2	6.8	7.5	7.2	Average score from surveys sent by Heijmans. The underlying methodology changed in 2022.	GrowPromotor
7a	Procurement spend on subcontractors with valid SCC certificate		5	12	Quantitative	100%	100%	100%	100%	Percentage of total procurement spend on subcontractors with a valid SCC certificate. Procurement spend from consortium projects is not included.	ESIZE/SAP
7b	Procurement spend preferred suppliers		12	12	Quantitative	57%	55%	60%	62%	Percentage of procurement spend preferred suppliers excluding the non-procurement category.	ESIZE/SAP

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
Quality of the organisation											
9a	Staff turnover (%) at own request	6	13	8	Quantitative	4.60%	5.97%	3.00%	3.80%	The number of employees leaving on their own initiative relative to the average number of employees (excluding trainees) over a one-year period.	Workday
11	Total absenteeism	7	13	8	Quantitative	4.66%	5.04%	4.50%	5.07%	Number of days of absenteeism compared with the number of available calendar days. Health and safety service guidelines for measurement of absenteeism rates.	VerzuimSignaal
12	Training costs in mln (total)		13	8	Quantitative	2.9	4.9	NVT	5.1	Training costs (out-of-pocket) in accordance with registration Heijmans Academy.	SAP
13	Employee engagement 2023	8	13	8	Quantitative	+25 NPS		Top 25%	+35 NPS	The eNPS (e stands for employee) measures the extent to which employees are ambassadors for their employer. This asks the question "How likely are you to recommend Heijmans as a good employer to others?".	2DaysMood
14	Diversity: % women		16	8	Quantitative	13.90%	14.30%		14.8%	The percentage of women as a proportion of total employees (excluding trainees) on the last day of the reporting period.	Workday

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
SMARTER											
18	Spend on innovation (x mln)		9	9	Quantitative	8.3	12.6	NVT	13.0	Spending on innovation for group and business areas in € mln.	SAP
	Digitalisation										
20	New data-driven services successfully launched on the market	10			Quantitative	9	17	10	15	Number of data-driven services successfully launched in the market.	Finance & Control
21	Number of subscriptions for data-driven services in the in-use phase	11			Quantitative		727	200	94		Opgave Infra
	Production technology										
22a	Concept homes - delivered	12	9.12	9	Quantitative	613	776	500	588	Number of concept homes delivered.	Concept-team
25	Hours shifted from on-site to off-site (%)	12			Qualitative					Indicator in development	
MORE SUSTAINABLE											
	Energy										

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
26a	Absolute CO ₂ emissions scope 1+2	13	1,2,6	7.11	Quantitative	27,995	26,082	23,500	22,510	Measurement in line with GHG protocol, in tonnes of CO ₂ e. As per 2023, we made a correction to perform our CO ₂ measurement fully in line with the GHG Protocol. This means that we will now report business mileage and air travel (previously reported together with scope 1 & 2 emissions in one figure) in our total scope 3 emissions as prescribed. For a proper comparison with 2022, the outcome in 2023 including business mileage and air travel would be 22,624.	SAP
26b	Absolute CO ₂ emissions scope 3	13	1,2,6	7.11	Quantitative	nb	nb	nvt	789,051	Indirect CO ₂ e emissions.	Voor definities en rekenwijzen zie bijlage 20.6.14.
27	Average CO ₂ emissions of delivered homes	15	1.2	7.11	Quantitative	1,021	932	400	1,061	Average CO ₂ emissions from completed homes developed in-house. In kilograms of CO ₂ .	EPC en BENG software
Materials											
33	Total amount of residual materials	18	3	11	Quantitative	25,197	19,004	< 20.000	16,979	ENCORD Construction Waste Measurement Guide for definitions (including commercial waste, no excavations), measurement in tonnes.	Opgave reststoffenverwerkers

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
34	Separation of residual materials at building site	18	3	11	Quantitative	81%	74%	> 75%	72%	ENCORD Construction Waste Measurement Guide for definitions (including commercial waste, no excavations), measurement in tonnes.	Opgave reststoffenverwerkers
35	Reuse of residual materials after removal	18	3	11	Quantitative	88%	90%	> 90%	90%	Sustainable reuse is defined as reuse as a raw material or for green energy generation. Based on Renewi waste profile; incl. quantities of PreZero and other processors. Based on tonnage. Excluding landfill waste plus grey electricity.	Opgave reststoffenverwerkers
36	Procurement spend with preferred suppliers with signed sustainability statement		7,11,12	12	Quantitative	96%	95%	100%	96%	Percentage of total procurement spend to preferred suppliers with a framework contract, with a signed sustainability statement. Not including procurement spend from consortium projects.	ESIZE
38	Packaging materials reusable or recyclable	17	3	11.12	Quantitative		93%	100%	90%	The recycled part of the total waste flow of packaging materials, presented as a percentage of the total waste flow.	Opgave reststoffenverwerkers

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
39a	Environmental score MPG calculation homes - concept homes	18	3	11.12	Quantitative	7.5	7.7	< 0,6	0.6	From 2023, we use the MPG (Environmental Performance of Buildings) score; this provides insight into the environmental impact of all materials and installations used in a home or building. In previous years, the degree of circularity of a building was assessed using the Circularity Performance of Buildings (CPG) score; the comparative figures have not been adjusted.	
39b	Environmental score MPG calculation homes - non-concept homes	18	3	11.12	Quantitative	7.1	7.2		0.6	From 2023, we use the MPG (Environmental Performance of Buildings) score; this provides insight into the environmental impact of all materials and installations used in a home or building. In previous years, the degree of circularity of a building was assessed using the Circularity Performance of Buildings (CPG) score; the comparative figures have not been adjusted.	
40	Asphalt recycling	19	3	11.12	Quantitative	67%	70%	70%	70%	The proportion of recycled asphalt in total asphalt that is technically feasible. The target is to be able to produce asphalt consisting of 60% recycled asphalt.	

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
41	Concrete recycling	19	3	11.12	Quantitative	75%	80%	30%	30%	The maximum % share of recycled concrete in a project in the year under review.	
Space											
43	Area developments with Greenlabel A or B	20	2.4	11	Quantitative	0%	100%	100%	100%	All our own developments in design or realisation phase (and when we are part of the area operation) have an NL Area Label A or B/NL Site Label A or B.	
44	Projects in which climate adaptation and biodiversity initiative have been applied (#)	21	2.4	11	Quantitative	19	22	8	27	Projects where we have applied one or more initiatives that add value to biodiversity or climate adaptation.	
45	Climate adaptation and biodiversity propositions developed and ready to be applied (#)	21	2.4	11	Quantitative		2	1	6	Number of propositions involving the development climate adaptation and biodiversity initiatives.	
46	Showcases - minimum three per year by entire company	22	9.12	11	Quantitative		5	1	4	Number of new showcases in the field of KAN.	
Other											
	Transparency benchmark score		11	12	Quantitative	19	19	19	21	Ranking in the Ministry of Economic Affairs' transparency benchmark.	Website Ministerie

#	Key performance indicator	Bold statements	Material topic	SDG	Qualitative / Quantitative	Actual 2021	Actual 2022	Target 2023	Actual 2023	Explanation/ definition	Sources / reference
	% sustainable timber used	16	3	9	Quantitative	99.80%	99.80%	100%	99.80%	Percentage of sustainably certified timber (FSC/PEFC) compared to total timber purchased according to supplier statements.	Inkoopspend

Explanation KPI table:

- The non-financial information excludes Van Wanrooij.
- Underlying EBITDA refers to the result before tax, interest, depreciation and amortisation (is the same as the operating result before depreciation and amortisation), including EBITDA joint ventures and adjusted for property impairments (if any), restructuring costs, retention bonuses, acquisition costs, book results on the sale of entities, any goodwill impairments, pension indexation releases and other non-operating results identified by the Group as exceptional where applicable in the table above. From 2023, the definition of underlying EBITDA has been expanded to include an exclusion for adjustments arising from the Fair Value Step-up on acquisitions. Underlying EBITDA defined as such also forms the basis of the calculation of covenants to the banking group.
- Safety: absolute accident figures are calculated pro rata and presented in whole numbers.
- CO₂ measurement: Heijmans applies the conversion factors from the www.CO2emissiefactoren.nl website.
- CO₂ measurement: to measure and report CO₂ emissions, Heijmans uses the division into scopes used in the Greenhouse Gas (GHG) protocol.
- Amended legislation was introduced in 2021 (BENG). Both the EPC and BENG can be converted to the same indicator (average CO₂ emissions of completed homes). This ensures continuity in measurements.
- CO₂ measurement: CO₂ emissions came in at 22,510 tonnes (of which 22,510 are scope 1 and 0 scope 2). Purchased electricity and gas are greened through the purchase of Guarantees of Origin (GOs); the remaining scope 1 & 2 emissions are offset through the purchase of certificates.
- Waste: the quantities of residual materials stated are from waste processors. They pertain to the period January to November 2023. As in previous years, the December figures have been estimated.

20.6.6 Global Reporting Initiative

Statement of use	Heijmans N.V. reports 'with reference to' the GRI Standards for the period 1-1-2023 / 31-12-2023	
GRI 1 used	GRI 1: Foundation 2021	
GRI 1	The chosen application level	With reference to
GRI 1	GRI content index	-
GENERAL DISCLOSURES		
GRI 2-1	Organizational details	Title page, 4. Our organisation, 20.2 Management statement, 20.6.16 Overview of legal structure
GRI 2-2	Entities included in the organisation's sustainability reporting	19.7 Subsidiaries and joint business activities, 20.3 Independent auditor's report, 20.4 Independent auditor's assurance report, 20.6.3 Reporting methodology
GRI 2-3	Reporting period, frequency and contact point	20.6.3 Reporting methodology, Colophon
GRI 2-4	Restatements of information	Not applicable; Heijmans made no restatements in 2023 with respect to information from previous reporting periods.
GRI 2-5	External assurance	20.6.3 Reporting methodology; 16.5 Risk governance, 20.4 Independent auditor's assurance report
GRI 2-6	Activities, value chain and other business relationships	4. Our organisation, 6.7 Our role in the chain, 7.6 Value creation
GRI 2-7	Employees	3.2 Key non-financial information, 20.6.5 KPI table
GRI 2-8	Workers who are not employees	20.6.5 KPI table
GRI 2-9	Governance structure and composition	4. Our organisation, 14. Report of the supervisory board, 15.6 Management and supervision
GRI 2-10	Nomination and selection of the highest governance body	14. Report of the supervisory board, 15.7 Diversity, 15.8 Conduct and integrity
GRI 2-11	Chair of the highest governance body	14. Report of the supervisory board, 15.6 Management and supervision
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	6.5 Involving external stakeholders in our future vision 2030, 13. Completion of 2018-2023 strategy, 16. Risk management, 18. Looking ahead, 20.6.10 Material topics
GRI 2-13	Delegation of responsibility for managing impacts	14. Report of the supervisory board, 16.5 Risk governance, 20.6.7 Management Approach Overview
GRI 2-14	Role of the highest governance body in sustainability reporting	1 16.5 Risk governance, 20.6.7 Management Approach Overview
GRI 2-15	Conflicts of interest	15.8 Conduct and integrity - Fighting corruption and bribery, 16.5 Risk governance
GRI 2-16	Communication of critical concerns	15.8 Conduct and integrity - Reporting structure: compliance officer and confidential counsellors, 15.8 Conduct and integrity - Reports

Statement of use	Heijmans N.V. reports 'with reference to' the GRI Standards for the period 1-1-2023 / 31-12-2023	
GRI 2-17	Collective knowledge of the highest governance body	14. Report of the supervisory board, 15.6 Management and supervision, 20.5 Heijmans N.V. 2023 Remuneration report
GRI 2-18	Evaluation of the performance of the highest governance body	20.5 Heijmans N.V. 2023 Remuneration report
GRI 2-19	Remuneration policies	14. Report of the supervisory board, 20.5 Heijmans N.V. 2023 Remuneration report
GRI 2-20	Process to determine remuneration	20.5 Heijmans N.V. 2023 Remuneration report
GRI 2-21	Annual total compensation ratio	20.5 Heijmans N.V. 2023 Remuneration report
GRI 2-22	Statement on sustainable development strategy	1. Foreword
GRI 2-23	Policy commitments	8.4 Quality of the organisation - Human rights, Minimum Social Safeguards, 20.6.13 Human rights
GRI 2-24	Embedding policy commitments	8.4 Quality of the organisation - Human rights, Minimum Social Safeguards, 20.6.13 Human rights
GRI 2-25	Processes to remediate negative impacts	6. In dialogue with stakeholders, 7.6 Value creation, 8.4 Quality of the organisation - Human Rights: Minimum Social Safeguards, 15.8 Conduct and integrity, 20.6.13 Human rights
GRI 2-26	Mechanisms for seeking advice and raising concerns	8.4 Kwaliteit van de organisatie - Mensenrechten: Minimum Social Safeguards, 15.8 Gedrag en integriteit, 20.6.13 Mensenrechten
GRI 2-27	Compliance with laws and regulations	20.6.3 Reporting methodology, 20.6.7 Management Approach Overview
GRI 2-28	Membership associations	20.6.4 Joint ventures
GRI 2-29	Approach to stakeholder engagement	6. In dialogue with stakeholders
GRI 2-30	Collective bargaining agreements	8.4 Quality of the organisation - Capacity and employability
GRI 3-1	Process to determine material topics	5. Our environment, 6. In dialogue with stakeholders, 20.6.10 Material topics
GRI3-2	List of material topics	6. In dialogue with stakeholders, 20.6.10 Material topics
GRI 3-3	For each material topic reported under Disclosure 3-2, the organisation must:	6. In dialogue with stakeholders, 7.6 Value creation, 12. Results, 16. Risk management, 20.6.5 KPI table, 20.6.7 Management Approach Overview, 20.6.10 Material topics, 20.6.12 TCFD risks and opportunities

20.6.7 Management Approach Overview

Material topic	Explanation material topic	Scope and limitations	Management of processes	Evaluation of processes
Energy-neutral construction	Heijmans' core business is the design and construction of objects in the built environment (homes, non-residential works, infrastructure works, etc.). Heijmans can contribute to the energy transition by deploying knowledge and skills to make these objects energy-neutral. Heijmans is taking measures to reduce the CO ₂ footprint of its own operations as much as possible.	Because Heijmans does not always have design responsibility, it often depends on a client's requirements and ambitions. In addition, not all objects are comparable in terms of energy use (a house consumes most energy once it is finished, a road while it is being built).	For the various objects, methods have been developed in legal and regulatory frameworks to measure energy performance. Heijmans has a certified system to control and improve its own emissions (SKAO and ISO14001).	Process evaluation is an integral part of the aforementioned SKAO and ISO14001 management systems. In addition, performance evaluation is also often incorporated in delivery documents in the context of legal and regulatory requirements.
Nature-inclusive and climate adaptive construction	Building structures are not only functional (living/working/connecting), but can also make a positive contribution to biodiversity and climate issues.	Many design requirements stem from legal and regulatory requirements. In addition, an extra effort is often made to enable incorporation into the natural environment.	Design requirements are included in Programmes of Requirements and are then managed within the organisation's quality system. There are various metrics, depending on the type of construction work, to measure sustainability performance.	Evaluation is carried out in the context of the ISO9001/14001-certified management system, but also in response to specific KPIs in the field of sustainable construction.
Circular construction	Heijmans is reducing the environmental impact of material flows by building with reusable materials and minimising or optimising the recycling of waste.	Materials are subject to innovation. Functional requirements (strength, load-bearing capacity) are often limiting factors. Waste disposal options can also be restrictive.	Agreements have been made on the separation of materials at building sites and with processors on how waste is processed. Monitoring takes place on a monthly basis. Circularity is also taken into account in material selection and designs.	Evaluation is carried out in the context of the ISO9001/14001-certified management system, but also in response to reports to the shop floor.

Material topic	Explanation material topic	Scope and limitations	Management of processes	Evaluation of processes
Healthy living environment	Heijmans takes continued urbanisation into account by designing safe and healthy traffic and neighbourhoods during construction. This theme also plays a role in the company's own working environment.	There are several KPIs linked to this material topic. From safety figures to absenteeism figures, to more externally focused KPIs, such as carbon emissions and area-based sustainability labels.	Ambitions are often part of the regular process of developing the Programme of Requirements and are therefore managed via the processes in the management system.	If the ambitions stem from the Programme of Requirements, principals usually carry out an external assessment once a project has been completed. The evaluation of more internally focused KPIs has already been described for the other more specific themes, such as safe working.
Safe working	Having a safe working environment is one of the key policy priorities at Heijmans. From the stakeholder perspective, employees are of primary importance. Moreover, many construction activities are by their nature potentially hazardous due to the large masses and numerous working machines.	Heijmans works exclusively in the Netherlands, so Dutch occupational health and safety legislation is leading in terms of creating a safe and healthy working environment. In addition, the subcontractors with their own responsibility on the safety front play an essential role on building sites.	At Heijmans, employees are trained in accordance with the SCC (Dutch: VCA) methodology. Subcontractors are also expected to have SCC or equivalent certification. Heijmans also has all kinds of physical measures in place on building sites to promote safety. Finally, Heijmans has a semi-internal occupational health and safety service (Dutch: ASC).	Evaluation is part of the SCC system. Various indicators are also measured by the dedicated Quality & Safety organisation. KPIs include the number of accidents, subcontractors having an SCC certificate and the IF figure.

20.6.8 EU Taxonomy

In 2020, the EU Taxonomy entered into force. The EU Taxonomy was part of the EU Green Deal, Europe's strategy to become the first climate-neutral continent in 2050. The EU Taxonomy serves as a classification system summarising what activities are and are not considered ecologically sustainable. For information on the content of the Taxonomy, please see the website of the European Union: EU taxonomy for sustainable activities - European Commission (europa.eu).

Heijmans falls within the scope of the EU Taxonomy. In the year under review, the EU Taxonomy required us to examine which part of our revenue/CapEx/OpEx is eligible for the Taxonomy for all six environmental objectives stated in the EU Taxonomy. Furthermore, for the environmental objectives climate change mitigation and climate change adaptation, the EU Taxonomy required us to assess which part is actually aligned with the criteria listed in the legislation.

The eligibility and alignment assessment largely followed the process set up last year. Last year we took a major step in the transfer of responsibilities for collecting evidence from centrally managed officers to knowledge carriers within the various sectors, thus promoting the involvement of the sectors in the EU Taxonomy and securing Taxonomy knowledge within the organisation close to projects.

Activities that are eligible for the EU Taxonomy:

In the analysis related to the eligibility of the business activities, Heijmans used the currently available EU documents that contain the definitions and clarifications for non-financial companies:

- The Climate Delegated Act published in the Official Journal on 9 December 2021 and applicable since January 2022.
- The Complementary Climate Delegated Act published in the Official Journal on 15 July 2022 and applicable since January 2023.
- The Environmental Delegated Act published in the Official Journal on 21 November 2023 and to apply as of January 2024.
- The amendments to the Climate Delegated Act published in the Official Journal on 21 November 2023 and to apply as of January 2024.

From the descriptions of activities in the ISO9001 and ISO14001 certificates of the various business areas, we made the most granular possible breakdown of the business activities (e.g. distinction between construction of infrastructure for rail traffic, road traffic, water traffic, etc.), and then mirrored these against the descriptions of the Taxonomy activities.

In the year under review, for the first time we made an assessment of whether the cited business activities warrant being mirrored against the Taxonomy in the environmental objectives sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. The conclusion of this assessment was that Heijmans develops business activities that can be mirrored against these environmental objectives. However, from a business strategy perspective, we felt it was appropriate to classify the last year's revenue from business activities in the environmental activities of the Taxonomy environmental objectives mitigation of climate change and adaptation of climate change. Every year, the strategy is re-mirrored against the environmental activities described within the Taxonomy, and we assess whether or not revenue will be allocated to environmental objectives other than climate change mitigation and climate change adaptation.

In assessing revenue in terms of its eligibility, Van Wanrooij's revenue was included as of the acquisition date. Van Wanrooij's eligible revenue was also allocated to environmental activities.

TAX01 - eligible activities linked to business areas

Activities that contribute to climate change mitigation		
4.1	Electricity generation using solar photovoltaic technology	Infra*
4.3	Electricity generation from wind power	Infra
4.9	Transmission and distribution of electricity	Infra
4.15	Distribution of district heating and cooling	Infra
5.1	Construction, expansion and operation of water collection, treatment and distribution systems	Infra
5.2	Renewal of water collection, treatment and distribution systems	Infra
5.3	Construction, expansion and operation of wastewater collection and treatment systems	Infra
5.4	Renewal of wastewater collection and treatment systems	Infra
7.1	Construction of new buildings	Infra/B&T/ PD/VW
7.2	Renovation of existing buildings	B&T/PD
7.3	Installation, maintenance and repair of energy-efficient facilities	Infra/B&T
7.4	Installation, maintenance and repair of electric vehicle charging stations in buildings (and car parks connected to buildings)	Infra/B&T
7.5	Installation, maintenance and repair of instruments and equipment for measuring, controlling and monitoring the energy performance of buildings	B&T
7.6	Installation, maintenance and repair of renewable energy technologies	Infra/B&T
7.7	Acquisition and ownership of buildings	PD/VW
9.1	Research, development and innovation for direct air capture of CO2	Infra
Activities that contribute to climate change adaptation		
6.13	Infrastructure for personal mobility, bicycle logistics	Infra
6.14	Infrastructure for rail transport	Infra
6.15	Infrastructure for road traffic and public transport	Infra
6.16	Infrastructure for water transport	Infra

* B&T = Building & Technology; PD = Property Development; VW = Van Wanrooij.

For each of the Group's sectors, we placed the revenue at project level in one of the set environmental activities, based on the description and content of the project in question. We have excluded inter-company revenue to prevent revenue from being counted twice. At the same time, we assessed revenue at project level for (non-)eligibility directly. We identified the revenue that is non-eligible on the basis of the nature of the project. This pertains to revenue in non-carbon-free air-side airport infrastructure, maintenance on take-off and landing runways, electrical installations for road infrastructure, but also revenue in telecoms and activities at clients in the petrochemical industry.

The eligibility analysis revealed that 90.9% of Heijmans' revenue is eligible, and 9.1% of the revenue is non-eligible. This values are in line with the percentages achieved in the previous reporting year.

Because Heijmans cannot yet assign all investments or operational costs to specific projects or activities, the CapEx and OpEx have been assigned on a pro rata basis. See the next section for an explanation.

Burden of proof EU Taxonomy alignment

Revenue

Heijmans has chosen not to prove alignment for all set environmental activities. A number of activities have insufficient overlap between the internal project administration (and/or at our clients) and the burden of proof required by the Taxonomy. For other environmental activities, the revenue is so limited that establishing the alignment of these activities does not have an impact on Heijmans' total alignment score. We have recognised the revenue from activities for which there is as yet no burden of proof or this burden of proof has not yet been evaluated as non-aligned revenue. As we decided to not yet conduct an assessment of the alignment potential of Van Wanrooij's revenue in the acquisition year, this revenue has also been recognised as non-aligned.

For the reporting year 2023, we once again chose to limit the alignment analysis to two large revenue-generating business activities. These are the activities '7.1 Construction of new buildings' and '6.15 Road traffic and public transport infrastructure'. Together, these two activities represent roughly 55% of Heijmans' total revenue.

For the environmental activity '6.15 Road traffic and public transport infrastructure', we assessed individual projects for alignment. For the environmental activity '7.1 Construction of new buildings', we assessed alignment using example projects. We determined the minimum number of example projects required on the basis of a selection protocol¹.

The alignment percentage resulting from the assessed example projects was then extrapolated to the set of similar projects within the business area and the relevant Taxonomy environmental activity.

We based the burden of proof as much as possible on internally available documents. For some criteria, Heijmans has no choice but to rely on policy documents that lie outside its own operational control. For these criteria, Heijmans has shifted the burden of proof to the client:

Identifying relevant climate risks and determining corresponding adaptation solutions, as this can only be done effectively during the initiative and design process of projects.

Water management plans and ecological surveys are part of the procedural requirements leading to zoning plans and environmental permits, normally as part of an environmental impact assessment. The aforementioned plans and studies are carried out by or on behalf of the client.

For the environmental activities for which no (example) projects have been assessed, we have assumed non-alignment. In the coming years, Heijmans will work to expand its own information gathering systems at project and group level, as well as information requests to clients with a view to improved Taxonomy reporting. The aim is to achieve a complete overview and understanding of Taxonomy alignment for each individual project.

1 *The selection protocol includes conditions to ensure that the revenue within the environmental activity is always represented by example projects that are homogeneous in terms of their technical nature and together account for at least 15% of the population revenue. We have also made the required number of example projects dependent on the share that the environmental activity represents in the total eligible revenue of the sector.*

To this end, due to the growing share of eligible revenue, as well as their importance in the business strategy, Heijmans is aiming first for alignment in the environmental activities '4.9 Transmission and distribution of electricity' and '7.2 Renovation of existing buildings'. We conducted an analysis of the feasibility of the criteria associated with these environmental activities in 2023. This analysis showed that we need to adjust internal processes before alignment is assessed and achieved. For 2023, revenue in these two environmental activities was still recognised as non-aligned.

CapEx

Total CapEx (the denominator) consists of the sum of the additions to property, plant and equipment and intangible fixed assets (see Financial statements 6.10 Property, plant and equipment and 6.12 Intangible fixed assets) and the additions to leased rights-of-use assets (see Financial statements 6.11 Leases). Following the deduction of overheads, we determined per addition for which Group sector and which environmental activities this CapEx will be used.

We divided the CapEx into two categories:

- Investments related to a plan to develop activities that are aligned with the Taxonomy. In 2023, we spent approximately € 11.8 million in this category, which related to investments in the timber frame production facility in Heerenveen and the HeZon energy supply in Amersfoort.
- Investments that do not fall under the previous category. We determined per addition for which of the Group's sectors this CapEx will be used. The relevant CapEx has been qualified as eligible (the numerator) insofar as the activities of the relevant sectors are eligible for the taxonomy. These additions were subsequently qualified as aligned with the Taxonomy, in proportion to the degree to which the relevant revenue has been qualified as aligned with the Taxonomy.

OpEx

Total OpEx (the denominator) consists primarily of the following items:

- Short-term leases (see Financial statements 6.11 Leases)
- Research and development costs (see Financial statements 6.5 Personnel expenses, depreciation and research and development costs)

OpEx also includes costs related to maintenance and repairs and all other direct expenses related to the day-to-day maintenance of property, plant and equipment by Heijmans or by third parties to whom we outsource activities required for the continuous and effective operation of such assets.

We determined which costs were incurred for which sectors. Insofar as the activities of the sectors in question were eligible for the Taxonomy and did not pertain to indirect activities, the related OpEx (the numerator) was also qualified as eligible. This OpEx was subsequently qualified as aligned with the Taxonomy, in proportion to the degree to which the relevant revenue is qualified as aligned.

Minimum Social Safeguards

For the accounting of the Minimum Social Safeguards, please see the summary in section 8.4 Quality of the organisation of this annual report, as well as the Human Rights Appendix in this annual report.

Conclusions Taxonomy analysis

Revenue

The total revenue to be assessed in the Taxonomy consists of revenue from projects for third parties from the Group's various sectors, including revenue obtained from joint operations (see Financial Statements 1. Consolidated statement of profit or loss).

For the reporting year 2023, Heijmans decided to limit the alignment reporting to two major revenue-generating business activities. These are the activities '7.1 Construction of new buildings' and '6.15 Road and public transport infrastructure'. Together, these two activities represent 55% of Heijmans' total revenue. The share of revenue from these activities that is aligned with the Taxonomy is shown in table TAXO3 under A.1.

We have seen a slight growth in alignment in both activities. In the environmental activity '7.1 Construction of new buildings', growth can be seen both in the projects developed at our own risk (Property Development sector) and also in the projects we build for professional clients (Building & Technology sector).

The table shows Van Wanrooij's revenue from the date of acquisition. Without this revenue, the alignment percentage would have increased to 19.8% in 2023 from 17.1% in 2022.

The other activities are included in table TAXO3 under A.2. We chose to label all revenue from these environmental activities as non-aligned in the year under review. Table TAXO3 under A.2 also includes the non-aligned revenue from the environmental activities '7.1 Construction of new buildings' and '6.15 Road traffic and public transport infrastructure'.

Financial year 2023	Year		Substantial Contribution Criteria							DNHS criteria ("do not seriously impair")						Minimum guarantees	Proportion of Taxonomy-aligned (A.1) or eligible (A.2), year 2022	Category (facilitating activity (F))	Category (transition activity (T))	
	Economic Activity	Code	Absolute revenue	Share of revenue year 2023	Substantial contribution to climate mitigation	Substantial contribution to climate adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy					Biodiversity
			€ x 1,000	%	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y/N	Y/N	Y/N	Y/N					Y/N
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Ecologically sustainable activities (taxonomy aligned)																				
Construction of new buildings	KM 7.1	€ 313,693	14.8%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	13.8%			
Construction and maintenance of infrastructure for road transport	KA 6.15	€ 80,886	3.8%	N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.3%			
Revenue from ecologically sustainable activities (taxonomy aligned) (A.1)		€ 394,579	18.6%	14.8%	3.8%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	17.1%			
of which Enabling		€ 0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%			
of which Transitional		€ 0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%			
A.2. Taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities)																				
Repair, refurbishment and remanufacturing	KM 7.1 / KM 7.2	€ 1,021,750	48.3%	EL	EL	N/EL	N/EL	EL	N/EL								51.6%			
Other activities cf. table TAXO1: KM 4.1 / KM 4.3 / KM 4.9 / KM 4.15 / KM 5.1 / KM 5.2 / KM 5.3 / KM 5.4 / KM 7.3 / KM 7.4 / KM 7.5 / KM 7.6 / KM 7.7 / KM 9.1 / KA 6.13 / KA 6.14 / KA 6.15 / KA 6.16		€ 508,602	24.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								22.3%			
Revenue from taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities) (A.2.)		€ 1,530,352	72.3%	56.9%	15.4%	0.0%	0.0%	0.0%	0.0%								73.9%			
A. Total (A.1. + A.2.)		€ 1,924,931	90.9%	71.7%	19.2%	0.0%	0.0%	0.0%	0.0%								91.0%			
B. NON-TAXONOMY ELIGIBLE ACTIVITIES																				
Non-taxonomy eligible revenue (B)		€ 192,389	9.1%																	
Total (A + B)		€ 2,117,320	100.0%																	

Legend: Y Yes; the environmental activity meets the criteria for this climate goal
N No; the environmental activity has not been tested against the substantial contribution criteria for this climate goal or the environmental activity does not meet the GEAD criteria and/or minimum guarantees
EL eligible; This environmental activity can be assessed against this climate goal within the taxonomy
N/EL ineligible; This environmental activity cannot be assessed against this climate goal within the taxonomy

CapEx

Total CapEx consists of the sum of additions to property, plant and equipment and intangible fixed assets (see financial statements 6.10 Property, plant and equipment and 6.12 Intangible fixed assets) and additions to rights-of-use leased assets (see financial statements 6.11 Leases). Table TAX04 below shows the result.

The table includes in the numerator of Van Wanrooij's CapEx from the date of acquisition. Without Van Wanrooij, the alignment rate would have increased to 38.3% in 2023 from 33.5% in 2022.

Financial year 2023	Year		Substantial Contribution Criteria							DNHS criteria ("do not seriously impair")							Minimum guarantees	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, year 2022	Category (facilitating activity (F))	Category (transition activity (T))
	Economic Activity	Code	Absolute revenue	Share of revenue year 2023	Substantial contribution to climate mitigation	Substantial contribution to climate adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
			€ x 1,000	%	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Construction of new buildings	KM 7.1	€ 17,584	22.8%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	22.2%		
Construction and maintenance of infrastructure for road transport	KA 6.15	€ 11,833	15.3%	N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	11.3%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		€ 29,417	38.1%	22.8%	15.3%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	Y	33.5%		
of which Enabling		€ 0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	Y	0.0%		
of which Transitional		€ 0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	Y	0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned activities)																				
Repair, refurbishment and remanufacturing	KM 7.1 / KM 7.2	€ 16,156	20.9%	EL / N/EL	EL / N/EL	EL / N/EL	EL / N/EL	EL / N/EL	EL / N/EL									26.5%		
Other activities cf. TAX01: KM 4.1 / KM 4.3 / KM 4.9 / KM 4.15 / KM 5.1 / KM 5.2 / KM 5.3 / KM 5.4 / KM 7.3 / KM 7.4 / KM 7.5 / KM 7.6 / KM 7.7 / KM 9.1 / KA 6.13 / KA 6.14 / KA 6.15 / KA 6.16		€ 8,042	10.4%	EL	EL	N/EL	N/EL	N/EL	N/EL									11.2%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		€ 24,199	31.3%	24.7%	6.7%	0.0%	0.0%	0.0%	0.0%									37.9%		
A. CapEx of Taxonomy-eligible activities (A.1. + A.2.)		€ 53,616	69.4%	47.4%	22.0%	0.0%	0.0%	0.0%	0.0%									71.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		€ 23,677	30.6%																	
Total (A + B)		€ 77,293	100.0%																	

OpEx

Total OpEx consists primarily of the items short-term leases (see financial statements 6.11 Leases) and research and development costs (see financial statements 6.5 Personnel expenses, depreciation and research and development costs). OpEx also includes costs for maintenance and repair, as well as all other direct expenses related to the day-to-day maintenance of property, plant and equipment by Heijmans. OpEx also includes the costs of third parties to which Heijmans outsources activities required for the continuous and efficient operation of such assets.

Table TAX05 below shows the result. In the table, the numerator includes Van Wanrooij's OpEx from the date of acquisition. Without Van Wanrooij, the alignment rate would have increased to 11.9% in 2023 from 10.5% in 2022.

Financial year 2023	Year		Substantial Contribution Criteria							DNHS criteria ("do not seriously impair")							Minimum guarantees	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year 2022	Category (facilitating activity (F))	Category (transition activity (T))		
	Economic Activity	Code	Absolute revenue	Share of revenue year 2023	Substantial contribution to climate mitigation	Substantial contribution to climate adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity						
			€ x 1,000	%	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N / N/EL	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N					Y / N	%
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Construction of new buildings	KM 7.1	€ 6,073	4.9%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	5.0%				
Construction and maintenance of infrastructure for road transport	KA 6.15	€ 7,527	6.1%	N	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	5.5%				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		€ 13,600	11.0%	4.9%	6.1%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	Y	10.5%				
of which Enabling		€ 0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	Y	0.0%				
of which Transitional		€ 0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	Y	0.0%				
A.2. Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned activities)																						
Repair, refurbishment and remanufacturing	KM 7.1 / KM 7.2	€ 52,235	42.4%	EL	EL	N/EL	N/EL	EL	N/EL											43.9%		
Other activities cf. TAX01: KM 4.1 / KM 4.3 / KM 4.9 / KM 4.15 / KM 5.1 / KM 5.2 / KM 5.3 / KM 5.4 / KM 7.3 / KM 7.4 / KM 7.5 / KM 7.6 / KM 7.7 / KM 9.1 / KA 6.13 / KA 6.14 / KA 6.15 / KA 6.16		€ 26,001	21.1%	EL	EL	N/EL	N/EL	N/EL	N/EL											19.1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		€ 78,237	63.5%	50.0%	13.5%	0.0%	0.0%	0.0%	0.0%											63.0%		
A. OpEx of Taxonomy-eligible activities (A.1. + A.2.)		€ 91,837	74.5%	54.9%	19.6%	0.0%	0.0%	0.0%	0.0%											73.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OpEx of Taxonomy-non-eligible activities (B)		€ 31,378	25.5%																			
Total (A + B)		€ 123,215	100.0%																			

Accounting policy

The KPIs revenue/CapEx/OpEx have been calculated in line with the requirements of Art. 8 of the EU Taxonomy legislation for the financial year 2023 (01/01/2023 - 31/12/2023). The tables are designed in line with the requirements in Delegated Regulation (EU) 2023/2486. The percentages in column 18 (proportion of taxonomy-aligned (A.1.) or eligible (A.2.) revenue/CapEx/OpEx 2022) have been adjusted to the requirements in the Regulation to facilitate a correct comparison of the 2022 and 2023 results.

CapEx and OpEx can be labelled as aligned in three ways. Heijmans' aligned CapEx/OpEx refers, on the one hand, to assets or processes related to taxonomy-aligned economic activities and, on the other hand, to the purchase of outputs from taxonomy-aligned economic activities and with individual measures that enable the target activities to decarbonise or lead to reductions in greenhouse gas emissions. For a description of how Heijmans determined the eligibility and alignment of CapEx and OpEx, see section Burden of proof EU Taxonomy alignment.

Revenue

The denominator comprises total revenue and the numerator comprises Taxonomy-eligible revenue. Total revenue is the revenue as shown in the consolidated statement of profit or loss (Financial statements 1.). Consolidated revenue includes Van Wanrooij's revenue from the date of acquisition. The business areas have no revenue that does not fall within the description of the Taxonomy.

Taxonomy-eligible revenue is the portion of revenue from products or services related to Taxonomy-aligned economic activities.

CapEx

The denominator includes additions to property, plant and equipment and intangible fixed assets in the course of the financial year, before depreciation, amortisation and any revaluations, including those arising from upward revaluations and impairments, for the relevant financial year and excluding changes in fair value. The denominator also includes additions to property, plant and equipment and intangible fixed assets resulting from business combinations.

The denominator includes additions to property, plant and equipment and intangible fixed assets of Van Wanrooij from the moment of the acquisition.

The numerator includes the portion of CapEx for climate mitigation and adaptation of economic activities in accordance with Annex II to the Climate delegated act.

OpEx

The denominator comprises direct non-capitalised research and development costs, building refurbishment measures, short-term leases, maintenance and repair, and all other direct expenses related to the day-to-day maintenance of property, plant and equipment. Excluded expenses are overheads, raw materials, employees operating machinery, research management and project development, as well as electricity, fluids or reagents required to operate property, plants and equipment.

The numerator includes the capitalised costs of Van Wanrooij from the moment of the acquisition.

20.6.9 EU Directive Non-Financial

Description		Reference
Business model		
	General description of core processes and activities to put non-financial information in the right context.	4. Our organisation, 7. Mission, vision and strategy
Environmental matters		
(Results) policies pursued		7. Mission, vision and strategy, 10. More sustainable
(Management of) risks	Climate change and the energy transition	16. Risk management
Non-financial performance indicators	More sustainable indicators: Energy, Materials and Space	20.6.5 KPI table
Social and personnel matters		
(Results) policies pursued		7. Mission, vision and strategy, 8. Better
(Management of) risks	Labour availability; Safe and healthy workplace	16. Risk management
Non-financial performance indicators	Better indicators: Safety; Quality of organisation	20.6.5 KPI table
Respect for human rights		
(Results) policies pursued		7. Mission, vision and strategy, 20.6.13 Human rights
(Management of) risks	Risk analysis	20.6.13 Human rights
Non-financial performance indicators	Monitoring	20.6.13 Human rights
Combatting corruption and bribery		
(Results) policies pursued		15. Governance, 15.8 Conduct and integrity
(Management of) risks	Compliance with legal and regulatory requirements	16. Risk management
Non-financial performance indicators	Supplier code of conduct; Code of conduct; Complaints procedure	Heijmans does not use a specific quantitative KPI in the area of corruption and bribery.
Diversity (executive board and supervisory board)		
(Results) policies pursued		7. Mission, vision and strategy; direct reference to Corporate Governance statement on Heijmans' website (2019)
Diversity		15. Governance, 15.7 Diversity

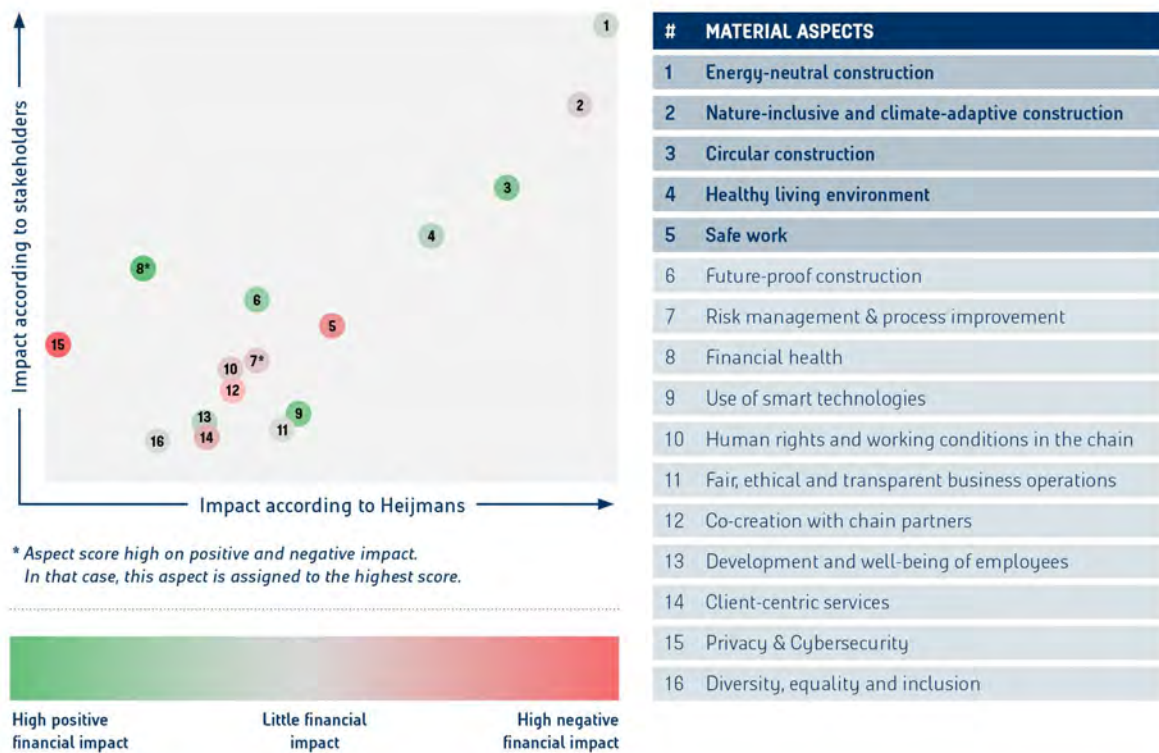
20.6.10 Material themes

Materiality analysis

In 2022, we conducted a new materiality analysis. We used this to map out the topics on which the organisation has a significant impact on the economy, the environment and people. We focused this analysis on so-called materiality (not CSRD). Firstly, we identified topics that provide insight into how sustainability affects Heijmans' financial performance. These include such things as revenue, capital, equity and reputation. Secondly, we also considered topics that offer insight into Heijmans' impact on the environment, people and society.

We started by identifying the most important stakeholders for Heijmans. The selection of stakeholders is related to the degree of cooperation with the various stakeholder groups in the value creation model. We then drew up a shortlist of themes. We identified the material topics that are relevant to Heijmans using desk research. We took into account trends in the sector and the issues relevant to customers, investors and other players in the construction industry.

Using surveys and interviews, we entered into dialogue with stakeholders, after which we prioritised these issues and scored their relevance to Heijmans. The various dialogues always involved clients, cooperation partners, employee representatives and producers/suppliers. Finally, the Executive Board determined the outcomes. The result of this analysis is shown in the materiality matrix below.



Based on the interviews conducted with stakeholders, the themes of **'financial health'** and **'risk management & process improvement'** are material. However, these two themes are not the most material in the matrix, as they are not among the Top 5. From a managerial responsibility perspective, these two themes nevertheless remain high on the management agenda. The Heijmans Executive Board is aware every day of the crucial importance of risk management and financial control for the continuity of our organisation. As a project company, we therefore continue to closely manage the associated Key Performance Indicators (KPIs). Financial control is crucial for the continuity of our organisation. Chapters 12 (Results), 19 (Financial Statements) and Appendix 20.6.5 (KPI table) contain the performance indicators and explanatory notes that can be used to determine Heijmans' financial health.

In the Dutch Ministry of Economic Affairs and Climate's most recent Transparency Benchmark – a biennial survey of the reporting transparency of the 500 largest companies in the Netherlands – Heijmans ranked 21st in 2023. We received the highest rating in the Construction & Marine category.

Explanation of most material themes

The theme of **'energy-neutral construction'** is important to stakeholders because new homes and other building objects have a long lifespan and therefore have an impact on climate change for a prolonged period. Energy-neutral homes also help control energy bills for end users. This aspect is measured, among other things, using the system for measuring the energy performance of buildings introduced by the government in 2021: BENG. This system has as its underlying indicator the building's CO₂ emissions. In this report, we use the average CO₂ emissions of completed residential buildings.

The theme of **'nature-inclusive and climate-adaptive construction'** is addressed in many ways within Heijmans. In some projects, such as dyke reinforcement or water storage, climate resilience is even the explicit goal of the assignment. We also devote attention to climate adaptivity in all other projects. For example, take the rainwater drainage of buildings. For our area developments, we use the NL Greenlabel system to substantiate the degree of nature inclusiveness.

The theme of **'circular construction'** is one of the spearheads of Heijmans' strategy. When designing and selecting materials for new products, we explicitly consider material choices, detachability and recyclability. In addition to initiatives in our own operations, we are also in talks with suppliers to develop circular initiatives, use alternatives to existing products and reduce the amount of packaging material in the chain.

Heijmans has embraced **'creators of the healthy living environment'** as its ambition. This theme is our most important contribution to society. This is also recognised externally and we see this reflected in a high appreciation of this theme. Because it is a theme in which there are many new developments, we remain alert to refining our business propositions and the right performance indicators.

The **'working safely'** theme is recognised as one of our top priorities within Heijmans. Apart from the existing SCC (Dutch: VCA) and Safety Culture Ladder certifications for the entire organisation, we have set up a large-scale safety improvement programme: the Heijmans GO! Programme. In recent years, we have developed several innovative solutions within this programme, such as the GO! App and the underlying system for reporting unsafe situations. The current programme focuses on continuing culture change in the organisation, but also on active participation in industry initiatives to improve safety throughout the chain.

Changes vis-a-vis the previous analysis

'**Future-proof construction**' is a new topic in this terminology and both management and stakeholders believe that Heijmans can make a relatively high contribution to a current social issue on this theme. '**Human rights and working conditions in the chain**' has become more important due to emerging legislation on human rights due diligence (such as the EU Taxonomy Minimum Safeguards and the Corporate Sustainable Due Diligence (CSDDD)). The use of '**smart technology**' is no longer seen by some stakeholders as distinctive or an end in itself, but more as a means to achieve other objectives, such as profitability and sustainability. Stakeholders see '**client-oriented services**' as a subject through which Heijmans mainly has an impact on its own relationships and business performance rather than on society at large. In recent discussions with stakeholders, they also mention the theme of '**Water**' as an important emerging topic. This theme will also play a more prominent role in Heijmans' new strategy and will be reflected in the new 'double' materiality analysis Heijmans will conduct in the spring of 2024.

In chapters 7 (Mission, Vision and Strategy) and 12 (Results), we report on the further fleshing out and performance of the material topics. These topics are also included in the 'KPI table' in Appendix 20.6.5 of this annual report.

20.6.11 Sustainable Development Goals (SDGs)

In chapter 7, we describe the process of arriving at the most relevant SDGs for Heijmans. In this appendix, we describe these main goals and the most important subgoals, plus the role Heijmans plays in contributing to the achievement of these goals to generate impact. The KPI table in appendix 11.6.4 shows which SDGs are linked to concrete KPIs to manage results and progress.

The top SDGs for Heijmans are:

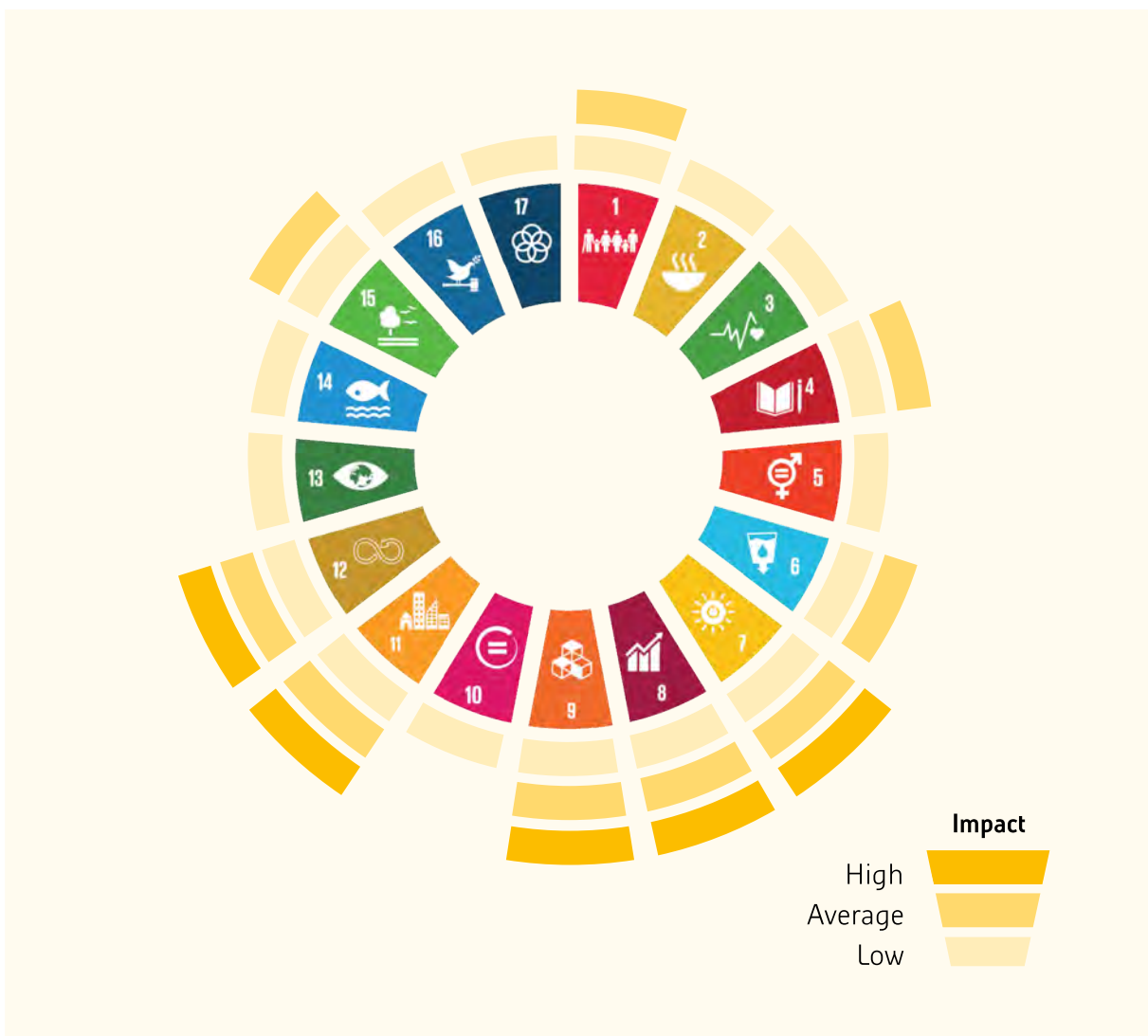
SDG 7. Affordable and sustainable energy

SDG 8. Decent work and economic growth

SDG 9. Industry, innovation and infrastructure

SDG 11. Sustainable cities and communities

SDG 12. Responsible consumption and production



20.6.12 TCFD risks and opportunities

The TCFD (Taskforce on Climate-related Financial Disclosure), is a framework for the financial sector to include the impact of climate change in the assessment of business processes. The framework was created with the aim of identifying potential impacts of climate change on primary business processes. Heijmans uses it to provide insight, in conjunction with our CO₂ footprint, for example, into the impact of climate change on our business operations.

Type	Subject	#	Climate-related risk		Relevance to Heijmans
Transition	Policy and legislation	1	Higher price for GHG emissions	M	Will eventually become visible in the charging on of purchased products
		2	Improved emissions reporting obligations	M	Heijmans already reports according to standards
		3	Increasing greenhouse gas emission limitation regulations	H	Directly visible when purchasing new equipment and additional requirements local councils in construction projects
		4	Mandates for and regulation of existing products and services	M	Part of regular tenders
		5	Exposure to lawsuits	L	Heijmans is one of the frontrunners so risks are lower, management systems and certifications are in place
	Technology	6	Replacement of existing products and services with lower-emission options	L	New technologies are already part of our designs
		7	Failure to invest successfully in new technologies	M	Heijmans wants to be at the forefront in terms of equipment procurement. Part of investment monitoring
		8	Cost of switching to lower emission technology	H	Emission-free construction requires relatively heavy investment in new equipment
	Market	9	Changing client behaviour	L	Heijmans is in a position to respond to changing demands
		10	Uncertainty in market signals	M	Firm commitment by public sector market, but uncertainty on regulatory issues
		11	Higher costs of raw materials	H	In particular due to passing on of CO ₂ pricing and longer supply routes
		12	Declining availability of raw materials	M	Not necessarily related to climate risks
	Reputation	13	Shifts in consumer preferences	L	Heijmans' designs can meet demand
		14	Stigmatisation of the sector	L	Many initiatives and appreciation apparent
		15	Increased stakeholder concerns or negative feedback from stakeholders	L	Good contact with stakeholders

Type	Subject	#	Climate-related risk		Relevance to Heijmans
Physical	Acute	16	Extreme river water levels	M	Previous situations managed logistically, though possible price risk and higher insurance costs
		17	Increase in heavy rainfall	M	Water damage to structures is still relatively limited, but does affect the construction process
		18	Increasing number of heatwaves	L	Relevant for employability of employees and continuity of projects, can be managed with measures
		19	Increase in forest fires	L	Affects natural areas more than built environment
	Chronic	20	Increasing winds and storms	M	Damage to building sites and buildings due to windstorms (usually insurable)
		21	changes in rainfall patterns and extreme variability in weather patterns	L	Measures frequently possible in the long term
		22	Rising sea levels	L	Permits awarded for construction in certain areas
		23	Rising average temperatures	L	Measures possible in design and required in regulations
		24	Changing ecosystems (including biodiversity)	L	No relevant impact on direct business operations, but does represent an opportunity for service delivery. Emergence of persistent exotic species

Type	#	Climate-related opportunity		Relevance to Heijmans
Efficient use of resources	1	Use of more efficient modes of transport and production and distribution processes	M	Attention for industrialisation and sustainable mobility
	2	Use of recycling	M	Gets a lot of attention in talks with supplying companies
	3	Switching to more efficient buildings	H	Essential part of design new buildings
	4	Reduced water use and consumption	L	So far less relevant in Dutch context
Energy source	5	Use of lower-emission energy sources	H	Application of products and services in the built environment, such as development of electricity grid and underground infrastructure
	6	Use of supportive policy incentives	M	Part of business cases, use of subsidies
	7	Use of new technologies	M	Standardisation of application of heat pump technologies and alternative services
	8	Participation in CO ₂ market	L	So far no business models that can convert energy savings into carbon credits
	9	Shift to decentralised power generation	H	Many solutions available for individual homes and neighbourhood clusters

Type	#	Climate-related opportunity		Relevance to Heijmans
Products and services	10	Development and/or expansion of low-emission goods and services	H	Both in home and building designs and energy supply. Opportunities through network expansion (electricity, hydrogen)
	11	Development of climate adaptation and insurance risk solutions	H	Mainly the construction of embankments, modification of inner-city sewage systems and water storage
	12	Development of new products or services through R&D and innovation	M	Heijmans' role is system integrator and launching customer rather than innovator
	13	Potential to diversify business activities	M	Mostly expansion of existing products and services
	14	Shift in consumer preferences	H	Opportunity to provide clients with sustainable solutions
Markets	15	Access to new markets	H	Mainly the energy market, development, management and maintenance of systems/lines
	16	Use of government incentives	H	Contribution to investments in sustainable equipment and renewable energy systems, often indirectly (renovation)
Resilience	17	Participation in renewable energy programmes and adoption of energy efficiency measures	H	Various participations (see also overview Green Deals and partnerships in appendix 20.6.4)
	18	Substitution/diversification of resources	M	Switch from gas to electricity, particularly in the renovation market
	19	Green financing	M	There are opportunities but often not decisive for the business case

L = Low risk/opportunity M = Medium risk/opportunity H = High risk/opportunity



20.6.13 Human rights

Heijmans endorses both the general principles of the Organisation for Economic Co-operation and Development (OECD) Guideline on Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights.

The process

In 2023, we started a due diligence process. This is aimed at further identifying human rights risks in our own organisation and the chain in order to then prevent, reduce and remedy them. Our goal is to work together with the chain to create more positive impact. We do this according to the principles of the Human Rights Due Diligence process and supporting measures, as described in the OECD guidelines (see figure below). As an organisation, Heijmans has a direct impact on a number of human rights.

Rights related to labour:

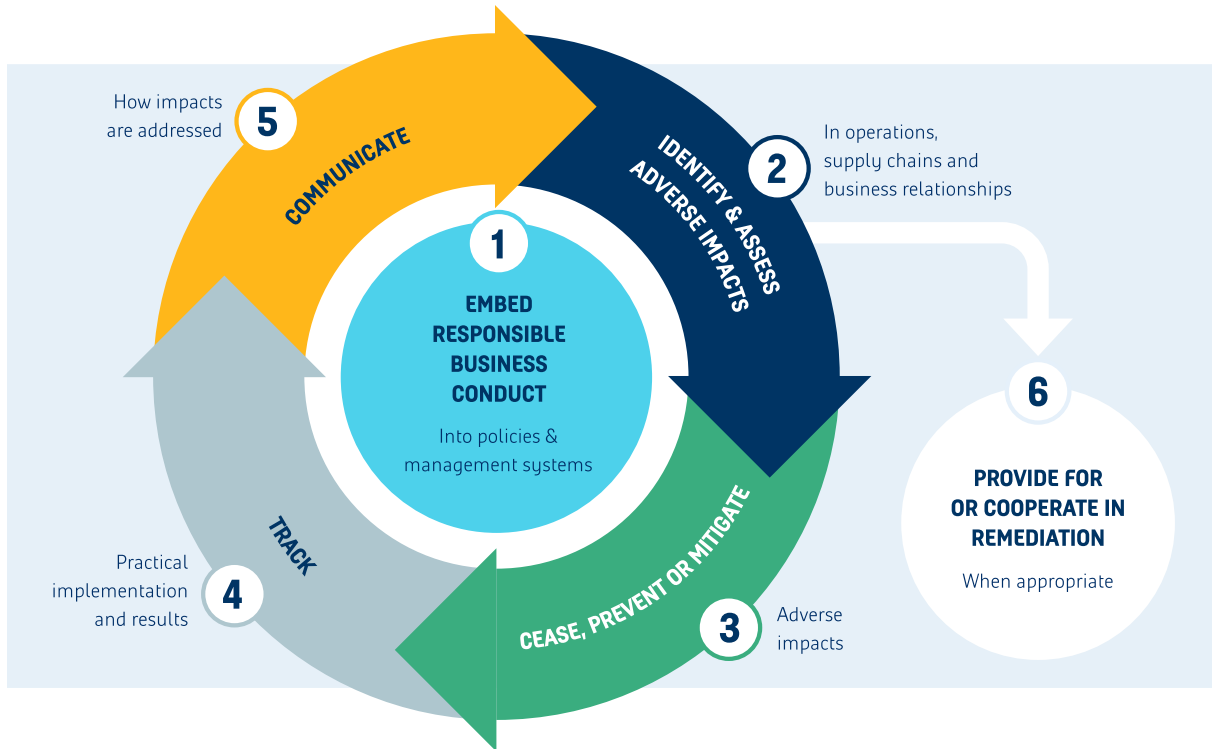
- The right to work
- The right to fair and equal payment
- The right to freedom from discrimination
- The right to protection against unemployment
- The right to freedom of association
- The right to an equitable standard of living
- The right to rest and leisure and
- The right to protection from forced labour

Rights related to safety and health

- The right to a healthy and safe working environment and
- The right to a clean, healthy and sustainable living environment

For our comprehensive report, please see [our website](#).

THE DUE DILIGENCE PROCESS & SUPPORTING MEASURES



Governance

The management devotes attention to many of the topics related to human rights on a day-to-day basis and they are a standard part of the Executive Board-approved safety, HR and procurement policies. Facilitated by the Risk Office and Audit - and formally raised in the management teams, group council and board of directors - we integrate due diligence into decision-making, including due diligence focused on procurement considerations. It also means that human rights risks are automatically assessed in the standard risk register.

In due diligence processes, we examine the risks to people and society Heijmans poses. As Heijmans, we have a responsibility to do business in a socially responsible manner. Ensuring a safe and healthy working environment for employees and subcontractors is one of the most important themes for our organisation. Good working conditions, freedom of association (trade unions) and fair and equal pay are standard components of our safety, HR (diversity/inclusion policy) and procurement policies.

We have also been working on a strategy recalibration in which these elements receive renewed attention.

Risk analysis

Heijmans has an extensive programme of risk analyses in the areas of safety, HR and procurement. With regard to safety, Heijmans works on the basis of 'GO!', an extensive system of policy, processes and monitoring aimed at improving our results on this important human rights theme.

Heijmans also has the 'How we work' code of conduct. These rules of conduct are based on a number of fundamental human rights principles and form an integral part of the employment contracts of all Heijmans employees.

Heijmans is also planning to sign the Manifesto for Socially Responsible Procurement and Business in 2024. This is primarily focused on chain management and chain partners. We will implement this manifesto with the Sustainability Declaration, which includes human rights.

The subject of procurement responsibility requires research into the risks associated with purchased products. In the year under review, we started a substantive analysis of the potential risks associated with the procurement of certain product groups, including concrete, metal or steel, timber, plastic and natural stone.

Impact

We compared the information from our risk analysis with our policy. We used our risk analysis to assess the areas where further action is needed.

Improving internal safety culture starts with leadership behaviour, active direction, learning and intervention. To embed safety within our business areas, we provide training and advice. Our Safety Department provides advice and guidance on safety policy.

We are aware that subcontractors do not always aspire to the same level of safety as we do. Setting various requirements provides good, clear guidelines, including in some foreign languages. These include, for example, making Safety, Health and Environmental Checklist Contractors (SCC; VCA in Dutch) and Generic Gate Instruction (GPI) certificates mandatory, working with inspected equipment and a project ID pass so that only people with a valid construction pass are allowed on our building sites.

The 'Zakelijk Zuiver' integrity and conduct programme is ongoing and applies to all employees. We also developed the 'Let yourself be heard - feel safe to speak out' toolbox to support the theme of social safety.

On the basis of the EU Pay transparency directive (European Parliament 30 March 2023), we conducted an analysis that revealed the gaps in our organisation. Based on various benchmarks, we then made adjustments for a number of specific groups. Finally, we have taken measures aimed at ensuring equal pay.

A risk-limiting factor for Heijmans is that our organisation only operates in the Netherlands and most of our raw materials, products and services come from Europe. We cover some of the risks by buying certified products and working with certified suppliers. One example is the decision we took to only purchase sustainably certified timber (FSC/PEFC). This guarantees both environmental and social/human rights aspects through an external monitoring system. Other examples are the certifications related to product quality and safety.

Our approach is to work towards improvement in close consultation with our suppliers. In a high-risk non-compliance situation, when a supplier is not willing to work with us to find a solution, we terminate the contract; taking into account the potential negative consequences of the decision to break the contract.

Monitoring

We monitor practical application and results, including the extent we have addressed negative impacts adequately by establishing quantitative and qualitative indicators. We do this on a regular basis integrated into the reporting process. The responsibility of monitoring has been assigned to various officers, with oversight by the Group Council and the Executive Board. This monitoring enables us to assess whether the measures taken within our organisation are effective or whether we need to make improvements.

In terms of safety, we have independent audits carried out on site and with subcontractors. All business areas (except recent acquisitions) have now attained Step 4 of the Safety Culture Ladder. After signing the Governance Code of Safety in Construction (GCVB), we include safety awareness as an obligation in tenders and contracts. In addition, the GO! compass supports a proactive safety culture.

To map the topic of social safety even better, the employee engagement survey (autumn 2023) asked in-depth questions about undesirable behaviour. This showed that around 70% of employees who made a report were satisfied with the way the report was handled.

Periodically - at least once a year - we conduct supplier evaluations. We use interviews to check whether they comply with the signed agreements, including the Code of Conduct. We hold discussions with major suppliers several times a year and we record the outcomes of these discussions in the Supplier Relation Management (SRM) system. We also work with 12Build, a tool for transparency between client and supplier. We are currently investigating whether to use the services of Prewave - Supply chain risk information. This would enable us to assess suppliers in the chain even more effectively.

Communications

We will use our website www.heijmans.nl for communication with stakeholders on our due diligence process. This will enable us to keep them up to date.

We will use sections on our Sharepoint environment, Viva Engage, newsletters and e-mails to highlight communications in our own organisation about the due diligence process.

Communication will remain a key priority in the coming years, with a focus on engaging, informing and encouraging the active participation employees and external stakeholders.

Remedial measures

Affected stakeholders, including employees, can report abuses to the company under the existing Reporting Procedure on Undesirable Behaviour and Abuses, which provides for a regime related to breaches of EU rights. See also section 15.8.

We have set ourselves the goal, in the coming years, of positioning the complaints mechanism for our chain partners more clearly on our website. This will enable us to receive adequate information about possible violations and abuses. Our ambition is to use this information to determine, together with our chain partners, what we can and should then do to minimise these reported violations and abuses and prevent their recurrence.

20.6.14 Heijmans and the climate

At Heijmans, we believe it is important that people can live safely and comfortably in the Netherlands, also in the future. To this end, our buildings and the built environment will have to be adapted to the changing climate. We must ensure that our projects can withstand the increasingly extreme weather, flooding (subsidence) and drought (cracking of dykes and soil). This is why, depending on the environment and the type of project to be realised, we apply specific area and construction measures. We do this by, among other things, building smarter with an eye to sustainability, biodiversity and water use.

At the same time, we take our responsibility to limit global warming. For instance, we have grand ambitions to reduce emissions, not limiting ourselves to our direct emissions. We accept our responsibility and want to lead our entire chain in the transition to a positive impact on the climate.

Mapping greenhouse gases

Greenhouse Gas Protocol

Knowing where you are going starts with determining where you stand right now. At Heijmans, we have therefore mapped our CO₂e impact, by identifying our greenhouse gas emissions according to the standard of the Greenhouse Gas Protocol (GHGP). We have been doing this in full for our direct emissions for many years, but as of last year we also do this for all indirect emissions we can influence. Incidentally, greenhouse gases include not only Carbon dioxide (CO₂), but also, for instance, methane and sulphur. This is why we do not report emission figures in CO₂, but in CO₂e (CO₂ and equivalents).

In the GHGP, the various emission flows are divided into scopes. Scope 1 includes emissions that result directly from our activities, such as emissions from our vehicle fleet, our equipment or to heat our offices. The electricity we use is of course also a direct consequence of our activities. The emissions released at a power plant, during its generation, we report in our scope 2 emissions.

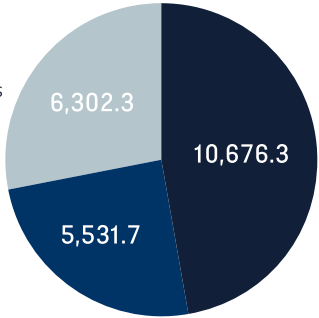
Our indirect emissions, or scope 3, include all emissions released from everything that takes place before or after our operations. So this ranges from the emissions released from, for example, the concrete we buy, to emissions resulting from the use of homes during their full life cycle after we have delivered them.

In 2023, our total greenhouse gas impact was 811,561 tonnes of CO₂e, which was divided across the aforementioned scopes as follows:

	Emissions in tonnes CO ₂ e	Percentage
Scope 1&2	22,510	3%
Scope 3	789,051	97%
Total	811,561	100%

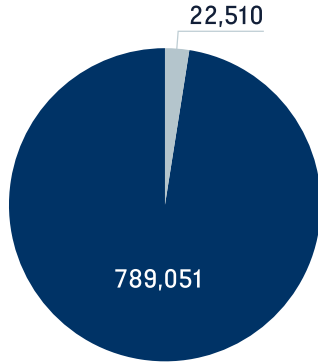
Scope 1&2
ton CO₂e

- Passenger cars
- Company vehicles
- Projects
- Offices (0)
- Scope 2 (0)



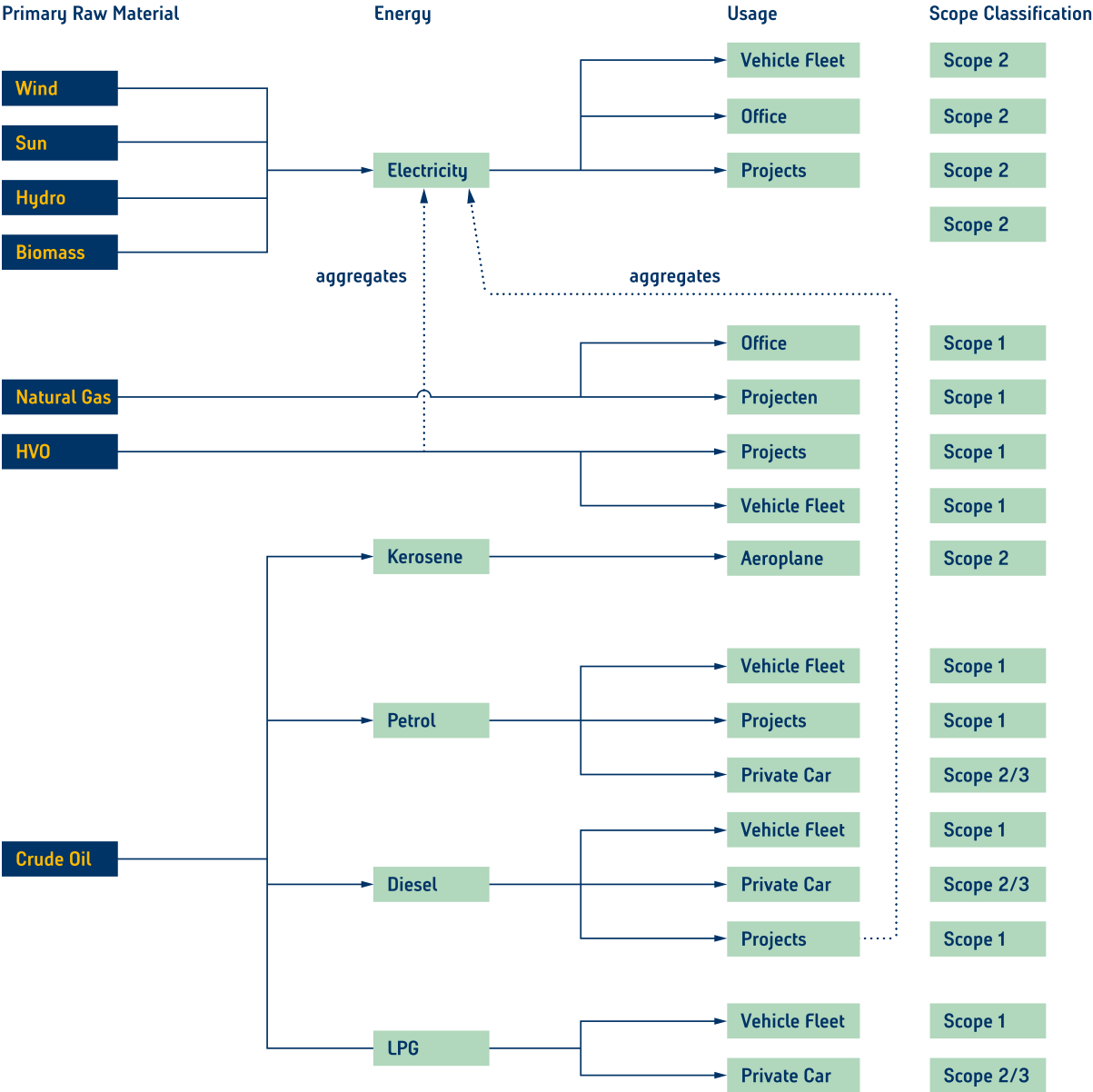
Scope 1&2&3
ton CO₂e

- Scope 1&2
- Scope 3



Scope 1 & 2

In the inventory of CO₂e emissions, we mapped the energy flows below to see where, what type of fuel is consumed and in which scope this should then be reported.



Vehicle fleet

Of all the vehicles with yellow license plates within Heijmans, about 2,866 vehicles in total, about 1,350 are now electric. Since last year, it is no longer possible to opt for a car with a combustion engine in lease contracts. As part of this drive, we have shortened current lease contracts with a duration beyond 2025 to 31 December 2025 at the latest. This will ensure that we have an all-electric fleet by 2025 at the latest. In addition, all drivers of vehicles with internal combustion engines have been asked to fill up using HVO100 whenever possible from now on. Unfortunately, the coverage of filling stations offering this is still inadequate.

Projects

At a construction company, a large proportion of CO₂e emissions take place on building sites. The main consumers on the projects are listed below.

Electricity	Fuels
Builders' hut	Diesel
Lighting	Equipment
Computers/laptops/servers	Aggregates
Kitchen appliances	Heating
Ventilation/climate systems	Vehicles
Tower cranes/(construction) lifts	Petrol
Pumps	(small) equipment
(Small) tools	Vehicles
Machines/tools	Natural gas
Site lighting	Heating builders' hut
Site security	Warm water builders' hut
Charging vehicles and machines	

On projects, most equipment is hired by subcontractors and CO₂e emissions do not fall within Heijmans' scope (1 & 2). Nevertheless, the percentage contribution to the fuel consumption share on projects is approximately 28% of our CO₂e footprint.

In recent years, Heijmans has invested heavily in electric heavy equipment, both Heijmans and at our subcontractors. We welcomed the first five pieces of our own heavy equipment on our projects in 2022 and a further 20 pieces followed in 2023. In addition, we are already working with our subcontractors on emission-free projects in the road regions.

We decided that from mid-2023 we would only fill up with HVO100 on projects, regardless of whether it was calculated that way beforehand. The investment we make in this measure will immediately result in a substantial reduction in our direct emissions.

Offices

Compared to the other categories, the emissions released from the use of our offices are quite limited. This is due to the size of the impact from projects and our vehicle fleet, for example, but also due to the measures we have already taken at our offices. For instance, we install solar panels where possible and the remaining fluorescent lighting has been replaced with LEDs.

When extending current leases, we will devote extra attention to the footprint of our operations. Should an office location make a negative contribution to our sustainability ambitions, we will not hesitate to move to another, more sustainable location.

Electricity	Fuels
Lighting	Natural gas
Computers/laptops/servers	Heating
Airco/lair treatment	Kitchen
Catering	Warm water supply
Coffee machines	
Production machines	

Green electricity

In 1 January 2012, Heijmans switched entirely to green electricity, which meets the stringent conditions imposed on it. We have CertiQ certificates for all our electricity consumption. As a result, our scope 2 emissions are zero.

Scope 3 Categories

The 15 categories that make up scope 3 are divided into Upstream and Downstream.

Upstream emissions, are all emissions released before the activities of Heijmans take place. Examples include emissions from machinery when mining raw materials, transport of the raw material, processing into steel, for example, machining and transport to the construction site. The eight Upstream categories can mainly be influenced by making the right material choices and through sustainable procurement.

Downstream emissions are released during, say, the use of our products, or the demolition of the delivered product when its lifetime is over. The seven categories comprising Downstream therefore take place after Heijmans' activities have taken place. Here we mainly have an impact with smart design choices and technological innovation.

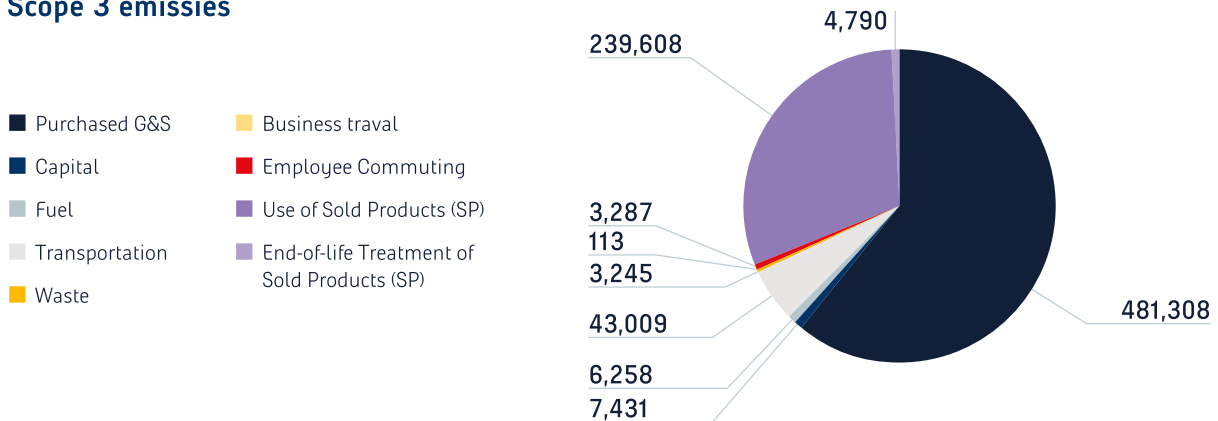
Upstream	Downstream
1. Procurement of goods & services	9. Transport and distribution (DOWN)
2. Capital goods	10. Processing of products sold
3. Fuel and energy-related activities	11. Use of products sold
4. Transport and distribution (UP)	12. End-of-life processing
5. Production waste	13. Downstream leased assets
6. Business travel	14. Franchises
7. Commuting	15. Investments
8. Leased assets (UP)	

Not every scope 3 category applies to Heijmans. Through a comprehensive analysis of our activities, we have determined in which category we can measure emissions. We then classified the applicable categories by size, impact, risks and stakeholder interests.

Categories 8, 9, 10, 13, 14 and 15 do not contain measurable emissions for Heijmans and are therefore not addressed in the notes below.

The figure below shows the breakdown of scope 3 emissions.

Scope 3 emissies



Upstream

1. Purchase of goods and services

The purchase of goods and services category includes everything we buy on an annual basis. This ranges from material purchases, such as steel and concrete, for example, to purchasing services from subcontractors or hiring equipment. To calculate these emissions, we analysed our procurement figures. We then attached an emission factor to each procurement category and grouped them into main categories to determine a clear centre of gravity.



This is the largest of all scope 3 categories. In 2023, this category comprised a total of 481,308 tonnes of CO₂e, 63% of all scope 3 emissions.

Despite the fact that our influence on this component is fairly limited, because we are heavily dependent here on the developments that our suppliers and subcontractors go through, this is also where we have the most room to make an impact. At Heijmans, we therefore want ambitious tenders, and focus not just on price in procurement, but also on sustainability.

To realise reductions in emissions, we set specific targets for the largest procurement categories and perform material-specific chain analyses to determine how we can achieve the greatest impact. In 2023, we did this for asphalt and concrete, among other things.

2023		
Procurement category	Purchased (x€1.000)	Emissions in tonnes CO₂e
Steel	93,642	100,797
Concrete	122,539	90,468
Asphalt	61,500	67,936
Electrical installations	266,212	55,444
Subcontractors	127,219	37,747
<i>Extra item: fuels of third parties</i>		1,331
Professional services	339,928	35,822
Dismantling	121,995	31,866
Leasing equipment	100,150	15,161
Timber	51,997	11,220
Plastic	20,076	8,850
Joint ventures	47,171	6,937
Hardware (small)	22,770	4,323
Leasing various building site	6,118	3,890
Stone	25,609	3,877
Paint, coatings, chemicals	3,230	2,458
Leasing small equipment	7,516	1,138
Glass	1,844	977
Soil and other	1,196	583
Bitumen	1,381	482
Total	1,422,091	481,308

2. Capital goods

In this category, we capture all emissions associated with the production and delivery of the capital goods we acquire. This includes, for example, buildings, large equipment, machines and vehicles. This primarily relates to our procurement of large equipment. These emissions from the production of a piece of equipment are reported in full directly in the year of purchase and not spread over its lifetime as in the case of depreciation.

To calculate these emissions, we analysed our procurement figures and then attached an emission factor to each procurement category.



The size of this component is limited in comparison to the other components. For example, in 2023 this category comprised 7,431 tonnes of CO₂e, about 1% of the scope 3 total. Because the electrification of our equipment is a crucial part of our scope 1 & 2 reduction plans, we need to invest heavily in the coming years and this category will increase.

The process surrounding the purchase of a piece of equipment is intensive, the costs are often high and the cooperation with suppliers and partners very important. For these reasons, we have considerable influence in such a process, but we notice that the issues surrounding emission reduction are still barely on the agenda among equipment manufacturers.

All our capital equipment purchases can be summarised in five main categories.

2023		
Capital goods	Purchased (x€1.000)	Emissions in tonnes CO ₂ e
Light equipment	10,983	2,690
Heavy equipment	9,162	2,437
Building site set-up	4,012	896
Vehicles	2,473	718
Office & IT	7,514	691
Total	34,145	7,431

3. Fuel and energy-related activities

This category is similar to what we report in scope 1 & 2, but this section focuses specifically on the emissions released during the extraction, production and transport of the fuels we use. In other words, the journey between the source and the filling station where we fill up on the fuels for use, also referred to as the 'Well-to-Tank' part of fuel emissions.



This is a very small category, amounting to 6,259 tonnes of CO₂e in 2023, less than 1% of the scope 3 total.

Influencing this process is not possible, but we can still reduce simply by continuing to reduce our fuel use. When we have fully reduced our scope 1 & 2 emissions, this category will also be reduced to zero.

We obtain the fuel consumption figures from our suppliers, and we link this to an emission factor specifically for the 'Well-to-Tank' part of the fuel in question.

2023	
Category	Emissions in tonnes CO2e
Projects	2,700
Company and private cars	3,559
Total	6,259

4 Transport and distribution (upstream)

This category includes emissions released from the transports carried out by our suppliers to deliver the goods we order to our construction sites, HUBs or workshops. To calculate these emissions, we analysed our procurement figures and then attached an emission factor to each procurement category.

In the coming year, we will work hard to draw up an inventory of the equipment used by all our subcontractors, including consumption data and exact numbers of kilometres driven. This will allow us to better identify what exactly happens in the field of transport by third parties and determine where we can have the greatest impact.



In 2023, this amounted to 43,010 tonnes of CO₂e, about 6% of the scope 3 total.

Our influence on this component is fairly limited, as we depend on the equipment deployed by our suppliers and subcontractors. Nevertheless, there are a few things we can control and influence. For instance, setting the right requirements for our suppliers and smarter procurement ourselves. We can also steer towards more efficient loading and unloading on our building sites, for instance by collecting more shipments.

However, there are risks on this front, for instance due to new legislation in urban areas imposing requirements on the number of transport movements or emissions from these movements in certain areas.

2023		
Category	Purchased(x€1.000)	Emissions in tonnes CO2e
Road transport	35,484	42,781
Water transport	343	229
Total	35,826	43,010

5. Production waste

We measure and report all emissions released from third-party disposal and processing of our residual flows in this category. The data in the report was retrieved using a SPEND analysis for the procurement of residue flow processing. Excluded from reporting is the soil category, as this only involves movements. The emissions generated by these final transport movements are included in the transport UP category.



The quantity measured in this category is fairly limited, amounting to 3,245 tonnes of CO₂e in 2023, about 1% of the scope 3 total.

Our influence lies primarily in separating our residual flows as well as possible, which we manage proactively. It is then up to our partners to process the waste as efficiently as possible with as few emissions as possible.

Stakeholder interest in this component is high. Residual flows are a crucial element in the transition to a circular economy, but also highly visible.

2023		
Categorie	Purchased (x €1.000)	Emissions in tonnes CO ₂ e
Asphalt	950	1,440
Production waste	5,625	1,339
Building and demolition waste	1,939	413
Rubble	129	38
Hazardous waste	8	16
Total	8,651	3,245

6. Business travel

This category includes emissions from transporting workers in vehicles owned or operated by third parties, such as planes, trains, buses and passenger cars.



This is a very small category, which involved 113 tonnes of CO₂e in 2023, less than 1% of the scope 3 total.

Our impact on this component is fairly limited. Almost everyone at Heijmans who regularly has business appointments outside the office drives a lease car (scope 1). In addition, shared bicycles are available at Heijmans for easy and emission-free travel to local appointments.

7. Commuting

This category includes emissions from employees' travel to get from their homes to the workplace.



This is a very small category, amounting to 3,287 tonnes of CO₂e in 2023, less than 1% of the scope 3 total.

Downstream

11. Use of products sold

In this category, we measure the direct emissions from projects realised by Heijmans. This therefore includes the project-related energy consumption of residential and non-residential buildings. Indirect energy consumption, use-related consumption, is not included here. This also applies to consumption of infrastructure projects. For the latter, we will report consumption in 2024.

In terms of emissions per year, we report the total consumption in the year of completion for the entire lifetime of a realised object. For new houses this is a lifespan of 75 years and for utility projects a lifespan of 50 years. Renovation projects are included from € 5,000,000 and reported for a lifespan that depends on the renovation work.



This is a large category, amounting to 239,608 tonnes of CO₂e in 2023, about 35% of the scope 3 total.

We have a reasonable amount of influence on this category, as our Property Development department is directly responsible for the development of many of the homes we build. Smart design and making the right choices in terms of installations are the main ways we have an impact on the emissions we emit in the process. This is why we focus on standardisation, the application of concepts and industrial-scale production.

2023		
Residential building		
Realisation	Number/ kg CO ₂ e per home	Emissions in tonnes CO ₂ e (75 years)
New-build homes (houses/apartments)	1.883 / 1.061	149,840
Total		149,840
Non-residential		
Realisation	Number m ²	Emissions in tonnes CO ₂ e (50 years)
Renovation/extension Paleis 't Loo	13,655	45,130
Science Campus phase 2 Leiden	30,500	39,775
Hart van Zuid Rotterdam Capex	2,740	4,864
Total	46,895	89,768

12. Processing at end of life

When a realised object has to be reprocessed at the end of its life through recycling or removal, this releases emissions. In this category, we report these emissions from residential and non-residential buildings.



The quantity measured in this category is fairly limited, amounting to 4,790 tonnes of CO₂e in 2023, about 1% of the scope 3 total.

However, we also have a reasonable amount of influence on this category, as our Property Development department is directly responsible for the development of a large part of the homes we build. Smart design and making the right choices in material use are the main ways we have an impact on the emissions emitted during end-of-life processing.

2023		
Residential building		
Realisation	Number/ kg CO ₂ e per home	Emissions in tonnes CO ₂ e
New-build houses	965 / 2.300	2,220
New-build apartments	918 / 2.800	2,570
Total		4,790

Goals

Having an impact in the world requires leadership and grand ambitions. At Heijmans, we embrace this responsibility and are not afraid to set the bar high. We want to give more than we take and thus set the stage for positive climate impact. To this end, we have formulated short-term and long-term goals.

- **In 2030, we are 100% CO₂e neutral in terms of direct emissions (scope 1 & 2).**
This means no more emissions from our direct operations.
- **In 2030, we want to have reduced our indirect emissions (scope 3) by 50% compared with 2019.**
By working with our partners, using smart design and conscious procurement, we will have an impact in the chain. This is how we will reduce our indirect emissions by at least half in the next six years.
- **Heijmans Net Zero in 2040.**
No emissions at Heijmans or elsewhere in our chain from our activities. That is our ambitious longer term goal.

Science-based verification

While we were developing greenhouse gas reduction targets and objectives, a key question came to mind. When are we really doing enough to limit global warming? And how do we measure that?

To this end, Heijmans has committed to the Science Based Target initiative (SBTi). This global organisation of climate scientists tests a company's targets and GHG inventory to see whether they really contribute enough to the Paris climate agreement to keep the earth below 1.5 degrees of warming.

So the starting point of the SBTi is the Paris climate agreement. They use the 1.5 degree warming as a basis for the calculation of the world's 'carbon budget'. In other words, what is the maximum level the CO₂e content in the atmosphere can rise to before it leads to irreversible climate breakdown. If nothing changes, this budget will be used up within a few years. Which is why we not only need to get emissions down to zero in the long term, it is also important to reduce as many emissions as possible immediately. After all, the sooner we start doing this, the longer we have until the carbon budget is completely consumed.

Our targets, substantiation and GHG inventory have now been submitted to SBTi. In the coming months, we will undergo extensive screening and verification to get our targets approved by mid-2024.

The SBTi is looking at our plans relative to our submitted base year. After various analyses, we decided to use 2019 for this and also run a complete inventory of our emissions in that year.

20.6.15 Heijmans Tax policy

Heijmans' Tax policy, approved by the Heijmans N.V. Executive Board on 10 January 2023 and reviewed once every two years, aims to establish principles and provide direction regarding tax behaviour for all entities controlled by Heijmans N.V. ('the Group'). With this policy, we safeguard Heijmans' integrity and reputation in the long term. These principles are important to us and are also supported by our overall strategy and sustainability strategy.

Heijmans' fiscal code of conduct provides guidance and direction, is not voluntary and applies to everyone involved with Heijmans: the Executive Board, our (temporary) colleagues, our partners, subcontractors and suppliers. If Heijmans employees are confronted with tax dilemmas in the performance of their work, the internal reporting procedure described in section 15.8 also applies here.

Heijmans' fiscal core values

Collaboration

Honest and ethical cooperation on all tax matters with other experts within Heijmans. Ensure fruitful collaborations with relevant stakeholders and maintain a constructive and transparent dialogue based on reciprocity and transparency, without compromising the confidentiality that is part and parcel of business operations.

Ownership

Take reciprocity and solidarity seriously and pay a 'fair share' of taxes and comply with all applicable tax obligations in countries and regions where Heijmans operates or will operate.

Result focus

Organise tax matters to achieve the most favourable tax treatment within the limits set by the spirit of the law and in line with the other core values.

Heijmans' Tax policy

Based on the above core values, all entities that are part of the Heijmans Group have set up their tax governance management by adhering to the following five commitments:

1. Tax compliance

As creators of a healthy living environment, we know better than anyone how important it is to contribute to the general amenities in the countries and regions where we operate or will operate in the future. This is why Heijmans feels a high level of responsibility to pay a 'fair share' of taxes and be transparent about the tax position of the Heijmans business model in line with the VNO-NCW Tax Governance Code and Corporate Governance Code section 1.1.1 sub vii. Heijmans does this on the basis of the following principles:

- Tax follows the business. Tax positions are taken on the basis of sound business principles and by refraining from aggressive tax structures aimed at avoiding or evading tax. Should Heijmans become active outside the Netherlands in the future, in principle this will not be in countries on the European Union's black list.
- We follow both the letter and the spirit of the law.
- We apply the arm's length principle in intra-group transactions.

- We disclose complete and accurate information on our activities in a timely manner and refrain from structures that hide and/or reduce transparency.
- We expect any advice given by our (tax) advisers to be in compliance with the above principles.

2. Tax efficiency

Heijmans must pay tax, but will try to limit its tax burden wherever possible. In other words, within the limits of the other four commitments and more specifically the first commitment, Heijmans aims to create value through effective management of tax expenses and legitimate use of tax benefits, exemptions and/or subsidies.

3. Tax certainty & comfort

Heijmans strives to develop strong and reciprocal relationships with local tax authorities based on transparency and trust. All of this has the goal of achieving the correct application of the law, increasing legal certainty and reducing the number of disputes. To this end, Heijmans applies the following principles:

- In the event that tax legislation is unclear or subject to different interpretations, the Heijmans Tax department obtains written advice.
- We provide the tax authorities with all necessary information and relevant documentation as quickly as possible.
- Dialogue takes precedence over dispute. We have a strong preference for resolving disputes in an atmosphere of mutual consultation - if possible - by focusing on constructive consultation and building sustainable relationships with relevant tax authorities.
- In the event of new and/or amended legal and regulatory requirements, Heijmans representatives promote our interests with (local) authorities through industry associations, in compliance with our fiscal code of conduct.
- We build up a case file in defence against disputes and conflicts relating to differences of opinion and the interpretation of tax legislation, but always with the primary aim of reaching an amicable settlement and/or solution.

4. Tax risk management

Heijmans currently operates almost exclusively in the Netherlands. Nevertheless, the current public debate regarding the tax policy of multinationals and Heijmans' public sector clients give us all the more reason to identify and manage our tax risks.

Heijmans is exposed to the following tax risks:

- Tax compliance & reporting risks. These risks include late or incorrect filing of tax returns, late or incorrect claiming of exemptions or reliefs, and financial or operational systems and processes that are not robust enough to support compliance & reporting obligations. Heijmans' risk appetite for tax compliance & reporting risks is low.
- Transactional risks. This is the risk of undertaking (legal) actions without first identifying the tax consequences, or tax planning that is not properly implemented. Heijmans' risk appetite for transactional risks is low to medium.
- Reputational risks. This includes the overall impact that tax-related business operations may have on our relationships with stakeholders, clients, tax authorities and society. Heijmans' risk appetite is moderate. In the event of an uncertain tax position, we take a defensible position ('more likely than not').

Heijmans manages its risks on the basis of the following principles:

- Tax risk management is an integral part of the Heijmans risk policy. This means that the Heijmans Tax department should be consulted in advance to determine the tax consequence of significant business transactions.
- Heijmans sets up and manages the Tax Control Framework and Risk Matrix per tax asset in close consultation with the Tax Authorities under an Individual Supervision Plan (Horizontal Supervision).

- We contribute to compliance with and optimisation of tax processes, including the use of automation software and technology where possible.
- Maintain and improve the tax knowledge level and signalling function of employees involved in tax processes with respect to compliance with legal and regulatory requirements through internal or external training courses.
- We prevent surprises by being closely involved in quarterly and annual closings.
- We inform the Audit and Risk Committee about the implementation of our tax policy (and strategy) and urgent issues, including tax risks, at least once a year.

5. Tax governance

The Heijmans Executive Board is responsible for the tax policy (and strategy). The management teams of the business areas are responsible for implementing and executing the tax policy. The Heijmans Tax department is the point of contact for all tax-related matters. The Heijmans Tax department consists of highly trained tax experts who are in continuous dialogue with internal and external stakeholders. The Heijmans Tax department reports periodically to the CFO and Group Controller on compliance with the tax policy (and strategy).

Tax contribution report

One of our principles is that Tax follows our business. In short, our business is the design, construction and maintenance of buildings, homes and infrastructure, including related goods and services. This is grouped into the Property development, Building & Technology and Infra business areas, with a head office in Rosmalen and office locations spread across the rest of the Netherlands.

Heijmans currently has almost no activities abroad and all employees, including senior management, are employed in the Netherlands. This fact is important in understanding the tax position of the Heijmans business model and the reason why 100% of the result achieved with our business model is allocated to the Netherlands [1]. In addition to regular consultations, whenever possible we will also reach agreements with the tax authorities on the determination of taxable profit.

Heijmans has tax processes and control measures in place to manage its various tax assets, such as VAT, payroll taxes and corporate income tax. In addition, we perform regular monitoring activities, such as spot checks and internal audits (with or without external parties) to determine whether the control measures are still effective. In addition, we provide relevant employees with regular tax training courses and updates to maintain and improve their tax knowledge level and their signalling function with regard to compliance with legal and regulatory requirements.

We provide information on tax payments and taxes withheld in the annual financial statements. Heijmans shares an annual country-by-country report with the Dutch Tax Authorities.

Below we have included the most important tax data for the Netherlands (100% of operating activities).

Tax year : 2023 (EUR '000)						
Tax Jurisdiction	External revenue	Internal revenue*	Total revenue	Profit before taxes	Taxes paid **	Tax expense (actual) ***
The Netherlands	2,117,390	70	2,117,460	80,851	8,954	14,776
Belgium	0	40	40	(60)	0	0
Germany	0	0	0	(20)	0	0

* Internal revenue refers to cross-border revenue, excluding internal revenue within a jurisdiction.

** Taxes paid refers to the actual taxes paid during 2023.

*** Tax expense (actual) refers to the total current tax expense excluding deferred tax expenses/gains. The deferred tax expense is significant given accumulated past losses that can be partly offset against taxable profits.

Taxes paid / withheld 2023

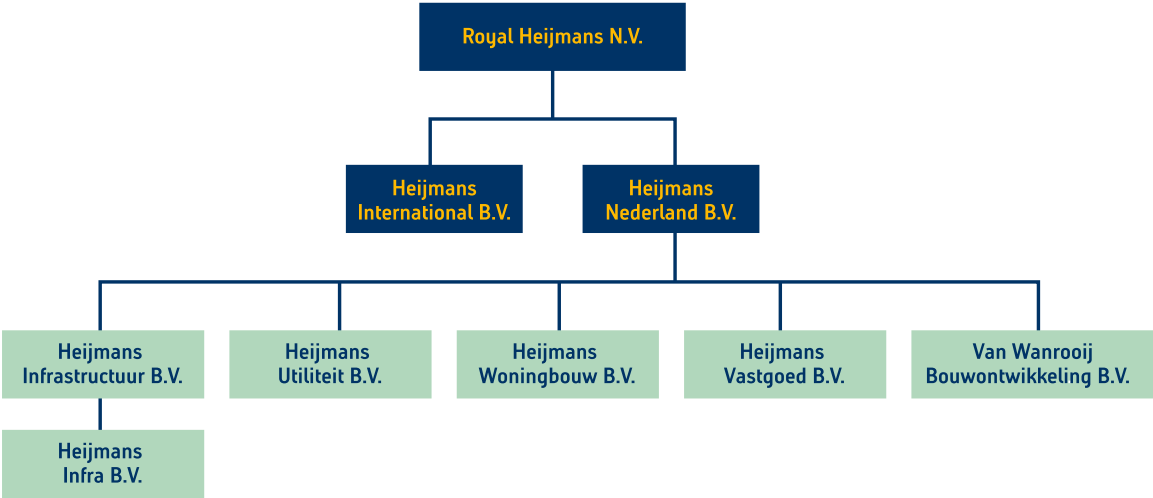
(€ in million)

Corporate income tax	€ 9,0	
VAT	€ 147,4	€ 56,9
Payroll tax	€ 170,1	
Dividend tax	€ 1,7	

This overview represents Royal Heijmans N.V. and all its 100% (in)direct subsidiaries

¹ Heijmans still has a number of inactive foreign companies in its structure, stemming from past foreign operations and that are currently awaiting liquidation (i.e. 'dormant' companies).

20.6.16 Overview legal structure



21 Glossary

Aerius calculation

The AERIUS calculation tool is part of the Dutch integrated approach to nitrogen emissions (or PAS, from the Dutch Programmatische Aanpak Stikstof). It is used to calculate the nitrogen deposition on Natura 2000 areas as a result of projects and plans. Pursuant to the Dutch Nature Conservation Act, these calculations are mandatory for permit granting.

Average invested capital

Average invested capital is the metric used to measure the efficiency of capital utilisation. It represents the average amount of capital invested over a given period in assets used to generate income. It can be broken down as follows:

	2023	2022
Fixed assets	339	343
Working capital	-116	-77
Capital employed start of period	223	266
Fixed assets	537	339
Working capital	80	-116
Capital employed at the end of the period	617	223

Beyond Eyes

A Heijmans initiative. A collection of data-driven services for smart building management: BE Equipped, BE Vital, BE Energized, BE Clean and BE Safe.

Near energy neutral building (BENG) standard

Standard that sets criteria for the energy performance of a building and expresses this using three indicators: energy demand, primary energy use and share of renewable energy.

BREEAM score

Building Research Establishment Environmental Assessment Method. BREEAM-NL has been the certification method for a sustainably built environment since 2009. This method can be used to assess projects for overall sustainability.

Building Information Model (BIM)

A central, digital platform that combines all relevant information during the construction process and which is used by all parties involved to achieve consistent interpretation and to steer the construction process in the right direction. This leads to a digital (3D) model of the structure to be realised.

Chain integration

Cooperation within and between the successive links within an organisation or business column, from suppliers right through to clients.

Climate adaptation

Climate adaptation combats the effects of climate change and could help the Netherlands become resistant to climate change. Adaptation is made possible by setting climate buffers.

CO₂ credits

A CO₂ or carbon credit is a tradable unit that allows an organisation to offset its own CO₂ emissions by reducing CO₂ emissions elsewhere.

CO₂ emissions

CO₂ (carbon dioxide) emissions measured over a period of time.

CSRD

Corporate Sustainability Reporting Directive (CSRD). The CSRD is a European guideline for sustainability reporting.

Custodians

Financial parties that act as custodians for shares.

DBFMO contract

DBFM stands for Design, Build, Finance and Maintain, a type of contract under which the contractor is responsible for both the design and building of the project, as well as financing and total maintenance. It frequently involves long-term, large infrastructural projects in groundwork, road building and waterway construction (such as roads, locks and bridges) and property development.

Energy transition

This is the transition from fossil fuels (natural gas, coal, oil) to sustainable energy (wind, solar, biomass and hydrogen). Targets and the measures to achieve these targets are laid down in the Dutch government's Climate agreement.

Fleet review

The annual review of know-how, talents and competencies of Heijmans' employees.

Generic Gate Instructions (Dutch: GPI)

This is a uniform set of safety instructions followed by everybody who enters a building site: this has been mandatory at all Dutch building sites since 1 April 2019.

GO!

An internal safety improvement programme designed to eliminate accidents ('No accidents') and improve safety and safety awareness in the organisation.

Green Deal

Green deals are agreements between organisations, citizens and public sector bodies to provide space for innovative initiatives from society to accelerate the transition to a sustainable economy.

Greenhouse Gas Protocol

This is a protocol initiated by the World Business Council for Sustainable Development and the World Resources Institute, together with a number of NGOs, including the WWF and a number of companies, including Royal Dutch/Shell. The aim is to develop procedures and instruction manuals for the calculation and reporting of greenhouse gas emissions.

Heijmans B'woond

Renovation concept for existing/occupied homes targeted at housing corporations and investors.

Heijmans Horizon

Timber-frame homes that Heijmans builds in its own production plant in Heerenveen.

Heijmans Huismerk

This is a concept home with a high level of standardisation, intended for the rental market, commissioned by housing corporations and investors. The production process is largely industrialised. Prefab sections are assembled at the building site.

Heijmans ONE

These are moveable one-person homes for specific target groups that are poorly served in the current housing market, such as starters, people in urgent need of a home and refugees with residence permits.

Heijmans TWO

High-end variant of the Heijmans ONE that complies with the building code for permanent housing, which means it is not mandatory to relocate the home after ten years.

IF figure

The Injury Frequency (IF) index figure is the number of accidents resulting in absenteeism that occur in a particular timeframe, divided by the number of work hours.

Integrated Reporting Framework

This is integrated reporting in which organisations indicate how sustainably they operate and how strategy, governance, performance and outlook deliver (social) value in the shorter and longer term.

KPI

Key performance indicators, or KPIs, are variables used to analyse the performance of companies.

LEAN

LEAN is a business methodology designed to increase efficiency. Application of the LEAN methodology is used primarily to develop flexible working practices, driven by customer demand and the maximum elimination of waste.

Machine learning

Machine learning (ML) is a form of artificial intelligence (AI) aimed at building systems that can learn from processed data or use data to improve performance.

Nature-inclusive construction

Nature-inclusive construction is an approach – tailored to the area due to be developed - that combines the design of the construction project with the strengthening of the natural green areas. The aim is to create a healthy, future-proof living environment for both people and animals.

Net margin

The net margin is the ratio that measures profitability by comparing profit after tax to revenue. It can be broken down as follows:

	2023	2022
Revenue	2,117,317	1,812,208
Profit after tax	59,733	59,580
Net margin	3%	3%

Net debt / Net cash

Net debt / Net cash is the metric used to assess a company's financial health. It is calculated by deducting total cash and cash equivalents from total debt. Depending on the balance, we refer to it as Net debt or Net cash. This metric is calculated as follows:

		2023	2022
Non-Current Liabilities	+/+	65,484	12,136
Current Liabilities	+/+	21,823	1,824
Liquid assets	-/-	40,384	237,012
Operating leases /rents term (current)	+/+	27,458	21,557
Operating leases /rents term (non-current)	+/+	62,435	50,633
Net debt / Net cash		136,816	-150,862

Operating margin

Operating margin is the ratio used to measure operational efficiency and profitability. It indicates how much profit is generated in relation to revenue, net of operating costs. It can be broken down as follows:

	2023	2022
Operating result	81,115	73,081
Revenue	2,117,317	1,812,208
Operating margin	4%	4%

Porthos ruling

Porthos is a collaboration between the Port of Rotterdam, Gasunie and EBN. Porthos is developing a project in which CO₂ from the industry in the port of Rotterdam will be transported and stored in empty gas fields under the North Sea. In November 2022, the Council of State issued an interim ruling on Porthos' use of the statutory construction exemption. This exemption means that no permit is required for nitrogen emissions that occur during project construction. The Council of State ruled that the construction exemption may not be used, as it cannot be ruled out that it could damage nature in Natura 2000 areas. This ruling has major implications for construction, infrastructure and sustainability projects in the Netherlands.

Procurement

Procurement is the process of finding, agreeing on terms and acquiring goods, services or works from external parties.

Procurement spend

Heijmans' annual spend on suppliers.

Profit after taxes as a % of equity

'Profit after tax as a percentage of equity' is the ratio that measures profitability relative to equity.

	2023	2022
Result after tax	59,733	59,580
Equity	383,657	317,019
Result after tax as % equity	16%	19%

Profit after tax as a % of revenue

'Profit after tax as a percentage of revenue' is the ratio that indicates what percentage of revenue remains as profit after tax.

	2023	2022
Result after tax	59,733	59,580
Revenue	2,117,317	1,812,208
Result after tax as % of revenue	3%	3%

Return on average invested capital

Return on average invested capital (ROIC) is the ratio used to measure the efficiency of capital utilised to generate profits. ROIC indicates how much return is generated on the average amount of capital invested over a given period of time.

Amounts in € 1 miljoen	2023	2022
Operating income	81	71
Average Invested Capital	421	245
Return on Invested Capital	19%	29%

Roadshow

This is a series of presentations in which a company explains the financial-economic and strategic aspects of its business with the aim of increasing the awareness of the shares in that company and by doing so supporting its share price.

SDGs

Sustainable Development Goals (SDGs): 17 sustainable development goals with 169 sub-goals, formulated by the United Nations, with the aim of eliminating poverty, inequality and climate change in 2030. The goals constitute an international agenda for governments, companies, NGOs and knowledge institutes.

Smarter

This is the application of smart technologies so buildings and areas can generate data that enables the more effective management of resources.

Smart grid

A smart electricity system that matches demand for electricity with supply at any given moment.

SpeakUp system

This is a procedure with a related system to make anonymous reports regarding abuses within the company by telephone or online via a website. Both the procedure and the system run via an external, independent and specialised party that Heijmans has hired for this purpose.

Structures

These include structures such as bridges, tunnels, locks and viaducts.

Underlying EBITDA

Underlying EBITDA is the operating result before depreciation and amortisation, including EBITDA from joint ventures, excluding any impairment of real estate and/or goodwill, restructuring costs, acquisition costs, including retention bonuses and book results on the sale or purchase of entities. The underlying EBITDA defined as such also forms the basis of the calculation of the covenants to the banking group. It can be broken down as follows:

		2023	2022
EBITDA		126,938	109,714
EBITDA joint ventures	-/-	-5,368	-8,672
Impairment on Real Estate / land holdings	-/-	0	-4,100
Restructuring expenditures	-/-	-2,986	-1,555
Acquisition costs/ book results on investments	-/-	-9,410	-2,411
Retention bonuses	-/-	-2,400	0
Underlying EBITDA		147,102	126,452

Underlying EBITDA margin

The underlying EBITDA margin refers to the calculated underlying EBITDA divided by revenue.

	2023	2022
Underlying EBITDA	147,102	126,452
Revenu	2,117,317	1,812,208
Underlying EBITDA Marigin	7%	7%

Value creation model

This is a schematic visualisation of how a company creates value for its stakeholders and society as a whole. The model provides insight into capital flows, business model and concrete results as output and the impact and broad-based value that is created for society.

22 Abbreviations

Arbo	Arbidsomstandigheden (wet)
AscX	Amsterdam Small Cap Index
AVA	Algemene Vergadering van Aandeelhouders
AVG	Algemene Verordening Gegevensbescherming
BAVA	Buitengewone Algemene Vergadering van Aandeelhouders
BIM	Bouw Informatie Model
BREEAM-score	Building Research Establishment Environmental Assessment Method
BTW	Belasting Toegevoegde Waarde
CEO	Chief Executive Officer
CDE	Common Data Environment
CFO	Chief Financial Officer
CO ₂	Koolstofdioxide
COP21	Klimaatconferentie Parijs 2015
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRO	Chief Risk Officer
CSDDD	Corporate Sustainability Due Diligence Directive
DNSH-criteria	Do No Significant Harm-criteria
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EMA	Europees Geneesmiddelen Agentschap
ENI	Emissieloos Netwerk Infra
EPC	Energie Prestatie Coëfficiënt
ERM	Enterprise Riskmanagement
ERP	Enterprise Resource Planning
GHG	Greenhouse Gas Protocol
GIS	Geografisch Informatie Systeem
GO!	Geen Ongevallen!
GPI	Generieke Poortinstructie
GRC	Governance-Risico-Compliance
GRI	Global Reporting Initiative
GCVB	Governance Code Veiligheid in de Bouw
HRM	Human Resource Management
IF	Injury Frequency
IFRS	International Financial Reporting Standard
ISO	Internationale Organisatie voor Standaardisatie
IT	Informatietechnologie
KPI	Kritieke Prestatie Indicator
MKI-score	Milieu Kosten Indicator
MPG-score	Milieu Prestatie Gebouwen

NEPROM	Vereniging van Nederlandse Projectontwikkeling Maatschappijen
NYSE	New York Stock Exchange
RIVM	Rijksinstituut voor Volksgezondheid en Milieu
RvB	raad van bestuur
SAP	Systems, Applications and Products for data processing
SDG's	Sustainable Development Goals
SSVV	Stichting Samenwerken Voor Veiligheid
Stichting AK	Stichting Administratie Kantoor
SKAO	Stichting Klimaatvriendelijk Aanbesteden & Ondernemen
TCFD	Task Force on Climate-Related Financial Disclosures
UMA	Uniforme Meld Applicatie
VCA	Veiligheid, gezondheid en milieu checklist aannemers
ViA	Veiligheid in Aanbesteding
VR	Virtual Reality
WAS	Wet aanpak schijnconstructies
Wmz	Wet melding zeggenschap

23 Colophon

You can find the Heijmans N.V. 2023 annual report on the Heijmans website.

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