



Annual report 2022



Table of contents

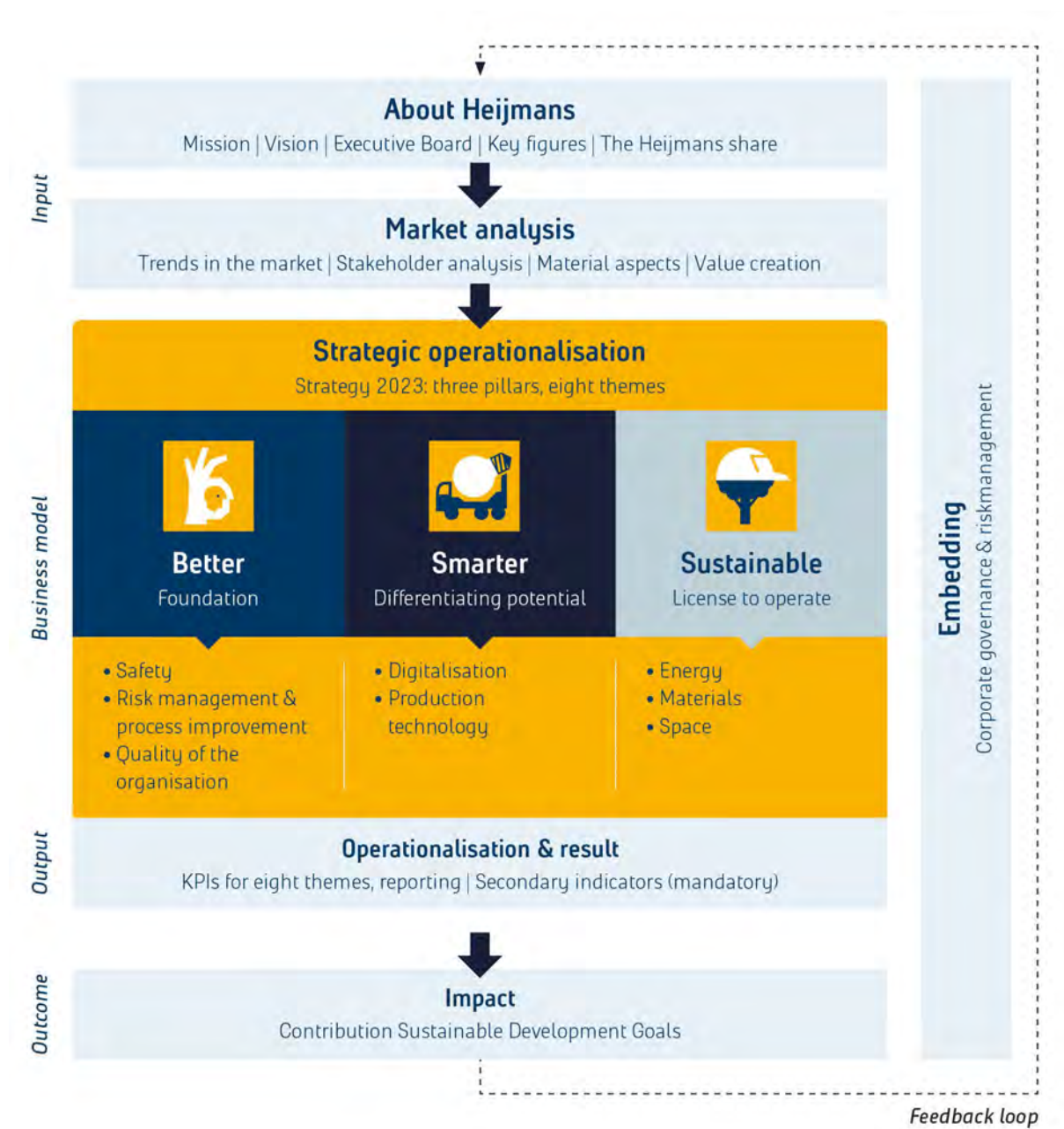
	Heijmans at a glance	3
1	Foreword	4
2	Profile	9
3	The management	18
4	Key figures	22
5	Environmental analysis	30
	5.1 Trends	32
	5.2 In dialogue with stakeholders	38
	5.3 Material themes	42
6	Strategy	46
	6.1 Better	47
	6.1.1 Safety	47
	6.1.2 Risk management and process improvements	51
	6.1.3 Quality of the organisation	53
	6.2 Smarter	58
	6.2.1 Digitalisation	60
	6.2.2 Production technology	64
	6.3 Sustainable	69
	6.3.1 Energy	71
	6.3.2 Materials	74
	6.3.3 Space	78
7	Results	82
	7.1 Value creation model and Sustainable Development Goals	82
	7.2 Non-financial results	84
	7.3 Financial results	105

8	Governance	117
	8.1 Report of the Supervisory Board	117
	8.2 Diversity	124
	8.3 Corporate governance	126
	8.4 Conduct and integrity	131
	8.5 Risk management	136
9	The Heijmans share	151
10	Financial statements	156
11	Appendices	245
	11.1 Result appropriation	245
	11.2 Executive Board statement	246
	11.3 Independent auditor's report	247
	11.4 Assurance report of the independent auditor	259
	11.5 Heijmans N.V. 2022 Remuneration report	262
	11.6 Other appendices	273
	11.6.1 Heijmans Share Administration Trust	273
	11.6.2 The Heijmans Preference Share Trust	277
	11.6.3 Reporting methodology	278
	11.6.4 KPI table	279
	11.6.5 Global Reporting Initiative	284
	11.6.6 Management Approach overview	286
	11.6.7 EU Taxonomy	288
	11.6.8 EU Directive Non-Financial	297
	11.6.9 Sustainable Development Goals (SDGs)	298
	11.6.10 TCFD risks and opportunities	302
	11.6.11 Human rights	306
	11.6.12 Heijmans' Tax policy	307
	11.6.13 Overview legal structure	312
	11.6.14 Heijmans BIM ladder	313
12	Glossary	315
13	Abbreviations	319

The Executive Board report as meant in Title 9 Book 2 of the Dutch Civil Code includes the following sections 1. Foreword. 2. Profile. 3. The Executive Board. 4. Key figures. 5. Environmental analysis 6. Strategy 7. Results 8. Governance and 9. The Heijmans share. And the appendices 11.1, 11.2, 11.3, 11.6.7, 11.6.8 and 11.6.11.

Announcement – This version of Heijmans N.V.'s financial reporting for the year ending on 31 December 2022 is not presented in the ESEF format as specified in the technical regulation standards for ESEF (Delegated Regulation (EU) 2019/815). The ESEF reporting set is available via jaarverslag.heijmans.nl under 'Downloads'.

Heijmans at a glance





1 Foreword

At the start of Heijmans' hundredth and first year of existence, I would like to express my appreciation to all my colleagues. Their adaptability enabled us to respond effectively and perform well as an organisation in a highly volatile world over the past year. We started the year with Covid-19 still clearly present in our society, but all too soon, all we were focusing on was the war in Ukraine. Apart from the human suffering for the people there, the war has had a major economic impact. A higher cost of living and worry about the security of energy supplies once again led to enormous uncertainty among a large section of the population, obviously including our own people. Given all of this, I consider our good results a great compliment to all our employees.

Controlled entrepreneurship

In 2022, we had to deal with an unprecedented accumulation of external influences, such as the government's rental policies, rising mortgage rates and, of course, the nitrogen emissions issue. Despite this, we performed well and can be satisfied with the results. Our agility and our ability to anticipate are enormous. One of the things that made this clear was the Council of State's ruling in the Porthos case, which voided the construction exemption. But because we had already commissioned Aerius calculations on our own initiative, we will be able to limit delays in the permit process for our projects.

Our focus on margin over volume and our much-improved risk management continue to pay off. The company is as solid as a rock. Armed with our entrepreneurial spirit and innovative strength, we are constantly on the move and working purposefully to create a healthy living environment.

Safety

Safety is our first priority and an absolute prerequisite. Yet in March 2022, we were shocked by a fatal accident on the N3 in Dordrecht. During a subcontractor's pile-driving work on a Heijmans project, one of the subcontractor's employees was killed. Our sincere condolences go out to the relatives of the victim.



CEO Ton Hillen

“ Heijmans is well positioned for the future and is looking to the next hundred years with confidence ”

We continue to devote our undivided attention to the creation of a proactive safety culture. Heijmans Infra once again certified on step 4 of the Safety Ladder. Residential building, Non-residential building and Property development have all set themselves the target of level 4 certification in 2023. On top of this this, Heijmans has initiated various ongoing activities to improve overall safety behaviour, including the long-term Leaders in Safety training programme. Last year saw another 1,300 of our colleagues participate in this programme. Our virtual reality training courses have also been successful, with the 1,000th training course being held in November.

Although the number of accident reports rose to 71 from 66, the IF figure (duration of absence in relation to the number of hours worked) fell significantly: to 2.7 from 3.8. This shows that accidents are being reported more frequently, an important part of a proactive safety culture. Thanks to the improved reporting culture within the organisation, we are constantly improving our ability to anticipate unsafe situations. This is why we take every report seriously. In addition, we continue to call on everyone, inside and outside Heijmans, to be alert and to call each other out on unsafe behaviour and unsafe situations. Or, as our agreement goes: 'Make yourself heard, never look away, invite others and keep improving!'

Being a good employer

Covid-19 and the war in Ukraine have left us living in uncertain times. Rising energy, fuel and food prices are having a major impact on household finances, including those of our staff. This is creating extra mental pressure and stress about the affordability of daily life, leading to higher absenteeism among a number of our employees. So I was pleased that we were able to give two bonuses of € 250 net and € 500 gross to our colleagues who needed this the most. We continue to focus on the physical and mental health of our people, and that includes our continuous focus on prevention and vitality.

This year, employee participation at Heijmans celebrates its 50th anniversary. The Works Council has been embedded in the organisation for fifty years and acts as a constructive and critical partner to the Executive Board. As an extension of our employees and the eyes and ears of the shop floor, the Works Council acts as an important indicator of what is going on in the company. We attach enormous value to good interaction, because this enables the Works Council to make a significant contribution to Heijmans' strength.

Sustainability

Sustainability is now an integral part of our work and clear targets on energy, materials and space give us direction. In 2022, we reduced our CO₂ emissions by 7%. The targets we have set encourage us to keep doing better and to continue to reduce our emissions, both directly and indirectly. This is why we continue to invest heavily in measures that reduce our CO₂ emissions, including the purchase of emission-free equipment. We have also taken major steps in the field of materials and circularity and high-quality reuse are now playing an increasingly significant role in our projects. From 2023, we will produce our own energy-neutral timber-frame houses at our factory in Heerenveen, which marks another milestone for us. This is how we are taking our responsibility: by doing. We also work with a large number of partners in knowledge institutions and the business community, along with various nature conservation organisations, so we can drive sustainability measures and innovations elsewhere wherever possible.

Our sustainability efforts are being recognised and acknowledged. In July 2022, the Dutch Association of Investors for Sustainable Development (VBDO) named Heijmans one of the leaders on the promotion of biodiversity front. In November, we were honoured to receive the SDG award. Cobouw and PwC present this incentive award to the most sustainable construction company in order to increase the attention devoted to sustainability throughout the sector. It goes without saying that we are very proud of this award.

Making things smarter through digitalisation

The nitrogen emissions issue, the scarcity of space, materials and people and the sustainability challenge are making our task more complex every year. Our response to this complexity is to streamline our work and our processes. We are constantly increasing our use of digital construction methods, intelligent and data-driven maintenance and a growing number of digital tools. These tools enable us to build more productively and impactfully, while the use of digital tools also makes the work for our employees outside safer and more efficient.

We also deploy digital and smart solutions for our clients. From sensors on bridges and tunnels to sensors in homes and offices. For instance, our data-driven Beyond Eyes service supports the smart use and management of (office) buildings. In 2022, we won a major tender from ProRail. This is a great contract to install 4,500 workplace and space sensors at seven locations, including the company's iconic 'De Inktpot' headquarters in Utrecht, enabling ProRail to control and optimise the building's indoor climate.

Housing market

The housing market continued to face unrelenting pressure in 2022. Over the past few years, market prices rose to unprecedented levels, which put constant pressure on the affordability of housing for consumers. Due to the limited availability of materials and people, plus high energy costs combined with higher mortgage interest rates, housing sales declined sharply in the second half of 2022. Rapidly rising mortgage rates and higher energy costs in particular had a major impact on borrowing capacity and consumer confidence. All things considered, what we are dealing with here is a normalisation of mortgage rates after years of extremely low interest rates. This cooling of the housing market is necessary. Construction costs are expected to normalise in the coming years, which could also help make homes more affordable for consumers.

Fundamentally, we expect demand for homes to remain undiminished. Which is why we are confident about the future of the housing market. However, we do foresee a shift from inner-city to suburban developments in our portfolio in the coming years. To keep (new-build) homes affordable in the future, we remain committed to standardisation, industrialisation and efficient production processes. Thanks to our various smart and flexible housing concepts, we will help to make homes affordable, sustainable and energy-efficient.

Bold statements

In 2022, we once again focused on achieving the targets we set for 2023. 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 bring about real change, categorised along the axes of our strategy: better, smarter and more sustainable. This is why we deliberately made these targets ambitious. Our goal was to achieve 100% movement on all bold statements and fully achieve half of them. The targets set at the time expire in 2023 and our realisation of these targets up to the end of 2022 is something of a mixed bag.

Outlook

It is difficult to make concrete statements about the year ahead, partly due to ongoing macroeconomic volatility. Nevertheless, the current outlook inspires confidence. Thanks to its healthy diversification and volume, the order book for 2023 is at a robust level. We expect total revenues to increase slightly, despite an anticipated decline at Property development due to lower residential sales. This is because we expect this decline to be more than compensated by the rebound in volume at Infra to a level well above € 700 million, while we are also anticipating growth at Building & Technology, due in particular to the healthy order intake at Non-residential. The quality of the order book remains strong, putting us in good starting position for the year ahead. As a result, we expect all the business areas to continue to operate within our stated strategic underlying EBITDA ranges, resulting in a margin of 4% - 6% for our construction businesses and a margin of 6% - 8% for Property development in 2023. We therefore reiterate the outlook we gave on the publication of our third-quarter results to the effect that Heijmans expects the underlying EBITDA for the group as a whole to be at a similar level as in 2022 (excluding the Wintrack II provision). That said, I would like to express the hope that the world will move into calmer waters. In any case, I am incredibly proud of this organisation and look forward to celebrating 100 years of Heijmans with all our people. As a company, Heijmans is well positioned for the future and we are looking forward to the next hundred years with confidence.

Ton Hillen

Chairman of the Heijmans N.V. Executive Board

17 February 2023



Hart van Zuid

For Heijmans, area development is about a lot more than just stacking bricks. This is clearly visible in Hart van Zuid, where Heijmans has been working with the city of Rotterdam and Ballast Nedam since 2015 to transform a large area in Rotterdam South. In addition to improving roads, bus stops and bus lanes, together we have created new connections, we are greening the area around Zuidplein, added housing and we've given the theatre, swimming pool, Ahoy and the shopping centre a new look. Both residents and local businesses are actively involved in this project. Indeed, via the social programme, Hart van Zuid is investing in local residents and businesses: they will have to carry the neighbourhood and they will provide the socially sustainable added value of this development. Part of the social programme is to help young refugees find a job, an internship or to broaden their network.



[Read this story on Heijmans.nl/en](https://heijmans.nl/en)



2 Profile

Creators of a healthy living environment

Everyone wants to breathe clean air, live in a pleasant neighbourhood, enjoy beautiful nature, work in a good workplace, travel safely from A to B and arrive back at home healthy at the end of the day. These are the goals we have set for all our activities in property development, building & technology and infra.

Heijmans focuses on four areas of activity: property development, residential building, non-residential building and infrastructure. We advise, design, develop, realise, manage and maintain. We work for residential consumers, companies and public sector bodies and we focus on sustainability, quality improvement, innovation and integrality. Heijmans wants to play a leading role in making the construction sector safer and more sustainable. This is how we contribute to the solutions to numerous important social issues. For now and in the future. All our activities are aimed at creating a healthy living environment.

Real Heijmans

What started with one man, Jan Heijmans, has grown, over a hundred years, into a listed company with more than 5,000 employees. Yet we are still fundamentally a family business, with an eye to and attention for our people. In 2023, we can look back on a century of experience and craftsmanship. At the same time, we are always looking ahead; it is in our character. We are driven and optimistic, curious and inventive. Above all, we are reliable, transparent and good at what we do.

Stock exchange listed since 1993

Heijmans has been listed on the Amsterdam stock exchange since 1993. We only operate in the Dutch market and most of our partners are based in the Netherlands. The market for raw materials and purchased products is a combined Dutch and European market. A small proportion of the basic raw materials we use come from outside Europe. Heijmans' main suppliers are subcontractors (labour) and suppliers of building materials. Our main clients are private buyers (residential building), housing corporations and institutional investors, network companies (managers of electricity, water and gas networks) and (national) public sector organisations.

Our mission: the creation of a healthy living environment

We are the creators of a healthy living environment. Our goal is to leave any place where we have been better than we found it. Our own operations also need to be healthy. We consider it a basic requirement that we offer employees and partners a safe working environment, both physically and socially. An environment where everyone can and is allowed to be themselves. Where vital colleagues enjoy their work.

Our vision: it's all about end-users

In everything we do, we are always focused 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. As we stay involved in projects for more and more prolonged periods, we add value well into the usage phase. We are convinced that if we do well by those end users, we add the most value for our clients.

Our core values

Our good reputation is determined by the quality of our work and how we execute it. The power of our success rests with all our employees. We can only make a difference by working together. Our three core values provide us with the direction we need to achieve this:

- Ownership
- Result focus
- Collaboration

Social challenges

Our society is currently full of turbulence and uncertainty: sustainability, the energy transition and energy crisis, the housing challenge, the scarcity of labour and materials, inflation and nitrogen emissions. Heijmans has to deal with all these themes and developments, and others. We clearly see and accept our responsibility in this respect and want to help find solutions in all of these areas. We do this based on our own ambition to have a positive impact on our surroundings.

This is why we keep moving, innovating and taking steps in the right direction. Even if these steps are sometimes not as big as we would like because of (external) factors, such as the nitrogen emissions problem, strict regulations and labour market shortages.

Our strategy

- Better
- Smarter
- Sustainable

Making things better is the heart of our strategy. We continuously strive for greater safety awareness, greater predictability, more control of projects and to consistently work on the basis of our core values. Making things better is about having and keeping your house in order, about being an attractive employer, so you can attract and retain the right people. Making things better also requires change, and the courage to make choices and to say no.

Maintaining our focus on doing what we are good at and the ambition to keep doing it as well as we can and to do everything right the first time. That is what makes us an attractive employer that people want to work at. And a good and reliable partner for our clients and suppliers.

In recent years, our strategy has helped to make our organisation more stable. This is essential if we want to be in a position to realise our ambitions, because stability creates room for innovation. At the same time, given the major social challenges we face, it is a challenge to maintain both stability and focus on the future. In this respect, being smarter and more sustainable are absolutely essential.

Armed with innovative ideas, products and services, we offer smart solutions that help to solve the significant social issues of today and tomorrow. And each completed project makes the results and impact of our efforts more visible. Constantly measuring and monitoring - from development to the use phase - enables us to collect invaluable data and information. Then, analysing and evaluating this data enables us to keep getting better, smarter and more sustainable.

By improving sustainability, we ensure that we will have a healthy living environment long into the future. This is where we, as creators, can make a difference by designing and building sustainably. With an eye for alternative energy generation, the efficient use of energy, space and materials, and at the same time optimal comfort and experience. We see it as our challenge to respond to today's needs while also keeping a close eye on the long-term impact of those solutions.

Integrity and synergy

Heijmans' strategic direction over the past decade has been firmly focused on the integrity of all our business units. We work together and we benefit from the know-how and experience gained elsewhere in the organisation. From idea to realisation, maintenance and management, from buildings and roads to area developments. By combining various specialisms and activities, we offer integrated solutions that add value for our clients. We are increasingly using and marketing digital solutions as part of our strategy to continue our drive to work smarter. We also work closely with our clients and partners and value good relationships. We are working more and more sustainably and, where possible, we proactively provide our clients with sustainable solutions. This is what sets Heijmans apart.

Improving the N282/N260A roads

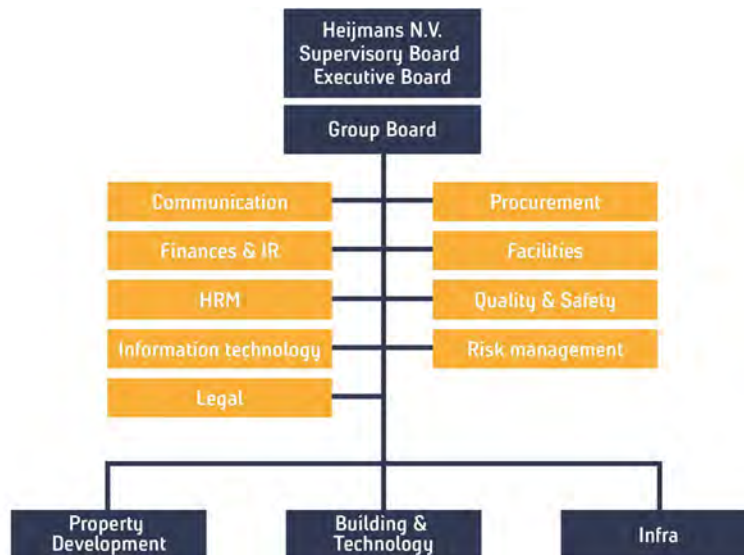
The province of North Brabant has commissioned Heijmans to upgrade the N282 and the N260A roads near Rijen and Hulst and to make them more sustainable. The aim is to solve the daily congestion on these roads and increase road safety for all road users. To do this, Heijmans has opted for sustainable and green solutions wherever possible. The approach includes widening both N roads to 2x2 lanes, adding turn-off to the south west of Hulst and a low-traffic section of the N282 near Hulst, plus the construction of a green median strip along the entire length of the route. Heijmans will also add underground fauna passages, a bicycle path and a natural noise barrier. The work is scheduled for completion by the end of 2023.



[Read this story on Heijmans.nl/en](https://heijmans.nl/en)

Our organisation

If we want to realise a healthy living environment, it is crucial that we optimise our integrated way of working, based on collaboration and direction. We steer this from our two-man Executive Board and the group board. The group board is responsible for the day-to-day operational management of the company. In addition to the members of the Executive Board, the group board consists of the chairs of the three business areas, the Chief Risk Officer (CRO), the Chief Human Resources Officer (CHRO) and the Chief Procurement Officer (CPO).



Three business areas

We work in different markets and we develop specific and diverse solutions for these markets. We do this on the basis of three business areas, while increasingly looking at the big picture. Due to increasing internal integrality, the growing complexity of our projects and our more prolonged involvement in projects, our various business area are becoming increasingly intertwined. The close cooperation between Property Development, Building & Technology and Infra makes us more dynamic and effective, enabling us to offer ever more complete and broader propositions for our clients.

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, commercial and industrial real estate. As area developers, we work on complex assignments, responding to the existing situation, new-build demand and (often inner-city) transformation assignments.

'Sustainable, green and social' lies at the heart of all our area developments. For us, sustainability goes beyond circular and energy neutral. It also includes nature inclusiveness, biodiversity, climate adaptability, health, quality and future-proofing. Under the name Smart City, Heijmans is contributing to the transformation of urban and suburban environments into smart cities and areas. We use digital solutions and data to optimise comfort, safety, efficient use of space, cohesion between residents and sustainability for residents and users.

Property development operates from four offices with a centralised area development department. In this way, we shape an integral vision and approach for the development and transformation of promising areas. 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 areas and result in healthy living environments.

Heijmans Building & Technology

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

Residential building activities include new-build homes, plus the conversion and renovation of residential properties. This includes the transformation of buildings that are being repurposed, for example from office to residential. Heijmans differentiates itself by its integrated approach to construction and installation technology. We apply smart energy and housing concepts to improve the sustainability of new and existing properties. We also aim to minimise CO₂ emissions in the construction process. And we renovate and make existing homes more sustainable.

Together with Property Development, Residential Building develops innovative housing concepts for houses and apartment buildings. This enables us to realise complex inner-city transformation projects, as well as more serial-based new-build projects. The standardised process used in our housing concepts enables us to develop and build more quickly, more safely and more affordably. And to do so without compromising on quality and variety in the process. Heijmans took a major step forward in the industrialisation and improved sustainability of our homes with the acquisition and expansion of the timber-frame factory in Heerenveen. From 2023, this is where we will produce our industrial-scale, energy-neutral timber-frame houses.

Vestibule

In the Leidsche Rijn district of Utrecht, Heijmans is building the Vestibule residential building with lots of adjustments along the way. This energy-efficient apartment complex is being built right next to the - now completed - sustainable residential complex Greenville. The construction pit is far from large, so the project requires excellent coordination and synchronisation to make sure the work is carried out safely. And the end result will soon be anything but cramped, as the apartments have spacious floor plans and generous terraces. This project stands out for the abundance of greenery, both inside and outside, as plants will be planted on the facades and the roof terraces. It will be great to look at and a real pull for birds and insects. The large glass entrance will be a real eye-catcher: a green oasis full of living plants.



[Read more about this project on heijmans.nl/en/](https://heijmans.nl/en/)

We also focus on multi-functional high-rise residential construction. The focus here is on complex inner-city new-build assignments and buildings with a high degree of mixed functionality, where people both live and work. These are high-rise residential buildings. Due to a combination of complexity in construction techniques, logistical accessibility and environmental management, this activity requires a bundling of expertise and specific knowledge. This is why we have a single nationwide business unit with permanent teams.

Non-residential Building designs, builds and maintains buildings with high-quality electrical and mechanical installations. We focus on complex large-scale buildings in healthcare, the (semi-) public sector, commercial property, high-tech clean industries (such as laboratories) and data centres. Our integrated approach to building and installation engineering is unique, and assignments are now increasingly linked to long-term management, maintenance and technical installation services.

Monitoring and data-driven services for buildings are a growing part of our business and we have housed these in the Services business unit. Thanks to these recurring activities, we are often active with our services for more prolonged periods of time. For instance, on the building maintenance front, we conclude long-term contracts for day-to-day preventive, corrective and replacement maintenance. We ensure that the 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 the systems. We also take risk-bearing 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 more efficient use of available manpower and materials.

Heijmans Infra

Infra designs, builds, renovates and maintains public spaces and infrastructure in the Netherlands. This involves infrastructure above and below ground, including the associated technical installations and energy facilities. This covers roads, hydraulic engineering works, viaducts, tunnels and bridges. The focus of this business area is increasingly shifting from new-build to asset management: optimal management and maintenance with timely replacement or renovation.

Optimal operation

In the coming years, Scaldis - a working combination of Heijmans and electrical engineering company Istimewa - will carry out major maintenance work on the Ghent-Terneuzen canal. Optimally operating locks and bridges are essential for a shipping route of enormous economic and logistical importance for both Zeeland and Flanders. Scaldis will convert the controls for these structures to remote central control and install new monitoring and safety systems, which will also change the maintenance on the structures. This is why Scaldis has teamed up with the Dutch Ministry of Public Works and Waterways (Rijkswaterstaat) to develop a suitable maintenance regime. This will enable Scaldis to use its knowledge, expertise and a comprehensive risk analysis to accurately determine where and when maintenance is required.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

The Netherlands is facing a major energy transition and this 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, from area integration to environmental management. With the acquisition of Dynniq Energy in mid-2022, Heijmans strengthened its position as an integrated player in the market for the construction and maintenance of energy infrastructure.

Infra is also increasingly active in the technical work required to make infrastructure and public spaces safer and more usable. This involves technical systems and installations, such as camera and various reference, lighting and control systems that are designed, built and maintained by Infra itself.

Given the various working disciplines within Infra, we can approach and execute infrastructure projects integrally. This is how we realise the smart combination of design, realisation and management & maintenance. Infra makes use of the knowledge and skills of in-house specialists and departments, such as: engineering services, asset management, tensioning and displacement techniques and drilling techniques, foundation techniques, road and soil specialists. Data-driven solutions, digital slimming and services also play an increasingly prominent role in Infra's overall business portfolio.

Heijmans Energy

Heijmans founded Heijmans Energy in 2020, with the ambition to design, build and operate sustainable, decentralised, integrated energy systems. In just a short time, this initiative has developed into a growing business activity focused on both thermal energy storage and solar energy systems, as well as networks and infrastructure in existing and new buildings. Heijmans approaches every single issue with the end users in mind. By using smart solutions to fit these energy systems into our built environment, we make energy more sustainable and keep it both affordable and reliable.

While energy used to be a closing item, it is now an integral part of the design of an area. Heijmans Energy's first project, Kade Zuid in Zutphen, was delivered at the end of 2022, marking the start of the 30-year operational period, providing residents with both heating and cooling. In addition to Kade Zuid, Heijmans Energy currently has thirteen projects under construction, some of which the business unit will also operate. This shows how we are having a demonstrable impact in the field of energy and how we are also fulfilling our ambition of long-term commitment to our end users.

Last year's rising prices and declining availability of energy put these developments even more clearly on the map. Based on our vision, we look very keenly at the sustainability component, but also at the extent to which we can become self-sufficient and so more independent of cyclical developments in the energy sector. For Heijmans, it is always about achieving a balance between sustainability, feasibility and affordability.

Electrification and grid connection problems are on the rise. Our ambition is to eventually develop self-sufficient neighbourhoods, where sustainable energy generation is included in the design of a neighbourhood or area. This will require smart solutions that facilitate communications between solar panels, charging stations and heat pumps. In the coming years, we want to make significant progress on this front. In one of our offices in Rosmalen, the Hive, we are building a smart grid as a pilot to gain experience and know-how in this field.



Future-proof power grid

The use of our energy network is changing rapidly. On the one hand, the demand for electricity is increasing enormously, as consumers and businesses switch from natural gas to electricity and more and more people are driving electric cars. On the other hand, there are an increasing number of sustainable generation facilities, such as solar panels and wind farms. These too need to be connected to the grid. But at the same time, we need to strengthen the current power grid to prevent overloading. Heijmans' cable and pipeline specialists are busy doing this all over the country, including in the Frisian town of Hallum. The existing 10 kV electricity cable in Hallum cannot cope with the increased demand for power. This is why Liander has commissioned Heijmans to work on a significant expansion of the capacity of the local network, adding over 200 kilometres of 20 kV cables. This is a complex job that requires good preparation and a lot of coordination. But once the work is completed, we will have a future-proof power grid.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

3 The management

Executive Board

Mr. A.G.J. (Ton) Hillen (1961), Chair 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 15 April 2020, 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 and member of the Advisory Board of the Dutch Association of Registered Controllers.



Supervisory Board

Mr. Sj.S. (Sjoerd) Vollebregt (1954), Chair

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 and reappointed in 2019. He is due to step down in 2023. Principal additional positions: Chairman of the Supervisory Board of Fugro N.V., Chairman of the Economic Board of Drechtsteden and Lead Independent Director of Joulz.



Ms. M.M. (Martika) Jonk (1959), vice chair

Dutch. Ms. Jonk qualified as a lawyer in 1986 and is 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. She is due to step down in 2023. 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) Knape-Vosmer (1962)

Dutch. Senior Vice President HR&O Global Enabling Functions & Sales | Regional HR coordination Asia & Europe 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), chair 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 Andersen, Mars, 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 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. 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), member of the supervisory board of Rotterdam Partners, member of the day-to-day management at VNO-NCW and chair of the board at Ronald McDonald Huis Sophia Rotterdam.



A portrait of Zivana Obrenovic, a woman with long brown hair, smiling. She is wearing a dark patterned top. The background is a solid yellow color.

You never stop learning

Normally, Zivana Obrenovic (41) is a project manager in the Non-residential Building business unit, but for the realisation of 295 apartments in Rotterdam's Parkstad Zuid, she has been 'loaned out' to the Multi-functional high-rise residential construction team.

"I like the fact that we are given the opportunity to get to know other parts of Heijmans in this way. I joined Heijmans immediately after my studies. First as a work planner, later as a project coordinator, and for the past three years I've been working as a project leader. Thanks to the career opportunities Heijmans offers and the warmth I experience in the company, I have never thought about working elsewhere."

"Heijmans believes in training its people. I've experienced that with several managers, and now that I'm a manager, I want to help others to develop and grow. I myself have benefited enormously from the Heijmans All-round Professional Programme, a training course for young professionals who want to grow into a managerial position. I learned a lot about cooperation, communication and finance, plus it increased my network within the company."

"I also like the fact that Heijmans itself never stops learning and that the company is committed to a more sustainable construction sector. Of course, this won't happen overnight and without a struggle, but we are learning more and more. For example, how to use recyclable materials, how to process waste sustainably and how to use electric transport. Making a construction company completely sustainable is far from easy, but we are on the right track."

"It's never occurred to me to work for another company"

4 Key figures

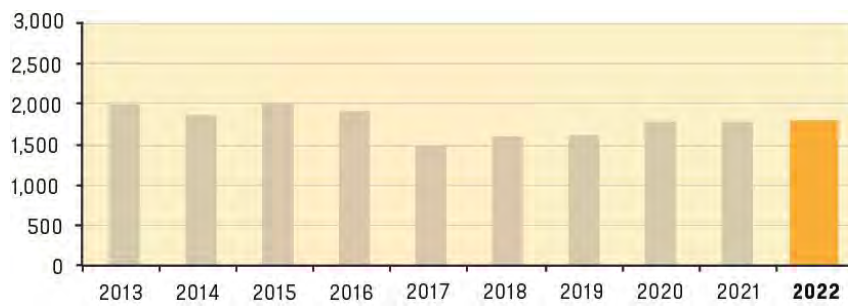
Key figures	2013 ¹	2014	2015	2016 ²	2017	2018	2019	2020	2021	2022
Result										
in € millions										
Revenue	2,001	1,868	1,979	1,884	1,487	1,579	1,600	1,746	1,748	1,812
Underlying EBITDA ⁴	47	11	14	-47	31	43	78	85	106	126
Operating result	11.9	-63.5	-29	-94	45.3	22.6	29.2	55.7	55.2	70.9
Result after tax	1.9	-47.3	-27.3	-110.5	19.5	20.5	30.1	40.1	50.3	59.6
Capital										
in € millions										
Assets	1,203	1,205	1,190	1,056	771	776	898	931	991	1,083
Average invested capital	423	372	318	293	202	161	196	240	250	245
Equity capital	313	259	266	142	162	149	178	226	268	317
Net debt	66	31	10	146	-14	-31	30	-37	-91	-151
Cash flow										
in € millions										
Operating	-10	46	10	-68	21	27	42	128	109	110
Investment	-3	-10	-9	-22	91	-10	4	-33	-32	-17
Financing	8	-23	51	43	-116	-3	-26	-29	-42	-66
Cash flow	-5	13	52	-47	-4	14	20	66	35	27
Ratios										
in %										
Return on average capital	2.8	-17.1	-9.1	-32.1	22.5	14.1	14.8	23.2	22.1	28.9
Result after tax:										
- as % of equity	0.6	-18.3	-10.2	-77.8	12	13.8	16.9	17.7	18.8	18.8
- as % of revenue	0.1	-2.5	-1.4	-5.9	1.3	1.3	1.9	2.3	2.9	3.3
Solvency rate based on guarantee capital	31.5%	27.0%	26.1%	17.7%	26.8%	25.0%	24.8%	28.8%	30.1%	29.3%
No. of shares										
x 1.000										
At year-end	19,349	19,461	21,407	21,407	21,409	21,409	21,409	21,933	22,760	23,553
Average	18,111	19,420	20,661	21,407	21,408	21,409	21,409	21,715	22,415	23,223
Data per share³										
x € 1										
Equity	17.28	13.34	12.87	6.63	7.57	6.96	8.31	10.41	11.96	13.65
Operating result	0.66	-3.27	-1.4	-4.39	2.12	1.06	1.35	2.56	2.46	3.05
Result after tax	0.1	-2.44	-1.32	-5.16	0.91	0.96	1.4	1.85	2.24	2.57

Key figures	2013 ¹	2014	2015	2016 ²	2017	2018	2019	2020	2021	2022
Dividend	0.15	-	-	-	-	-	-	0.73	0.88	1.01
Share price information										
x € 1										
At year-end	10.51	8.95	8.18	5.52	9.71	8	7.5	9.33	14.9	10.12
High price	10.78	14.2	13.36	9.2	10.87	12.92	11.52	9.67	15.4	15.70
Low price	6.85	7.83	5.77	4.59	6.02	7.44	7.12	4.47	9.26	9.19
Other data										
Order book (* in € millions)	1,643	2,287	2,094	1,863	1,898	2,014	2,124	1,946	2,061	2,358
Employees (average number of FTEs) ⁵	7,617	7,198	6,808	6,412	4,520	4,483	4,565	4,678	4,706	4,815

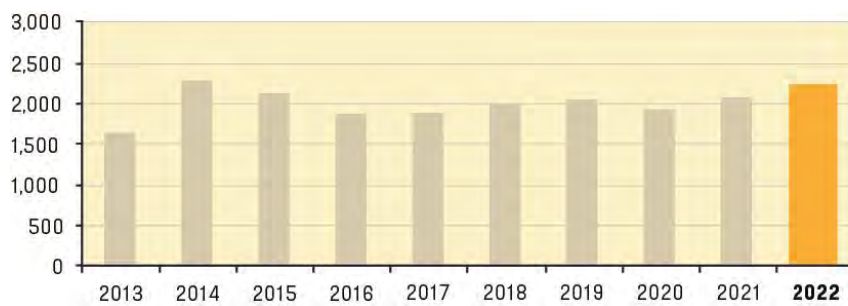
1. After revision due to change in system joint arrangements.
2. The figures in the income statement cover all operations (incl. discontinued operations). Balance sheet figures are before reclassification of sold entities to assets held for sale excluding total assets. Net debt and the order book are after reclassification of sold entities to assets held for sale.
3. Data per share are expressed relative to the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end.
4. Underlying EBITDA is the operating result before depreciation and amortisation, including the EBITDA from joint ventures, excluding property impairments, reorganisation costs, book results on the sale of entities and other non-operating results designated as exceptional by the group. As a result of the introduction of IFRS 16 'Leases', there has been a shift from operating expenses to depreciation. In addition, part of the operating costs has been shifted to finance costs. As a result, underlying EBITDA increased by € 24 million in 2019, the first year of IFRS 16 adoption.
5. Of the total number of employees, around 14.2% are women, 13.7% work part time and 97.8% have an open-ended contract. In addition, Heijmans hired around 585 FTEs in 2022, while the use of temporary staff increased by around 20%. The data are from the HR system (SAP and Workday).

Financial key figures

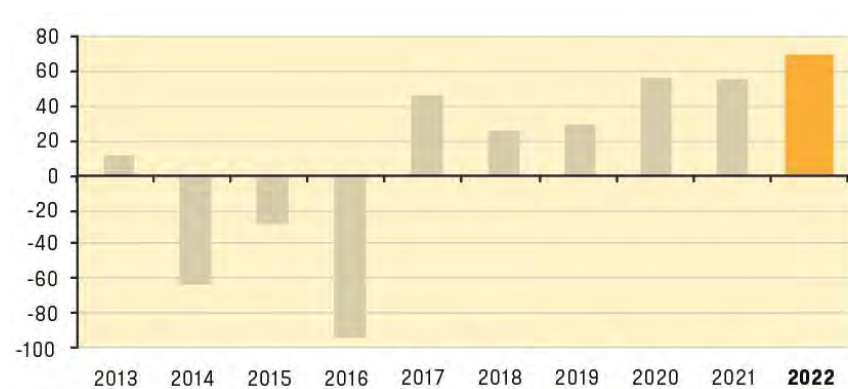
Revenue (in € mln.)



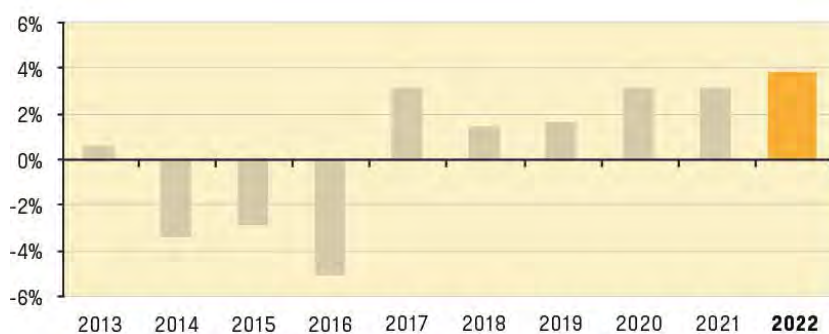
Order book (in € mln.)



Operational result (in € mln.)



Operational margin (in %)

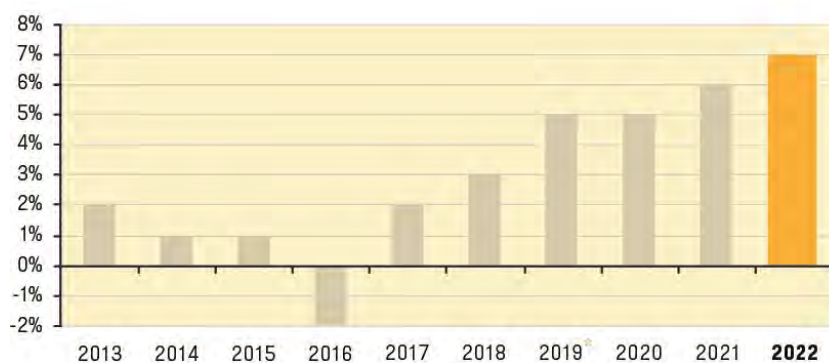


Underlying EBITDA (in € mln.)



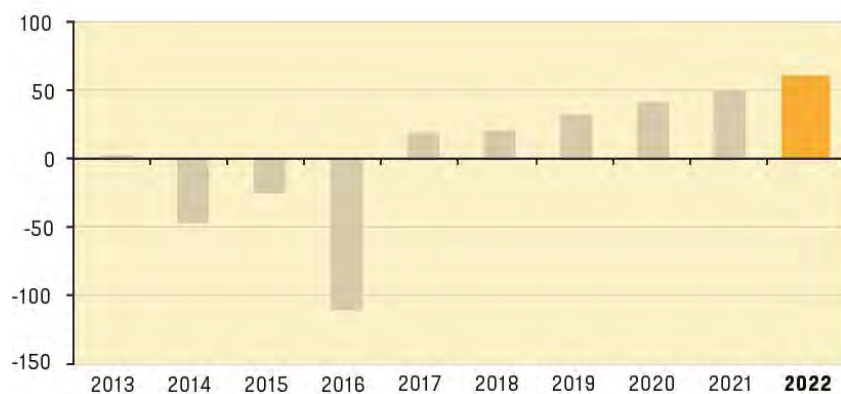
NB: from 2019 onwards, figures include the impact of IFRS 16 'Leases' (effect in 2019: + € 24 million)

Underlying EBITDA margin (in %)

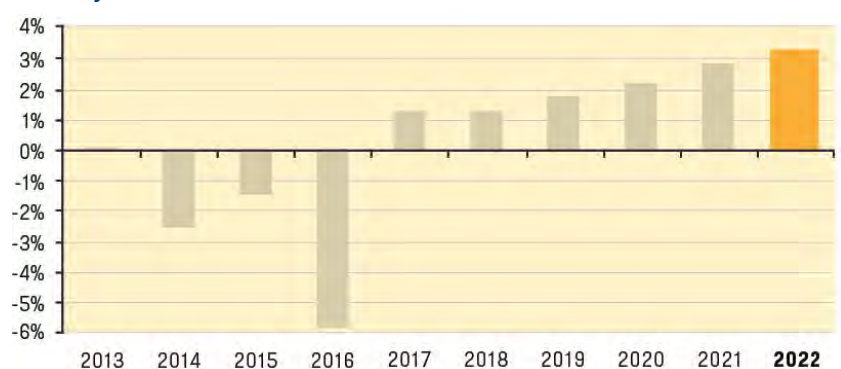


NB: from 2019 onwards, figures include the impact of IFRS 16 'Leases' (effect in 2019: + € 24 million)

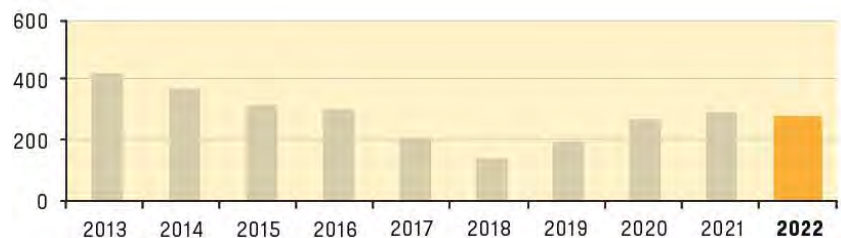
Result after taxes (in € mln.)



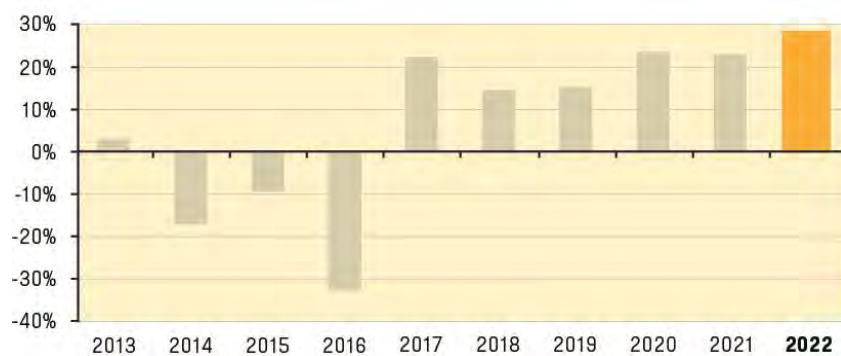
Net margin (in %)



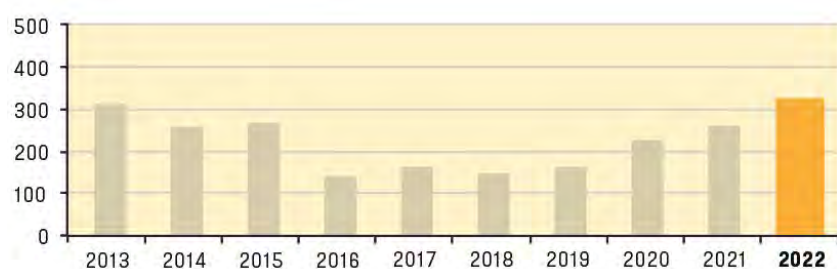
Average invested capital (in € mln.)



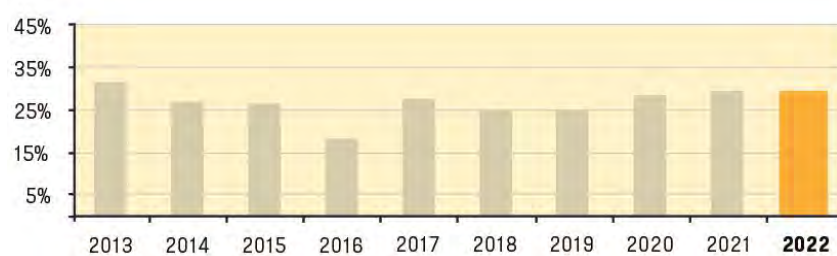
Return on average invested capital (in %)



Equity (in € mln.)

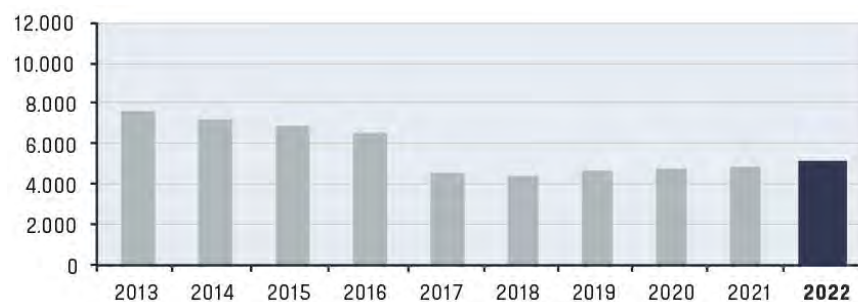


Solvency on the basis guarantee equity (in %)

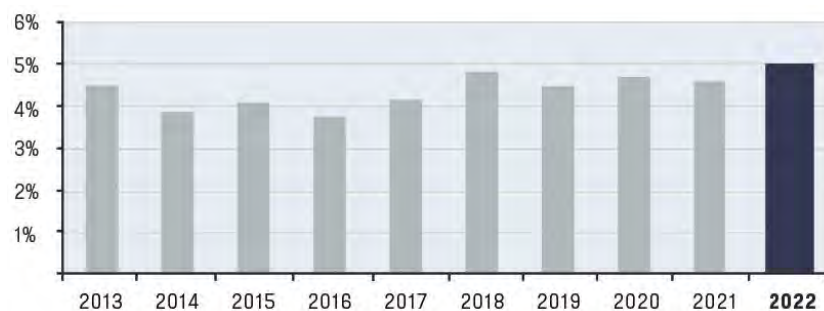


Non-financial key figures

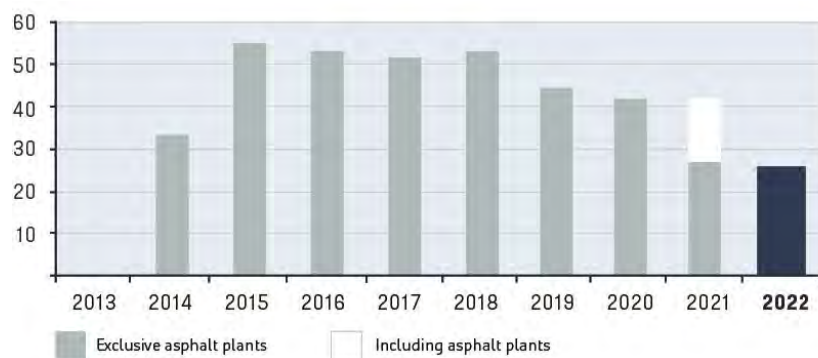
Average number of employees (in FTEs)



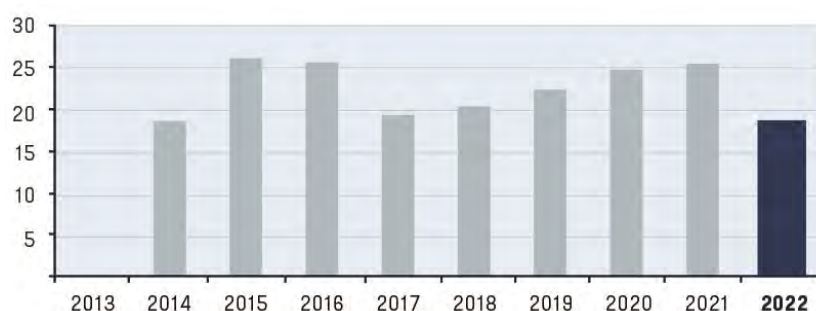
Absenteeism (in %)



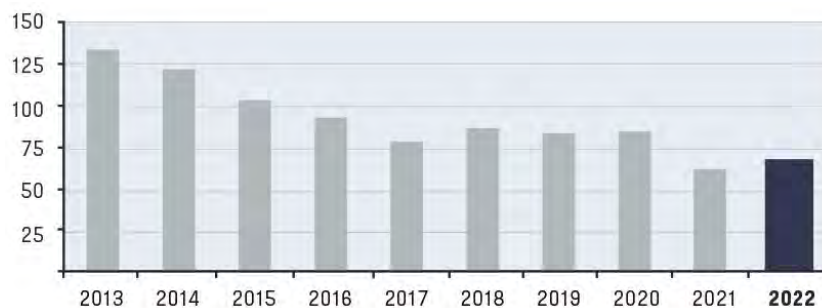
CO₂ emissions scope 1+2 *



Total amount of waste materials (in tonnes) *



Number of accidents (incl. subcontractors)



* We do not have data going back 10 years for any of these key figures: we report on the years for which data are available. Any definition changes in the reported period are explained in more detail in the KPI table in the appendices.

** In 2022, CO₂ emissions are reported excluding the divested asphalt plants.

A woman with dark hair, wearing a dark sweater, is looking up at a large, glowing spherical light fixture. She is holding a screwdriver and appears to be working on it. The background is a blue, industrial-looking structure with metal beams.

Working in engineering

Getting young people excited about a career in engineering is important to us. A lot of parents want their children to study, but many young people prefer to work with their hands. For example, they want to design systems or technical installations, or make them themselves. This is a tangible result you can be proud of, and we can certainly guarantee you'll always have plenty of work. At Heijmans, young employees are given every opportunity to learn and grow. To bring technology to the attention of children and young people, we like to work with educational institutions in secondary and higher vocational education and all kinds of other partners. This is how Heijmans hopes to kindle the flame for technology in an ever-growing group of children and young people. Because a technical education is a guarantee of a good job and a good future.



[Watch the video \(Dutch version only\)](#)

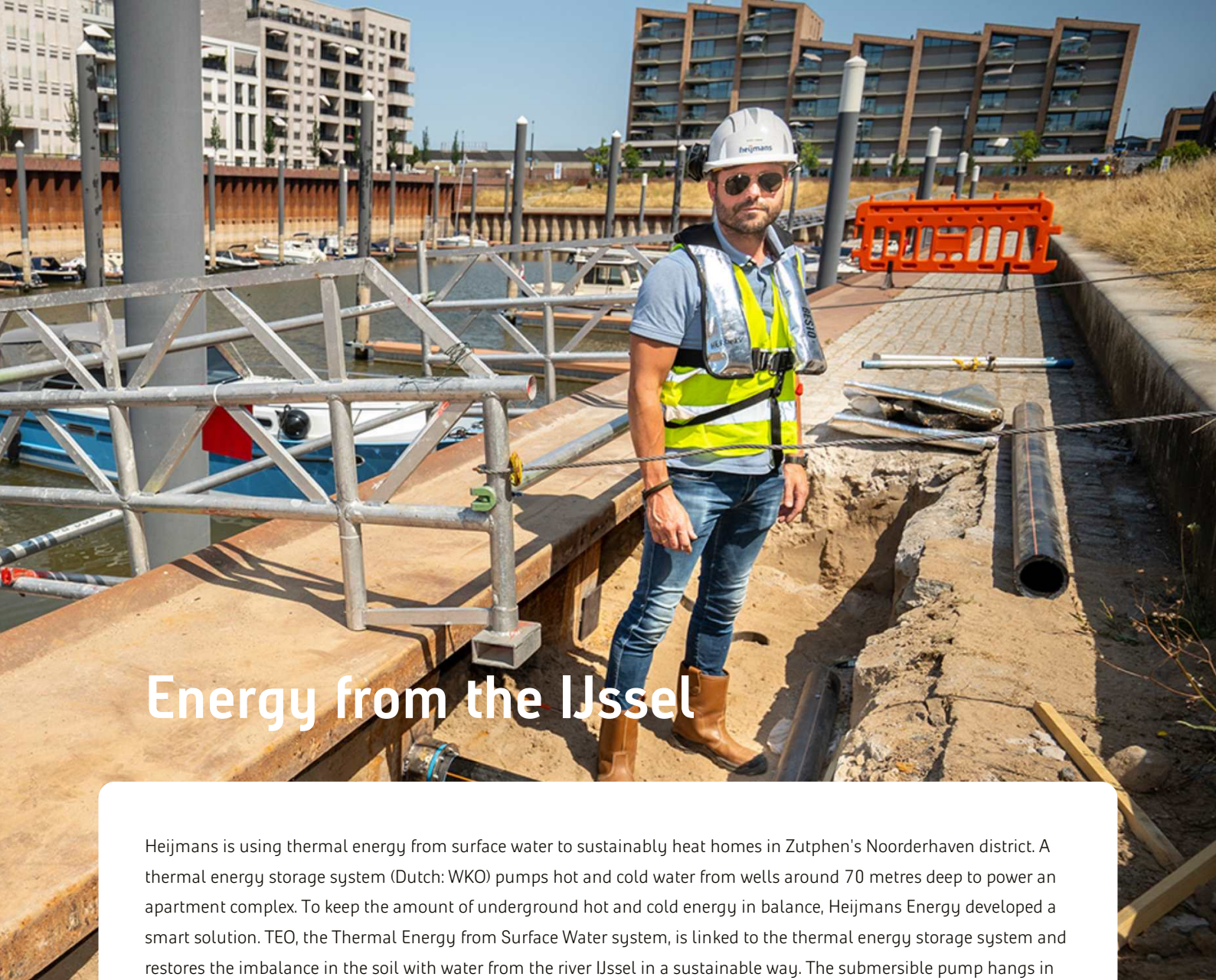


5 Environmental analysis

Our social environment is turbulent and uncertain. We are in the midst of a climate transition, a resource transition and an energy transition. We are also facing huge and growing labour market shortages. And in addition, the nitrogen emissions issue is creating continuous uncertainty in the construction sector. The challenges and developments we face are so large and involve so many disciplines that we need to work intensively with partners, suppliers, clients, the public sector and many more parties. When we look for solutions, we put societal challenges firmly front and centre. We do not look for a solution in the direction that would by definition put us in a central role. We look for an optimal approach and what we can do in collaboration with other players.

All our work is done by people, and engineering and construction in particular are expected to face major shortages of employees in the future. This is why we are focusing more than ever before on making the best possible use of the people we have, and supporting them with innovations in automation and digitalisation. We want to bring in good people and get them to commit to us by being a good employer. And as part of this, we strive for diversity, because we want to reflect the society we work in. Although we face complex challenges and issues, we are confident that we can play a role in finding solutions. We know our strengths and recognise opportunities to add value and make a difference.

At the same time, two factors are accelerating our drive to develop and integrate sustainability into our business operations. For one, clients are increasing the weighting of sustainability factors in tenders. This might not yet be at the level we would like, but industry organisation Bouwend Nederland's tender monitor shows this weighting has been on the increase for several years now. The second driver is the embedding of sustainability requirements in legal and regulatory requirements. This is being driven by the European Union's Green Deal and translates into requirements for banks, insurers, accountants, but also for companies to be more transparent and meet stricter standards. We primarily see this reflected in the concept of ESG (environmental, social and governance) standards, related to the environment, society and good corporate governance that more and more investors are adopting.



Energy from the IJssel

Heijmans is using thermal energy from surface water to sustainably heat homes in Zutphen's Noorderhaven district. A thermal energy storage system (Dutch: WKO) pumps hot and cold water from wells around 70 metres deep to power an apartment complex. To keep the amount of underground hot and cold energy in balance, Heijmans Energy developed a smart solution. TEO, the Thermal Energy from Surface Water system, is linked to the thermal energy storage system and restores the imbalance in the soil with water from the river IJssel in a sustainable way. The submersible pump hangs in the water and does its work quietly and invisibly. This system is a perfect fit with Heijmans Energy's ambition to use smart solutions to combine the generation and distribution of energy with other tasks to accelerate the energy transition.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

5.1 Trends

Our activities focus on property development, residential building, non-residential building and infrastructure, and in these areas we aim to develop propositions that are a close match with the needs of society, clients and end-users. This is why we closely monitor all the trends and developments in society. For instance, the government wants 'health' to be explicitly included in the development of any spatial policies. This mindset is laid down in the likes of the National Policy Document on Health 2020-2024. Local authorities are being told to put users first and encourage a healthy lifestyle. Heijmans embraces this thinking, as creating a healthy living environment has been our mission for many years. This is why we always try to improve biodiversity, both in the construction of residential areas (for instance, Maanwijk in Leusden), roads (the Eemnes/Utrecht stretch of the A27 motorway) and landscaping projects (for instance, the National Military Museum in Soesterberg). Our ambition is to leave every area we work in better than we found it.

Our second focus is on safety in the construction and infrastructure sector. Unfortunately, there are still too many accidents every year, which is why we want to work with the industry as a whole to change that. We joined forces with a number of leading construction companies and clients in construction, infra and installation engineering, to draw up the Governance Code for Safety in Construction (GCVB). This lays down shared principles and core values in the areas of standardisation, chain cooperation, training and knowledge sharing. Together with other players in the sector (including Bouwend Nederland and SSVV), we are also working on a sector-wide learning platform for individual employees, integrating the Uniform Reporting App (UMA), which enables employees to report unsafe situations at building sites. Below, we outline some other significant social trends we have identified and how we are responding to them.

Pressure on the labour market

The labour market is tight, so we are pleased that we have managed to retain many employees and also gain new colleagues in recent years. These include both highly educated people and young people trained in practical technical disciplines. However, the tightness of the labour market does remain a concern for the future. Many parents encourage their children to study, so not enough people are trained in practical disciplines. Heijmans is committed at many levels to stimulating interest in engineering, construction and manufacturing technology. For example, several of our colleagues act as guest lecturers at various levels, we organise an annual minor study for students from Avans University of Applied Sciences, as well as a challenge for pupils from various schools of technology, and we help to organise company days. We also have a large number of trainees, interns and apprentices in our organisation.

Climate change

The impact of climate change was once again clearly visible last year. We saw a long period of drought and heat stress (higher temperatures in densely built-up cities). At the same time, we faced increasingly heavy rainfall that led to flooding. The need for climate-adaptive building and innovation is becoming increasingly urgent. The Paris climate goals set the framework for this. We need to provide more greenery, space for water and biodiversity. This is something we have been doing in our area developments for many years, and we measure the impact we have using NL Greenlabel. The projects that are now being delivered are future-proof, and even in ongoing projects we are always on the lookout for opportunities to improve and make them even more sustainable.

High Water Protection Programme

As part of the Delta Plan for Water Safety, over the next 30 years the High Water Protection Programme (HWBP) will work to strengthen 1,500 kilometres of dykes and five hundred locks and pumping stations. The aim of the programme is to make sure all primary flood defences are up to standard by 2050. Sustainability, circularity, knowledge development and innovation are important aspects in all HWBP projects. Heijmans is carrying out several of these projects, including those at Gorinchem-Waardenburg and Lauwersmeerdijk.

Gorinchem – Waardenburg dyke reinforcement

The Rivierenland water board has commissioned the Graaf Reinald combine to restore a 23-kilometre stretch of the dyke between Gorinchem and Waardenburg to its former glory. This project is part of the government's High Water Protection Programme and has to ensure that the dyke section will once again meet safety standards in 2026. Heijmans is working in this alliance with GMB and de Vries & van de Wiel, partners in the Emission-free Infrastructure Network. The alliance will use electrically powered earthmoving machines in this project, making this an important step towards emission-free work in the infrastructure sector.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

Energy transition

Due to emission-free construction, transport and use, existing energy grids simply cannot cope with the demand for electricity and are already running at full capacity. This will require major adjustments to and the expansion of both local grids and the main energy infrastructure to secure energy supplies in the future. The need for charging infrastructure is rising sharply, so much so that the charging requirements for 2030 are estimated at 1.7 million charging stations. What is more, the central government will require companies to only purchase electric company cars from 2025 onwards.

Heijmans is using pilots and innovations to develop solutions aimed at the affordability of energy, smart grids, sustainable power generation and the minimisation of CO₂ emissions. Heijmans Property development and Heijmans Energy are working closely together to include energy as an integral part of an increasing number of area developments. Last year, we completed the acquisition of Dynniq Energy, which will be fully integrated in Heijmans Infra's energy domain in 2023. This acquisition strengthens our position in low, medium and high-voltage energy infrastructure, which looks to be a major growth sector due to planned investment volumes as a result of the energy transition. We are now even better positioned to respond to this expected growth.



On our Gorinchem-Waardenburg (GoWa) dyke reinforcement project, we are using an electric wire crane. This 80-tonne crawler crane has a 37-metre boom (max. 58m) and operates completely emissions free

CO₂ neutral

Heijmans' ambition is to be CO₂ neutral after 2023. This means that we will minimise our emissions and offset the remaining emissions. We have laid down our approach to this in an Energy Management Plan. And we have delegated implementation to four working groups, each responsible for one of the areas in which we are taking action: accommodation, vehicle fleet, building sites and equipment.

An increasing number of our clients are also demanding the use of sustainable equipment. For instance, the Dutch Ministry of Public Works and Waterways (Rijkswaterstaat), is aiming to be fully climate neutral and to work in a circular way by 2030 at the latest. Heijmans Infra is helping to fulfil this ambition by applying new technologies, reusing materials and using emission-free equipment. We are doing this in numerous projects, including the widening of the Apeldoorn-Twello stretch of the A1 motorway.

Nitrogen emissions

The nitrogen emissions issue remains a major concern. With insufficient latitude for nitrogen emissions available for permits, extra efforts are needed to prevent construction projects from being delayed or even halted completely. This has so far only affected a limited number of Heijmans projects. The issue is affecting residential building and the energy transition, but also infrastructure projects. Lack of latitude for nitrogen emissions is also putting pressure on new housing construction, which is serious given that we need to build 900,000 new homes in the period to 2030. This will require extra attention, otherwise the housing shortage will only continue to increase.

On the road to emission-free construction

Electrically powered construction machinery emits less nitrogen and CO₂ and will be found at every building site in the future. In 2023, for instance, Heijmans will take 18 electric machines into service, from crawler cranes and wheel loaders to rollers. These are costly but necessary investments. For one, an increasing number of clients are demanding it, plus it helps create a healthy living environment. Heavy construction equipment, such as earthmoving and foundation machines, are major emitters on building sites. This is why Heijmans is investing heavily in the transition to electrification of this kind of equipment. The traditional combustion engine will be replaced by one or more electric motors and the required power will be generated using batteries. This ambition is part of Heijmans' Energy Management Plan, aimed at reducing CO₂ and other emissions and making the company's work sustainable.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

To emit less nitrogen in the future, we first need additional nitrogen latitude. On 2 November, the Council of State ruled that the generic construction exemption would no longer apply. Although this is obviously a setback, the ruling did not come as a complete surprise to Heijmans, and we were prepared for it. Projects that were under construction will continue and new housing projects are also still possible, provided nitrogen deposition during the construction phase remains within the legal limits. We can demonstrate this using Aerius calculations. Heijmans has already had Aerius calculations made for the construction phase for almost all the projects we are developing ourselves, so we will be able to keep any delays to a minimum.

Ageing infrastructure

Much of the Netherlands' road network, bridges and viaducts date back to the 1960s and 1970s and are nearing the end of their lifespan. Moreover, many civil engineering structures such as bridges and viaducts are not designed for today's intensive and heavy road traffic. Renovation is more sustainable and less expensive than demolishing and rebuilding these structures. This is why infrastructure maintenance and replacement market is expected to almost double in the coming decades. This will also create more demand for the management and operation of assets and the associated know-how and solutions.

In June, the government said that it was prioritising the improvement and maintenance of existing infrastructure. The Minister of Infrastructure and Water Management, Mark Harbers, wrote to the Lower House of Parliament, noting that there are not enough experts to carry out the mandatory nitrogen calculations and that choices will therefore have to be made with regards to which new infrastructure projects will be prioritised and which will have to wait. Maintaining the condition of our roads and infrastructure does require additional financial budgets and manpower. Larger infrastructure projects are also being affected by the cancellation of the construction exemption, despite the fact that the usage phase is the decisive factor here. We also see opportunities for the further reduction of nitrogen deposition during the construction phase by using electric equipment.

Pressure on the housing market

Demand for housing is as great as it has ever been. The biggest concern is the issue of affordability. It was already difficult for first-time buyers to buy a first home, but rising mortgage interest rates and energy costs have added to the problem of affordability and borrowing capacity for consumers. Nor has the fact that the focus in recent years has increasingly been on inner-city construction helped on the affordability front. Due to the high density of housing production, it is also proving difficult to achieve pre-sale rates of 70% in a declining market, which means construction is not started. In the second half of 2022, following the sudden rental market measures taken by the government, foreign institutional investors exited the Dutch market.

Also, as a result of the new rules, we are now seeing the inevitable reluctance of Dutch investors to invest in new housing construction. If we are to accelerate housing construction, one thing most definitely needed is more planning capacity. And not just for inner-city construction, as suburban housing construction will absolutely be necessary to realise the government's new-build ambition in the coming years. However, due to relatively strong economic growth, we are also seeing that the concentration of housing construction and increasing mobility is putting urban liveability at risk. It is important to find smart solutions in a good balance between the various demands. For the medium term, Heijmans is confident about the housing market, as demand for housing will remain high in the coming years. New-build homes will remain attractive because they are more sustainable and energy efficient than existing buildings.

Heijmans is keen to help break the deadlock in the housing market. Among other things, we are seeing that more and more tenants, local residents and other stakeholders want to have a say in their living environment. This is why Heijmans actively seeks dialogue with citizens to create support for area development and real estate projects. We also help to increase planning capacity by identifying opportunities and taking the lead with our partners, as we did for Eemvallestad near Almere/Zeevolde, for example. In addition, we are committed to the further standardisation and industrialisation to make production processes more efficient and by doing so make homes more affordable and sustainable and that they are of sufficiently high quality.

Industrial-scale construction

Conceptual housing construction has now more than proven itself in practice. The idea that conceptual building creates uniformity is long gone and we can certainly prove otherwise at several locations in the Netherlands. Our housing concepts offer enormous versatility in terms of types of home and a rich variety of facades, heights, roofs, floor plans and space for individual input. In addition to the increasingly sustainable and largely dismantlable concrete construction used in the Heijmans Huismerk homes, timber-frame construction looks very promising in terms of more sustainable (circular) production for the coming years. From 2023, we will produce industrial-scale, conceptual, circular timber-frame homes in our own energy-neutral timber-frame factory in Heerenveen.

Amsterdam VERTICAL: high-level living and working

A new icon of Dutch Design is rising in Sloterdijk as part of the area development: VERTICAL. In this sustainable building, Heijmans is realising homes, commercial spaces and sub-facilities. A special feature of the stacked design is the abundance of greenery on the facades and roofs. The green residential landscape around VERTICAL will also help create a healthy living environment. Work on the project is currently still in progress, and will be completed in several phases. Thanks to sophisticated planning and coordination, everything is coming together perfectly.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

Digitalisation

Digitalisation is playing a structural role in changing products and services. There are now millions of sensors running in public spaces, including cameras and other monitoring and measurement systems. On the basis of that collected data, we aim to make the management and maintenance of buildings and structures predictable, and use data-driven methods to influence the use of mobility, digital design and production processes, and 'smart' homes, buildings, grids and objects. A good example of this is our Beyond Eyes service, which uses a combination of smart sensors, data pooling and continuous monitoring to enable the smart use and management of buildings.

So, the domain of technology is changing and operating in this smart-sensor living environment (Smart City) currently requires very different know-how than before. This is why Heijmans has set up the 'Hive', a hub in which data science experts from across the organisation work together on various innovations. We do this in close cooperation with JADS, the Jheronimus Academy of Data Science in Den Bosch.

For Heijmans, digitalisation goes beyond the development of innovative products and services. It is also an important tool for the deployment of our people where they add the most value. When we can automate repetitive work and when data makes better planning possible, this gives us an opportunity to deploy our people more efficiently. And that is a significant advantage in the current and future labour market, which is why we continue to develop new digital tools. Furthermore, the digitalisation, automation and industrialisation of our processes is also helping us to improve safety.

Circularity

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 lot of effort. The evolution of material flows into cycles, for example, has major implications for the entire construction sector. Heijmans is contributing to this process of change by creating circular

designs and building circular objects. We do this by looking for alternatives to materials, such as in the construction of houses using timber-frame construction methods, and also by working on new technologies. We can draw up a material passport for each project, which will make it easier to reuse materials in the future. To enable us to also reuse asphalt on a large scale and safely, last year AsfaltNu (a Heijmans and BAM joint venture) worked on a solution to reduce harmful emissions in the recycling process, including benzene, and the first results have been promising.

Rabobank gets a circular floor

In the centre of Utrecht stands the Glass Building, Rabobank's head office. Heijmans is revitalising this landmark building as part of a major architectural and installation technology renovation. Rabobank is aiming for future-proof living, housing and business, which is why the bank only works with companies that take into account the potential impact of their activities and try to avoid or limit this impact. Heijmans put Rabobank's sustainability ambitions into action by using electrically powered equipment, a more sustainably designed building site and by reusing materials. Nine circular materials were used in this renovation, plus Heijmans managed to reuse high-grade materials that were released during the renovation. This was achieved by working with Rabobank to challenge the chain of suppliers, demolition firms and waste processors on the sustainability front. For example, pure recycled gravel and sand were used in the concrete mix for a roof floor in this renovation project.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

Pressure on availability and affordability

Last year saw significant rises in procurement prices in our industry and the availability of materials and labour is under pressure. Energy in particular, and the semi-finished products produced using that energy, are substantially more expensive than in the previous year. We too are facing price increases for materials and subcontractors, which means we cannot and will not take on larger works or works with a longer execution period without clear indexation agreements. Where this is not possible or the contractual frameworks are not reasonable, we choose not to take on the contract. So far, we have managed to pass on higher procurement costs in the sales prices of our products and services based on indexation agreements with external clients.

5.2 In dialogue with stakeholders

Because we operate in property development, building & technology and the infra sector, we deal with a broad playing field of stakeholders. From clients and customers, users, employees, shareholders and other capital providers, to suppliers and subcontractors. We also exchange a great deal of knowledge with the industry, the public sector, knowledge and educational institutions, social groups and end users. For instance, we hold important stakeholder consultations throughout the year in the form of:

Client contacts and evaluations

We are in constant contact with our clients during the execution of our activities. From the tender and design phase to delivery and aftercare and in the maintenance and management phase of our projects. As part of this, we also devote a great deal of attention to evaluating our work with our clients.



Ingo Seuren of Heijmans with Douwe Zijlstra and construction manager Hans Greven from TenneT at the high-voltage substation in Meeden

Roadshows and conferences

Heijmans is in contact with its shareholders and potential shareholders at various times during the year, including via the General Meeting of Shareholders and regular meetings with major shareholders.

Analyst meetings

We have regular meetings with analysts who follow the company and its shares. These include the analyst meetings when Heijmans publishes its first-half and annual figures. It is also possible to follow the half-year and annual meetings in real time and interactively via a webcast.

Works Council meetings

Heijmans Executive Board members hold regular talks with the company's Works Council. Through a number of permanent Works Council committees, employee representatives maintain a broad dialogue within the organisation on specific topics: HSE (Health, Safety, Welfare, Environment), communications, social affairs, strategy and finance. Any insights from these dialogues are then shared with the members of the Executive Board.

Suppliers

In view of 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. One of our main goals on this front is to create long-term partnerships.

Online media

Clients, stakeholders and other interested parties can find information about Heijmans on our website. This information ranges from project updates and Heijmans' take on relevant social issues to the financial calendar and press releases. In addition, Heijmans is very active on social media channels, such as YouTube, Twitter, Facebook, Instagram and LinkedIn on a daily basis. Thanks to the combination of compelling stories and current events, Heijmans has the greatest number of social media followers in the Dutch construction industry.

Lenders and insurers

Heijmans is in constant contact with the company's lenders and provides explanations of its financial results on a frequent basis. Heijmans also maintains good contact with credit insurers and guarantors.

Industry bodies

Heijmans is a member and has a seat on the board of various trade organisations that regularly discuss trends and developments. These include Neprom (project development), construction industry and technical installation industry organisations Bouwend Nederland and Techniek Nederland. On this front, Heijmans participates in various consultation platforms and underlying committees where information is exchanged on market developments, technology and sustainability. These organisations also act as a platform for collaboration in the setting of standards and to protect the interests of the industry as a whole.

Heijmans is also involved in a number of industry-wide initiatives. On the safety front, we are cooperating in the development of the Safety in Construction Governance Code, as well as the Generic Port Instruction (GPI) and the Safety in Tenders standards. On the sustainability front, we participate in various Green Deals and covenants. In addition, we actively participate in a number of collaborative initiatives with various stakeholders. The following is an overview of the main Green Deals/covenants and collaborative initiatives.

Collaboration

Heijmans is creating a healthy living environment by making its operation and work better, smarter and more sustainable. The social challenges we face are so complex that we actively seek collaboration with relevant parties. We make agreements and share knowledge, so we can work together to make the Netherlands sustainable.

How do we create a healthy living environment?



Heijmans is building the contours of tomorrow and we do that by making things better, smarter and more sustainable. As part of this drive, we focus on the addition – as opposed to the removal – of energy, materials and space. In the construction industry, we have reached a number of agreements on how we design, purchase and produce sustainably and we are working with partners and fellow construction firms on making the Netherlands sustainable.

Name	Term
Healthy indoor climate coalition	Ongoing
Asphalt Association (VBW)	Ongoing
Safety in Construction Governance Code	Since 2014
Bouwend Nederland Safety Taskforce	Since 2017
NL Greenlabel	Since 2018
South Holland Climate-adaptive construction covenant	Since 2018
Platform CB'23	2018 - 2023
Concrete Protocol	2018 - 2030
City Deal 'This is how you create a smart city'	2020 - 2022
Accelerating the circular city together	2020 - 2023
Boosting biodiversity Midden Brabant	2020 - 2030
Pro-nature construction manifest	Since 2021
KAN Climate-adaptive construction	Since 2021
Timber construction Green Deal	2021 - 2025
Living LAB construction logistics and mobile machines	Since 2022
Naturalis NWA-ORC research project: Hidden biodiversity	Since 2022
Dutch Cyclists Association (Fietzersbond)	Since 2022

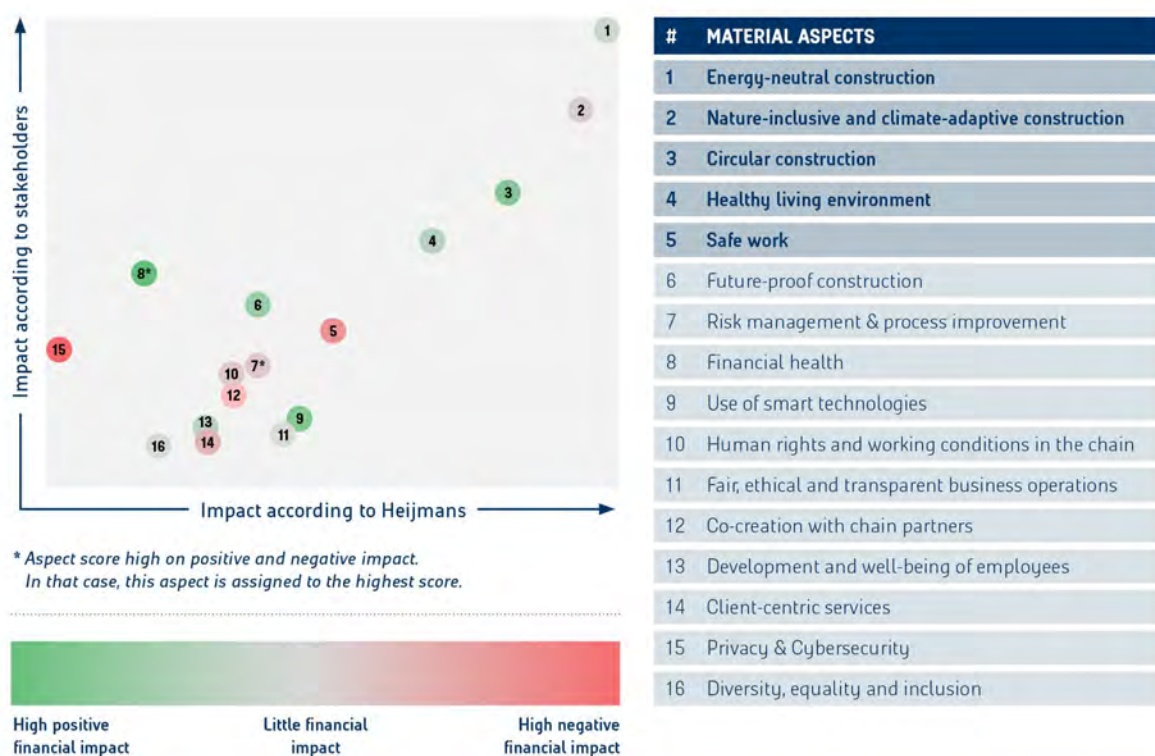
Memberships and collaborations	
MVO Nederland (CSR)	Ongoing
Dutch Green Building Counsel (DGBC)	Ongoing
Board member SKAO CO ₂ performance ladder	Ongoing
SPARK Campus Foundation	Since 2014
University of Utrecht Maanwijk partnership	Since 2020
Emission-free Network Infra (ENI)	Since 2020
De Bermen	Since 2020
Healthy urban living data and knowledge hub	Since 2021
Den Bosch Sustainable Network	Since 2021
Staatsbosbeheer partnership	Since 2021
Earth Watch Maanwijk partnership	Since 2022
Struikroven foundation partnership	Since 2022
National Bee strategy	Since 2022
The Pollinators partnership	Since 2021

5.3 Material themes

As part of our strategy process, in 2022 we conducted a new materiality analysis. As part of this analysis, we identified the aspects through which the organisation has a significant impact on the economy, the environment and people. For the first time, we focused this analysis on so-called double materiality. As a result, the presentation of the matrix also differs from previous years. On the one hand, we have identified aspects that provide insight into how sustainability affects Heijmans' financial performance. This includes the likes of revenue, capital, equity and reputation. On the other hand, we have also included aspects that provide insight into Heijmans' impact on the environment, people and society.

Firstly, we listed Heijmans' most important stakeholders and looked at how best to approach them. The selection of stakeholders is also related to the degree of cooperation with the various stakeholder groups in the value creation model. We then drew up a shortlist of themes based on desk research and identified the material aspects that play a role for Heijmans. In doing so, we took into account industry trends and the issues relevant to clients, investors and other players in the construction industry.

We then engaged with our stakeholders using surveys and interviews to discuss the prioritisation of the substance of these issues and to score their relevance. This meant that the various dialogues always involved clients, cooperation partners, employee representatives and producers/suppliers. Finally, after discussion in the group board, the Executive Board adopted the outcomes. The result of this analysis is shown in the materiality matrix below.



Based on the discussions with stakeholders, the themes of 'financial health' and 'risk management and process improvement' are material, but not the most material in the matrix. However, from a management responsibility perspective, these two aspects remain a high priority for the Executive Board. The Heijmans Executive Board is aware every single day of the vital importance of risk and financial controls and predictability for the continuity of our organisation. As a project company, we therefore continue to steer closely according to the related KPIs (key performance indicators). Chapters 7 (Results), 10 (Financial statements) and Appendix 11.6.4 (KPI Table) include the performance indicators and notes that can be used to ascertain Heijmans' financial health.

In the Ministry of Economic Affairs and Climate's most recent Transparency Benchmark - a biennial survey on the reporting transparency of the five hundred largest companies in the Netherlands - Heijmans was ranked a very satisfactory nineteenth place, with the highest rating in the Construction & Maritime category. In the 2021 Tax Transparency Benchmark, we were ranked 48-50.

Explanation of most material themes

1. Energy-neutral building requires the organisation to consider issues such as the positioning of homes, engineering and energy system choices right from the start of the design process. For the aspect of 'energy-neutral building', we used to look at the Energy Performance Coefficient for buildings. This building energy efficiency standard gave a good indication of the extent to which buildings were moving towards energy neutrality (EPC=0). In 2021, the government introduced a new system for measuring the energy performance of buildings: the BENG (or near energy-neutral buildings) standard. This is not entirely comparable to the EPC system. However, the underlying indicator in both systems is a building's CO₂ emissions, so they are still comparable. In this report, we use the average CO₂ emissions of completed residential buildings.



Mathijs Peters with Heijmans colleague Mark Blom at the materials hub in Nijmegen

2. Heijmans addresses the theme of 'nature-inclusive and climate-adaptive building' in numerous ways. In some projects, such as dyke heightening or water storage, climate resilience is actually the explicit goal of the contract, but we also devote attention to climate adaptability in all our other projects, for example in the rainwater drainage of buildings. Our aim is to apply the NL Greenlabel instrument in all our new area development projects.

Smart water solutions in Sint-Oedenrode

More and more local authorities are looking for solutions to make the living environment resistant to the impact of climate change. This was the case in Sint-Oedenrode, where the local council was looking for a solution to prevent both flooding and drought. Heijmans drew up an integrated plan that links the challenges in different areas. Rainwater no longer disappears into the sewers, but is channelled to a nature area that is too dry. Neighbourhood residents are involved in the project, partly to make them aware of their own role in using rainwater. After all, we are creating a healthy and climate-resilient living environment, and we're doing it together.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

3. The theme of 'circular construction' is an integral part of Heijmans' strategy. When designing and selecting materials for new products, we explicitly take into account material choices, detachability and recyclability. In addition to initiatives in our own operations, we are also in talks with suppliers on the development of circular initiatives, alternative uses for existing products and the reduction of the amount of packaging materials in the chain. A great example of this is the use of circular concrete in a number of projects, including the Rabobank renovation project in Utrecht.

4. Heijmans has embraced 'the creators of a healthy living environment' as our ambition. We see this theme as our most important contribution to society. This is also winning recognition externally and we see this reflected in the high levels of appreciation for this theme. Because we are seeing many new developments in the context of this theme, we remain alert to honing our business propositions and using the right performance indicators. Examples of how we have taken concrete steps to put this theme into action include our efforts to build with more consideration for nature inclusivity and climate adaptation. Other examples include our collaborations with conservation and nature organisations and our initiatives to make biodiversity measurable.

5. Heijmans sees the 'working safely' theme as one of our top priorities. Apart from the existing SCC (Dutch: VCA) and Safety Ladder certifications for the entire organisation, Heijmans has set up a large-scale safety improvement programme: the Heijmans GO! (no accidents) programme. In recent years, we have developed several innovative solutions as part of this programme, such as the GO! app and the underlying system for reporting unsafe situations. The current programme focuses on additional cultural and behavioural change in the organisation. We also actively participate in industry initiatives to improve safety throughout the chain.

Changes compared with previous years

'Future-proof construction' is a new aspect in this terminology and both our management and our stakeholders believe that Heijmans can make a relatively large contribution to a current social issue on this front. '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 CSDD Directive). Some stakeholders no longer see the use of 'smart technology' as distinctive or an end in itself, but more as a means to achieve other objectives, such as the long-term employability of labour, profitability and sustainability. Developing data-driven services, such as Beyond Eyes, to generate client value remains an important part of our innovation efforts. Stakeholders see 'client-centric service' as an aspect in which Heijmans' primary impact is on its own relationships and business performance rather than on society at large.

For further details and performance on the material aspects, please see chapters 6 (Strategy) and 7 (Results) of this annual report. These aspects are also included in the 'KPI Table' in Appendix 11.6.4 of this report.



6 Strategy

We are the creators of a healthy living environment. We execute that mission in everything we conceive and do. We express our core values in all our projects and how we work: result focus, ownership and collaboration. We are becoming increasingly aware of the latter. Not only do we seek each other out internally, to exchange knowledge and learn together, but we also connect with our partners outside Heijmans on all sorts of fronts. In a complex world facing major challenges, collaboration is the best way to find solutions for the future.

We have access to expertise in every aspect of construction and development in all our various business areas. While the business areas used to operate autonomously, these days they are increasingly working together in an integrated approach. This is enabling us as a company to develop new propositions that are even better suited to the complex issues facing our country. We deploy our joint expertise combined with that of our partners in an optimal fashion, based on a strategic agenda aimed at making things Better, Smarter and more Sustainable:

	BETTER	<ul style="list-style-type: none">• Safety• Risk management & process improvement• Quality of the organisation
	SMARTER	<ul style="list-style-type: none">• Digitalisation• Production technology
	SUSTAINABLE	<ul style="list-style-type: none">• Energy• Materials• Space

We have translated this strategic agenda into 22 concrete objectives, our bold statements. These expire in 2023. In the second half of 2023, we will therefore present a review of our strategy for the coming years. See section 7.2 for the results on the 2022 bold statements.

6.1 Better

The foundation for a stable organisation

Clear principles are essential for a company with big ambitions. We are very alert to risks and opportunities and we actively manage our own risk awareness, risk management and process improvement. We make clear choices and do what we do best. In addition, safety and quality are an essential part of being a good employer and vital to the reliability and predictability of our services for clients. Stability on these factors also creates room for innovation and entrepreneurship. We take the initiative and work from our conviction that things can always be done better.

We organise numerous activities and bring our people together under the motto of 'Together towards a healthy improvement culture'. And we share successes and learning points, because this is the only way we can continue to make improvements. But improvement means change and change is difficult, which is why we devote a lot of attention to change management. We have the right conversations and offer the right support to realise the changes we want to make. We use the 'Learning from evaluation' programme to evaluate tenders and projects. We share lessons learned widely within the organisation and at the start of a new tender, those lessons learned are collected from knowledge carriers. Last year, the Improvement Team combined all our change projects in a single online environment to get an overview of the improvement landscape. Because the team knows what is going on, it can now connect people, share knowledge and exchange experiences. But improvement is not just about tools and processes; first and foremost, it is about behaviour and attitude. Which is why, last year, we hired two psychologists to strengthen the improvement team and help it to guide the desired behavioural changes.

6.1.1 Safety

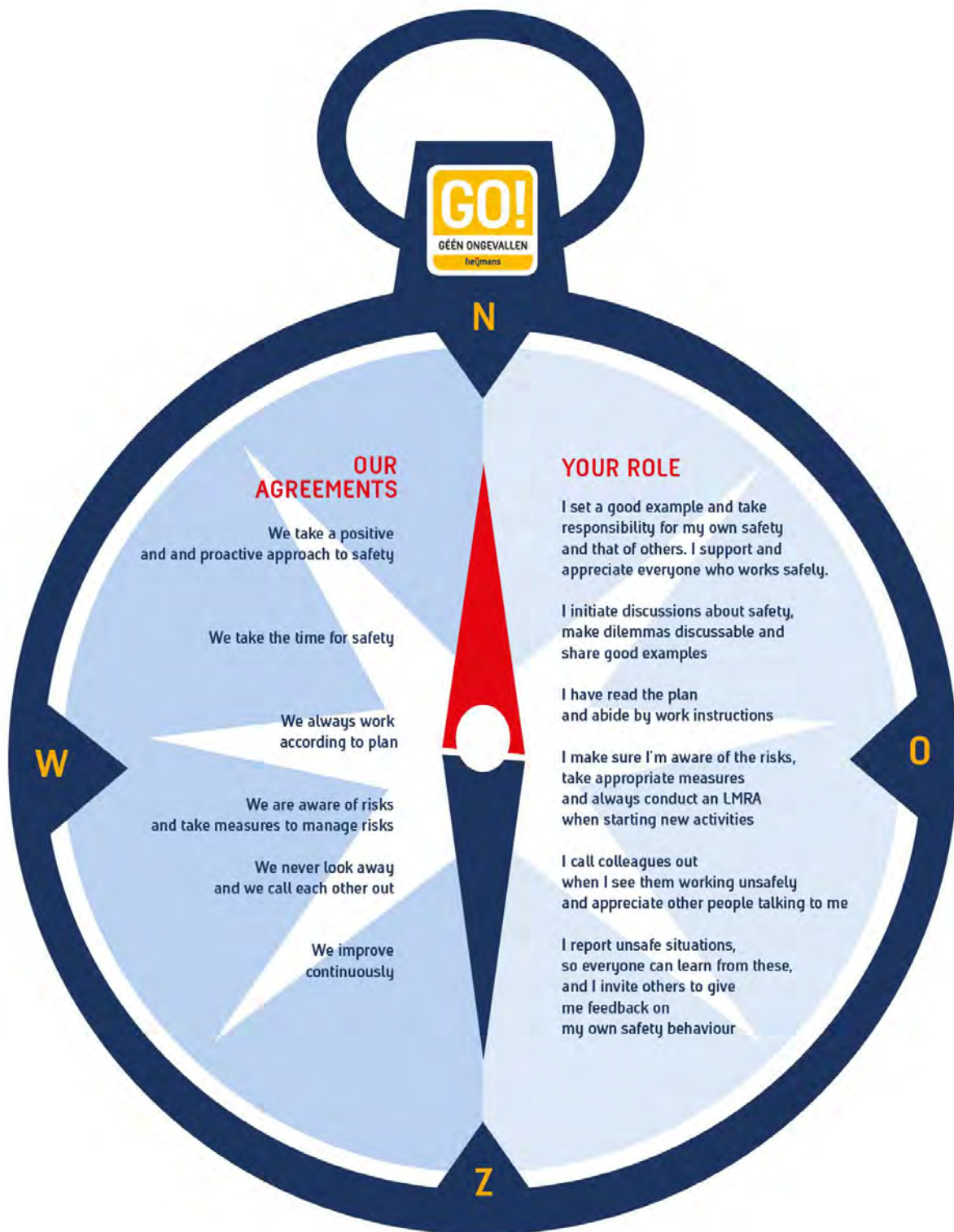
We work safely or we do not work at all

For Heijmans, safety is a no brainer: either we work safely or we do not work at all. We believe it is important that everyone arrives home healthy every day. This is why, for years now, we have focused on the creation of a proactive safety culture, in which we do not look away, but call each other out about unsafe behaviour, and encourage each other to do better (social safety). Safety is in the DNA of our employees; our GO! compass serves as our guide on this front.

GO!

The GO! or No Accidents programme is based on four pillars:

- **GO! Identity**
Safe behaviour is an integral part of our work. With the GO! Compass as our guide.
- **GO! Leadership**
The development of proactive behaviour and proactive leadership.
- **GO! In our processes**
Safety in every part of a project. Safety moments during our work.
- **GO! In the chain**
Working together safely, including with our subcontractors, suppliers and clients.



GO! is now firmly embedded in the organisation. All business areas are actively implementing their safety and master plans. These are plans that include improvement actions and initiatives in all four pillars. These include safety rounds with subcontractors, sessions with clients and partners, presenting awards for clean and safe construction sites, offering interactive toolboxes on themes that require attention. What people do is up to the business itself, with support from the Safety Department and GO!

The Safety Ladder promotes safety awareness and consciously safe working within the organisation. In addition to construction safety and safety on building sites, Heijmans is devoting an increasing amount of attention to environmental safety. So, we take into account every aspect of safety wherever we build.

Continuous attention for safety

Last year, more than 1,300 colleagues from right across the organisation once again attended a workshop of the multi-year Leaders in Safety (LiV) programme. The main theme of the workshops in 2022 was 'your own improvement step in safety behaviour'. Colleagues asked for feedback on their own behaviour and were able to practice immediately with the help of a training actor, for example how they communicate about safety. The programme devoted a great deal of attention to sharing experiences and discussing dilemmas, using the game developed at Heijmans with dilemmas from their day-to-day work. The feedback on the workshop per business area and business unit serves as input for safety and master plans. Compared with three years ago, we saw an increase in the awareness of reflection and we showed more ownership of safety. Areas for improvement are proactively calling each other out and speaking up, expressing appreciation and actively working together in the chain, as well as actively discussing safety with external parties.

Our in-house virtual reality (VR) simulations in the form of training sessions are proving to be a great success, partly thanks to the deployment of our 'VR dream team'. This team has now trained more than a thousand participants, and the demand for these training sessions has exceeded the current supply. In 2023, we will release additional budget to meet the demand for additional training courses, in which we will visualise new situations and give employees additional training. The learning impact of these training courses is enormous; you see the impact of your own behaviour in a realistic way without ending up in an unsafe situation. Partly because of this, Heijmans is seen as an innovator in the field of safety. Thanks to this training course, Heijmans was nominated for the 2022 Digidare award (the award for inspiring examples of digital collaboration in the built environment) and finished in the top 10.

The SMART theatre performance was a collaboration of Heijmans with Matzer theatre group. The impactful performance deals with distractions in traffic due to the use of mobile phones while driving. The open follow-up discussions addressed the themes of responsibility and risk awareness. All the business areas invited their colleagues and partners to attend a performance. SMART was performed a total of 13 times. Attending such a performance together was seen as very positive and helped to open discussions on this topic.

In May, Heijmans permanently switched to a new supplier for work clothing (VeiligGoed) and consequently to a new clothing package and ordering process. This was preceded by a long and careful selection process. We used wearing trials and individual fitting sessions to ensure that all Heijmans employees are provided with clothing that is safe, more visible in the dark, is a good fit and is also more comfortable to wear.

Safety department developments

As a result of the increasing focus on safety across the business, the demand for operational and strategic support is growing faster than the Safety Department can currently keep up with. This requires a recalibration of improvement plans and the management of reciprocal expectations with the business. On top of this, the role of the safety coordinator is changing, as there is an increasing need for coaching, in addition to expert advice. This is why we are developing a programme to strengthen the coaching skills of employees. This programme will start in 2023.

Focus themes

'Social safety' was cited as an important theme in several of the safety sessions we organised in 2022. At Heijmans, we still do not always dare to speak out or stop work when in doubt. Social safety in the working environment is vital for physical safety. This is why we will devote a lot of attention to this theme across all our processes and improvement projects in the coming years.

We are also devoting more attention to feedback on reports of unsafe situations and findings from workplace inspections, which is increasing the motivation to report cases. Work pressure was also cited as an obstacle to safety. This is a big difference from three years ago, when the discussion was much more about technical aspects. Having an open dialogue means that people are more likely to dare to go to their managers with this complaint. It is discussed earlier and appropriate measures are taken. It is becoming increasingly clear that paying attention to each other also improves quality. Taking the time you need for safety not only makes work safer, but also more enjoyable, while also improving quality.

In the coming years, we will focus more on the positive aspect of safety, reinforcing good behaviour and learning from good examples. We often focus on unsafe situations, accidents and learning from incidents, while we can also learn a lot from good examples. In other words, the projects where safety is given constant attention, where things did go well.

Safety in the chain

More and more clients are taking responsibility and tackling their own role on the safety front. We hold joint sessions on working together safely. The Central Works Councils for the Construction and Dredging Industries Platform (Centrale Ondernemingsraden Bouw & Bagger - PCOBB) is working with the construction industry association Bouwend Nederland and the Dutch government's Labour Inspectorate on a questionnaire that will enable contractors to check (anonymously) during the tender information memo process whether clients comply with all health & safety obligations. This will enable us to create a framework in which a contractor can perform its work safely and do so in advance. At Heijmans, we also 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 used Safety in Tendering (ViA) and the Safety Ladder as selection criteria in our chain. This means that we only want to work with companies that are at least step 2 certified. We will continue to encourage them to advance to Step 3.

Structural safety

Structural safety is about preventing, limiting and dealing with calamities due to the failure of a structure. Due to the ever-increasing fragmentation in the construction industry, it is not always clear who is responsible for structural safety. An increasing number of parties are now involved in any part of the design, production or realisation of projects. In response to various disasters in recent years, Bouwend Nederland initiated a major investigation. At Heijmans, we conducted our own investigation into the safety of our buildings. As a commissioning client, we see it as our responsibility to bring cohesion to our projects and reduce fragmentation.



Manon Krijnsen on a working visit to the Gorinchem-Waardenburg dyke reinforcement project in her capacity as Safety GO! programme manager at Heijmans

Based on a large number of dialogue discussions, Heijmans' internal engineering office worked with a number of external engineering firms to develop new framework agreements and associated terms of reference. Heijmans has made its core values more explicit in these new framework agreements. Together, we are making our buildings better and safer. Audits show that engineering firms are embracing the renewed cooperation. They are taking more and more responsibility and direction in the process. We must learn to trust each other, based on the conviction that everyone is doing their job as well as possible. We are making great strides together on this front, both internally and externally. Showing ownership is essential on this front.

6.1.2 Risk management and process improvements

All projects are predictable and contribute to our profit

Heijmans has improved its own risk awareness and risk management significantly in recent years and it is now an integral part of the organisation and its way of working. The result of these efforts is now visible and attitudes to risks have changed. Of course risks are part of our work, but we only accept those risks that we can control, influence, mitigate or bear. In the past year, we were faced with far-reaching external developments. Covid-19 - the effects of which are still being felt - was followed by the war in Ukraine and the energy crisis. We are faced with the scarcity of people and materials, and problems with affordability and regulation, while the nitrogen emissions issue also remains a concern in our sector. These developments have created major uncertainties in many areas. If Heijmans wants to continue to grow profitably in the coming years, we as an organisation must dare to take certain manageable risks. It helps that we have improved and standardised our assessment of risks.

In all sectors, we are careful about accepting large and/or complex projects and entering into cooperation with risk-bearing partners. We assess the culture, competences and solidity of our potential partners and are reluctant to take on too many large projects. Larger projects are only acceptable with the right partners and an appropriate contract form with corresponding risk allocation. We only want to bear risks that we can control and influence, and only accept projects that are profitable. This meant that last year, too, we continued to focus fully on the relationship between risk acceptance and earning potential. We remain committed to margin over volume and we can see that thanks to this approach, we have maintained the high quality of our order book even as it continues to grow. Almost 30% of our revenue is now 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 absorb the impact of external developments in the shorter term, while looking further ahead to the future.

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 product quality assurance provides insight into what is going well and where things can be improved. So we can make good products to a high standard, and we make an effective translation of clients' demands into offers.

This makes it important to properly introduce new colleagues to the Heijmans way of working. Our onboarding of new employees is now more careful than it was previously, and it is not just people's immediate supervisor who plays a role in this. Others, such as the quality department, are also watching. The attention we devote to 'This is how we work' is not just for new employees. Teams that work for a long time on a single major project with other partners and then return to the Heijmans organisation are given a kick-start if we feel this is necessary to bring them up to speed again on all our standards, tools and processes that have improved in the meantime. Employees appreciate this and it contributes to the quality of work and the products they deliver.

However, established processes can also be perceived as ballast, as they are sometimes cumbersome or inefficient. This is why we are continuing to work on increasing process maturity. This is leading to the streamlining, simplification and unbundling of an increasing number of mandatory processes, as well as to the avoidance of unnecessary processes and procedures. In this way, employees can see that they are truly supported by these processes and that this enables them to do their work better and more easily.

User-friendly tools

Last year, Heijmans also took steps on the IT front, to 'de-clutter' tools and systems and tailor them more effectively to the needs of employees and clients. User-friendliness is essential on this front, also in view of the tight labour market. Employees enjoy their work more when they have good tools at their disposal. Our clients can also see this, and it contributes to the image they have of Heijmans.

Another improvement was related to the tools used by our service employees and project managers. Non-experts regularly have to use the expert systems within Heijmans, so we produced user-friendly and more efficient apps for this target group using low-code software. In 2022, employees gave IT services within Heijmans a score of 7.9.

Reliable and safe technology and systems

As digitalisation and data are playing an increasingly important role in our business, reliable and secure technology and systems are essential. This obviously goes for our own business operations, but it is just as important when it is a part of our products, services and projects for our clients and customers. 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. On the basis of our 'Secure@Heijmans' cybersecurity roadmap, we continuously work on integrating cybersecurity into our business operations, products, services and projects. Awareness and knowledge of our own actions and responsibilities are just as important as state-of-the-art security systems. In the past year, we took additional steps to further increase our cybersecurity resilience.

One of the activities we organised was a hackathon for colleagues who deal with cybersecurity, both as part of their job and based on their own interests. The aim was to share knowledge about cybersecurity in an interactive way. By building a community of cybersecurity advisers, ambassadors and other interested parties within the organisation, we make sure that this topic becomes and stays front of mind among a wider audience.



Electric truck at a project in Amsterdam

6.1.3 Quality of the organisation

We are the number one employer in the construction industry

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

Satisfied employees

In 2021, the organisation received an Employee Net Promoter Score of +25. We are happy with this, as it is an above average score, both in the construction industry and in the Netherlands as a whole. In 2022, we devoted a lot of attention and time to following up on that employee engagement survey. We did this per business unit and under the guidance of people's own managers and the HR department. Meanwhile, we have started pilot projects at several business units to take more frequent measurements of mood. By asking employees frequently how they feel via an online tool, managers get a better picture of the mood in their group. This is interesting, for example, in environments where change processes are underway.

The current extraordinary circumstances, such as the war in Ukraine and the energy crisis, have left many people uncertain. Some worry about whether they will be able to continue to make ends meet. To give a helping hand, Heijmans decided in June 2022 to give all employees up to a certain job level - a total of 4,100 colleagues - a one-off net payment of € 250. We repeated this in November - just before the expensive December month - and gave the same group a gross amount of € 500. This made many employees proud, even if they did not receive an extra payment. They once again recognised Heijmans as an employer with a social face. Heijmans also made adjustments for a more appropriate allowance for travel expenses, as a result of the extreme increase in fuel costs midway through last year.

Capacity and deployability

The construction and infra markets are faced with a scarcity of highly employable workers. For the time being, we are still managing to fill vacancies, but this requires a huge effort on our part. We are using the 'Make it happen' labour market campaign for all vacancies, and this has raised Heijmans' profile in the market. In 2022, we hired 607 new employees. All salaried employees are covered by collective labour agreements.

Last year, the completion of the learning programme for refugees with residence permits helped us take on a group of highly motivated and driven employees. After 20 months of intensive training, all the participants in the programme have now graduated. They can now work independently as first technicians in low-voltage distribution (Infra) or electrical installations (Utility Services). For many, it was also a major step in their assimilation in the Netherlands. The practical supervisors and buddies played an important role in bridging language problems and cultural differences. The genuine interest in each other and the will to succeed together were the most important factors. We have since followed up on the programme and it is now being expanded to include other positions.



Maintenance of energy networks by Heijmans Cables and Pipelines

In addition, we are currently using internal training courses - including those at the Heijmans Technical Academy - to retrain many colleagues to keep them employable within their own professions. At the same time, we are feeling the effects of the scarcity in the labour market, which means that the unwanted departure of employees remains high. This increases the urgency to increase our focus on employee retention. In that context, over the past year we have started looking at and listening even more specifically to the underlying reasons employees give for leaving the company. We are analysing the information from exit interviews and holding discussions with management and employees to look for targeted solutions and work adjustments. We also investigated the market conformity of our remuneration. Based on various benchmarks, we made some adjustments for a number of specific groups.

The rise in continuing absenteeism is also a matter of concern. We have been paying generic attention to prevention and vitality for years; in the past year, we also consciously sought to increase the customisation of our approach. In-depth analyses have helped us gain insights at job and group level. Armed with this information, we are now focusing more explicitly on preventing absenteeism. For instance, we focused on holding individual discussions on sustainable employability. It is particularly important to talk to employees in management jobs on construction site projects before they take sick leave. These discussions between employees, their supervisors and a HR colleague led to new insights, solutions and opportunities.

Last year, we used the PAGO Roadshow to give another interpretation to Vitality Week. PAGO stands for periodic occupational health examination and is a preventive examination to assess the individual health of our people. It identifies any health risks and lifestyle. The roadshow took the theme of Vitality to employees at project and office sites and stressed the importance of the PAGO. The Vitality working group organised the roadshows in cooperation with the Arbo Unie and Bureau LIJV. During the roadshow, everyone had the opportunity to take a Stress measurement and have their blood pressure, blood sugar and cholesterol levels tested. Results were immediately available and, where necessary, personal advice was given on the spot to help improve health and vitality. The tests are completely anonymous and every colleague at Heijmans is entitled to take them.

Talent development

Developing potential is more important than ever in a tight labour market. This is why Heijmans invests year after year in attracting and guiding young talent: trainees and other starters. In addition, twice a year we launch a programme for young potentials with around three years' work experience.

Last year, we launched a new leadership programme, 'Leaders of tomorrow', aimed at colleagues who have the potential to progress to management positions. Participants are carefully selected and only allowed to join once they have passed a positive development assessment and we have a concrete plan for an early, next career step. We want to prevent well-trained and motivated talent from leaving the company because they cannot move on internally quickly enough, but on the other hand we do not want to create expectations we cannot fulfil.

In the current tight labour market, it is even more important to offer the young generation prospects for advancement. This is why we simultaneously started offering specific development activities within the business areas for all the potentials of a business area. These activities are organised and supervised by management, with support from HR. For instance, they include a breakfast session for a group of potentials on a strategic theme within the business area. This enables employees to get involved in topics further from their normal duties, while management gets to know these employees better. Everything in this process is aimed at investing more in the potential within the organisation and organising the flow better. We are also targeting this with a KPI target of 60% internal appointments to key positions. Last year, we achieved 53%. Ultimately, this percentage should increase to at least 70%. We want to continue to hire people from outside the organisation for the remainder of the positions because they can add a fresh perspective and new input.



Renovation Binnenhof

Code of conduct

In addition to physical safety, Heijmans also attaches great importance to offering its employees a safe working environment. We have therefore tightened our code of conduct and selected and trained a new, diverse group of confidential counsellors more suited to our diverse organisation. They have personally introduced themselves to colleagues to make them easier to find and make them feel accessible. In addition, the 'Business Integrity' programme is ongoing. This programme was supposed to be started three years ago, but was delayed due to Covid. The Business Integrity programme started with an e-learning module and followed up with interactive sessions. In the Business Integrity sessions, we delve deeper into topics such as: How do you distinguish between what you think and what we collectively find acceptable? How do you deal with issues that are not black and white? How do you prevent your own opinion from blinding you to that of others? And how do you balance these things in a way that we collectively find acceptable within Heijmans and that is in line with our code of conduct? In this way, we want to stimulate the conversation between people about what constitutes ethical behaviour. The code of conduct indicates what we consider important and what is and is not allowed. This therefore addresses numerous themes and possible dilemmas: unacceptable behaviour, dealing with suppliers, transparency towards clients, mores on social media, and so on. The workshops are led by members of senior management who are themselves specially trained for this purpose. This makes them fully aware of how they need to set an example for others (see also section 8.4).



Safer working thanks to Virtual Reality

Making mistakes safely so we can learn from them is the aim of Heijmans' virtual reality (VR) training courses. Safety is a non-negotiable for Heijmans. The company has been encouraging proactive safety behaviour since 2013 with its GO! (No Accidents!) programme. The aim of the training courses on the virtual building site is to make the physical building site even safer. The first three training courses are order and tidiness, the sawing shop and working at height. Because the visuals are lifelike, employees really get the feeling that they could fall, for instance, if they do something wrong. This gives the training an extra dimension and the learning effect is enormous. Employees have been very enthusiastic and work more consciously and safely after this training. By the end of 2022, more than 1,000 employees had already taken VR training course. Meanwhile, Heijmans is looking at other applications of virtual reality to make the company and the industry even safer.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

6.2 Smarter

Differentiating potential

The work we do is becoming more and more complex. We want to offer smart solutions, matching the issues we face today and will face tomorrow. The aim on this front is twofold: on the one hand, we want to optimise our internal processes, while on the other, we want to create added value through new business models and insights for our clients. But we also ran into limits last year, due to the nitrogen emissions crisis, the scarcity of space, materials and people, and the sustainability challenge. These constraints affect both ourselves and our clients, which is why we are focusing more strongly than ever on digitalisation. We want to continue to develop our design and production process even more quickly. Partly because we are faced with a major housing challenge and because we are seeing a shift in infra from new construction to replacement and renovation contracts that require smart solutions. This means that we are prioritising the digitalisation of our basic processes. Innovating and optimising these processes will enable us to respond more effectively and sustainably to major social challenges, including the increasing scarcity in the labour market. This will in turn enable us to also meet client demands on the affordability front. Digitalisation makes our design and production processes more affordable on all fronts and, in most cases, also more sustainable and safer.

Smart City

Under the name 'Smart City', Heijmans provides smart solutions for a healthy living environment. This revolves around connecting the physical world with the digital world by combining solutions for themes such as air quality, mobility, energy monitoring, safety and health, combining sensor technology, measurement, connectivity and ecology. In recent years, we have gained a great deal of experience in some leading example projects, our showcases. In these projects, we combine all our know-how and expertise and we use our integrated approach to optimum effect. 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 the latter project, residents can charge their electric cars via solar panels on the roof. The bi-directional charging station, which allows you to charge and discharge, can also return energy to the residents' homes.

In cooperation with the public sector, knowledge institutions, market players, local entrepreneurs and residents, we ensured that the ambition to realise a healthy living environment was actually put into action. Smart City is now a permanent part of our approach to area development projects.

Hive

In our Hive innovation centre, people from every part of the organisation work together on innovative solutions. This community of business developers, data scientists, software architects and developers and marketing specialists work together to exchange ideas and knowledge and learn from each other. A key development step is more commitment to a shared digital base structure instead of separate system developments for new products. This is because a shared infrastructure enables us to combine data from different propositions, while also being more cost-efficient. By combining existing services and products in this way, we create a solid basis to build on. In the Hive, we have created the conditions that will enable us to do this, across business areas and in co-creation with IT. This collaboration and connection enables us to bring innovative products to market more quickly.

Heijmans' vision of Smart City

Everyone wants to breathe clean air, live in a pleasant neighbourhood, enjoy beautiful nature, work in a good workplace, get from A to B safely and return home healthy at the end of the day. Heijmans realises such a healthy living environment on the basis of 9 themes, through an integrated approach of living, working, staying and connecting. A physical world with spatial, social and natural elements, which, following our 7 'Smart City' pillars, is enriched, improved and strengthened with an extra virtual and digital dimension through the use of data-driven solutions and technology. This way, residents and users can get the most out of their healthy living environment now and in the future.



Robotic Automation

We are currently in the process of rolling out Robotic Automation in procurement and other areas. This allows suppliers to view their invoice status via a supplier portal. And we ourselves have continuous real-time insight into order flows. We set the system up last year and it replaces manual work. This creates room for us to deploy people more effectively and reduce their workload.

6.2.1 Digitalisation

Digital construction is just as important to us as physical construction

Digitalisation is about a lot more than just technology; it touches almost every facet of the economy. It has to do with innovation, new legal and regulatory requirements, robotisation and artificial intelligence. At the same time, digitalisation is also about new forms of collaboration (like the Hive), organisational structures (for instance, business development & operations like Beyond Eyes) and ethical issues (such as the ethical business application of artificial intelligence). And it is about people. We are increasingly aware of the real value we can add for our clients and their environment using digitalisation. We collect and use data to predict the maintenance of buildings, roads and bridges more accurately, but also to develop new propositions and new business models. Moreover, we incorporate data from the usage phase right from the start of the design process. Data also enable us to keep improving. Our business areas play a key role in having a keen eye for maintaining and increasing that added value. Over the past year, we initiated the move to bring IT developments in the various departments of the organisation more to the fore and make it possible for these to connect with each other.

Intelligent maintenance

Instead of scheduling maintenance according to the manufacturer's instructions or our client's budget, we can use data to determine the optimal time for maintenance. If we have a good understanding of what is happening in a building now, we can use data to predict what might happen in the future and act on this proactively. In 2022, we piloted ten different types of installation, and in the coming year we will put this way of working into practice. These are mainly mechanical installations, such as those for heating, cooling, air treatment and lighting.

Another significant development is the remote maintenance or operation of a technical installation. This allows us to deploy service engineers more and more efficiently in places and on tasks where they actually add value. Right now, we often have highly qualified employees performing simple routine work. This new way of working on technical installations interfaces with Beyond Eyes, which we set up from the user perspective. Beyond Eyes is an initiative of Heijmans and cleaning company CSU, which recycling firm PreZero also joined in December. For instance, if we find that a room is only used from nine to three o'clock, we make sure it is the right temperature at the right time and that there is no unnecessary heating or cooling when it is not being used.

Beyond Eyes is now ISO 27001 certified, proving that it meets stringent global information security requirements. The data from the buildings we manage provides valuable information on usage. Good examples are the European Medicines Agency (EMA) building and the new courthouse in Amsterdam. Not only did we build those, but we are also responsible for the maintenance of these building for 20 and 30 years respectively. We are already fully applying this new way of working at these buildings. This is also showing us how to improve building management and to design and build even more intelligently at the front-end. For Heijmans, this strong link between the usage phase of a building and the design and construction phase is another major differentiator in the market.

Data-driven maintenance

We use a large number of sensors to monitor infrastructure in real time for clients across the country, including the Ministry of Public Works and Waterways and Schiphol Airport. This enables us to predict the lifespan and availability of roads and engineering structures (such as tunnels and bridges) with increasing accuracy. We apply this in numerous places, such as the Beatrix Lock, Schiphol Airport and as part of various wet maintenance contracts. We manage road edge systems, monitor the functioning of locks and bridges, monitor embankments and the degradation of roads and road furniture (such as guide rails, demarcations, and traffic installations), and monitor pollution and emissions.

We collect all this data on the Infra Connect platform and process this to generate insights for our clients. This data remains the property of our clients. We see this platform as the basis for the continued development of data-driven maintenance services. For one, we can connect new digital services to the platform. And because we own the underlying systems and can connect them to each other, we increase the stability of these services. Moreover, by doing so, we create a better overview of our services and the data they generate. So the investments we make are no longer in stand-alone solutions and products, but all contribute to the big picture.

Increasingly working towards standard processes and standard IT solutions adds more structure to the data. We develop data know-how and new methods for the use of that knowledge and data. We are currently applying this working method primarily at Infra, but we will soon implement it throughout Heijmans. Clients such as the Ministry of Public Works and Waterways are also asking us how they can use their data to perform smarter maintenance. We explore the answers to this question and their needs together with our clients.

Heijmans Data Depot

In 2022, we also opened the Heijmans Data Depot, a storage point for all the 'cold' data that Heijmans creates in operational processes. These are historical data from installations and sensors, such as figures on consumption or fault reports. We do not need these data immediately in our day-to-day operations, but we can for instance use them for future analyses and reports. In time, we will add a lot more historical data from various systems to this data repository. One of our clients, the European Medicines Agency (EMA) in Amsterdam, already receives reports based on the data in the repository.

Heijmans Solutions Platform

For several years now, Infra has been using an internal platform, the Heijmans Solutions Platform, which brings concrete products together, including their Technological Readiness Level, which indicates the stage of technology development. No less than 1,400 colleagues used this platform last year. By the end of 2022, there were already two hundred products on the platform, such as Wind Energy, which involves the integrated design and realisation of concrete foundations for wind turbines. Or Bikescout, the most sought-after product, which improves the safety of cyclists at crossing points using LED lights in the road surface that light up when a cyclist approaches. Heijmans' ambition is to develop this platform into a client portal, which will then show what Heijmans has to offer in a broader context.

Digital tools

Infra also uses digital tools to work on continuous process improvements. From the preparation phase to realisation and maintenance. Design processes are highly automated and thanks to digital construction methods, projects are prepared and realised in a smarter, safer and more effective way.



Our geophysics specialists examining the soil using modern measuring equipment and GPS-assisted geophysical surveying technique

Radar

We use our ground mapping expertise and technology in both infrastructure and property development assignments. The Explosives Detection, Geodesy and Geophysics department investigates soil, using ground radar, 3D ground radar and other geophysics measurement systems to measure what is present in the soil - and what is not - with extreme accuracy. This is vital information to prevent unwanted and unsafe situations during construction or the project. We can use the measurement information to draw up an exact design (fact-based design) and remove old objects from the ground without danger, preventing hold-ups and or delays during the work. 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.



Piet Hein tunnel

The Piet Hein tunnel in Amsterdam needs a complete overhaul to meet current safety requirements. Outdated technical installations are making way for a uniform and integrated control and operating system. It's a challenging job, especially when it turns out that the IJ tram has to keep running and almost all the technical and safety installations for the three tunnel tubes are totally intertwined. An additional complicating factor is the fact that the construction team had to deal with the Covid-19 pandemic. This led to costly loss of time at the start of the project, while it wasn't always easy for people to keep a distance at the construction site. Nevertheless, Heijmans managed to replace more than 50 technical systems and improve fire safety, among other things. Using BIM, Heijmans built a digital model of the tunnel with all the major technical components. This enables the company to test almost everything prior to starting work, so that future maintenance will not require the tunnel to be completely closed. As a result, the Piet Hein tunnel will soon be ready for another 25 years.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

6.2.2 Production technology

Working more on the basis of standardised processes and products

Heijmans has been successfully marketing affordable concept homes for all kinds of target groups for over ten years now. Given increasing pressure on the housing market and the ever-increasing demand for affordable homes for multiple target groups, the advantages of conceptual construction are becoming clearer by the day. This is because we can develop and build faster at lower costs, which in turn enables us to respond to changing circumstances. It also 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 identity. Variation and sustainability are the norm and as a result no two neighbourhoods are the same.

Flexible living

More and more local authorities and housing corporations are finding that temporary buildings are one solution to the persistent housing shortage. The Heijmans ONE is an affordable and sustainable 'tiny house' with the same living comfort and experience as a 'normal' home. Meanwhile, small neighbourhoods of Heijmans ONEs can already be found in many places in the Netherlands. In Nijkerk, the Nijkerk housing corporation commissioned Heijmans to build a neighbourhood with 28 Heijmans ONE homes for home seekers who were in danger of falling between the cracks. The 28 homes will remain at this location for ten years, after which they can be relocated.

In addition to the ONE, we are now developing the Heijmans TWO. This is another flexible, relocatable home. It complies with the building code for permanent housing, which means it is no longer mandatory to relocate the house after 15 years. In addition to the quality of the homes themselves, we also consider the connection with the environment and nature to be important in temporary construction. Because in many cases 'temporary' housing is still in place for a period of ten years or more. This means that a healthy living environment is just as important as it is in large area developments.

Living by the sea in Duineveld

Comfortable living with the feeling of a permanent beach holiday: Heijmans has built a number of beautiful villas, townhouses and apartments in the luxury residential area of Duineveld. The Noordwijk bathhouse-style architecture was combined with the style and atmosphere of The Hamptons and the result is nothing short of unique. This relaxed neighbourhood stands out thanks to its porches, verandas, light tones and lots of space. Residents were able to design their homes according to their own wishes, giving them the opportunity to realise their dream homes. Relaxed and comfortable living by the sea.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

Smart stacking and switching

In addition to our house concepts, Heijmans Property Development and Residential Building have jointly developed two apartment concepts for inner-city (redevelopment) areas: one concept for apartments with galleries and one with portico access. Using these concepts as a foundation, it should be possible to transform current neighbourhoods (from the 1950s and 1960s construction period). Heijmans can develop and build more efficiently by using standardisation while retaining variation, digitalisation and prefabrication. This results in affordable apartments for various target groups in the social, mid-rental and higher segments, both for the rental and the owner-occupied markets, in a single building.

The structure-defining elements, such as shafts for pipes, have been placed at strategic positions, allowing us to stack and link the various housing types in a smart way. This ensures a high level of variation in housing type and size within one building. Heijmans customises the building plinths, facades and roofs. Heijmans is building the first apartments according to this new concept in the transformation and renewal of the Dreven, Gaarden and Zichten neighbourhoods in the south-western part of The Hague.

New generation of homes

As its next step towards standardisation and sustainability, Heijmans will produce timber-frame houses on an industrial scale: Heijmans Horizon. In late 2021, Heijmans took over the energy-neutral timber-frame factory in Heerenveen. We expanded the factory in 2022, and we will produce the first concept homes there from the second quarter of 2023. The new factory has a floor area of 18,500 m².

The sustainable character of this new generation of homes can be found in numerous aspects, both in the choice of materials and in production and logistics. For instance, we use different insulation materials. And thanks to the use of timber, we use 50% fewer primary raw materials, which significantly reduces CO₂ emissions. Timber is also much lighter and therefore more sustainable to transport, which means fewer and lighter transport movements. The fact that the house is built at one location and then transported to the construction site in one go also reduces inconvenience for local residents.

We have also digitalised the entire primary process so we can manage the factory effectively. 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. Just as importantly, this way of building keeps the houses affordable. The first contract for more than eighty new-build homes will provide social housing for a housing corporation.

Learning together

Parallel to the opening of our own factory, we entered into a strategic partnership with VDM in Friesland, which has been producing timber-frame houses since 1880. Our partner VDM provided valuable knowledge for the realisation of this new Heijmans concept. We worked on five projects, totalling 38 homes, to test innovations on a small scale in preparation for large-scale production from our factory in Heerenveen. We completed the first 10 homes last year in Emmeloord, while 16 homes in Norg and five more in Amersfoort will follow in 2023. We have also produced housing elements for the external market from our factory.

Development agenda for homes

We are not only innovating on the timber-frame construction front, as we are also looking at how we can future-proof our overall range of residential products so they are a seamless fit with our clients' needs. Meanwhile, Horizon is driving our transition from technology-driven to customer-driven development of housing solutions. People will soon be able to offer a home using a residential configurator. This will enable us to translate design choices or consumer choices during the sales process directly into the production process that controls the work in the factory. This gives us greater insight into the footprint of the materials used and allows us to adapt the product more quickly to future changing housing needs and requirements. We are also thinking about what new products to develop in the future. Last year, we worked on a product book/portfolio, which we will launch in 2023.

Our goals on this front are:

- Pleasant neighbourhoods for everyone
- Sustainable in production
- Sustainable in use
- Feasible and affordable



Project Greenville: Heijmans is developing and realising 125 homes near the core shopping area in Leidsche Rijn Centrum

Helping to solve other societal issues

The application of industrial-scale, smart technology and digitalisation to the development of homes will enable us to bring affordable and sustainable products to the market. This will benefit first-time buyers and home seekers in the owner-occupier and rental markets. The huge shortage of skilled workers and the ageing population is also impacting the manufacturing industry. Industrialisation will enable us to produce more efficiently, maximising the use of our talented professionals for the major construction challenge we face in the coming years.

Development agenda for working

At our Non-residential Business, we are exploring options for the development of innovations, digital products and sustainable products. For this reason, we entered into a partnership with Unknown Group, a broker for start-ups. Together with start-up communities, we will look at solutions that are already being tried out in other countries, for example, and that we could use here.

We also have a number of fellowships with the Technical University of Twente. We are investigating how we can build in a future-oriented manner, for instance modular building for hospitals and other buildings. We are also looking at platform-based building; designing from a platform. Together with TU Twente, we are thinking about how we can do that even smarter and better.

A portrait of Stijn Tolhuijsen, a young man with short brown hair and a light blue shirt, smiling and looking slightly to the right. The background is a solid yellow color.

Sharing sustainable knowledge

Stijn Tolhuijsen (32) is a project developer at the Property Development business unit, and in 2022, he and a colleague set up an internal sustainability training programme.

"A lot of my work at Heijmans takes place at the very start of a project. When we still have to think about what we are going to realise, with whom and in what way. Sometimes that starts on a large meadow where nothing has ever been built; another time it's at a busy point in the middle of the city. That first part, where my main task is to be creative, innovative and technical, is what I like most about my job."

"I am extremely proud to work for Heijmans and find it easy to identify with the sustainable goals we set as a company. Despite Heijmans being a large company, it devotes a lot of attention to individual employees and you get the chance to contribute and implement new ideas. For example, last year I joined a colleague who wanted to set up an internal sustainability training course. And we were given the freedom and the trust to do it together."

"The training course consists of eight sessions: each month, we cover a different theme: from circularity to social cohesion, and we have both internal and external speakers for the sessions. We already have a lot of sustainability know-how in-house, but as a large company the trick is to make sure we share it among ourselves. This approach seems to be catching on; in any case, I've already been given a lot of inspiration myself."

"Heijmans gives me all the freedom I need to contribute and implement new ideas"

6.3 Sustainable

License to operate

Heijmans acts as an initiator and integrator when it comes to making the living environment more sustainable. We can make a difference by designing sustainably, with an eye for alternative and decentralised energy generation, efficient (re)use of resources and optimal comfort and experience. Our aim is not to extract, but to add to the living environment and by doing so create value. In this way, we make ourselves sustainable and help our clients to become sustainable. To this end, we work closely with a wide range of partners from the construction, engineering, education and science sectors. Our management of sustainability is an integral part of our organisation and the group board.

At Heijmans, sustainability is high on our strategic agenda. On the sustainability front, we look at three themes: energy transition, materials transition and space. All three themes are aimed at creating a healthy living environment. Circularity plays an increasingly important role in how we build, manage and maintain. All Heijmans business units are expected to work on sustainability. It has become an integral part of our work.

This transition will not be easy, and we are facing a number of major challenges. For instance, given the large-scale electrification of homes, businesses and machinery, we urgently need to expand the energy grids in several regions of the country in the coming years, to avoid slowing down the acceleration in electrification. The related development of electric energy storage in various forms is also no easy task. At the same time, we are also seeing that we are pushing the limits of nature's ability to absorb the ecosystem consequences of our production and consumption. In places where emissions of nitrogen, noise, CO₂ and waste are too great, we are being forced to look for alternatives. The transition offers opportunities for innovative companies like Heijmans that dare to invest in new production methods and play an active role in climate adaptation (raising dykes, building water collection systems) or climate mitigation (such as reducing their own footprint and building climate-neutral residential areas).



Homes sustainable from top to bottom

How do you prepare a building for the challenges of the future? CO₂ neutral, circular or energy efficient, everyone puts a different emphasis on what you need to do. Heijmans firmly believes in homes that are sustainable from top to bottom. This is why we help building owners and managers translate their sustainable objectives into concrete action. We call this Future Value. Because whatever we build, manage or renovate, we always add value. Reducing waste, eco-friendly maintenance, saving energy or reducing emissions in logistics? It all starts with our targeted solutions and integrated approach: Circular Management and Maintenance, Energy Management, Sustainable Housing Roadmap and Sustainable Service Logistics. All of these add maximum user and property value to the homes we work on. We use our services to make buildings smart, healthy and sustainable. For users, the environment and for the long term.



[Watch the film on our YouTube channel \(Dutch version only\)](#)

6.3.1 Energy

We produce in a CO₂-neutral manner and create energy-neutral solutions for our clients

Heijmans wants to be CO₂ neutral after 2023. To achieve this, we are putting a lot of effort into reducing our own emissions, on the basis of our own Energy Management Plan. We are doing this in four areas: mobility, equipment, construction sites and offices. You will find a detailed description of the results of the policy in section 7.2, bold statements 13 and 14.



Emission reduction solutions for our own business operations

Mobility

From 2023, employees can only choose electric cars for their lease contracts. We will shorten the current lease contracts for yellow-labelled, petrol-driven cars that still run beyond 2025 to a deadline of 31 December 2025. In addition, in the first quarter of 2022, all drivers of grey number plate buses that can use HVO 100 have been asked to use biodiesel. Around 600 of the yellow number plates at Heijmans, about 2,600 vehicles in total, are now electric. And 55.8% of all newly ordered cars are electric.

Equipment

An increasing number of projects are now subject to strict requirements regarding nitrogen and particulate emissions. In addition to CO₂ reduction, Heijmans therefore also has to pay attention to these emissions, making it necessary to modify equipment. An interim option is to fit after-treatment systems to the equipment. For the longer term, Heijmans will need to use more electrically powered equipment. On this front, it helps if clients encourage the purchase of electric equipment, as the Ministry of Public Works and Waterways (Rijkswaterstaat) is doing with the contract for the Apeldoorn - Twello stretch of the A1 motorway, a major project for which electric equipment was explicitly included in the programme of requirements. Meanwhile, several small electrically powered pieces of equipment are now available.

Heijmans also purchased some larger electrically powered equipment last year. From chainsaws and vibrating plates to excavators and forklift trucks: wherever possible, we are bidding farewell to combustion engines and switching to batteries. For some large equipment, such as crawlers or wire cranes, this means conversion to electric drives. This does require additional investments. However, the delivery of these pieces of equipment has been delayed because the supply chain for large-scale equipment has a limited supply of large-scale electric equipment, and we are being forced to convert existing fossil fuel-driven equipment and equip them with batteries. As a result, Heijmans is not yet seeing the impact sufficiently reflected in its emissions.

Building sites

The increase in electric equipment and transport also has implications for building sites, where Heijmans has to set up charging facilities. The point of attention here is that the electricity supply on the building site has to be equipped for this. To provide sufficient power, we regularly use battery packs of up to 500 kW. In addition, in the second quarter we decided to hybridise all small generators up to 35 kVA (with a battery and a small diesel engine) and to refuel all generators using HVO 100. To limit the 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 the concentrated distribution of goods and materials.

Offices

Although the Heijmans offices have a limited footprint, we have taken several measures in recent years to reduce it further. We have now installed solar panels on the offices where this is possible. Last year, we also invested in the replacement of the remaining fluorescent lighting with LED lighting. We are also looking at making adjustments to the various office locations, as a result of the adjusted home-working policy and the related occupancy rate at our offices.

Emission-reduction solutions for our clients and users

Energy solutions

Heijmans offers solutions in the field of energy for various market segments. For example, for the construction, management and maintenance of energy networks (Heijmans Cables and Pipelines) and the development of energy solutions in area developments (Heijmans Energy). To make office buildings more sustainable (Heijmans Energy Services and Heijmans Non-residential Building), our Heijmans Energy Management service gives building owners and managers insight into their energy consumption, by proactively analysing and managing the energy consumption of the building. Armed with this information, clients can create an energy-efficient office and comply with all legal requirements.

Energy management is part of our 'Futureproof Value', an integrated approach that enables us to add the maximum value to housing, making sure a building is smart and healthy for its users, the environment and for the long term. Futureproof Value combines the following services: Circular Management and Maintenance, Sustainable Housing Roadmap, Sustainable Service Logistics and Energy Management. In 2023, we will expand this range of services to include propositions based on data-driven maintenance.



Waterworks

In a water-rich country like the Netherlands, it is vital that waterways, flood defences, bridges and locks are all in good condition. First and foremost so we can keep our feet dry, but the sheer economic importance means everything has to be fully operational 24/7. Heijmans carries out management and maintenance work on wet infrastructure at various locations across the country. Heijmans Asset Management is also responsible for the emergency service on various assignments. This is varied and important work. Work in which one team carries out daily repairs and maintenance on the likes of lock gates, while another team performs sonar measurements to ensure that the shipping channel of the Waal River is at the right depth. By using energy-efficient vessels or by scheduling work more efficiently on the basis of measurements and data, we are also working more and more sustainably on and along the water.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

6.3.2 Materials

We are targeting 100% circular construction in 2023

We are active on a large number of fronts to achieve circular construction. For years, we have been a frontrunner in the reduction of packaging materials, the use of certified timber and in our material flow analyses. We made another significant effort on all these fronts in 2022. The increasing scarcity of raw materials and the environmental impact of material use are accelerating the need for a system change in material chains. Heijmans is increasingly acting as a director in this chain. As the master of material flows, we feel an enormous responsibility to organise this and bring people together. This requires a different approach to the chain and a thorough methodology.

Material flow analysis

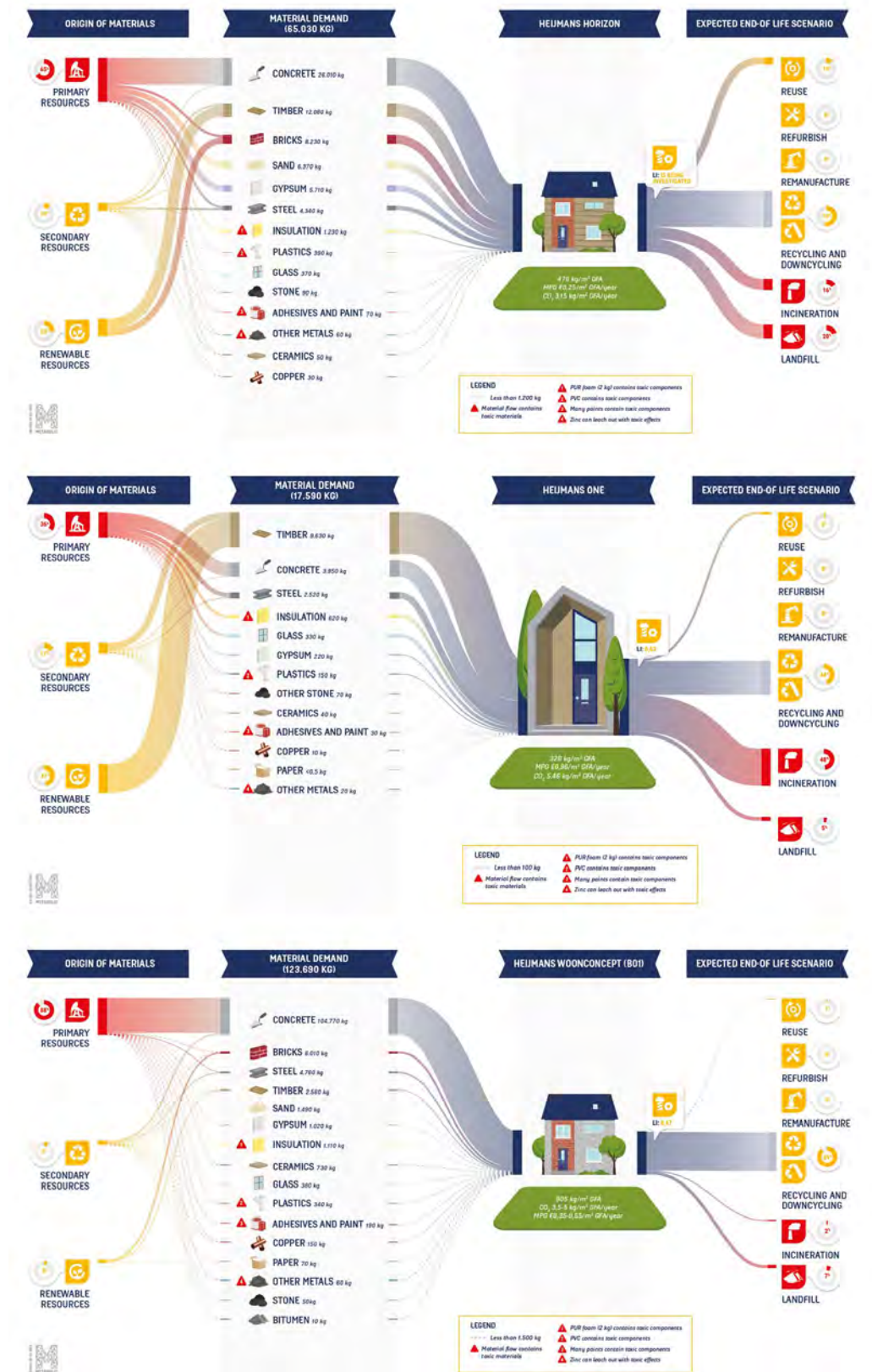
Thanks to material flow analyses, Heijmans has more and more insight into the material flows triggered by its projects. This involves both the materials needed in projects and materials released during renovation and demolition. We are using these material flow analyses to take the next step towards circular construction as part of our Sustainable strategic theme. Indeed, in a circular construction sector, a construction company will no longer focus exclusively on the construction phase, but will have an eye for the entire life cycle of materials, and also set requirements for the origin and environmental performance of the materials, plus ensure that the material can be reused easily and healthily in the future. By providing visual insight into the entire material flow with the associated circular performance, Heijmans can accelerate the reduction of the share of primary raw materials, eliminate the concept of waste in phases and reduce the environmental impact of materials. Heijmans introduced material flow analysis in 2021 as a new approach to measuring how circular our structures are. In 2022, the material flow analysis had become the standard approach to making circularity visible within Residential and Non-residential Buildings.

Material flow analysis has also proven valuable in terms of providing insight into the material-related CO₂ emissions of material use in our projects. This approach also helps us to measure our scope 3 emissions in accordance with the Greenhouse Gas protocol. Eventually, we want to gain insight into the impact of all our material flows, so we can focus on the most impactful material flows. This is how we are taking our responsibility to make our material flows more sustainable and to focus on circular construction.

Scarcity

Along with the challenges involved in achieving our sustainability ambitions, we are also currently faced with a scarcity of raw materials and other materials and consequently steep price increases. In addition to some minor after-effects of the Covid-19 pandemic, this scarcity is primarily due to the impact of the war in Ukraine and a general shortage of chips. This is having a direct impact on the application of thermal storage systems, boilers, electrical equipment and smart applications. Despite this, we want to stick to our ambitions.

Examples of material flow analyses



Chain approach

At Residential building, we identified the five most harmful materials and discussed alternatives with suppliers. This is how we want to work with our partners to reduce the negative impact of material flows. We see it as our responsibility to take the lead, even if we do not produce our own materials.

Within residential building, concrete is still an important primary raw material and this has a major impact on the environment. This is why we started a monthly consultation with our supplier to jointly explore what we can do to accelerate improvements. On the house construction front, this led to a shift among our co-makers, and we have now reached far-reaching agreements on the use of circular concrete, masonry and plastic products. We now use about 50% concrete granulate in our concrete shells. This results in about 10% lower environmental impact (EQI) and about 10% less use of primary raw materials. In 2023, we plan to increase the percentage of concrete granulate. We have also prepared a pilot project using geopolymers concrete. In 2022, we made preparations for the application of 50% circular PVC window frames as standard in all our concrete concept homes.

Within Non-residential Building, the material flow analysis led to the application of several circular alternatives in the renovation of the Rabobank headquarters in Utrecht. We applied nine circular materials and achieved high-quality reuse of released materials. We achieved this by working with Rabobank to challenge the chain of suppliers, demolition firms and waste processors on this front. For instance, we used high-quality circular concrete, while harmful rock wool was banned from the project. We also reused plasterboard and fitted fully removeable internal walls. Heijmans' material flow analysis helped Rabobank to define circularity in concrete terms for its organisation and provided insight into which circular criteria the project scored well on.

For the maintenance contract at Hanze University, Heijmans linked the material flow analysis to the BIM models. This made it immediately visible which materials will be released in the short term and which circular opportunities lie ahead for Hanze University.

Infra is also committed to circular construction in a number of ways. From reusing a complete pedestrian bridge, as in Elst, to re-galvanising guide rails along the A79 motorway. More and more projects are working with a Rapid Circular Contract (RCC), aimed at emission-free and circular work. This is resulting in more sustainable choices in both tendering and execution. Where possible, materials are reused immediately, while in other cases reusable project residues are temporarily transferred to a depot, the Circular HUB. This depot has already provided materials for several projects.

In 2020, we started a circularity project at Schiphol Airport related to the concrete transformer pits. Previously, these pits were crushed into concrete granulate by default. The aim was to achieve high-quality reuse, fully in line with the aim of the Concrete Agreement, which states that 94% high-grade reuse of concrete residual flows will be the norm by 2029. After a successful pilot period, the refurbished transformer pit was officially approved by Schiphol in June 2022 for use in (taxiway) runway projects. The number of reused transformers is now approaching 150.

Widening the A1 motorway between Apeldoorn and Twello

To ensure a good flow of (freight) traffic, several sections of the A1 motorway need to be widened, including the section between Twello and Apeldoorn. Heijmans started work on the widening of a 14-kilometre stretch of the road in late 2022. The company will also build two service areas. Our client, the Ministry of Public Works and Waterways (Rijkswaterstaat), wants to be climate neutral and to work in a circular way by 2030 at the latest. Heijmans is keen to put this ambition into action by applying new technologies, reusing materials and using emission-free equipment.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

Within the alliance for the Gorinchem-Waardenburg dyke reinforcement project, which includes contractors GMB, de Vries & Van de Wiel and Heijmans plus the Rivierenland Water Board, we are constantly looking, together with our client, for smart ways to use materials as sustainably as possible. Such as a circular approach to earthmoving, with as little soil transport as possible and the maximum reuse of released soil. As a result, of the total two million m³ of soil needed for the new dyke, we managed to reuse some 800,000 m³ of released old dyke material (wet and dry) as core material. On top of this, we managed to process 600,000 m³ of reclaimed material from the floodplain to use directly as new dyke material. This avoided the supply and removal of more than 1.4 million m³ of soil. We also processed the released stone revetment in a variety of circular ways. These include reuse as landfill stone, sweeping material for paving, filter material and mixed granulate.

We were only able to achieve this thanks to good cooperation in the chain. We reached agreements with our subcontractors and landowners in the area for the sale of the land we required, and also for the temporary use of land to process material locally. We also maintained intensive contact with the Rivierenland environmental service, the Zuid-Holland-Zuid (South-Holland-South) environmental service, the Ministry of Public Works and Waterways, the province of Gelderland and the Arnhem region, which gave its approval to carry out the work according to the above working method.

Matching Materials

Heijmans built this digital platform to make material flows visible to the industry, and we have made it available to the construction sector to encourage circularity throughout the chain. We also want to visualise future material flows. If a building is demolished in three years, who can use the material that is released and how should demolition take place? To raise awareness of the possibilities, usefulness and added value of the platform, we organised six speed dates with the market in 2022. These included discussions with architects, waste processors and suppliers to explore how the platform could work best. Meanwhile, the platform has already been successfully deployed within Heijmans and several materials have already been reused in a high-quality manner thanks to Matching Materials.

Week of the Circular Economy

In April 2022, Heijmans once again organised the Circular Economy Week. This was originally an internally focused initiative. At the last edition, the Ministry of Public Works and Water Management and the Government's Central Real Estate Agency, among others, were also actively involved and present. This is in line with our aim to involve external parties even more closely in our ambitions. We are happy to take our responsibility on this front.

6.3.3 Space

Our developments are blue, green and safe

We are seeing a growing societal awareness of the need to keep our planet liveable. Heijmans has also expressed a firm ambition in this respect: from 2023, all our interventions will lead to the improvement of nature and a climate-proof Netherlands. We will achieve this thanks to our basic attitude: we work together with the natural system. This is how we create a healthy living environment: the core of Heijmans' strategy.

We are aware of the importance of water and soil, which is why we treat them with care and move with the local natural system. We do this in both residential and non-residential building and infrastructure projects. Climate-adaptive design is tailor-made and involves retaining, storing, infiltrating and reusing water. Everywhere we work, we aim to provide a future-proof living environment that can safely cope with the extremes of the changing climate.

A hidden pearl in Rotterdam-Zuid

De Kuil is an oasis of greenery, peace and space in the dynamic centre of the busy city of Rotterdam. In the coming years, Heijmans will build sustainable houses and apartments around a special inner garden. In the garden itself, plants and misted water will soon provide cooling relief on hot days. Green roofs, 110 nesting boxes, a collection system and wadis for water storage and the use of circular and sustainable materials: everything in De Kuil is aimed at increasing biodiversity and the creation of a pleasant, climate-adaptive living environment for people, animals and plants.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

We are not alone in working on the creation of a nature-inclusive, climate-adaptive society. We are building an open system for the continuous exchange of knowledge and expertise. We are working on this with a number of ambitious organisations and knowledge institutions, such as the Naturalis Biodiversity Center, NL Greenlabel, the Struikroven foundation, The Pollinators and Dutch forestry organisation Staatsbosbeheer.

Frontrunner

The Dutch Association of Investors for Sustainable Development (VBDO) sees Heijmans as one of the frontrunners when it comes to plans and measures to boost biodiversity. This association surveyed 38 listed companies last year. On Heijmans' approach, the researchers wrote: "Instead of focusing on nature compensation, Heijmans wants to improve nature in the places where they work. This means that in the projects they carry out, they try to build nature-inclusively. Examples include creating public green spaces in new residential areas, as well as constructing fauna passages when redesigning motorways. By employing ecologists on a permanent basis, Heijmans has not only been able to provide nature-friendly services, but also to strengthen their own business case." For instance, ecologists have been involved right from the start in projects such as the Veenendaal-Ede-Grijssoord stretch of the A12 motorway, the National Military Museum in Soesterberg, VERTICAL in Amsterdam Sloterdijk and the Land van Dico area development in Uden, so we can leave behind more nature than we found.

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 results in major, measurable steps towards a sustainable and healthy living environment. In the initial phase of an area development, we establish the ambition for the project with our partners and with NL Greenlabel using a pre-screening tool. The site label is applied when this only involves business plots, care complexes, parks or squares. 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 site.

NL Greenlabel's label methodology looks at seven 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. A project can score points on three components for each theme, which Heijmans has to demonstrate. Adding up all these points results in a score between G and A, with Heijmans always aiming for a score of A or B for the public areas.

The Maanwijk project in Leusden was the first to achieve this score. In this special district where space, nature, technology, mobility and people all come together, all 120 homes were completed in 2022. The Vijfsluizen area development in Vlaardingen also achieved this score.

Reducing impact on the local environment

By building on an industrial scale, we reduce the impact of the building site on nature. While we used to have to completely clear areas in preparation for construction, we can now take a different approach. And we devote a lot more attention to the preservation and enrichment of the existing nature. As more houses are produced off-site in the factory, we need less equipment and fewer construction movements on the building site itself. When building timber-frame houses, we can also use electric cranes due to the major weight savings. In addition, we ensure that any land with completed houses is ready for gardening. Residents of the timber-frame Horizon houses will even be able to choose from five themed gardens with a Garden Label A, one of the NL Greenlabel labels. So when a project is completed, the neighbourhood is already green and pleasant to live in.

Growing attention

At Infra, too, we are seeing clients paying increasing attention to climate adaptation and nature inclusiveness. However, the level of priority and attention given to these issues varies widely, as does the degree to which clients have clearly defined their ambitions and the extent to which they are able to translate these ambitions into infrastructure projects for the relevant local authority or province. This results in a range of issues related to climate-adaptive solutions, sustainable implementation and alternatives, and solutions targeting the challenge of the energy transition. Our knowledge and experience have contributed to the successful acquisition and realisation of some amazing projects. From the redevelopment of residential areas to making business parks more sustainable.

Green-blue business parks

Heijmans has developed an integrated approach to making business parks more sustainable. Together with all the stakeholders involved, we are working towards green, climate-proof and energy-efficient business parks, where employees can enjoy working in a healthy environment. More space for nature (green) in combination with a more robust water system (blue) results in less nuisance and damage due to the impact of the changing climate, such as flooding and heat stress. This results in both cost savings and a healthier business climate. At the same time, we can realise a smarter energy supply by linking local generation, use and storage of green energy. Furthermore, a healthy working environment strengthens the bond between employees and companies, and should contribute to lower absenteeism due to illness and higher productivity at Heijmans.

The National Growth Fund awarded a grant of € 26 million to the 'Work Landscapes of the Future' programme. Heijmans is one of the thirty parties in the broad coalition behind this programme. This includes a major research programme with four 'living labs' as testing grounds and ten ambassador sites. Over the next nine years, six provinces will become partners in this programme to accelerate the greening and sustainability of business parks.

Nature ladder

Heijmans and DuraVermeer teamed up to develop the 'Nature Ladder': a tool that makes it easier for our peers in the infrastructure sector to ensure greater biodiversity in their projects. All the green spaces next to our railways, waterways and motorways make up the largest nature area in the Netherlands. This is largely managed by construction firms. From this point of view, the infrastructure sector as a whole plays a major role in countering the biodiversity crisis and in making the Netherlands climate resilient. The Nature Ladder makes it possible to take concrete action to realise targets for nature-inclusive and climate-conscious construction. This helps to keep green-blue ambitions front of mind throughout the entire process, from design to realisation. Every construction company can use the Nature Ladder to see on which step a project currently stands and how they can take it one step higher.

To measure is to know

Our ambition is to leave an area better than we found it. To find out whether we have succeeded in this, we take all kinds of measurements in the various phases of an area development. A zero measurement beforehand and measurements in the design and realisation phases and, finally, in the use phase. To this end, we cooperate with various parties, such as Naturalis, the National Institute for Public Health and the Environment (RIVM) and Wageningen University. Because we take measurements, monitor and collect data, we stay involved in projects for longer, even after completion. This applies to Property Development, Building & Technology and Infra. This gives us an opportunity to monitor the effects of design choices made several years earlier. This gives us greater insight into opportunities to make things better, smarter and more sustainable.



Land van Dico

Where there once stood a factory, there is now a green neighbourhood. The Land van Dico neighbourhood in Uden was designed with an eye to the future; resistant to heat stress, drought and extreme rainfall, and sustainable. Heijmans worked closely with NL Greenlabel during the planning phase. This independent organisation helps public sector bodies and developers to create a measurably sustainable living environment. And you can see that everywhere in Land van Dico. Nature is given plenty of room to grow and flourish here, both in the gardens and the public spaces. Wadis and permeable paving prevent water nuisance and the houses are energy neutral. In the Land van Dico, people and animals live together in a green, healthy environment. Heijmans sees NL Greenlabel as a full-fledged sparring partner on the sustainability front. Together, we are striving to make nature-inclusive and climate-adaptive districts the standard in the Netherlands.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)



7 Results

In this chapter, we report on our results in 2022, both financial and non-financial. After all, Heijmans not only creates value for its stakeholders, but also contributes to broader societal values. One example is the creation of future-proof housing. We produce homes and at the same time make the total housing stock more sustainable. As the creators of a healthy living environment, we have translated our mission into 22 concrete objectives, our bold statements. The Executive Board monitors the progress of the strategic agenda. It does so together with the group board, where the day-to-day operational management of the organisation is vested. We measure our results in financial key figures, as well as progress on non-financial targets such as safety and sustainability. Appendix 11.6.4 contains an overview of all our financial and non-financial performance indicators.

7.1 Value creation model and Sustainable Development Goals

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 so-called capital resources to add value by producing goods and services. Our value creation model can be interpreted as follows:

Business model and strategy

Our primary focus is on the operationalisation of our strategy 'Creators of a healthy living environment'. With the realisation of the strategy, we put our mission to create healthy living environments into action. The main pillars here are Better, Smarter and more Sustainable. We do this with an organisation whose core values are: result focus, ownership and collaboration. Plus we take into account a number of key trends and developments that have an impact on our business model, such as the energy transition and mobility and housing needs.

Input

The input in 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. This annual report includes a number of examples in each category.

Output

The output consists of our results, the tangible products and services that are shown in the same categories with examples. These include obvious products such as our homes or roads, but also less tangible contributions, such as our contributions to knowledge development or to the integrated chain.

Impact

Ultimately, Heijmans' output impacts 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 11.6.9. Broadly speaking, these are developing affordable and clean energy, creating jobs and economic growth, industrialisation and building infrastructure, developing sustainable cities and communities and encouraging responsible consumption and production.

In recent years, we have formulated performance indicators for several non-financial ambitions, ambitions that can be linked to the SDG targets. With the performance indicators included, we measure the current situation in relation to value creation, but also the 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 (dykes, water storage). Our main negative impact consists of emissions (such as CO₂ and nitrogen), resource consumption and waste. In the KPI table in Annex 11.6.4, we show how this relates to the goals in our strategy, to our material themes 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.



7.2 Non-financial results

After safety, sustainability and a circular construction sector are high on the agenda of all business areas. With our digital solutions, smart products and innovative ways of working, we deliver a positive impact on property development, residential building, non-residential building and infrastructure in the 'real' world, all of which manifests itself in tangible results. In addition, Heijmans' organisation-wide commitment to digitalisation should lead to greater safety, sustainability, ease of use, effectiveness and expansion of our package of services. In 2022, we also focused on achieving the objectives we set for 2023. Heijmans sees its bold statements as the most important themes for which we wanted to define clear targets for the future and on which we wanted to bring about real forward movement, categorised along the axes of our strategy: Better, Smarter and more Sustainable. This is why we deliberately set these targets ambitiously. Our goal was to achieve 100% movement on all bold statements and achieve half of them. The targets set at the time expire in 2023. Our realisation of these targets through to the end of 2022 presents a mixed picture.

7.2.1 Better

As a project company, we need to stay alert to risks and actively manage risk and contract management. Internally, this pillar is the foundation for a healthy, stable company. In addition, safety, quality and reliable processes help to make our services predictable for our clients and help us to be a good employer.

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

Last year was overshadowed by a fatal accident on our project along the N3 road, in which an employee of a subcontractor was killed. We are also disappointed with the number of accidents (resulting in absenteeism or replacement work) in the past year. The number of accidents rose to 71 in 2022 from 66 in 2021. We expect this is partly because our people are looking away less and behaviour is slowly changing, and more (smaller) accidents are being reported by colleagues. We continue to aim for 0 accidents. For all our accidents (resulting in absenteeism), we use the 1-3-14 method, where accidents are analysed on the first, third and 14th day, and we initiate investigations and actions. Using this method, we learn how we can improve things and formulate concrete improvement actions. To increase the learning effect, in 2023 we will expand our incident registration system (IRES), adding a module in which the improvement actions are linked to an action holder and we carry out an extra check on the embedding of the improvement.

2. IF < 1 in 2023.

Heijmans-wide, the IF figure fell to 2.7 (was 3.8 in 2021). This is because we had fewer accidents involving (long-term) absenteeism with our own staff and because we are in a better position to provide replacement work. To reduce the IF rate even further, we will continue to pay attention to our colleagues' risk awareness and improve the proactive safety culture in which we speak out and hold each other accountable. In addition to the usual interventions such as (VR) toolboxes, workplace inspections, dialogue sessions and risk sessions, we are increasingly focusing on safety at the front end of the process (tender-design-preparation) and paying more attention to social safety.

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

In 2022, Heijmans Infra recertified and improved on step 4 of the Safety Ladder, something we are proud of! In 2022, Residential Building, Non-residential Building and Property Development improved their score on step 3 and have worked hard on improvement plans with the audit results as important input. These business areas will all be audited at Step 4 in the first half of 2023.

Key performance indicator	Score 2022	Score 2021
1. Number of accidents: total incl. subcontractors	71	66
2. Number of fatal accidents	1	0
3. Injury frequency (IF)	2,7	3.8

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

Projects under construction are more susceptible to fluctuations due to changed market conditions, but across the board projects have remained predictable. Towards completion, we see project performance improving on the whole.

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

In 2022, despite the changed market conditions, the relative contribution of projects to profit remained at the same level. This indicates that all improvements made are now embedded robustly enough in the organisation to deal with these changed market conditions.

Key performance indicator	Score 2022	Score 2021
4. Percentage of larger projects (cat. 2 and 3) finishing within initial range	86%	75%
5. Percentage of projects making a positive contribution to profits	91%	90%

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

Overall outflow remained relatively constant compared with the previous year. We are feeling the effects of scarcity in the labour market, so the unwanted departure of employees remains high. We pay close attention to bonding with our employees and being an attractive employer with a social face. For example, due to extreme inflation in 2022, we compensated employees' loss of purchasing power on two occasions last year. We now have insight into which groups of employees are more likely to leave Heijmans and their reasons for doing so. For these specific groups, we have started a customised approach, such as adjustments to the content of their work. At a number of Building & Technology business units, for example, work preparation tasks are split between administrative tasks and technical tasks, to match the content of the work more effectively to employees' competencies and interests.

7. We reduce absenteeism by 5% each year.

Heijmans has a rolling average absenteeism rate that is about 1% lower than the average in the Netherlands for companies larger than 100 employees (6.20%; CBS⁽¹⁾) and below the average for the construction industry (5.38%; CBS⁽¹⁾). However, we are showing a similar upward trend in absenteeism, as seen in the Netherlands as a whole. The increase in the rolling average absenteeism rate is due to an increase in short-term absence (up to eight days) compared with the previous year. Covid-19 and mental fatigue due to the impact of macroeconomic factors on our employees' household budgets are to blame for this. Within Heijmans, we are devoting a great deal of attention to increasing the resilience of our employees. We also work with a customised approach to prevent and reduce long-term absenteeism.

¹ CBS figures are comparative through to the third quarter of 2022.

8. In 2021, we have a higher employee engagement score than in 2019.

Heijmans did not conduct a general employee engagement survey in 2022. We shared the results of the 2021 survey extensively across the organisation and we initiated improvement actions. In addition, we conducted pilots with short questionnaires and weekly mood measurements. In 2023, we will once again conduct the Heijmans-wide employee engagement survey.

Key performance indicator	Score 2022	Score 2021
6. Staff turnover (%) *	5,97% / 5,17%	4,60% / 3,87%
7. Total absenteeism	5,04%	4.66%
8. Employee engagement (eNPS)	n.v.t.	25

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

A portrait of a woman with long, wavy blonde hair and blue eyes, wearing a dark blue top and a small hoop earring. She is looking directly at the camera with a slight smile. The background is a solid light orange color.

Helping each other

Sofie Bogaers (35) is a secretary at the Materiel Management department in Rosmalen. She would like nothing more than to keep working here until her retirement, because she feels right at home. Connecting people - from the workshop and the office - is what she likes doing best.

"At first, I thought Heijmans might be too big for me, because before I'd always worked for smaller companies with a real family feeling. Although Heijmans is a big company, I have that family feeling again. That's because everyone is so approachable. Everything is done in consultation and everyone gets a chance to come up with ideas or solutions."

"I work in Rosmalen and I'm right in the midst of all the big equipment. People from the workshop and the office often don't know each other, but I try to put them in touch and get them to connect. If I see an endless e-mail exchange developing, I say: 'Just walk with me, because that person is sitting nearby.' Sometimes it's like consultation hour at my desk, because people often drop by for a chat."

"What appeals to me is that everyone is more than happy to help each other. It doesn't matter what project you're on or what region you're from. We're due to have a workshop soon, to help us work even more sustainably in the office, too. I'm curious to see what more I can learn, because I already take this into account when I order products. I look at sustainable alternatives, packaging materials and how something is delivered. Every little bit helps to make our work even more sustainable."

"What appeals to me at Heijmans is that everyone is more than happy to help each other"

7.2.2 Smarter

Armed with innovative ideas, products and services, we offer smart solutions to the significant issues of today and tomorrow. The built environment is becoming increasingly interactive thanks to intelligent systems that generate data, providing us with information that helps us serve our clients even more effectively. We are also taking big steps to become smarter in the construction process itself, including standardisation and the use of industrialised processes. Heijmans' ambition is to (continue to) play a leading role in the design, realisation and management of the built environment, and we therefore want to help make the chain smarter to increase its impact and effectiveness.

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

Non-residential Building

Heijmans Non-residential Building business is building on its work with so-called digital twins. Our new-build projects are all produced using a high-quality BIM model (see also appendix 11.6.14). In recent years, the focus has been on increasing the integration of our work with BIM models into our work processes. Our designers, work planners and contractors now work on a daily basis with the 3D geometric models and information from the BIM models to ensure the optimal coordination, preparation and execution of our projects. Of the 25 BIM goals to be achieved on our roadmap (BIM ambition ladder), we are currently applying more than 20 on a regular basis in our projects, plus we have documented best practices for these. Applying BIM (in every layer of the organisation) is now an operational matter and no longer a strategic improvement. This is how commonplace working with BIM has now become.

Renovation of the Binnenhof

The preparations for the renovation of the Dutch houses of parliament, the Binnenhof, included the making of an extensive 3D model. Because although Heijmans is doing part of the job with the renovation of the Senate and Council of State, all the construction firms involved have to coordinate their work down to the smallest details. This digital model enables all the companies involved to work together faster and more efficiently and to check whether their work can be carried out safely and according to plan. When renovating listed buildings, you often come across a few surprises: for instance, a medieval staircase was found during the foundation research. This too is now included in the 3D model. So in effect, the 3D picture becomes more and more complete as the project progresses.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

We offer so-called 'paint shop and car wash' training courses for all job groups on a regular basis. In these training courses, our employees learn the basics of working with BIM models (paint shop) and are regularly provided with the latest insights (car wash).

One of the new developments in 2022 was our use of pointclouds (a way of measuring a building) for progress monitoring and quality control. This involves placing a tripod with a spinning operator on a spot. On each full turn, the operator shoots measurement points into space, which are then fed back digitally. After tens of millions of rotations, this creates a pointcloud that represents what a space looks like. The knowledge and expertise in this field will be available for deployment on projects in 2023.



Renovation Binnenhof in Den Haag

For our maintenance contracts, we are working with a digital twin proposition called DreAM. This application is based on a 3D BIM model, which delivers information relevant to maintenance and management processes. By combining substantive professional know-how about construction and maintenance and data sources on our own processes and building use (sensor data), we are generating new insights that we would not have without the digital twin (DreAM). In 2022, we created and commissioned two Proofs of Concept in this field. In 2023, we will expand this into a Minimal Viable Product that we can deploy on more projects.

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.

Together with TNO, we have developed a reference architecture based on existing, reusable architecture. This gives us a template, so to speak, we can use to develop a complete digital twin step-by-step across the entire lifecycle of a home. We can do this both for the production process of our timber-frame houses at the Heerenveen factory and for the Horizon house itself. We are also working on a new digital home configurator, which buyers can use to customise their own new-build homes. This home configurator will be integrated in the manufacturing software to provide a continuous flow of information.

Infra

We use a digital twin in all infra projects, both new-build and management and maintenance. This starts with setting up a geographical information model, which serves as the central information point for our colleagues.

In our new-build assignments, we use BIM targets ('stars') with different ambitions depending on the complexity of the projects. For the most complex Infra projects in 2022, we achieved our high ambition of eighteen stars. These include the Gorinchem - Waardenburg and Sterke Lekdijken dyke reinforcement projects, the projects on the take-off and landing runways at Schiphol Airport, the renovation of the Piet Hein Tunnel and the Apeldoorn - Twello stretch of the A1 motorway.

We have seen a particularly big increase in the use of BIM in energy transition-related projects, including those for our client TenneT or our civil engineering projects, including through the application of best practices for complex projects. So the use of digital twins is now widely embedded in the organisation.

In 2022, we took a number of significant steps in the continued development of our best practices. One of these is the standard exchange between geographic (GIS) data and the 3D BIM model. This enables our colleagues to find the most relevant project information quickly and clearly in a user-friendly way, both in the office and at the project site. In line with our goal to unlock key project information, we also saw the simulation of the construction process (4D BIM) really take off in 2022. This clear-cut way of working, in which planning, the current situation and the intended situation are all aligned, gives those involved from design, work preparation and realisation a verified picture of how to do the work. This contributes to safer execution and lower failure costs.

In addition, we took a number of significant steps to automate and parameterise the design process. For instance, in terms of automatically generating 2D drawings and building new design apps that largely take care of part of the design process.

For Infra, good subsurface mapping is crucial to prevent excavation damage. To this end, we have some key innovative technologies in place that can map the subsurface very accurately. For instance, Infra conducted a pilot for the visualisation of the underground 3D model of a planned new sewer system using Augmented Reality. This 3D model was visualised in the existing subsurface to directly map the interaction with the existing cables and pipes. In 2022, we applied this technology to several underground projects after an initial pilot.

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 seventeen new data-driven services in the Building & Technology, Infra and Property development business areas. We briefly describe a number of examples below:

- For example, we developed the data centre generator for data centre design. This enables parametric design of data centres based on a predefined catalogue of 36 building blocks and components. This service has already been included in several tenders, and clients have responded enthusiastically.
- Data-driven sustainable advice includes insight into energy demand and consumption during project realisation, an emission dashboard for nitrogen, ammonia and CO₂ and a material flow analysis. In addition, we standardised and automated the calculation of the Environmental Cost Indicator and Environmental Performance Building scores.
- Iris 2.0 is the online service Heijmans Services uses to give its clients insight into the user value, property value and service value of their buildings and assets. The complete Iris dashboard, which combines information from multiple systems clearly and transparently, puts clients in control of their own assets. We have now implemented this solution at fifteen clients.
- Our Insight product can be used for asset analysis by remotely retrieving data from buildings. For instance, Insight can analyse whether sun blinds are working properly by linking them to data on sun hours. Remote and proactive action can then be taken to make an improvement or adjustment, without disturbing the client's primary process. We have now linked up 52 buildings and we have launched a similar project to remotely read out security systems. We expect these two trajectories to converge in 2023.
- The Heijmans energy storage system is a smart energy storage system combined with energy management for utility projects, including a spin-off for the physical management and maintenance of systems. It provides an immediate solution to the acute energy transition problems our clients may face. The problems may differ per market/client situation. Talks are ongoing with the province of Overijssel and our timber-frame housing factory in Heerenveen to start using this system first.
- The charging station scan provides insight into the possibilities for the installation of (additional) charging stations. This can also be used in combination with the supply of charging poles (infra) and the physical modification of a building's energy installation, a standard part of Heijmans Energy Services' product range.
- For the monitoring of Dynamic Traffic Management (DVM) systems, such as matrix signs, cameras and dynamic route information panels (DRIPs), clients on two long-term management and maintenance contracts will have the ability to see and prioritise all failures in real time directly from all connected DVM assets.
- In 2022, we continued the development of two traffic management services. For traffic management during large-scale road works, we developed the journey time monitoring service into a production-ready and therefore cybersecure solution. This service shows the expected and actual journey times in real time during diversions. This enables Heijmans to make immediate traffic management adjustments at these diversions, especially on the secondary road network. In addition, Infra has developed its Digital Road Safety System. In the context of safe working along and on roads, Heijmans has developed a system that allows colleagues to report their road works in real time to navigation software such as TomTom, Google and Waze via a box in the car. This notifies road users immediately if there are roadworks in their neighbourhood.
- Heijmans Property Development deployed bi-directional charging in cooperation with a partner at Leidsche Rijn in Utrecht. This development is crucial to secure the energy balance of neighbourhoods in the future.

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

At Building & Technology, the growth of Beyond Eyes services among its clients also developed nicely in 2022. For instance, the number of buildings using Beyond Eyes services increased by 49% to 330 buildings. The number of subscriptions increased by 13% to a total of 141 subscriptions, spread across 102 unique companies.

At the end of 2022, Beyond Eyes was also awarded ProRail's definitive tender for 'Workplace and space sensors'. The implementation of 4,500 sensors in seven different locations will start in early 2023. This will involve collecting data with the aim of creating an optimal workplace in the office and realising the efficient use of offices.

Recycling firm PreZero has now joined Heijmans and cleaning company CSU as Beyond Eyes' third family member. With this move, Beyond Eyes has expanded its data-driven facilities services to include waste management. The addition of PreZero marks another big step in making organisations' facilities processes more sustainable.

At Infra, five existing long-running subscriptions were extended for another three to four years. This underlines the importance of subscriptions for data-driven services in terms of generating long-term stable revenues. In addition, we gained six subscriptions for the five services mentioned above. Together with two ongoing services, this took the total number of subscriptions to 13 in 2022.

Property Development issued 573 subscriptions for its data-driven services to private buyers/users of a Heijmans property in 2022.

Key performance indicator	Score 2022	Score 2021
9. All the projects we work on will have a digital twin in 2023.	84%*	71%
10. New data-driven services launched successfully	17	9
11. The number of subscriptions for data-driven services in the in-use phase	727	212

* 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 2022, on the Heijmans Woonconcept (concept houses - HWC) front, we remained in line with the numbers recorded in 2021, with 689 assembled shells. The absolute number is slightly lower, because we completed five pilot projects involving a total of 38 of our new Horizon concept homes (timber-frame houses). In addition, we also produced elements of homes for external clients.

We also made substantial progress with our stacked concepts (apartment blocks). For instance, in November we signed an agreement with the Kleurrijk Wonen housing corporation for the first 43 Huismerk apartments in Culemborg. This is our stacked concept with gallery access for the affordable (rental) market. A number of follow-up projects have now moved into the development phase, including projects in Arnhem and Culemborg. The Heijmans Apartment Concept with portico access for urban (redevelopment) areas is also moving towards development and realisation. With a broad palette of apartment types and floor plans, we can also give a conceptual interpretation to these projects, as we did in the south-western part of The Hague (Dreven, Gaarden, Zichten project), the Lodewijk van Deijssel neighbourhood in Amsterdam and Overvecht in Utrecht. By the end of 2022, 629 Heijmans Apartment Concept homes were under development.

For our concept homes, we use prefabricated components wherever possible, with these produced or assembled in the factories of our co-makers involved in the concepts. For both the houses and the stacked products (apartments), the shell, roof and (a large part of) the façade are supplied in prefabricated form for assembly at the building site. In addition, we constantly review which other components can be prefabricated; for example, we are running a pilot project for the Heijmans Woonconcept homes, including a ready-to-use floor (including installations ex-factory and with no finishing floor required) and the use of prefabricated internal walls. In addition to the objectives mentioned above, this provides circular benefits as less material is needed, there is less waste and the internal walls are made of bio-based material instead of aerated concrete.

We also worked very hard in 2022 to prepare the factory we acquired for the production of Heijmans Horizon homes from 2023 onwards.

This means a growing part of our production is shifting from on-site to off-site, not only in terms of conceptual to industrial (in our own factory) but also for both houses and apartment buildings.

Key performance indicator	Score 2022	Score 2021
12. Concept homes delivered	776	613



Building for the future

The development of Heijmans' latest generation of homes focused on a number of major issues. How can we make our operations more sustainable? How do we offer a solution for the enormous and growing shortage of affordable housing? And how do we achieve this in an efficient and safe way at a time when fewer and fewer skilled workers are available? The answer is Heijmans Horizon. Heijmans has years of experience with conceptual building together with co-makers. Industrialisation and standardisation combined with variation make it possible to build quickly and efficiently for numerous target groups. But we cannot realise our sustainability and innovation ambitions on our own. Which is why we looked for the right partners; to share knowledge, learn together and by doing so increase the number of sustainable and high-quality homes in the Netherlands both faster and smarter. We have all gained experience in the first few projects. From 2023, we will build these sustainable homes in our energy-neutral factory in Heerenveen. The industrialisation of standardised timber-frame construction is effectively a shift from engineering to configuration. What this means is that from 2023 customers will be able to put together their own timber-frame houses using the Heijmans 3D Residential Configurator. At home on their computer or tablet, and at their leisure.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

7.2.3 Sustainable

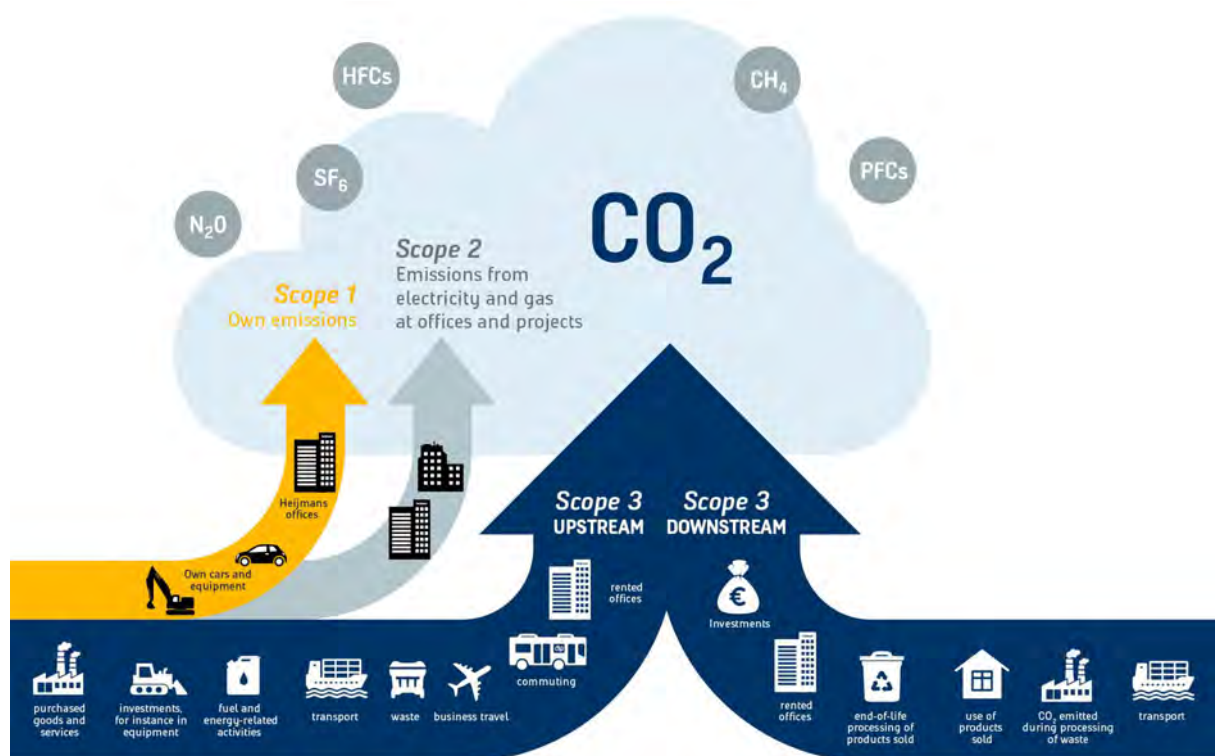
As a leading player in the construction industry, we want to play a pioneering role in the creation of a more sustainable living environment. We can make a difference by designing sustainably, focusing on alternative and decentralised energy production, the efficient use and reuse of resources and optimising comfort and experience. Our guiding principle is our 'Creators of a healthy living environment' strategy, focused on energy, materials and space. The final goal is to no longer subtract, but to add to the living environment and to add even more value through these efforts.

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

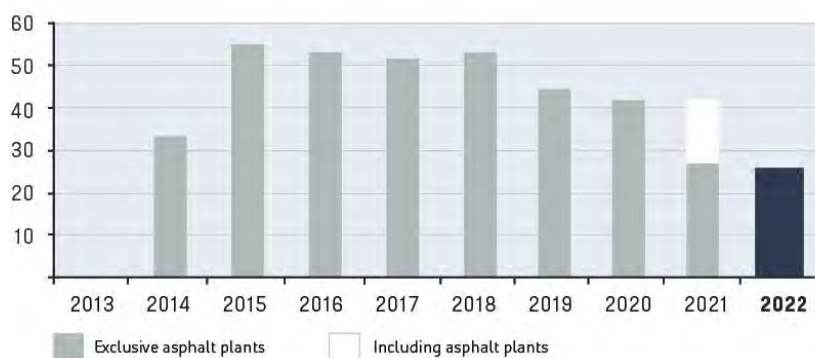
If Heijmans achieves its goal of CO₂-neutral production after 2023, Heijmans should meet the projected science-based target of COP21, requiring a linear reduction of CO₂ emissions of over 4.2% per year. In 2022, we achieved a reduction of 6.9% (scope 1 and 2) compared with 2021. We achieved a reduction of 13.2% over 2021 and 2022 combined.

Heijmans follows the Green House Gas (GHG) protocol for mapping our footprint, and reports on this annually in the GHG report. This protocol addresses scope 1, 2 and 3 emissions.

Heijmans' strategy for reducing CO₂ emissions is to increase our own production of sustainable energy, improve the energy efficiency of production, and offset the remaining scope 1 and 2 emissions. With regard to scope 3 emissions, our most important ambitions are those related to the products we develop ourselves (Property Development), as well as to making the right design choices and using sustainable materials.



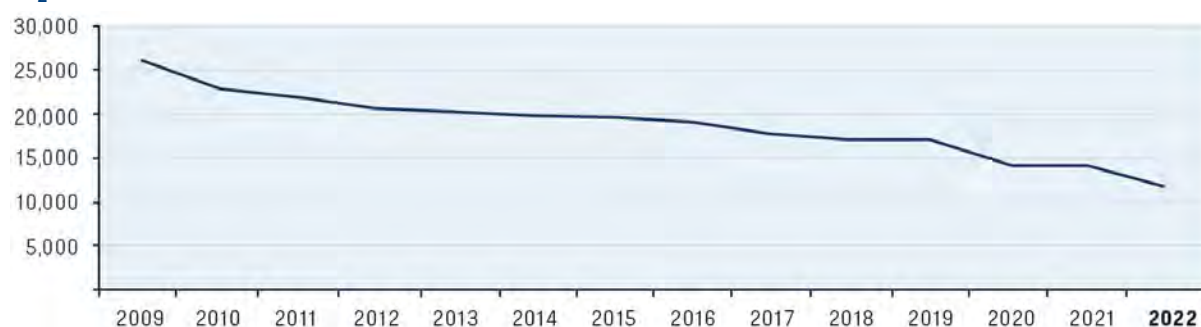
See the following table for the development of the scope 1 and 2 emissions in recent years:



Scope 1 emissions

One important component of our scope 1 CO₂ emissions is our vehicle fleet. Thanks to our policy on this front, Heijmans has been reducing its CO₂ emissions for several years now, and we have given this another boost with our decision to only permit new leases for electric lease cars with a yellow licence plate from 1 January 2023, and to reduce the term of our long-term lease contracts for non-electric cars. This move has been delayed due to the longer delivery time for electric cars, and we did see an increase in the number of kilometres driven after the pandemic. In cases where electrification is not an option (some of our grey licence plates) we will focus on HVO (biodiesel), which will result in a 90% reduction in CO₂ emissions compared with regular diesel. However, there are still not enough petrol stations that supply HVO.

CO₂ emissions Heijmans NV car fleet (in kg)

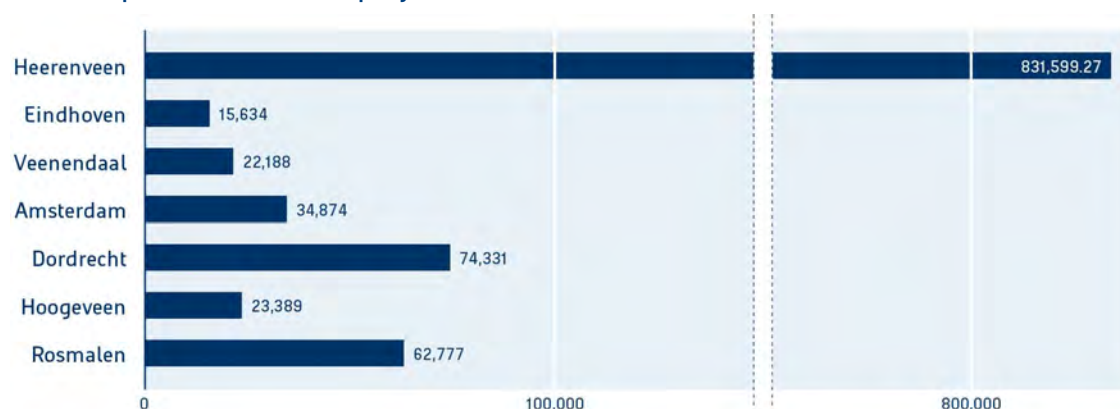


With regard to CO₂ emissions on construction sites, most of this still generated by diesel-powered equipment. This is why we have set up an intensive investment programme to ensure that we use emission-free machines and equipment. We may sometimes experience delays in these efforts due to delivery problems and ongoing innovation projects to electrify large equipment while maintaining specifications.

Scope 2 emissions

The purchase of gas and electricity is generally the largest contributor to scope 2 CO₂ emissions. In recent years, Heijmans has transitioned fully to sustainable electricity, as a result of which our emissions on this front are now negligible. We also generate our own energy. We have increased the amount of energy generated in our offices in recent years: in total, Heijmans offices have generated about 300 MWh over the last few years. This will increase in the coming years, for example as we increase the use of parking spaces to generate electricity. This will be in line with the expected increase in electricity use due to the electrification of the vehicle fleet and equipment.

Generation per location 2022 (kWh per year)



Finally, Heijmans purchased so-called green gas for the first time last year, which resulted in a further reduction in scope 2 emissions.

Scope 3 emissions

The scope 3 emissions can be divided into upstream and downstream emissions. The most effective way to have a positive impact on upstream emissions is to make the right material choices and through sustainable procurement. This impact is often less direct than with scope 1 and 2 emissions in terms of ambition, competition and affordability.

The downstream emissions are primarily due to the emissions from products after sale or delivery to clients. In Heijmans' case, this pertains mostly to homes and non-residential properties delivered. While we can have a direct impact on the specifications of residential products sold via Property Development, in the case of non-residential properties we are often bound by our clients' ambitions.

We measure the average CO₂ emissions of the homes delivered as an indicator for the scope 3 downstream emissions. This is one of the KPIs linked to our bank covenants. For 2022, we arrived at 932 kg CO₂ per year per home delivered. This means we realised a reduction of 34% compared with the basis laid down in the 2020 bank covenant (1409 kg CO₂ per year per home delivered), while the goal for the 2024 covenant has been set at 30%. Compared with 2021, this came in at a reduction of 9% (1021 kg CO₂ per year per home delivered).

We expect this indicator to continue to decline in the coming years due to our raised ambition for the development of homes.

In order to map the scope 3 upstream emissions, Heijmans has translated the procurement spend and the various separate categories into an estimate of the CO₂ emissions for the various categories. This provides us with an initial indication of the size of a number of important elements for the scope 3 upstream emissions. However, this is an initial estimate that we will need to refine and complete this in the coming years, partly by performing chain analyses and by improving the measuring system for materials and services in the Netherlands. We can then translate this into the specific categories based on the GHG protocol.

	Category	Description of category
upstream	1 Procurement of goods and services	Procurement of raw materials, semi-finished products and services
	2 Capital goods	Electrical installations and lighting
	3 Fuel and energy-related activities (not covered by scope 1 and 2)	Consumption of subcontractors and hired-in specialist companies
	4 Transport and distribution	Transport of materials, semi-finished products and equipment
	5 Waste generated during production	Waste from building sites
	6 Business travel	Scope 2
	7 Commuting	Commuting by staff
	8 Leased goods	Vehicle fleet is leased, as is some equipment (fuel falls under scope 1)
downstream	9 Transport and distribution	Transport of semi-finished products
	10 Processing of products delivered	Maintenance of roads, hydraulic structures and building in the operational phase
	11 Use of products delivered	Use of roads, viaducts, buildings and hydraulic structures
	12 End of life of products delivered	Recycling of end-products
	13 Leased goods	Leasing of end-products
	14 Franchises	Franchising concepts
	15 Investments	Investments in machines

The most significant components are the procurement of concrete, rented equipment, purchased metals (sheet piling, rebar) and purchased asphalt and the emissions connected with this (transport, processing).

Product group	Purchased amount (in € mln)	Estimated quantity CO ₂ emissions (x 1000 tonnes)
Purchased concrete	156	141
Leased equipment	131	111
Purchased metals	136	74
Purchased asphalt	64	39
Purchased road transport	43	37

Heijmans has roadmaps/improvement programmes for the further reduction of CO₂ emissions from various product groups such as asphalt, concrete and waste in the coming years.

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. We have noted different levels of ambitions in this area for different categories of client.

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. From 2023 onwards, all new leases will be confined to electric cars, and we will shorten existing lease contracts. The investment programme for equipment has resulted in the purchase of a range of electric equipment, from small equipment (vibration plates, forklift trucks) to large-scale equipment (crawler crane). We have already deployed this equipment, for example in the Apeldoorn – Twello A1 motorway project for the Ministry of Public Works and Waterways (Rijkswaterstaat).

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.

Leiden Science Campus

A sustainable and flexible building, adaptable to the demands and wishes of the future. But also a building that attracts international scientists and students and is an inspiring meeting place for students, teachers and researchers. That is Heijmans' task in the realisation of the Gorlaeus Building for the Faculty of Mathematics and Natural Sciences of Leiden University. The new building on the Science Campus includes a distinctive entrance, state-of-the-art laboratories, lecture rooms and facilities. Completion is scheduled for the end of 2023.



[Read this story on heijmans.nl](https://heijmans.nl)

At Heijmans Energy, we have 30 projects, involving around 3,000 homes, in various stages of design, preparation, realisation and execution. In 2022, we laid a solid foundation by providing 20 residential building projects with a sustainable energy supply, and supplying the residents with heating and cooling for the next 30 years. By fitting homes with solar panels, we will be able to offer our clients energy-neutral homes in 2023. We have also made a start on the installation of a smart grid at building level as part of a test in our own Hive office in Rosmalen. In 2023, we will continue to develop this smart grid, so we can offer our clients energy-neutral solutions at a building or district level.

Examples of energy-neutral residential building projects that we delivered in 2022 include: Maanwijk in Leusden, Park van Buijsen, Keijzershof Phase 4 in Pijnacker, Culemborg Parijsch, Forteneiland West and Ruijtershof Phase 2 in Eemnes. On the Non-residential front, the Leiden Science Campus is a great example of an energy-neutral project.

Key performance indicator	Score 2022	Score 2021
13. Absolute CO ₂ emissions scope 1+2 (tonnes)	26,082	27,995
14. Emission-free production*	-	-
15. Average CO ₂ emissions of homes delivered	932	1,021

* We have not set any quantitative KPIs for bold statement 14.

16. All our quotes include a calculation of the environmental performance. In 2023, we will include that as standard in all our quotes to clients

We make an environmental performance calculation on the basis of the MPG value (Environmental performance indicator) for all our homes (both houses and apartment buildings) that are completed commercially (end of design phase/start of sale).

At Heijmans Property Development, we decided to make all projects going up for sale as per 1 July 2022 CO₂ neutral at minimum.

In 2022, Heijmans Infra calculated the environmental performance for 37 tender bids. Most of these bids were submitted to the Ministry of Public Works and Waterways (Rijkswaterstaat) Major Projects and Maintenance.

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

While we have previously focused primarily on recycling waste materials such as foils, for which we fully achieved our goal in 2021, we are now considering follow-up steps in the area of recycling with reusable materials such as pallets and crates.

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

In 2022, we determined the CPG score (Circularity Performance Buildings) for all houses over the last year, and achieved an average score of 7.5. We also determined the MPG value and the connected material-related CO₂ emissions for all houses. We also gained insight into the percentage of raw materials on the basis of material flow analyses. From 2023, we will transition to new KPIs, because these will enable us to shape our strategy for 100% circular construction. For example, in 2023 we will reduce the material impact of houses, by reducing the MPG value, the material-related CO₂ emissions and the share of raw materials.

This bold statement of 100% circular houses is very ambitious, and turned out not be achievable, even if we compare this to societal performance standards. It is currently not realistic, from the point of view of sound management, for us to eliminate the use of primary raw materials in the thousands of homes we build each year, nor for all materials used to be completely reusable. This remains our ambition, and we will continue to search for solutions to achieve this, but it will not be achievable in the coming years.

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 2030, we want to be at 50%. For the related Construction Transition Agenda, the aims are to reduce the use of raw materials, but also to improve the environmental performance (MPG/material-related CO₂ emissions).

For houses, we have therefore opted for achievable MPG-related KPIs and for reducing the share of raw materials, in line with the above-mentioned national developments. This year, we will also start to investigate high-rise buildings, although we are not yet adding a KPI for this.

Piekstraat Rotterdam

At a unique location in Rotterdam, a sturdy residential tower block is rising on the banks of the river Maas. The block will be over 70 metres high and will have 142 loft apartments in all shapes and sizes. The architecture of Piekstraat reflects the history of the site and the piles of containers in the port. A combination of steel, bricks and glass give the building an industrial and robust look. District heating, a heat recovery system and solar panels ensure that future residents will soon be using 100% sustainable energy to heat their homes. In Piekstraat, history and the future come together on Feijenoord Island, in the heart of Rotterdam.



[Read this story on heijmans.nl/en/](https://heijmans.nl/en/)

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

At Building & Technology, we used 48% concrete granulate as a gravel replacement for the concrete shells of the Heijmans Woonconcept homes. This included secondary sand and gravel, which meant that 80% of all the raw materials were secondary materials.

In the market, concrete generally consists of 100% primary raw materials. We have submitted circular concrete proposals in several tenders and projects. A number of these initiatives be used in projects in 2023. When it comes to circular asphalt, a further increase in the percentage of circular asphalt is being impeded by the benzene issue, as high recycling percentages tend to generate high levels of benzene. This applies for almost all large asphalt plants in the Netherlands, and is a sector-wide challenge. AsphaltNu (a Heijmans and BAM joint venture) can reduce the benzene through the use of carbon filters, enabling the recycling of greater quantities of asphalt.

Key performance indicator	Score 2022	Score 2021
16. Category 3 tenders with environmental performance score	76%	60%
17. In 2021, all packaging in our construction projects 100% reusable or recyclable	93%	100%
18. CPG score all houses (concept and non-concept homes)	7.5	7.3
19. Circular asphalt	70%	70%
Circular concrete	80%	75%



Project Piekstraat in Rotterdam

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 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:



Timeline

Status as per: Current		Pre-screening		Label assessment				Year
		Unvalidated	Validated	Design phase		Realisation phase		
				Draft	Definitive	Concept	Definitive	
Region - City - Project	Type label							
Middle - Amersfoort - Podium	NL Site label	B						2022
Middle - Ermelo - Hooge Riet	NL Area label	A						2021
Middle - Leusden - Maanwijk	NL Area label				A			2021
Middle - Lunteren - Hulakker	NL Area label		B					2021
Middle - Norg - Stuifduinen	NL Site label		A					2021
Middle - Baarn - Baarnsche Zoom	NL Area label	A						2023
North-West - Velsen - Driehuis	NL Area label	B						2023
North-West - Amsterdam - Nieuwe Oosters	NL Site label		A					2022
North-West - Voorhout - Hooghkamer	NL Area label				B			2022
North-West - Voorhout - Nieuw Boekhorst	NL Area label	A						2021
South - Eindhoven - Humberdinklaan	NL Area label		B					2021
South - Middelburg - De Heeren van Essen	NL Site label		B					2022
South - Den Bosch - Willemspoort-South	NL Area label		C					2020
South - Sittard-Geleen - De Haese	NL Area label		B					2022
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 B)	NL Area label	C						2022
Subtotal label A: 9		A: 5	A: 2	A: 0	A: 2	A: 0	A: 0	
Subtotal label B: 9		B: 3	B: 2	B: 2	B: 2	B: 0	B: 0	
Total all labels: 20		9	5	2	4	0	0	

A = Excellent - B = very good - C = good

We are increasingly using the NL Greenlabel methodology in the project acquisition phase, with NL Greenlabel's tender advice used as early as the first consultations, as we did in the tender for Baarnsche Zoom in Baarn. As a result, the seven themes are taken into account at an early stage of the process, helping us to embed the themes more firmly in the entire development process. These themes are: Design Realisation & Management, Products & Materialisation, Energy & Climate, Soil & Water, Biodiversity, Humans & Environment and Assurance. Each theme is scored on the basis of three criteria, which Heijmans has to demonstrate. All these points added up lead to a score between G and A. Heijmans aims to achieve a score of A or B in the design/realisation phase for those developments that are part of our land developments.

Ecology, soil and water can be mapped out at the start of the project using the EBW (Ecology, Soil and Water) scan. This initiative is a collaboration between Property Development and Infra, and enables us to steer a project based on local landscape properties at an early stage, to preserve the existing nature at a minimum, and strengthen it where possible.

Finally, in 2022 Heijmans worked with NL Greenlabel to develop a Heijmans dashboard in Tygron. The Tygron Geodesign Platform combines data, geodata, models and applications, and provides more insight into our projects ('parametric and generated design'). This dashboard supports the area labelling process, provides the developer with a significant amount of information on the area, and offers insights into how the area will respond to new designs. We expect to roll out the Heijmans Tygron-based dashboard across the organisation from the second quarter of 2023, which means that we will be able to run pilots with the dashboard.

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

In 2022, we applied initiatives for climate adaptation and biodiversity in some 20 new projects. And this was not confined to our showcases: infra projects in Nijmegen and Arnhem and the recently won Kazernekwartier Venlo contract show that the demand for nature-inclusive solutions is on the rise.

We want to make the results of these efforts measurable, and we are working with various parties to achieve this. For example, we are working with the Naturalis Biodiversity Center on the soil quality at Vijfsluizen in Vlaardingen, and we are collaborating with Earth Watch on biodiversity in Maanwijk in Leusden.

We are increasingly taking an integrated area development approach to the need to arrive at propositions, both existing and new, that can combine the know-how and expertise from multiple Heijmans business areas. One great example is the National Military Museum in Soesterberg. In addition to maintenance and management, this multi-year contract includes the development and monitoring of the surrounding landscape park as essential parts of the contract. Some tangible examples for 2022 are the aforementioned green-blue business parks, the realisation of nature and climate-inclusive water storage in multiple projects and SOCIAAL GROEN (social green). In SOCIAAL GROEN, we have joined forces with the ZOwonen housing corporation, nature organisation IVN and the LOS stadomland design agency, with the goal of improving the health of residents, biodiversity and climate adaptation in the Sittard-Geleen municipality. The outside world is also recognising our efforts. In 2022, the Dutch Association of Investors for Sustainable Development proclaimed us a frontrunner in the field of biodiversity.

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 2022, we realised another four showcases:

- Willemspoort Zuid in Den Bosch: an interplay between city, nature and design.
- De Haese in Sittard Geleen: sustainable food production through the foundation of a small-scale agricultural business in the planning area. Founded in the form of a cooperative, now with 141 participating households.
- Heeren van Essen in Middelburg: the first project with Terreinlabel A is now up for sale. The focus is on collective outside space, design from a climate adaptation perspective and local biodiversity, including a circular neighbourhood hub.
- A1 Apeldoorn - Twello: a large, emission-free infra assignment. Lower nitrogen emissions results in an improvement of the biodiversity and a healthy living environment. Heijmans is also investing in ecological solutions to improve biodiversity and create a water storage system along the side of the motorway.
- Amsterdam-De Verbinding (Spaarndammerhart): a project marked by high quality, sustainability and diversity in homes and residents' architecture, where art and nature come together in perfect harmony. The project won the Amsterdamse Nieuwbouwprijs 2022, the public prize for new-build projects in the city.

Key performance indicator	Score 2022	Score 2021
20. New area developments NL Gebiedslabel/NL Site label A or B	100%	0%
21. Projects in which we apply climate adaptation and biodiversity initiatives	22	19
Climate-adaptation and biodiversity-reklated propositions developed and to be applied *	2	-
22. Number of new showcases for a healthy living environment *	5	-

* In 2021, this was a qualitative KPI.

7.3 Financial results

Revenue and underlying EBITDA

In a year marked by geopolitical and macro-economic volatility, Heijmans once again managed to improve its results. Revenue increased by almost 4% to €1,812 million from €1,748 million. All business areas recorded volume growth, with the exception of Infra.

Although last year saw some margin pressure across the board due to the price increases for labour, energy and materials, the continued absence of material loss-making projects meant that all business areas ended the year with a healthy profit, in line with our strategic ranges. This was a good performance given the market conditions. The Procurement Department faced fluctuations in purchasing prices and supply problems but still managed to get critical supplies to construction sites on time. Heijmans managed to create the right focus on the tender management and contract management fronts, for example by reaching indexation agreements with clients. Heijmans also decided to be proactive in terms of making Aeries calculations, so the impact of November's Porthos ruling on the nitrogen policy did not come as a surprise to our operations. Thanks to our ongoing efforts to embed risk management in the business areas and staff departments in recent years, we have become more resilient in the face of external fluctuations. This has made our performance more stable and predictable, which has now been boosted by around 30% recurring business. Heijmans targets underlying EBITDA margins of 4% - 6% for all its production activities and 6% - 8% for its property development activities and managed to meet these target margins in all its business areas in 2022, as it did in 2021.

Underlying EBITDA increased to € 126 million in 2022 from € 106 million in 2021. Once again, all our business areas recorded an increase in underlying EBITDA, although the increase at Infra was driven by the release of € 19 million from a provision taken in 2021 for the Wintrack II project.

Infra

One of the larger projects Infra completed in 2022 was the renovation of the Piet Hein tunnel. This 1,500-metre traffic tunnel in the heart of Amsterdam was reopened in December. Another major project Heijmans won the tender for was the renovation of Nieuwe Meer Intersection, also in Amsterdam. Heijmans is realising this project together with its TriAX consortium partners. The contract value is approximately € 350 million, and Heijmans' share is one-third of this. Heijmans made a start on the widening of the A1 motorway near Twello in late 2022. The 14-kilometre stretch of motorway between Apeldoorn-Zuid and Twello will be widened, together with a maximum reduction in emissions. Heijmans is one of a total of six preferred suppliers commissioned to execute the expansion and reinforcement of TenneT's high-voltage grid in the Netherlands. The EU-302 Civil Works Cable Connections framework agreement, signed in December, has an initial term of eight years and a total contract value of € 800 million for the combined preferred suppliers.

For the first time ever, the Infra order book exceeded € 1 billion. In line with expectations, volume declined by about 10% to € 661 million from € 738 million, which was primarily due to temporarily lower volume in large integral projects. Volume will recover in 2023, as the work on the Apeldoorn-Twello stretch of the A1 motorway will move into full production and we have already started the Nieuwe Meer intersection project. Underlying EBITDA at Infra rose to € 55 million from € 41 million. While the 2021 results included a provision of € 34 million for the Wintrack II project, 2022 saw a release of € 19 million from this provision. Adjusted for this effect, Infra recorded a decline in underlying EBITDA, partly due to lower revenue in this business area. The EBITDA margin at Infra increased to 8.3% in 2022 from 5.6% in 2021.

Building & Technology

Heijmans started the construction of 735 student houses at the TU Eindhoven campus, after the granting of the environmental permit. In Amsterdam, Heijmans made a start on the delivery of the first residential and commercial units in the Vertical residential tower block project. In December, Heijmans' non-residential projects business celebrated reaching the highest point of the new Science Campus building in Leiden. We expect to complete this significant expansion for Leiden University in the autumn of 2023.

Earlier in the year under review, Heijmans achieved an important milestone with the reopening of Paleis Het Loo, which was opened to the public after a major renovation. Last summer, Heijmans completed its acquisition of the energy-neutral IBO factory for timber-frame houses in Heerenveen. Acting as the accommodation partner for numerous companies and public sector institutions, the Services business unit realised various technical maintenance and management works. For instance, this work kept the production and office environments of chip machine manufacturer ASML in and around Veldhoven up and running last year.

Building & Technology saw its volume increase to € 933 million from € 789 million, with proportionate increases in both Residential Building and Non-residential revenues. Heijmans started several Residential Building projects. On the Non-residential project front, Heijmans saw the expected recovery in volume following a decline in 2021. As in previous years, the Services division recorded stable growth. Driven by the higher volume, underlying EBITDA at Building & Technology increased to € 38 million from € 34 million. This included start-up costs for the timber-frame construction plant. These amounted to around € 5 million in 2022, excluding the depreciation charge on investments made.

Property Development

Last year, Heijmans sold 76 rental apartments in the De Kuil area development project in Rotterdam to residential investor Vesteda. The vast majority (70 units) of these homes are in the mid-rental segment and are in line with the city of Rotterdam's action plan governing allocation and maximum rents. Heijmans also sold the accompanying commercial space to Vesteda for this project. We also started the sale of new-build houses and apartments in Rotterdam (Nieuw Kralingen project), Zutphen (Pracht project) and Utrecht (Bellevue project). We also made a start on the Dreven, Gaarden en Zichten project in the south-western section of The Hague. Projects where Horizon homes produced on an industrial-scale were sold included Culemborg (47 free sector rental homes) and Bouwstroom Eindhoven (88 mid-rental segment homes). The Horizon homes are our self-built timber-frame homes.

Property Development saw its revenue increase to € 570 million from € 548 million, driven by solid construction progress on works in progress. Underlying EBITDA rose to € 42 million from € 36 million, which in turn led to an improvement in the margin to 7.4% from 6.6%. However, we noted a turnaround in the housing market from the second half of the year, prompted by rapidly rising mortgage interest rates and the impact of this on consumer confidence. This resulted in lower home sales. Ultimately, Heijmans sold 1,811 homes in 2022, with 671 of these sold to private

individuals. The decline compared to 2021 (2,682 homes sold) was particularly visible in the private segment. The business segment, including housing corporations, remained stable with 1,140 homes sold. Based on the most recent NVM (Dutch association of estate agents) figures, it can be concluded that demand and price levels for energy-efficient new-build homes are developing significantly better than those for existing homes, with sharply increased energy costs expected to play a major role.

At holding company level, each year we report a balance that consists of non-recharged costs to the sectors on the one hand and intercompany eliminations to be made on the other. The balance of these costs increased to -/- €9 million in 2022 from -/- €4 million in 2021. This increase includes the higher energy costs of the Heijmans company buildings and one-off additional personnel costs as a result of additional compensation to staff to offset the increased cost of living.

Revenue in € million	2022	2021
Property Development	570	548
Building & Technology	933	789
Infra	661	738
Eliminations	-352	-327
Total revenue	1,812	1,748

Underlying EBITDA in € million	2022	2021
Property Development	42	36
Building & Technology	38	34
Infra	55	41
Group	-9	-5
Total underlying EBITDA	126	106

Operating result

The operating result (EBIT) for 2022 came in at € 71 million (2021: € 55 million). All the business areas recorded an increase in EBIT. The operating result was influenced to a limited extent by restructuring costs due to qualitative adjustments to the organisation (€ 3 million) and movements in some real estate and land holdings (on balance a negative € 4 million). Heijmans regularly assesses its real estate and land holdings on the basis of the applicable reporting rules. This resulted in value adjustments of € 4 million, which was due to the write-down on a holding in Zuidplaspolder. This holding was impacted by a new municipal master plan, whereby various land holdings owned by Heijmans as part of a joint venture no longer appear to be earmarked for housing. As a result of this new master plan, the land was written down, as reported on the publication of the results for the first half of 2022.

Depreciation increased to €39 million in 2022, from €34 million in 2021. The higher depreciation relates to increased investments in electrically powered equipment and investments in the new timber-frame factory.

The operating result can be broken down as follows:

Operating result in € million	2022	2021
Underlying EBITDA	126	106
Adjustment to EBITDA result of joint ventures	-9	-11
Write-down of real estate and land holdings	-4	-3
Restructuring costs	-3	-3
EBITDA	110	89
Depreciation/amortisation	-39	-34
Operating result	71	55

Financial income and expense

In 2022, the balance of financial income and expenses was a negative € 4 million (2021: negative € 5 million). Last year saw two significant changes when compared with 2021. Interest expenses were € 2 million lower, as the cumulative preference shares were fully redeemed and cancelled in the course of 2022. This was offset by a one-off financial charge of € 2 million resulting from a write-down on a receivable provided to a development consortium. Other interest expenses and interest income in 2022 were at a similar level to the previous year. Heijmans did not draw on its syndicated loan at all in 2022, as was the case in 2021. This meant that the impact of rising Euribor rates in the second half of the year was almost negligible. Interest expenses consist of project financing, capitalised fees related to refinancing costs and costs for keeping credit available, negative interest rates on cash and the interest expense for lease obligations resulting from the application of IFRS 16 'Leases'. Interest income relates to loans granted and capitalised interest from land holdings.

Financial income and expense in € million	2022	2021
Financial income	1	1
Other interest expense	-4	-7
Balance	-3	-6
Write-off of loan granted	-2	-
Capitalised interest	1	1
Financial income and expense	-4	-5

Result from associates

The (net) result from associates came in at € 7 million in 2022, which was slightly higher than in the previous year, which was partly due to the fact that in 2021 a write-down on the asphalt joint venture AsphaltNu had a negative impact on the result from associates.

Taxes

Pre-tax profit came in at € 74 million in 2022, which was €19 million higher in the previous year. At 18.5%, the tax rate in 2022 was slightly lower than the nominal rate, as Heijmans recognised the remaining €19 million in unrecognised tax losses. The net impact of this was about € 5 million. In 2021, the tax rate was only 8.5%, as that year too Heijmans recognised unrecognised losses based on its increased profitability and the more favourable outlook for the coming years. Because Heijmans recognised all remaining carry-forward losses in 2022, the tax rate in 2023 will be more in line with the nominal rate.

Net profit and proposed dividend

The net profit for the full year 2022 came in at € 60 million, 20% higher than in 2021, when Heijmans recorded a net profit of € 50 million. The increase in net profit was slightly lower than the increase in underlying EBITDA due to a higher level of depreciation and amortisation and a higher tax rate.

Heijmans proposes to make a dividend of €1.01 per share available for the 2022 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

Cash flow development was strong again in 2022. In addition to the company's strong financial performance, operating cash flow was driven by the strong development of working capital, which improved by a total of € 39 million in 2022. This was despite the fact that a shorter statutory payment period for SMEs came into force last year. Heijmans implemented this statutory regulation in the second half of the year. This had an impact of around € 30 million on Heijmans' balance sheet. The main positive factor in working capital development was a € 28-million reduction in the inventories/work-in-progress position at Heijmans Property development. This positive impact on working capital was due to the solid progress made in the development of land holdings. Net debt improved by € 60 million in 2022 to a net cash position of € 151 million on balance. As in previous years, cash generation exceeded retained earnings, primarily due to the reduction in the land bank

As a result of the strong operating cash flow and net cash position, Heijmans did not draw on its syndicated loan at all last year, as was the case in the previous two years. However, the financial cash flow was affected by the € 30.7-million redemption of cumulative preference shares. As this financing structure is classified as debt for accounting purposes, this redemption had a neutral impact on net debt. The good operational performance, together with the strong balance sheet ratios and cash position, underpin the dividend proposal at a level of €1.01 per share.

Equity and financing

The condensed balance sheet as at 31 December on the basis of invested capital can be broken down as follows:

Condensed statement of financial position in € million	2022	2021	Difference
Non-current assets	339	343	-4
Working capital	-116	-77	-39
Invested capital	223	266	-43
Equity	317	268	49
Provision	57	89	-32
Net interest-bearing debt	-151	-91	-60
Financing	223	266	-43

Despite the healthy profitability, solvency based on guaranteed capital fell to 29% from 30%. This was primarily due to two factors. In April and July, Heijmans redeemed and subsequently cancelled the cumulative preference shares - which were part of the guarantee equity - in two phases. At year-end 2021, the outstanding amount was still € 30.7 million, representing over 3% of Heijmans' solvency. In addition, at year-end 2022 the balance sheet total had increased by approximately € 100 million compared with year-end 2021. This was primarily due to a further increase in the cash position, as well the fact that the level of activity in December was higher than in the previous year, resulting in a higher balance of receivables and payables.

It is clear that the improvement in net interest-bearing liabilities was due to the combination of retained earnings, resulting in the increase in equity, and an improvement in working capital. The various main components of the balance sheet are specified in more detail below.

Capital invested: fixed assets

The composition of the fixed assets can be broadly broken down as follows:

Non-current assets in € million	2022	2021	Difference
Property, plant and equipment	74	59	15
Right of use for leased assets	72	74	-2
Intangible assets	82	74	8
Other non-current assets	111	136	-25
Carrying amount of non-current assets	339	343	-4

Within fixed assets, property, plant and equipment, which consist primarily of company buildings and land, machinery, plant, major equipment and other fixed assets, increased by € 14 million. In the year under review, investments amounted to € 26 million (2021: € 26 million). In addition to regular replacement and expansion investments in equipment, the primary focus of investments was in the electrification of equipment and the fit-out and automation of the timber-frame factory in Heerenveen. Other fixed assets declined in 2022, which was due to a decline in joint ventures. This was partly because Heijmans bought out a partner in a real estate joint venture, as a result of which the development position was transferred to the inventory position, and partly because of regular progress in the development of a number of Property Development consortium projects. The other non-current assets are primarily related to Heijmans' participation in joint ventures.

Invested capital: working capital

Working capital stood at -/- € 116 million at year-end 2022 (2021: -/- € 77 million). The change was primarily due to a decline in land holdings. The change in the inventory position is explained in the next section.

Furthermore, it is clearly visible within working capital that both receivables and payables were at significantly higher levels than at year-end 2021. This is mainly a timing effect, as the year-on-year comparison shows higher revenue in December 2022. In recent years, the average receivables term had declined considerably and this effect was no longer visible in 2022. One expected factor in this is the fact that the Euribor rate has not been negative since last summer, meaning clients no longer have a financial incentive to pay more quickly than the agreed payment term. Since 1 July 2022, the mandatory payment term for small and medium-sized enterprises (SMEs) has been shortened to a maximum of 30 days from the previous a maximum of 60 days, with a one-year transition period. After the summer, Heijmans adjusted the payment terms of its relevant supplier base and brought this into line with the new legislation, which resulted in shorter payment terms for roughly half of Heijmans' supplier base, with a total balance sheet impact of approximately € 30 million. The balance sheet impact of the new regulation is expected to be largely visible in the accounts payable position by the end of 2022.

The working capital impact of Heijmans' construction activities (i.e. the non-real estate related activities) is primarily determined by the speed of invoicing, as well as the speed with which outgoing and incoming invoices are paid. It is possible to ascertain the speed of invoicing from the item 'work in progress', which appears on both the assets and liabilities sides of the balance sheet. If this shows a credit position on balance, this means that projects are pre-financed by clients right across Heijmans. This is something Heijmans explicit strives for in order intake and we managed to maintain a pre-financed position throughout 2022. Total pre-financing increased by € 16 million, mainly due to the start up of new works at Building & Technology. On balance, Heijmans remains pre-financed at an excellent level.

The composition of working capital can be broadly broken down as follows:

Working capital in € million	2022	2021	Difference
Strategic land holdings	79	108	-29
Residential properties in preparation and under construction	80	63	17
Other inventory	14	14	0
Work in progress	-126	-110	-16
Accounts receivable	239	179	60
Payables	-402	-331	-71
Working capital	-116	-77	-39

Although working capital fluctuates a good deal in any given year, over the past few years Heijmans has managed to make its activities and the concomitant impact on working capital less seasonal. Working capital requirements are largely project-specific and related to clients' payment schedules. The seasonal influences in the construction sector are generally characterised by higher levels of activity in the second and fourth quarters (due in particular to lower production during the winter and summer months), as well as an increased level of notarial transfers and the settlement of extra work prior to balance sheet dates. Higher working capital requirements during the year lead to a higher capital utilisation, which Heijmans will meet, if this proves necessary, by drawing on its Revolving Credit Facility. However, given the size of its current net cash position, Heijmans did not need to draw on this financing facility in 2022.

Inventory position Property Development

In our property development activities, working capital requirements are largely determined by the inventory position, including land under development (homes in preparation and under construction).

This item excludes land holdings held in joint ventures, which are classified under associates pursuant to IFRS 11. Property development's consolidated inventory position declined by € 12 million to € 159 million in 2022. Property development's total work inventory includes positions in the form of development rights and obligations in addition to positions in ownership and is shown below.

	2022	2021
Strategic land holdings	79	108
Homes in preparation and under construction	80	63
Inventory real estate holdings on balance sheet (excl. work in progress)	159	171
Unconditional obligations	30	19
Contingent liabilities	61	86
Development claims and rights	140	117
Total off-balance sheet rights and obligations	231	222
Total inventories incl. off-balance sheet rights and obligations	390	393

Strategic land holdings declined by € 29 million due to the sale of a large industrial site in Hulst, as well as to regular progress in development projects, which was not fully offset by investments in new holdings. The inventory of homes in preparation and under construction increased by € 17 million, reflecting the throughput from land operations and due to the fact that there some homes under construction that are still unsold. In historical terms, the number of these homes remained low, keeping the risk profile at Property Development relatively low. This 'completed and unsold' inventory amounted to 12 apartments at year-end 2022 (2021: 0).

In addition to ownership positions, Heijmans Property development's work inventory also includes development rights, which qualify as 'off-balance sheet obligations'. Within this category, unconditional liabilities increased by € 11 million to € 30 million in 2022, while contingent liabilities declined by € 25 million to € 61 million. With regard to the contingent liabilities, Heijmans is rarely required to acquire land until a certain pre-sale percentage has been achieved. In addition to the contingent liabilities and unconditional obligations, Heijmans also has development rights and claims. This position increased to € 140 million in 2022, from € 117 million a year earlier, due to the addition of various positions. These are holdings for which Heijmans has the development rights without having the land holdings on its balance sheet.

Looking at the inventory position, including all off-balance sheet rights and obligations, this remained stable in 2022, both in financial terms and in terms of the number of homes to be developed. It also reveals a partial shift from (mainly suburban) land ownership to (mainly inner-city) development rights and claims.

Heijmans' ambition is to add to its land holdings in the coming years. When it does so, the focus will be on (freehold) houses in suburban areas, which will enable Heijmans make the link between the development of housing programmes and the ambition of its residential building operations to build more conceptually and on an industrialised scale.

Financing: equity

In the year under review, equity increased by € 49 million to € 317 million, from € 268 million in 2021. Besides the addition of the realised net profit of € 60 million to reserves, equity declined by € 10 million in May due to the (gross) payment of dividend in the form of a cash dividend for the 2021 reporting year. The remaining part of the dividend payment, amounting to € 10 million, was paid in the form of a stock dividend via the issue of 792,447 ordinary shares.

The composition of changes in equity can be broadly broken down as follows:

Changes in equity in € million	2022	2021	verschil
Result after tax	60	50	10
Changes in pension valuation	0	-7	7
Tax effect of results recognised in equity	0	3	-3
Dividend paid	-21	-16	-13
Share emission	10	11	7
Change in equity	49	41	8

Interest-bearing debt in € million	2022	2021	Difference
Non-current	317	268	49
Current	0	31	-31
Gross debt	317	298	19
Cash and cash equivalents	1,083	991	92
Net debt	29%	30%	

Financing: net interest-bearing debt

The net cash position improved to € 151 million in 2022, from € 91 million at year-end 2021, a net improvement of € 60 million. The full redemption of the cumulative financing B preference shares was considered 'net cash-neutral' as this financing structure qualified as debt for accounting purposes. Besides a number of project financings and leases, Heijmans had made no use of borrowings at year-end 2022. The leases had an impact of € 72 million on the net cash position at year-end 2022.

Interest-bearing debt (in € million)	2022	2021	Difference
Non-current	63	95	-32
Current	23	24	-1
Gross debt	86	119	-33
Cash and cash equivalents	-237	-210	-27
Net debt	-151	-91	-60

Heijmans has a so-called Revolving Credit Facility amounting to € 117.5 million available from a banking syndicate consisting of ABN Amro, ING and Rabobank. This loan, which remained unused throughout 2022, was last amended and/or extended in April 2021 and has a term through to the end of 2025 with an option in the first half of 2023 to extend the financing for an additional year.

Various covenants have been agreed as part of the financing. If Heijmans meets those covenants, the financing is freely withdrawable. In terms of financial covenants, there is a leverage ratio - based on the recourse net cash position - set at a maximum level of 3, an interest cover ratio set at a minimum level of 5 and a solvency ratio set at least 21%.

Cumulative financing B preference shares

Up until mid-2022, Heijmans N.V. used cumulative financing B preference shares placed with Beleggingsfonds de Zonnewijser and Nationale-Nederlanden Levensverzekering Maatschappij N.V. in its financing structure. The annual dividend most recently amounted to 6.21% of the principal. At the end of 2021, the outstanding amount was € 30.7 million and this was repaid in full in a number of steps in the course of 2022.

On 14 April 2022, Heijmans repaid € 15 million based on the repayment arrangements linked to the result appropriation for the previous financial year. In the context of a more efficient allocation of capital, on 28 April (upon the announcement of the first quarter figures), Heijmans subsequently proceeded with a voluntary penalty-free redemption of the remaining share premium reserve amounting to € 15 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 through payment of the nominal value and met all remaining interest obligations. With effect from 22 September 2022, the shares in question were cancelled, thus cancelling the financing structure.

Cash flow

The condensed statement of cash flows, based on the indirect method, is as follows:

Cash flow in € million	2022	2021	Difference
EBITDA - underlying	126	106	
Restructuring expense	-3	-3	
Interest paid/received	-6	-4	
Income tax	-8	0	
Movement in working capital and other	1	10	
Cash flow from operations	110	109	1
Investments in property, plant, and equipment	-16	-1	
Investments in intangible assets	-22	-26	
Proceeds from sale of property, plant and equipment	1	3	
Capital issued/repaid and loans granted to joint ventures and associates	20	-8	
Investment cash flow	-17	-32	15
Dividend paid	-10	-8	
Correction IFRS 16	-23	-15	
Movement in net debt	60	54	6

Order book

Heijmans' group-wide order book increased by € 300 million to € 2.4 billion in 2022, from €2.1 billion in 2021. The Property Development and Building & Technology order book remained stable. Infra accounted for almost the entire increase in the order book, as Infra saw its order book increase to more than € 1 billion.

All the business areas saw numerous small to medium-sized (< € 30 million) additions to the order book, which contributed to a well-diversified order book. Heijmans acquired three major new works in 2022. Building & Technology won the construction contract for 735 student units at TU Eindhoven (€ 84 million). Infra was awarded the widening of the Apeldoorn - Twello stretch of the A1 motorway (€ 146 million) in the first quarter, plus the reconstruction of the Nieuwe Meer intersection (one-third of € 350 million) in the fourth quarter in a TriAX consortium.

With the current state of the order book, all the business areas have plenty of work for 2023 and there is a good spread in terms of execution capacity and types of project.

Order book (in € million)	31-12-2022	31-12-2021	31-12-2020
Property development	596	595	540
Building & Technology	1,227	1,224	1,101
Infra	1,007	712	731
Eliminations	-472	-470	-426
Order book	2,358	2,061	1,946

Outlook

Given the good diversification and volume of the order book, the outlook for 2023 is robust. Thanks in part to the absence of material loss-making projects, and because the vast majority of projects have been granted irrevocable permits, the outlook has a largely predictable character. Total revenue is expected to increase slightly, despite a decline at Property Development due to lower residential sales from the second half of 2022. This is because Heijmans expects the volume at Infra to rebound to levels well above € 700 million and Building & Technology is also expecting growth on the back of our healthy order intake, especially at the non-residential project business. The quality of our order book remains strong, so all business areas are expected to continue to operate within the targeted strategic underlying EBITDA margin ranges of 4% - 6% for the construction business and 6% - 8% for Property Development in 2023. We therefore reiterate the outlook we gave on the publication of the third-quarter results. We expect the underlying EBITDA for Heijmans as a whole in 2023 to be at a similar level as in 2022 (excluding the Wintrack II provision).

A portrait of Auke van Nieuwenhuijze, a man with curly brown hair, a beard, and glasses, wearing a white button-down shirt. He is smiling and looking directly at the camera against a warm, orange-toned background.

Leading the way in sustainability

Auke van Nieuwenhuijze (44) feels especially proud when he talks about his work at Heijmans. As procurement manager, his work includes helping to develop and set up a platform for the reuse of building materials.

"A lot is happening in the construction world right now. I deal with the procurement of materials and supplier management, but we also take into account what's important in the long term. There's a huge and growing need to improve sustainability and Heijmans is leading the way on this front. The nice thing is that I get to work with lots of smart people, who are always on the look-out for creative solutions. I find that enormously energising."

"One of the things I'm most proud of is setting up and developing Matchingmaterials.com. This platform brings together the supply and demand for used building materials and materials for everyone in the construction chain. For example, it includes the reuse of sand, rubble and gravel, in other words the raw materials that are released when we build a motorway or a building. But it also includes materials such as paving, lighting or internal walls. We used to call that demolition. Now it's called harvesting, because those materials are reused."

"Even during my first meeting with Heijmans, I had a really good feeling and that has only grown stronger over the past 15 years. I go to work smiling every day and I'm always proud to tell people that I work for Heijmans. If I see something yellow with our logo on the road, it makes me happy. Even my children have that."

"I go to work smiling every day"



8 Governance

8.1 Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2022 financial year. The financial statements have been audited by EY (Ernst & Young Accountants LLP), which issued an unqualified auditor's report on 17 February 2023. The auditor's report has been added to the financial statements to the Heijmans 2022 annual report as appendix 11.3. We recommend that the General Meeting of Shareholders adopt the 2022 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 € 1.01 on (depository receipts for) ordinary shares.

Position and key developments 2022

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. The Articles of Association of Heijmans N.V. are available on the 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 aspects such as how the Executive Board executes the strategy with a view to (long-term) value creation, the realisation of both financial and sustainability goals, the risks associated with business activities, the structure and operation of the internal risk management and control systems, the process of financial reporting, compliance with legal and regulatory requirements, shareholder relations (for more on this subject see chapter 8.3 'Corporate Governance' and other sections of this annual report), the activities of the Executive Board with respect to the culture within the company, the operation of the reporting procedures related to abuses and irregularities and the social aspects of business operations that are relevant to the Company.

Accents and activities in 2022

Macro-economic context

After the effects of the pandemic diminished in early 2022, the world was faced with the war in Ukraine in February 2022. This war, which is above all an immense human tragedy, resulted in a number of macroeconomic effects hitting the economy. Inflation has risen globally, largely due to rising energy prices, interest rates have increased, consumer trust has fallen, and raw materials prices have climbed significantly. The availability of materials and manpower also came under pressure. The second half of the year saw a change in the housing market, partly due to the rising mortgage interest rate. Throughout 2022, the Executive Board regularly made thorough assessments of the impact of the aforementioned issues on Heijmans. This enabled Heijmans to take measures to mitigate or prevent any negative consequences in a timely manner. Heijmans is in a good position, and due in part to the undiminished efforts of its employees was able to close 2022 very successfully.

Nitrogen issues

The Executive Board regularly updated the Supervisory Board on the developments related to nitrogen emissions and nitrogen-related regulations, and developed scenarios to map out the potential consequences for Heijmans of any changes in regulations and court rulings.

Result development

In 2022, the Executive Board continued to build on the improvement in its working capital, its capital ratios and the robust expansion of its risk management systems. The Supervisory Board monitored the efforts of the Executive Board, and provided the management with support on this front. Furthermore, the Supervisory Board continued to devote constant attention to the 'focus, discipline and excellence' programme. The 'margin over volume policy', the continued professionalisation of the organisation and improvements to the company's internal processes were also discussed extensively in the meetings of the board. The Executive Board also frequently consulted the Supervisory Board on safeguarding a healthy risk/return ratio in the management of (new) projects, while maintaining a healthy spirit of entrepreneurship.

Safety

The theme of safety is a permanent agenda item in meetings of the Supervisory Board, and is discussed extensively. For example, these discussions cover the number and kind of accidents and the IF figure, but also the environmental safety at projects and structural safety. Both the Supervisory Board and the Executive Board feel an innate motivation to elevate safety to a higher level for our own and temporary employees, and for the environment in which Heijmans operates. The Board has intense discussions on safety figures, different perspectives and measures to further improve the safety programme.

Financing

For Heijmans, the past few years have been marked by a recovery in profitability and the improvement of our balance sheet ratios. In 2021, this financing was extended to 31 December 2025, with an improvement and updating of the financing conditions. The cumulative financing B preference shares, the so-called cumprefs, were an important part of the capital structure. In the review of the dividend of these shares per 1 January 2019, a repayment mechanism was agreed with the goal of redeeming the shares and withdrawing them at some point. After repayments charged to the premium reserve on 26 April 2022, Heijmans agreed on 28 April 2022 with the holders of these shares that Heijmans would

voluntarily redeem the remaining share premium reserve as per that date. The company acquired all 4,510,000 cumulative financing B preference shares issued at that time on 13 July 2022, after the Extraordinary General Meeting of Shareholders agreed to this on 12 July 2022. Also after agreement by the Extraordinary General Meeting of Shareholders, the shares acquired were withdrawn from the issued capital. No more cumulative financing B preference shares have been issued since that date.

Dividend

Given the financial results over 2022, the Executive Board has proposed to issue a dividend for ordinary shares of € 1.01 per (depository receipt for a) share. The Supervisory Board has agreed to this proposal.

Strategy

Heijmans' strategy is focused on long-term value creation. In line with good governance practices, each year the Executive Board reviews the strategy. In 2022, this was also the case for the long-term 'Better, Smarter and more Sustainable' strategy developed in 2018. This involved using KPIs to assess the progress made on the strategic goals. In mid-2022, the Executive Board started the process of recalibrating the current strategy through to the end of 2023, with the goal of presenting the recalibrated strategy in mid-2023. The Supervisory Board will be intensively involved in this process. The Supervisory Board will discuss subjects that touch on strategy and long-term value creation in practically all of its meetings, which will result in intensive dialogues that will make a constructive contribution to the recalibration. The Supervisory Board will monitor the implementation of the strategy. A number of the strategy's themes will as mentioned be discussed in every meeting with the Executive Board. The Supervisory Board has also been informed on progress in the areas of safety, compliance & risk, renewal, product development and innovation, for example through presentations by knowledge carriers during meetings with the Supervisory Board and the Executive Board.

Corporate governance

The Supervisory Board was kept abreast of the developments in the field of Corporate Governance, including the proposal to update the Corporate Governance Code, the implementation of the Diversity at the top Act, and relevant new and upcoming national and European legislation on ESG-related matters. For more information, please see section 8.3 'Corporate Governance' of this annual report.

Frequency of meetings and attendance

In 2022, the Supervisory Board held six regular meetings and seven extra meetings in the presence of the Executive Board. The regular meetings were preceded by internal consultations within the Supervisory Board. A number of these meetings were held entirely digitally, and some meetings took place in a hybrid format.

Both Ms. Jonk and Mr. Castelein were absent from one meeting. They made use of the option to discuss the items on the agenda with the Chair prior to the meeting and were given the opportunity to express their views. All members of the Remuneration and Appointments committee attended all meetings of said committee. Mr. Castelein did not attend one of the meetings of the Audit and Risk committee.

The meeting in June took place at a location in the Hart van Zuid development in Rotterdam. Prior to the meeting in November 2022, the Executive Board and the Supervisory Board paid a visit to the timber-frame production facility in Heerenveen, the factory for the construction of prefabricated timber frames that Heijmans acquired in 2021. The expansion of this facility will be completed in the summer of 2023. The Executive Board, together with a delegation from the Supervisory Board, also paid a visit to the New Amsterdam Court House, which Heijmans built.

The Company's external auditor attended the meeting in which the financial statements for 2021 were discussed. The Supervisory Board is normally represented at two consultation meetings of the Works Council each 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 2022 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 2022 business plan and budget of 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 bonuses of the members of the Executive Board;
- Approval of the Executive Board's proposal to change the agenda on the authorisation to issue ordinary shares;
- Decision to nominate Mr. Castelein as a member of the Supervisory Board at the Extraordinary General Meeting of Shareholders on 12 July 2022;
- Approval of the Executive Board's proposal for the appropriation of the result of Heijmans N.V. for the financial year 2021, comprising the payment of a dividend on ordinary shares;
- Approval of the Executive Board's decision to redeem and purchase all outstanding cumulative financing B preference shares;
- Approval of the Executive Board's decision to acquire Dynniq Energy B.V. and the investment in associated with that;
- Nomination of a new external auditor to the General Meeting of Shareholders on 3 April 2023 for the financial years 2024 and 2025.

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, Procurement 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 is that supervisory boards are collectively responsible for their own performance, with self-assessment being defined as a best practice. The self-assessment for 2022 was carried out on the basis of an extensive questionnaire that was completed by all members of the Supervisory Board and, in parts, by the members of the Executive Board. The resulting report was discussed extensively by the Supervisory Board and between the Supervisory Board and the Executive Board. The evaluation for 2022 showed that the two boards unanimously agree that there is an open, respectful attitude among the Supervisory Board members and between the boards, where the goal is always to find improvements for the company. The evaluation was also used for a broader assessment of the company and to answer the question of how the Supervisory Board and the Executive Board can further advance their goal to bring Heijmans to full maturity. In line with the use of the self-assessment, the decision was made to have the 2023 self-assessment led by an external party.

Diversity

The composition of the Heijmans Supervisory Board is diverse in terms of gender, background and experience. Pursuant to the Dutch Management and Supervision Act in force until 1 January 2022, larger companies were obliged to strive for a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are filled by natural persons. Two of the five members of the current Heijmans Supervisory Board are female, representing 40% of the total. As per 1 January 2022, the 'diversity in de top' (diversity on the boards of companies) legislation came into force. This includes an appointment quota. The current composition of the Supervisory Board meets the new legal requirements. Based on the new legislation, the diversity policy and plan of approach pertaining to the Executive Board and Supervisory Board has been included in the governance report. For further background information about the members of the Supervisory Board, see chapter 3 'Management' of this annual 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 section 'Corporate Governance: Codes, statuten en reglementen'.

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.

The Audit and Risk committee also discussed the valuation of land holdings, the functioning of the SAP ERP system, the company's tax position and the issue list. In addition, the committee discussed integrity and compliance, Risk & Audit Management and the reports provided by the Risk & Audit Manager, cybersecurity and privacy.

After the summer of 2022, the committee started preparations for the selection process for a new external auditor. EY, the current auditor, was appointed for the financial years 2022 and 2023, after which a mandatory rotation is required. The intention is to propose the new auditor for the financial years 2024 and 2025 at the General Meeting of Shareholders of 3 April 2023. This approach will allow for a rigorous transfer of duties between the two auditors.

Up until 13 April 2022, the members of the Audit and Risk committee were Mr. R. Icke (Chair), Mr. A.E. Traas, and Ms. M.M. Jonk. From that date, the members were Mr. A.E. Traas (Chair) and Ms. M.M. Jonk. As per 28 July, Mr. A.S. Castelein was appointed to this committee. Expertise in financial reporting and the auditing of financial statements is embedded in the committee, as Mr. Traas trained as a chartered accountant. In 2022, the committee met with the Executive Board on four occasions. The external auditor also attended a number of meetings. The committee also consulted 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 Mrs. M.M. Jonk (Chair), and Mrs. 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 discussions on the remuneration of the Executive Board members are based on the remuneration policy adopted by the General Meeting of Shareholders on 15 April 2020. The committee recommended not reviewing it in the agenda for the General Meeting of Shareholders, but to start the review of the remuneration policy of both the Executive Board and the Supervisory Board at the end of 2022. In the course of 2023, when the recalibrated strategy is established, there will be an opportunity to review whether adjustments are needed to the remuneration policy in light of the new strategy. The committee has commissioned the support of an external party for this review. In line with section 2:135a of the Dutch Civil Code, the remuneration policy will be presented to the General Meeting Shareholders in 2024 at the latest.

In its meetings, the committee discussed the remuneration of the Executive Board members. The remuneration for 2022 was in line with the aforementioned remuneration policy, for which we refer to the 2022 remuneration report in appendix 11.5 'Remuneration policy' of Heijmans' 2022 annual report.

The committee also discussed and advised the Supervisory Board on subjects including the targets set for the variable remuneration, the variable remuneration itself, the Bonus Investment Share Matching Plan and the fixed remuneration of the Executive Board members in 2022.

Finally, the committee also drew up the 2022 Remuneration report and discussed this with the Executive Board and the Supervisory Board. These discussions included the outcome of the advisory vote of the General Meeting of Shareholders with respect to the 2021 Remuneration report.

Appointments

Supervisory Board

As Mr. G.A. Witzel, a member of the Supervisory Board since April 2020, stepped down as of 12 November 2021, the Supervisory Board decided to open a vacancy. The committee immediately started the procedure for the recruitment of a new supervisory director and commissioned an executive search agency for same. Following a careful procedure, at the end of May 2022 the Supervisory Board made a choice and decided to nominate Mr. A.S. Gastelein for appointment as a member of the Supervisory Board for a term of 3.5 years at the Extraordinary General Meeting of Shareholders of 12 July 2022. The Works Council approved the nomination and the Extraordinary General Meeting of Shareholders has approved the appointment.

Composition of Supervisory Board

The Supervisory Board currently has five members. According to the retirement schedule, no members were due to retire from the board in 2022. Mr. A.S. Castelein was appointed to the Supervisory Board for a term of 3.5 years at the Extraordinary General Meeting of Shareholders on 12 July 2022, this being until the end of the annual General Meeting that will take place in 2026. You will find the current composition of the Supervisory Board, together with the particulars of the members and principal and other positions they hold in chapter 3, Management, of this annual report. All Supervisory Board members qualify as independent, as meant in Article 2.1.8 of the Dutch Corporate Governance Code.

In conclusion

Heijmans can look back at an excellent year, in which the Company continued to work on its strategic objectives and further strengthened the foundations of the Company. Both the Supervisory Board and the Executive Board continued to focus fully on the strict selection policy, optimal cost structure and social safety and sustainability. Everyone worked on improving the company's results in a broad sense. The macro-economic circumstances created an extra challenge, which also goes for the nitrogen emissions problem. However, Heijmans is resilient and flexible, and can use its innovative capabilities to find solutions. The basis for structural success lies in a solid organisational structure, team excellence and professional and skilled employees who can find the right balance between entrepreneurship, return and risk. This is why in 2022 the Supervisory Board and the Executive Board once again devoted a great deal of attention to the Company's HR policy and the development of its human capital.

Both the Supervisory Board and the Executive Board realise that the pandemic was very demanding on people, both at work and in their personal lives. Even the return to business as usual requires adjustment and effort, and our employees once again showed flexibility and commitment. The Supervisory Board therefore has a great deal of respect for the management and the good results recorded in 2022, but most of all for the employees who made this possible. Their hard work is the foundation of Heijmans' good results!

The Supervisory Board wishes to express its gratitude to the Works Council, all employees and the Heijmans Executive Board for their significant contributions in the year under review.

Rosmalen, 17 February 2023

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

8.2 Diversity

In line with the law on Diversity on the boards of companies, the annual report includes reporting on the composition of the Supervisory Board, the Executive Board and the sub-top, with an associated action plan to achieve the target figures. Because Heijmans is a listed company, the company has a so-called appointment quota rather than a target figure for the Supervisory Board.

Both the Executive Board and the Supervisory Board acknowledge the added value of diversity in a broader context, and male/female diversity in particular. Heijmans' current diversity policy, and the policy regarding the Supervisory Board and Executive Board has been implemented with this in mind. The action plan put together on the basis of the new legislation has specified measures to implement the policy and target figures for the Supervisory Board and the sub-top. Target figures must be fitting and ambitious, and should be based on the guiding principles.

Executive Board

Number of members of Executive Board at year-end 2022	2
Number of women	0
Target percentage of women	50%
Target percentage of 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.

As per May 2021, a vacancy opened in the Executive Board (member executive board/CFO). An executive search agency was commissioned with the request to place sufficient female candidates on the longlist. This turned out to be a challenge, because a number of potential candidates had conflicting interests. A shortlist was drawn up with male candidates, after which an appointment was made. In 2022, there were no vacancies in the Executive Board. The terms for the current members of the Executive Boards will end in 2024 and 2025 respectively.

The Supervisory Board is responsible for the composition of the Executive Board. In the event that there is a vacancy in the Executive Board, the Remuneration and Appointments committee will prepare and guide the selection procedure. The selection procedure is always carried out by an executive search agency. In the commissioning, specific attention is paid to the 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 as well. A variety of criteria are assessed during the selection, and in cases of equal eligibility, the female candidate will have the preference.

Sub-top

Number of members subtop at year-end 2022	101
Number of women	13 (11,8%)
Target for percentage of women	15%
Target for percentage of men	50%

The sub-top is composed of officers who are part of the senior management. As per year-end 2022, the sub-top comprised 101 employees, 13 of whom were female.

In the target figures for the sub-top, the minimum percentages of women and men are 15% and 50% respectively, meaning that 35% can be male or female.

The Executive Board is responsible for diversity in the sub-top. Recruitment of candidates for the sub-top, defined in the context of the new 'Diversity in the top' legislation as jobs that are part of the company's senior management, is done by the business with guidance from HR.

HR maintains the following guiding principles for recruitment that should broadly foster diversity:

- Working method in recruitment involving conscious focus on diversity when filling vacancies.
- The language used in vacancies will be focused on the target group: meaning men or women, cultural background or young people.
- Recruitment agencies are aware of our need for diversity in the workforce, without the need for concrete agreements.
- There is no option for anonymous applications to prevent subconscious discrimination.

Additional measures are taken for the recruitment of officers belonging to the sub-top, namely:

- The selection board 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, are 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 legal assimilation quota for supervisory boards. There is no target figure for the Supervisory Board. As per year-end 2022, the Supervisory Commission consists of three men (60%) and two women (40%), achieving 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, stated that the Supervisory Board would put together a diversity policy in relation 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 M/F 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 selection procedure will be prepared and guided by the Remuneration and Appointments committee. The selection will always be carried out by a search agency. In the commissioning, specific attention is paid to the 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 as well. A variety of criteria are assessed during the selection, and in cases of equal eligibility, the female candidate will have the preference.

At the end of 2021, a vacancy opened up in the Supervisory Board. In order to fill this vacancy, the board commissioned an executive search agency, with the instruction that at least 50% of the candidates on the longlist must be women. The longlist did not initially meet this requirement, and the agency was asked to search again for sufficient female candidates, which it succeeded in doing. However, in the end one female candidate on the shortlist indicated a lack of interest. After intensive discussions, the Supervisory Board, nominated a male candidate.

8.3 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 and society as a whole. Factors that play a role in this 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.

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. The depositary receipts for shares are freely exchangeable for ordinary shares.

Employee representation

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 2022, the Works Council held five meetings, and six consultative meetings. The latter are meetings at which the chairman of the Executive Board is present. Two of the consultative meetings were attended by a member of the Supervisory Board. In the course of 2022, the Works Council dealt with three requests for approval and five requests for advice. In 2023, the Works Council will celebrate its 50th anniversary.

The Dutch Corporate Governance Code: compliance and deviations from the code

The current Dutch Corporate Governance Code was published in the Government Gazette on 8 December 2016. This Code is embedded in Dutch law 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 endorses the underlying principles of the Dutch Corporate Governance Code and has incorporated these principles as such in our corporate governance structure. To this end, 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.

In the year under review, up until 12 April 2022, we deviated from the recommendations of the Code with respect to one best practice: 2.2.2

Deviation from best practice 2.2.2

This provision relates to the number of terms of appointment for supervisory directors. A supervisory director is appointed for a period of four years and can then be reappointed once for a period of four years. The supervisory director may thereafter be reappointed for a term of two years, which term may be extended for a maximum of two years.

Contrary to this provision and following nomination by the Supervisory Board, the General Meeting of Shareholders on 15 April 2020 reappointed Mr. R. Icke, a member of the Supervisory Board of Heijmans since April 2008, for a term of two years. The Supervisory Board decided to nominate him in view of the desire to ensure continuity in the Supervisory Board and to create a more balanced retirement schedule. In view of the fact that in April 2020, two supervisory directors stepped down and a third was appointed relatively recently, the Supervisory Board is of the opinion that a new term of two years for Mr. Icke is in line with the pursuit of both continuity and the arrangement of a more balanced retirement schedule. Mr. Icke stepped down after the General Meeting of Shareholders on 12 April 2022.

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.

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 (depositary 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 depositary receipts for shares issued with the cooperation of the Company, except for the block on the transfer and delivery of financing B preference shares laid down in the Articles of Association. 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 depositary 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 'The Heijmans Share' chapter of this annual report.

Protective measures (special controlling 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.
- Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as the body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is determined by the General Meeting of Shareholders.

Agreements with shareholders that may limit the transfer of (depositary receipts for) shares or limit voting rights

The Company is not aware of any agreement involving a shareholder that may result in:

- limitation of the transfer of shares;
- limitation of the issuance of (depositary receipts for) ordinary shares with the cooperation of the Company;
- the limitation of voting rights.

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

In accordance with the Articles of Association, on 12 April 2022, the General Meeting of Shareholders designated the Executive Board, with the approval of the Supervisory Board and for a period of 18 months commencing on 12 April 2022, as the body authorised to:

- 1) issue shares and/or grant rights to acquire 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 12 April 2022. The mandate to issue ordinary shares is limited to 10% of the issued share capital on 12 April 2022; 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 12 April 2022.

Furthermore, the General Meeting of Shareholders of 12 April 2022 gave the Executive Board the authority - for a period of 18 months commencing on 12 April 2022 and subject to the approval of the Supervisory Board – to decide that the Company will acquire ordinary and financing B preference 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 and 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, and between the face value and 110% of the issue price for financing B preference shares.

The Extraordinary General Meeting of Shareholders on 12 July 2022 authorised the Executive Board, with the approval of the Supervisory Board, to acquire all 4,510,000 issued financing B preference shares through purchase. The financing B preference shares of the Company may be purchased at a price between their face value and 110% of the issued price for the financing B preference shares. The proposed authorisation does not affect the authorisation granted on 12 April 2022 pertaining to shares in the capital of the Company.

The Extraordinary General Meeting of Shareholders approved the Executive Board's proposal on 12 July 2022, with the approval of the Supervisory Board, that the Extraordinary General Meeting of Shareholders should resolve to reduce the issued share capital by withdrawing financing B preference shares, taking into consideration Heijmans' Articles of Association and the rules of section 2:99 and 2:100 of the Dutch Civil Code. This decision was effected on 22 September 2022, after the Executive Board made use of the purchase authorisation granted on 12 July 2022.

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 € 117.5 million (at year-end 2022). 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.

8.4 Conduct and integrity

Culture and structure

Heijmans attaches a great deal of importance to integrity. Openness is a key condition for this. We encourage an open working attitude by having the Executive Board and senior management set an example. We also discuss integrity issues in the Executive Board meetings and group board meetings. We hold review meetings with the managers of the business areas, in which we discuss both financial results and other topics and dilemmas that affect operations. This is how we try to embed our open culture in the organisation as much as possible. We have also introduced a structure for the reporting of issues related to conduct and integrity. If necessary, the reported issue will be investigated and action can be taken.

Integrity Committee

The task of the Integrity Committee is to advise the Executive Board on integrity-related matters. The Integrity Committee discusses integrity-related issues, dilemmas and themes and all related matters. On the basis of these discussions, the committee then issues policy recommendations, such as the need to initiate training courses. The Executive Board establishes the policy and decides which actions are to be taken in this context. The committee is chaired by the CEO. The other core members of the Committee are the Compliance Officer, the Chief Procurement Director, the Chief Human Resources Officer, the Chair of the Works Council and a representative from Property Development responsible for integrity-related matters. The topics discussed include the implementation of conduct and integrity training, the functioning of the Code of Conduct, improving the reporting structure, and the ways in which Heijmans can keep the subject of integrity permanently top of mind for employees.

Reporting structure: compliance officer and confidential counsellors

Heijmans prioritises a safe working environment. This includes a safe reporting environment, a working environment in which all employees feel safe to report situations violating the Code of Conduct or core values without fearing for their position. In other words, employees must feel that they can go to their supervisor or to a confidential counsellor without fearing for their job. Heijmans facilitates this safe environment by providing an effective reporting procedure that enables anonymous reporting, and by taking every report seriously. Heijmans also actively demonstrates the consequences of unacceptable behaviour, including opening this for discussion on Yammer, and in management team meetings and work meetings.

Heijmans has appointed a compliance officer as a central point of contact and reporting point for (suspected) abuses and integrity issues. The system safeguards anonymity of reports and the compliance officer reviews per report which actions are necessary and which procedures apply. The compliance officer also reports on reports anonymously at Executive Board meetings. In many cases, issues are resolved on the shop floor, for example through a conversation between employee and supervisor.

In addition, in late 2021 Heijmans appointed six new confidential counsellors, who introduced themselves via a communication campaign in early 2022. This means Heijmans now has seven people employees can turn to when faced with inappropriate behaviour, such as discrimination, sexual harassment, bullying, aggression, violence or any other inappropriate behaviour. The group of confidential counsellors is diverse and consists of men and women who differ in terms of their positions, background and place in the organisation. Employees can contact the confidential counsellor of their choice.

If employees cannot or do not wish to approach the compliance officer or confidential counsellor, they can always report anonymously via SpeakUp, an external platform.

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. After it was necessary to postpone the in-person dialogue sessions as a result of the Covid-19 outbreak, these sessions finally started in the summer of 2022. Around 90 members of management attended the train-the-trainer sessions. A large number of them have already led their assigned dialogue sessions on integrity and conduct. By the end of 2022, some 1,400 employees had attended or been invited to attend dialogue sessions. We expect to complete all dialogue sessions by the summer of 2023. Direct employees follow a Business Integrity module in the collective bargaining agreement training days. We also offered the e-learning course to our Supervisory Board members.

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 dilemmas below:

Should you call someone to account or not

Calling each other to account in the event of unacceptable behaviour - in line with the standards we strive to maintain - actively encourages more openness and, in the end, more acceptable conduct. Calling each other to account is a form of ownership and taking responsibility. For example, calling each other out on the wearing of safety clothing, the separation of waste at building sites, or the deliberate submission of incorrect expense sheets, the use of company property for personal purposes and unacceptable behaviour towards third parties. To make it easier for employees to call each other to account in cases of unacceptable behaviour, we organise dilemma discussion groups, provide toolboxes and regularly put the subject of integrity and conduct on the agenda of work consultations. Employees can use these consultations to discuss certain issues or certain kinds of conduct both openly and freely.

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.

Self-determined rules versus applicable rules

Not everyone abides by the rules of our Code of Conduct. This can apply to submitting expense claims, remuneration or the use company assets. It can be difficult for (new) employees to call out colleagues on the rules that actually apply. That is why we devote attention to the subject of conduct and integrity in work meetings, toolboxes, management meetings, progress meetings and in the Business Integrity programme. And to the importance Heijmans attaches to a safe working environment in which everyone dares to speak out.

Compliance / reports

The compliance officer and confidential counsellors received a total of 30 reports on integrity issues and unacceptable behaviour in 2022. This was more than in 2021. No reports were submitted to the anonymous reporting line. Heijmans encourages employees to report alleged wrongdoing and offers various opportunities to do so. In addition, the compliance officer herself pursues an active policy. She makes regular enquiries among management and HRM. 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, which we will repeat in the autumn of 2023, will devote extra attention to unacceptable behaviour.

Confidential counsellors received reports of unacceptable behaviour of various kinds, such as inappropriate or unprofessional behaviour by employees in various positions, verbal aggression and sexual harassment. Furthermore, reports included not following internal procedures and possible administrative irregularities. In each case, the management first considered the seriousness of the case and then conducted a fact-finding exercise. In one case, an investigation was conducted by a detective agency. The reports resulted in written (final) warnings or, in some cases, termination of the employment contract. All reports (anonymised where necessary) were also discussed in board meetings and evaluated afterwards with the management members 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 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. A sanctions policy is linked to the Code of Conduct. We ask managers to set an 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** is a fixed topic in job interviews and induction programmes.
- 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. The Transaction Register is used to examine, record and document the relevant details of each business-to-business property transaction in advance. This enables Heijmans 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 Yammer. We host specific training sessions and lectures for various 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. On 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, the privacy office and IT security conducted a joint study into the possibilities of raising awareness of cybersecurity and privacy. Since both topics overlap to some extent, it was decided after this study to start a multi-year Cybersecurity & Privacy awareness programme in 2023. This will focus more on behavioural change and less on knowledge transfer. Heijmans will also use technology to actively 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 will be damaged if Heijmans or its employees are found guilty of corruption and/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 within 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 organising special training. 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. The indicators associated with this theme are 'Purchasing spend at preferred suppliers' and 'Purchasing spend at preferred suppliers with framework contract with signed sustainability statement', as included in the KPI table in the appendices.

Compliance

Heijmans requires suppliers and subcontractors to comply with 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.

8.5 Risk management

Taking risks is an inherent part of doing business. Therefore, risk management is an essential part of the Heijmans culture, corporate governance, strategy development and operational and financial management. Employees manage and mitigate risks on a daily basis, as part of their roles and responsibilities. Heijmans is prepared to take certain risks associated with the performance of our core activities because we are sufficiently equipped to manage them successfully within the limits of our expertise as determined 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 focuses on supporting sustainable value creation in the long and short term. It 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. Current external developments include the effects of geopolitical conditions in the field of energy and the availability of 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 last year, we saw the cancellation of the construction exemption related to nitrogen emissions. The risk landscape is becoming more volatile. Risks are becoming more complex and increasingly interconnected, and can therefore have a greater impact when they occur. In addition, we are seeing the growth of citizen involvement in social issues (including pollution of the living environment) and social pressure for sustainable and socially responsible business in the Netherlands.

The transition of the sector is marked by a growing focus on sustainability, technology and digitalisation, 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 areas of sustainability, industrialisation and digitalisation. 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 continue taking a 'manageable' scope of risks. Heijmans has set up a risk management process to manage these risks and seize opportunities. Our risk management contributes integrally to realising our strategic ambitions and achieving our goals, and determines the success of our company.

OUR VIEW OF RISKS	HOW DO WE DEAL WITH RISKS?	EVENTS
Risk profile (8.5.1) Risk appetite (8.5.2) Main risks (8.5.3)	Risk framework (8.5.4) Risk governance (8.5.5) Risk statement (8.5.6)	Development risk profile (8.5.7) Manifestations of risks (8.5.8)

8.5.1 Risk profile

Heijmans is active in 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 software development is increasingly becoming an integral part of our products and services. The choice to be active in the construction and infrastructure segments, property development, area developments and an increasing degree of digitalisation and 'as a service' concepts has an impact on Heijmans' risk profile.

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. Because Heijmans completes a lot of work for public sector bodies, we can respond relatively quickly to changing market conditions. This is particularly true in the area of large infrastructure and non-residential works. Although the government regularly takes measures to stimulate the housing market, the measures here are more indirect (aimed at buyers) and the market is largely determined by consumer confidence, which tends to recover less quickly. It should be recognised that order intake, revenue and profitability 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 integrality 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.

8.5.2 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. 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, 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 fits - in terms of its nature and size - within the company's objectives and the required experience, capacity and expertise are available in terms of nature and scope;
- 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 real estate 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. Also with 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, 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 take a critical approach to Design Build Finance Maintain (DBFM) contracts and have more 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 manage the ratio between developments based on our own holdings, tenders/award competitions and existing relationships with clients, also with a good balance between inner-city and suburban projects. Our preference is for development based on our own holdings and a long-term relationship with our customers and clients. We use tenders to supplement the portfolio if this is required.

Heijmans continuously evaluates both project and business risks, its business risk profile and risk appetite, using an integrated CRO report. The Chief Risk Officer prepares this 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.

CATEGORY	APPETITE	EXPLANATION
STRATEGIC For example, changed economic and/or market conditions, innovation, industrialisation, digitalisation and climate change.	 AVERAGE (cautious)	To be successful, it is important to look outwards. By following developments in the market and society, seizing opportunities and continuing to innovate and invest in the process. To achieve this, Heijmans is willing to take an average level of risk.
OPERATIONAL For example, project risks, safety & health, availability and cyber-security.	 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 (averse)	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.

8.5.3 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 11.6.10 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

ECONOMIC CIRCUMSTANCES

are uncertainties in our external environment such as business cycles, financial markets, geopolitical instability and legal and regulatory requirements (such as nitrogen/PFAS).

IMPACT: average



APPETITE: average



TREND increasing

Heijmans has a structured crisis management and multidisciplinary business continuity organisation in place to ensure continuity in a safe and healthy manner on project sites, in its offices and at home. (Macroeconomic conditions are continuously monitored, and mitigating measures are defined and prepared to optimally anticipate changing economic conditions.

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 the ecological footprint of Heijmans and its clients.

IMPACT: average



APPETITE: low



TREND increasing

Heijmans is implementing a roadmap to achieve its net CO₂ target by 2023, mainly by decarbonising our end products, but also our production facilities and/or equipment used to manufacture these end products. In addition, we are working on and building on climate-adaptive solutions.

INNOVATIVE POTENTIAL

entails the risk that investments, particularly in a fast-changing world with regard to research and development, will not lead to timely, new, sustainable and scalable technologies and solutions that support the net emissions-free objectives of Heijmans and its clients.

IMPACT: average



APPETITE: high



TREND stable

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.

AVAILABILITY OF EMPLOYEES is the inability to attract, develop and retain sufficient and appropriately qualified employees.

IMPACT: high



APPETITE: average



TREND increasing

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.

OPERATIONAL RISKS

CONTROL MEASURES

Ensuring a **SAFE AND HEALTHY WORKPLACE**, safe environment around the work and structurally safe construction work. Risk of (internal or external) fraud resulting in reputation risk.

IMPACT: average



APPETITE: low



TREND = stable

Heijmans makes no concessions regarding the safety of our employees and the environment in which we build and/or maintain. We work in accordance with applicable (safety) standards. We work with integrity and treat stakeholders as we would like to be treated ourselves. As part of our general compliance programme, we apply, among other things, the Heijmans Code of Conduct for all employees. We apply the Transaction Register within Heijmans Property development and our employees have followed the Ethical Business workshop.

PROJECT EXECUTION not under control with loss-making and/or unpredictable projects or dissatisfied clients.

IMPACT: high



APPETITE: low



TREND ↓ declining

Heijmans has taken measures to manage project risk and to steer the desired risk appetite versus earning potential. The basic principle is selective tendering and/or bidding with a focus on portfolio management. All projects and service contracts require approval in accordance with Heijmans' authorisation matrix. Projects are categorised (1 to 3), with all category 3 projects and service contracts requiring Executive Board approval. Contract rules and guidelines are in place to structure projects with mandatory controls. Separately, projects and their progress are independently assessed on the risk profile by the Risk Office, and we hold regular SUPs. We are increasing the use of performance dashboards that provide continuous insight into project performance. By working with fixed partners and committing to early procurement, we try to mitigate the risk of price increases.

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 AVAILABILITY AND PRICE OF MATERIALS AND PRODUCTS** and therefore an impact on projects, both financially and technically.

IMPACT: average



APPETITE: average



TREND ↑ increasing

Heijmans has a supplier management process that aims for long-term reciprocal relationships with added value for all parties. Heijmans works 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 the cooperation and to look for alternatives (plan B) if necessary.

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).

IMPACT: high







APPETITE: very low



TREND = stable

Our corporate IT is focused on maintaining the right level of IT. Heijmans applies GDPR and security management measures related to the availability and continuity of information, including cybersecurity breaches. Based on this policy, management measures have been embedded.

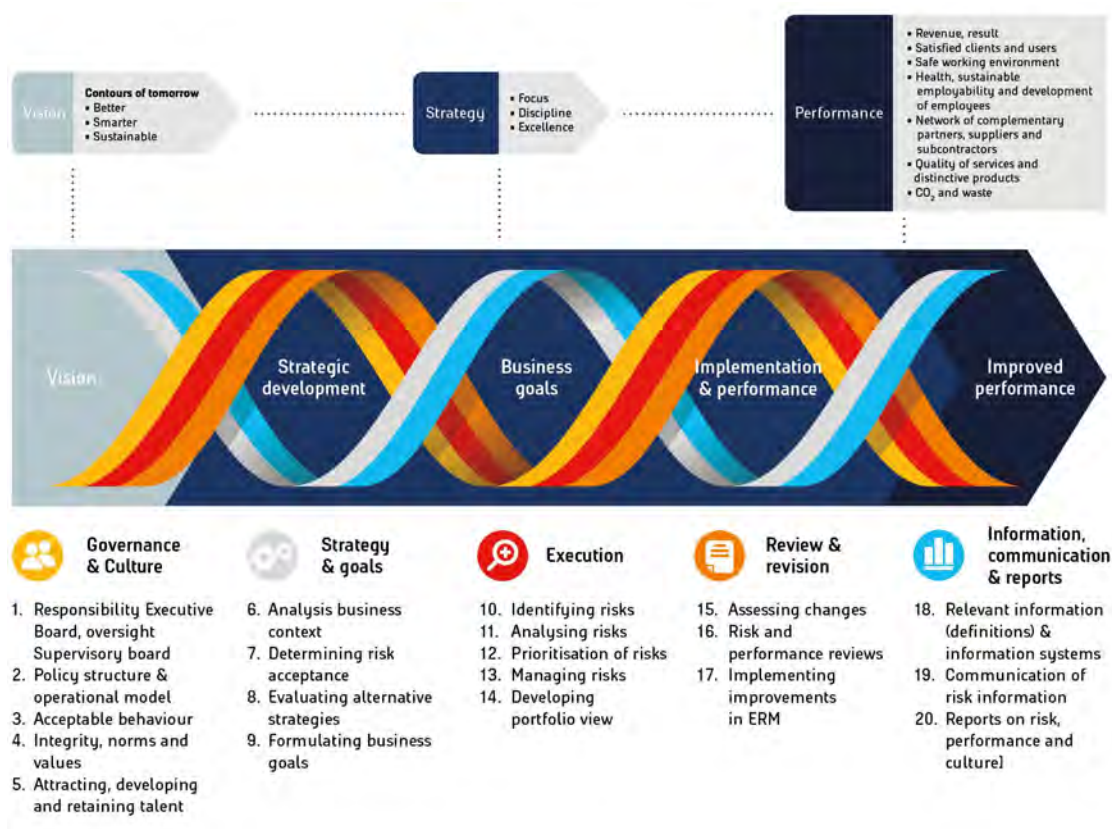
FINANCIAL POSITION AND REPORTING RISKS	CONTROL MEASURE
<p>A transparent, honest and accurate presentation of performance and financial results is essential for confidence in Heijmans. If solvency and liquidity come under pressure, this limits the scope for doing business. Not being able to decide on one's own finances and not being prepared for setbacks affects Heijmans' FINANCIAL RESILIENCE.</p>	<p>IMPACT: high </p> <p>APPETITE: low </p> <p>TREND ↓ declining</p> <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 related to types of guarantees, terms and amounts to be guaranteed. The guarantee applications are assessed by Treasury, placed with various guarantee providers and monitored with regard to the progress of the guarantees issued. Heijmans performs intensive stakeholder management with bilateral financiers.</p>

LEGAL AND REGULATORY RISKS	CONTROL MEASURE
<p>COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS where the company fails to comply with all legal, fiscal and regulatory requirements. New forms of cooperation and contracts, social developments regarding sustainability & the environment, intellectual property, IT law, cybersecurity, GDPR and energy transition have an impact on this.</p>	<p>IMPACT: average </p> <p>APPETITE: very low </p> <p>TREND = stable</p> <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>

8.5.4 Risk framework

To make sure we can recognise and manage all possible risks in time - and 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 Heijmans group level. 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 GRC 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.
- 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 of integrity for senior management and specific positions. This includes Certificates of Good Conduct and Certificates of Judicial Background.
- 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 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, and 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 with the business areas, in the presence of the project management involved. The status of sales and options at Property development is reported weekly.

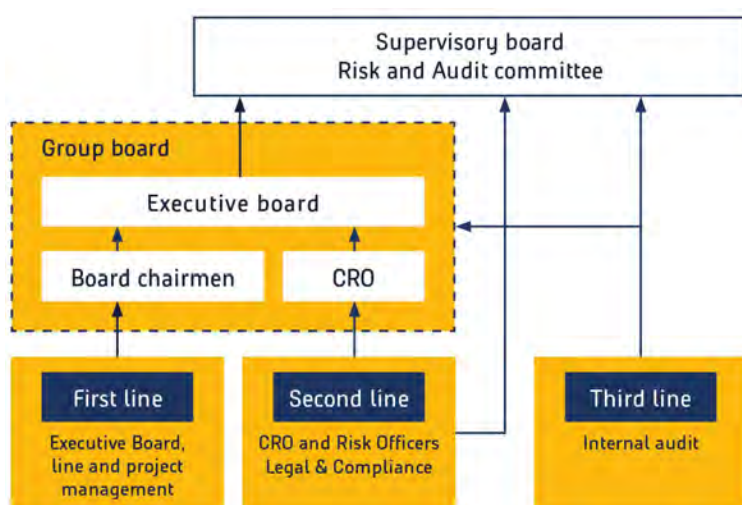
Liquidity and solvency is monitored through:

- 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 the credit score is below standard, we request additional collateral.

8.5.5 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 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 Chief Risk Officer and a Risk Office. 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, 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 with mostly project-related knowledge and experience. After a period within 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, Heijmans-wide process meetings deal with and adjust elements that improve both risk awareness and risk management. These process meetings discuss and make improvements on issues such as the weighting model, 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.

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 2022, standards and risk audits were carried out in accordance with the audit plan. In addition, the team carried out compliance audits to ensure that the right level of smooth-running processes was maintained. The main findings from the audits are shared quarterly with the Executive Board, the group board and the Supervisory Board's risk and audit committee. When the audits find reasons for improvement, these are recorded in improvement registers. These improvement registers are used to monitor the follow-up on improvement actions. In 2022, Heijmans added thematic audits with impact on (financially) successful projects, such as the introduction of ProjectID on construction sites (repeat), the predictability of project results, valuation of Opportunities & Risks (repeat), Procurement process, process maintenance contracts and the General Data Protection Regulation (GDPR). At the end of 2022, Heijmans completed the set-up of a tool that provides better support for the entire process, from audits and deviations to follow-up actions.

In consultations with the Executive Board and Supervisory Board, Heijmans has identified a number of focus areas for the audit programme for the coming year. The focus of the audit programme in 2023 will be on maintaining already existing processes (compliance), predictability, compliance with the General Data Protection Regulation and the embedding and implementation of the stated 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 Chief Risk Officer reports and audit reports and attends the discussion of same in the Supervisory Board meetings.

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 2022, Infra was once again certified by Kiwa for Safety Ladder step 4, strengthening its position to a score of 87% from 84%. Heijmans successfully completed preparatory audits at the other business units for them to also achieve the Step 4 level in 2023.

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.

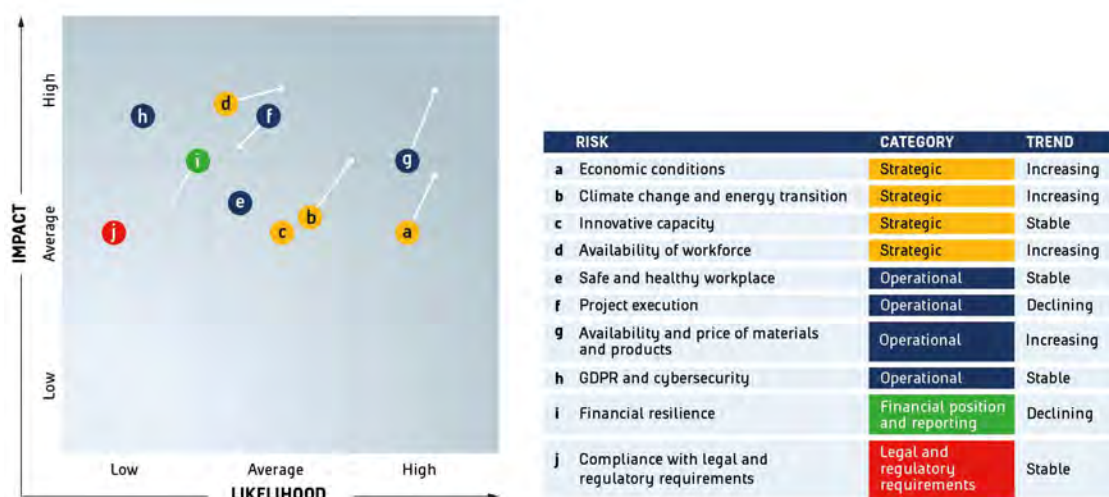
8.5.6 Risk statement

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.

8.5.7 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 2022. 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 2022. Procurement prices were volatile and were still high at the end of 2022. In addition, external uncertainties and hence the external risk profile have increased: energy costs were volatile, mortgage rates passed the 4% mark and, given declining consumer confidence, fears of an economic recession are increasing. Despite all these external challenges, all business areas managed to be successful in terms of their operational management in 2022.

8.5.8 Risk manifestation

The main operational risks Heijmans faced in 2022 were those resulting from the nitrogen emissions issue, higher 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).

The nitrogen emissions issue has led to delays in permit processes, delays in projects under construction and a freeze in the Ministry of Public Works and Waterways' tender calendar, especially for line-infrastructure projects. This covers all traffic infrastructure and related areas for traffic and the transport of people, goods and communications. This includes roads, waterways, pipelines, power lines and infrastructure for telecommunications. The shortfall in government budgets for infrastructure projects has also led to the postponement and cancellation of tenders. This was mainly due to the

decentralisation of responsibilities, combined with unexpected extra government spending. Heijmans mitigated this by shifting its project portfolio to focus more on the government's High Water Protection Programme and the energy transition, in addition to line infrastructure. There is also a capacity issue: we are dealing with extensive spatial planning procedures that are causing delays. Also, the nitrogen exemption for construction has now expired, and we need to provide and check Aerius calculations for many projects.

Furthermore, in 2022 we faced significant materials and energy price increases, especially for steel, copper, timber and plastic-related products. In particular, energy and semi-finished products produced using energy were substantially more expensive than the previous year. Heijmans closely monitors developments and ensures, among other things, that the organisation is provided with the right information to take into account the price risk in tenders (including advice on the indexation to be applied). Price increases are mainly 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 higher procurement costs in the selling prices of our products and services through 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.

By monitoring our main projects on a monthly basis, we try to identify undesirable developments in good time, so we can take appropriate management measures at the earliest possible stage. On this point, we noted last year that monthly monitoring of long-term projects and then acting on (weak) signals at an earlier stage are important for timely intervention. We will therefore devote extra attention to the monitoring of our long-term contracts 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 ensure and maintain sufficient focus in the considerations we make during the tender process.

The Covid-19 crisis demonstrated that Heijmans is agile and can respond adequately to changing circumstances. We were able to mitigate the effects of this pandemic partly thanks to the 'Let's keep working, safely' protocol. The flip side of this is that if the organisation is doing well, people might become less vigilant. 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 acceptance, as well as our general cost levels, creating potential problems for the future. We therefore also continue to target a 'margin over volume' approach to our markets.

A portrait of Bakir Selliah, a man with dark hair and a beard, wearing a maroon button-down shirt. He is smiling slightly and looking towards the camera. The background is a solid bright yellow.

Green with a yellow rim

Bakir Selliah (35) is a circularity business developer at the Non-residential Building business unit, and for the past five years, has been building expertise in circular construction.

"After studying architecture, I didn't know exactly what I wanted to do. After trying out a few different things, I did a traineeship at Heijmans, and that's when I came across the field of circularity. I found that really exciting. That was five years ago, and circularity was still in its infancy in the construction world. I'm really happy that Heijmans understood just how important it would become and created a position for me. With a small team, I built up our expertise in circularity. That wasn't always easy, because how do you develop something that clients don't ask for in tenders?"

"Of course, these days circularity is part of almost every tender, and projects use the lead we have built on this front. Right now, I advise tender teams in the service regions and sit at the table with colleagues at Schiphol to drive sustainability and circularity. We also developed the Circular Management & Maintenance proposition, which we deploy in various maintenance tenders. While I used to have to approach the regional teams to offer my help, now I'm flooded with phone calls from them. It makes you feel appreciated, and I get a lot of energy from that."

"My ambition is to leave the world better for the next generation, especially now that I have an eighteen-month-old son. That's why I want to take sustainability to the next level. Heijmans is a great place for that, because sustainability is high on the agenda here. I have a green heart, with a thick yellow rim around it."

"I used to have to approach the regional teams to offer my help, now I'm flooded with phone calls from them"



9 The Heijmans share

Heijmans share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2022 was as follows:

Shares x 1.000	Authorised capital		Issued capital	
	2022	2021	2022	2021
Ordinary shares	35,100	35,100	23,553	22,760
Cumulative financing preference shares B	7,000	7,000	-	4,510
Protective preference shares	8,000	8,000	-	-
	50,100	50,100	23,553	27,270

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 23,552,919 depositary receipts for shares as at 31 December 2022, and these shares are listed on the NYSE Euronext stock exchange in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. 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 ordinary shares and depositary receipts for shares, together with a summary of the key figures per (depositary receipt for an) ordinary share, are presented in the table below.

Shares x 1.000	2022	2021	2020	2019	2018
In issue on 1 January	22,760	21,933	21,409	21,409	21,409
Issue of share capital	-	223	524	-	-
Stock dividend	792	604	-	-	-
Matching shares Share Matching Plan			-	-	-
In issue on 31 December	23,553	22,760	21,933	21,409	21,409
Average in issue for the year	23,264	22,415	21,671	21,409	21,409
Earnings per share* x € 1,00	2.56	2.24	1.85	1.40	0.95
Dividend per share x € 1,00	1.01	0.88	0.73	-	-
Pay-out ratio %	40%	40%	40%	-	-

* Per average weighted ordinary issued share

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

Heijmans market listing	2022	2021	2020	2019	2018
Closing price (in €)	10.12	14.90	9.33	7.50	8.00
High price (in €)	15.70	15.40	9.67	11.52	12.92
Low price (in €)	9.19	9.26	4.47	7.12	7.44
Dividend yield at closing price (in %)	10.0%	5.9%	7.8%	0.0%	0.0%
Market capitalisation at year-end (in € mln)	238	339	205	161	171
Average daily turnover (in no. of shares)	85,316	122,852	158,183	122,598	138,608

Issued capital and shareholdings

The issued share capital and associated voting rights were last changed in 2022 as a result of the issue 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 the cancellation of the cumulative financing B preference shares.

Heijmans made three payments on the cumulative financing preference shares B, charged to the share premium reserve, as at 26 April 2022, resulting from the redemption elements described in section 6.22 of the financial statements in this annual report. These were 1) the amount of the cash dividend coupon, 2) an amount corresponding to 50% of the amount of dividend paid on (depository receipts for) ordinary shares (whether stock dividend or cash dividend) and 3) an additional repayment related to the level of solvency. In addition, on 28 April 2022 it was agreed with the holders of these shares that Heijmans would voluntarily redeem the share premium reserve remaining as at that date. As a result, the value per cumulative preference B share was reduced from € 6.82 to € 0.21 (the nominal value) and the voting rights as at the contractual adjustment date of 30 June 2022 was 0.0268 per cumulative preference share.

After the Extraordinary General Meeting of Shareholders (EGM) on 12 July 2022 had issued the requisite repurchase authorisation, all 4,510,000 of the issued cumulative financing B preference shares were repurchased by the company on 13 July 2022. Also following a resolution of said EGM, the repurchased shares were withdrawn from the issued share capital with effect from 22 September 2022. As of that date, no financing B preference shares were issued.

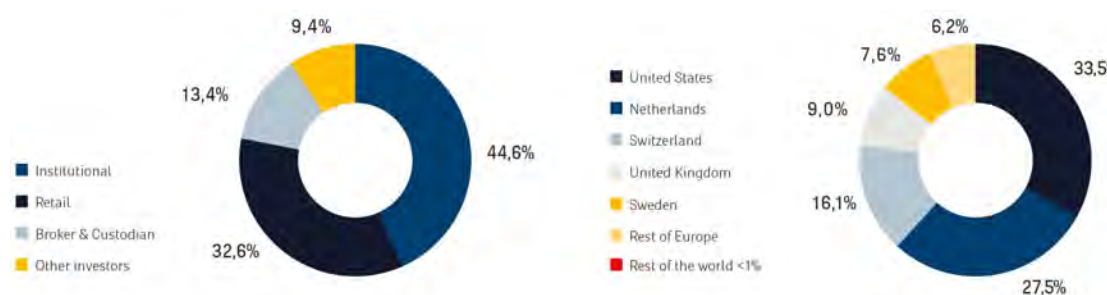
Each ordinary share entitles the holder to 30 votes per ordinary share. The composition of the issued capital and associated voting rights was as follows as at 31 December 2022:

	Issued capital		(Potential) Voting right	
	Number	%	Number	%
Ordinary shares	23,552,926	100.0%	706,587,780	100.0%
For which depositary receipts issued	23,552,919	100.0%	706,587,570	100.0%
For which no depositary receipts issued	7	0.0%	210	0.0%
Depository receipts	23,552,919	100.0%	706,587,570	100.0%
Cumulative preference shares	-	0.0%	-	0.0%
Total year-end	23,552,926	100.0%	706,587,780	100.0%

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 2022:

	31 december 2022		31 december 2021	
Holdings in Heijmans	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
ASR Vermogensbeheer	5.7%	5.7%	5.2%	5.9%
Quaero Capital SA	5.6%	5.6%	5.2%	5.9%
C.A.C.M. Oomen	5.2%	5.2%		
Acadian Asset Management LLC	4.1%	4.1%	3.6%	4.0%
Dimensional Fund Advisors LLP	4.0%	4.0%	3.6%	4.1%
Unionen	3.4%	3.4%	3.1%	3.5%
Kempen Capital Management N.V.	<3%	<3%	7.0%	1.3%
NN Group N.V.	<3%	<3%	6.1%	0.3%
JP Morgen Asset Management UK Limited	<3%	<3%	3.0%	3.4%
	28.0%	28.0%	36.8%	28.4%
Other holdings	72.0%	72.0%	63.2%	71.6%
Total	100.0%	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:



In the year under review, the (estimated) shareholdings held by institutional investors probably increased slightly to 44.6% (2021: 44.1%). An estimated 33.5% of the number of depositary receipts for ordinary shares held by institutional investors is held in the Netherlands (year-end 2021: 24.3%). The increase among Dutch shareholders was accompanied by a particularly visible decline among UK institutional investors. We estimate that the majority of the depositary receipts for ordinary shares held by retail investors are held in the Netherlands.

Share price development

The closing price of the ordinary shares was € 10.12 at year-end 2022. This was a decline of 32% compared to the closing price at the end of the 2021 financial year (€ 14.90), which was a worse performance than the AscX index, which fell 15% in the same period. Despite the fact that Heijmans repeatedly reiterated its result forecast during the year and also publicly announced that the Porthos case ruling on the nitrogen emissions issue had no material impact, the share price suffered from the poor sentiment on the housing market in particular. The chart shows the Heijmans share price movement in 2022 compared to the AscX index, the AEX and the AMX, as well as to the other Dutch listed construction company BAM.



Financial calendar 2023

Heijmans has set the following (publication) dates for 2023:

Date	Event	Time
17 februari 2023	Publication results 2022	Pre-market
3 april 2023	General Meeting of Shareholders	14.00
5 april 2023	Ex-dividend date	
25 april 2023	Trading update	Pre-market
28 juli 2023	Publication interim results 2023	Pre-market
1 november 2023	Trading update	Pre-market

10 Financial statements

Table of contents

1. Consolidated statement of profit or loss	159
2a. Consolidated statement of comprehensive income	160
2b. Consolidated statement of changes in equity	161
3. Consolidated statement of financial position	163
4. Consolidated statement of cash flows - indirect method	164
5. Accounting policies	165
(1) Statement of Compliance	165
(2) Basis of preparation	165
(3) Implications of new standards	166
(4) Accounting policies used for consolidation	166
(5) Transactions in foreign currency	167
(6) Revenue from contracts with customers	167
(7) Other operating income	168
(8) Costs	169
(9) Income tax	169
(10) Property, plant and equipment	170
(11) Right-of-use assets	171
(12) Intangible assets	171
(13) Financial instruments	172
(14) Loans granted	174
(15) Inventories	174
(16) Work in progress assets	174
(17) Trade and other receivables	174
(18) Cash and cash equivalents	175
(19) Assets held for sale and discontinued operations	175
(20) Impairments	175

(21) Share capital	176
(22) Interest-bearing liabilities	176
(23) Employee benefits	177
(24) Provisions	178
(25) Trade and other payables	178
(26) Work in progress credit	179
(27) Statement of cash flows	179
(28) Segment reporting	179
6. Notes related to the consolidated financial statements	180
6.1 Segment reporting	180
6.2 Business combinations	184
6.3 Revenue	185
6.4 Other operating income	186
6.5 Staff costs, depreciation, and research and development expenses	186
6.6 Other operating expenses	187
6.7 Finance income and expense	188
6.8 Income tax	188
6.9 Income tax receivables and payables	189
6.10 Property, plant and equipment	190
6.11 Leases	191
6.12 Intangible assets	193
6.13 Joint ventures and associates	195
6.14 Loans granted to joint ventures	197
6.15 Deferred tax assets and liabilities	197
6.16 Inventories	200
6.17 Work in progress	201
6.18 Trade and other receivables	202
6.19 Cash and cash equivalents	203
6.20 Equity	203
6.21 Earnings per share	203
6.22 Interest-bearing loans and other financing liabilities	204
6.23 Employee benefits	209
6.24 Provisions	213

6.25 Trade and other payables	214
6.26 Financial risks and risk management	215
6.27 Investment commitments	221
6.28 Contingent liabilities	222
6.29 Related parties	223
6.30 Management estimates and judgements	228
6.31 Auditors' fees	232
6.32 Events after balance date	233
7. Subsidiaries and joint operations	234
8. Company financial statements	235
8.1 General	235
8.2 Accounting policies for measuring assets and liabilities and the determination of results	235
8.3 Company statement of profit or loss for 2022	235
8.4 Company statement of financial position at 31 December 2022 (before appropriation of result)	237
8.5 Notes to the company statement of financial position	238
8.6 Liabilities not disclosed in the statement of financial position	242

1. Consolidated statement of profit or loss

x € 1,000

		2022	2021
6.3	Revenue	1,812,208	1,748,484
	Cost of sales	-1,577,914	-1,500,871
	Gross profit	234,294	247,613
6.4	Other operating income	1,810	1,127
	Selling expenses	-39,410	-46,686
6.5	Administrative expenses	-139,959	-111,834
6.6	Other operating expenses	14,179	-35,021
	Operating result	70,914	55,199
6.7	Finance income	623	621
6.7	Finance expense	-5,525	-5,936
6.13	Results of joint ventures and associates	7,069	5,082
	Result before tax	73,081	54,966
6.8	Income tax	-13,501	-4,667
	Result after tax	59,580	50,299
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	2.57	2.24
6.21	Earnings per ordinary share after tax and dilution effects	2.56	2.24

Other operating expenses include income of €19 million (2021, a charge of €34 million) relating to the release of part of the provision formed for Wintrack II in 2021. See note 6.30 Management estimates and judgements for further information.

2a. Consolidated statement of comprehensive income

x € 1,000

	2022	2021
1. Result after tax	59,580	50,299
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined-benefit plans	-58	-7,471
Tax effect on changes in actuarial results on defined-benefit plans	13	1,867
Tax effect relating to defined benefit pension plans in connection with rate change	0	1,025
Other comprehensive income (after tax)	-45	-4,579
Comprehensive income	59,535	45,720

2b. Consolidated statement of changes in equity

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 tax	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
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

x € 1,000

2021	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 2021	6,580	245,773	-55,635	344	-10,801	40,148	226,409
Result after tax	-	-	-	-	-	50,299	50,299
Other comprehensive income	-	-	-4,579	-	-	-	-4,579
Comprehensive income for the reporting period:	-	-	-4,579	-	-	50,299	45,720
<i>Transactions with owners of the group:</i>							
Bonus Investment Share Matching Plan	-	-	-	-4	-	-	-4
Share issue	67	3,027	-	-	-	-	3,094
Appropriation of result for 2020							
Retained earnings	-	-	-	-	24,115	-24,115	0
Dividend payments	181	8,218	-	-	-	-16,033	-7,634
Total transactions with owners	248	11,245	0	-4	24,115	-40,148	-4,544
Total movements in equity	248	11,245	-4,579	-4	24,115	10,151	41,176
Balance at 31 December 2021	6,828	257,018	-60,214	340	13,314	50,299	267,585

3. Consolidated statement of financial position

x € 1,000

ASSETS		31 December 2022	31 December 2021
Non-current assets			
6.10	Property, plant and equipment	73,511	59,032
6.11	Right-of-use assets	71,985	73,634
6.12	Goodwill	74,295	68,390
6.12	Other intangible assets	7,459	5,199
6.13	Joint ventures and associates	73,048	82,452
6.14	Loans granted to joint ventures	9,764	21,392
6.15	Deferred tax assets	28,447	33,123
		338,509	343,222
Current assets			
6.16	Strategic land holdings	78,518	108,323
6.16	Other inventories	94,339	77,001
6.17	Work in progress assets	95,645	74,492
6.9	Income tax assets	0	257
6.18	Trade and other receivables	239,367	178,566
6.19	Cash and cash equivalents	237,012	209,567
		744,881	648,206
Total assets		1,083,390	991,428
EQUITY AND LIABILITIES		31 December 2022	31 December 2021
Equity			
2b	Issued capital	7,066	6,828
2b	Share premium	266,739	257,018
2b	Reserve for actuarial results	-60,259	-60,214
2b	Reserve for Bonus Investment Share Matching Plan	310	340
2b	Retained earnings from prior financial years	43,583	13,314
1	Result for the year after tax	59,580	50,299
		317,019	267,585
Non-current liabilities			
6.22	Interest-bearing loans and other non-current financing liabilities	12,136	41,018
6.11	Lease liabilities	50,633	54,058
6.23	Employee benefits	10,997	24,496
6.24	Provisions	45,106	64,303
		118,872	183,875
Current liabilities			
6.22	Interest-bearing loans and other current financing liabilities	1,824	4,173
6.11	Lease liabilities	21,557	19,626
6.25	Trade and other payables	365,172	308,679
6.17	Work in progress credit	221,410	184,934
6.9	Income tax liabilities	1,031	0
6.23	Employee benefits	12,087	600
6.24	Provisions	24,418	21,956
		647,499	539,968
Total equity and liabilities		1,083,390	991,428

At 31 December 2022, there were no cumulative financing preference shares B in interest-bearing loans (2021: €30.7 million, of which €2.5 million were included in current liabilities).

4. Consolidated statement of cash flows - indirect method

x € 1,000

	2022	2021
1. Operating result	70,914	55,199
Adjustments for:		
6.4 Gain on sale of non-current assets and property investments	-783	-170
6.10 Depreciation of property, plant and equipment	11,674	9,558
6.11 Depreciation of right-of-use assets	24,406	23,219
6.12 Amortisation of intangible assets	4,821	1,021
6.16 Adjustment of valuation of property investments and land portfolios, excluding joint ventures	0	2,100
Change in working capital and long-term provisions	13,357	21,762
Operating result after adjustments	124,389	112,689
Interest paid	-6,633	-4,457
Interest received	624	621
Income tax paid	-8,471	-23
Cash flow from operating activities	109,909	108,830
6.10 Investments in property, plant, and equipment	-21,976	-25,581
6.12 Investments in intangible assets	-2,476	0
6.10 Sale of property, plant and equipment	611	2,367
6.2 Business combinations	-16,071	-988
6.13 Capital contributions to joint ventures and associates	-9,754	-26,038
6.13 Capital repayments from joint ventures and associates	20,357	14,500
6.13 Dividends received from joint ventures and associates	857	1,331
6.13 Loans granted to joint ventures and associates	-1,256	-3,197
6.13 Loans repaid by joint ventures and associates	12,884	5,185
Cash flow from investing activities	-16,824	-32,421
6.11 Principal portion of lease payments	-24,338	-22,696
2. Dividend payments	-10,071	-7,634
6.22 Interest-bearing loans drawn down	3,341	1,218
6.22 Interest-bearing loans repaid	-34,572	-12,793
Cash flow from financing activities	-65,640	-41,905
Net cash flow in the period	27,445	34,504
6.19 Cash and cash equivalents at 1 January	209,567	175,063
6.19 Cash and cash equivalents at 31 December	237,012	209,567

5. Accounting policies

Heijmans N.V. (referred to as the "Company") has its registered office in Rosmalen, the Netherlands, and is a public limited company. The Company's consolidated financial statements for the 2022 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, 5248 JT, Rosmalen, the Netherlands.

Approval of the financial statements

The Executive Board prepared the financial statements on 17 February 2023. These will be submitted for adoption by the General Meeting of Shareholders on 3 April 2023.

(1) Statement of Compliance

The consolidated financial statements for 2022 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 amendments to IFRS 3, IAS 16 and IAS 37 and the Annual Improvements to IFRSs 2018-2020 Cycle applicable to reporting periods commencing on or after 1 January 2022 do not have any material effect on the consolidated financial statements.

There are no new standards that are not yet mandatory which have a material effect upon the 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 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 a step 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 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 carryforwards 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 building 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.

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: 4 years
- Sand quarry concessions: 5-15 years
- Brand: 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:

- Cumulative financing preference shares (see accounting policy 22a)
- Interest-bearing loans (see accounting policy 22b)
- 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 22c).

(22a) Financing preference share capital

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit or loss.

(22b) 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.

(22c) Lease liabilities

On the commencement date of the lease, the Group measures the liability at the net present value of the fixed lease payments that have not yet been made as at that date. These include lease payments (including in-substance fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or 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.

In 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 credit

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 and Infra.

6. Notes related to the consolidated financial statements

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Building & Technology and Infra, 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 by business segment

2022

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Other/ Eliminations	Total
Revenue					
Third parties	569,685	611,136	631,177	210	1,812,208
Intercompany	-	321,377	30,042	-351,419	0
Total revenue	569,685	932,513	661,219	-351,209	1,812,208
Underlying EBITDA	42,462	38,192	55,243	-9,445	126,452
EBITDA of joint ventures	486	-2,517	-6,515	-126	-8,672
Write-downs on land holdings/property assets	-4,100	0	0	0	-4,100
Restructuring costs	0	-657	-597	-301	-1,555
Acquisition costs/gains and losses on sale of investments	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

The underlying EBITDA of the Infra segment includes income of €19 million (2021: a charge of €34 million) relating to Wintrack II. See note 6.30 Management estimates and judgements for further information.

2021

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Other/ Eliminations	Total
Revenue					
Third parties	548,184	484,621	715,371	308	1,748,484
Intercompany	-	304,026	22,221	-326,247	0
Total revenue	548,184	788,647	737,592	-325,939	1,748,484
Underlying EBITDA					
	35,859	33,631	41,212	-4,251	106,451
EBITDA of joint ventures	-6,765	1,150	-5,927	-28	-11,570
Write-downs on land holdings/property assets	-3,000	0	0	0	-3,000
Restructuring costs	0	-1,087	-1,276	-521	-2,884
Total exceptional items	-9,765	63	-7,203	-549	-17,454
EBITDA	26,094	33,694	34,009	-4,800	88,997
Depreciation and amortisation	-1,103	-11,436	-16,657	-4,602	-33,798
Operating result	24,991	22,258	17,352	-9,402	55,199
Finance income					621
Finance expense					-5,936
Results of joint ventures and associates	6,297	-1,183	-86	54	5,082
Result before tax					54,966
Income tax					-4,667
Result after tax					50,299

By underlying EBITDA, the Group is referring to earnings before interest, tax, depreciation and amortisation (equal to the operating result before depreciation/amortisation) including EBITDA of joint ventures and adjusted for any property write-down, restructuring costs, gains and losses on the sale of subsidiaries, any impairment losses on goodwill, release of pension indexation provisions and other non-operating results considered exceptional by the Group that are relevant in the above statement. The underlying EBITDA is also used as the basis of calculation for covenant reporting to the bank consortium.

Condensed balance sheet and balance sheet breakdown by business segment

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

2021

x € 1,000

Business segments	Property Development	Building & Technology	Infra	Other	Eliminations	Total
Assets	347,397	345,502	353,142	330,544	-418,210	958,375
Not allocated						33,053
Total assets	347,397	345,502	353,142	330,544	-418,210	991,428
Liabilities	231,484	299,110	294,078	224,034	-415,179	633,527
Not allocated						90,316
Total liabilities	231,484	299,110	294,078	224,034	-415,179	723,843
Equity						267,585
Total equity and liabilities						991,428
Property, plant and equipment						
Depreciation	28	2,088	4,337	3,105	-	9,558
Investments	-	1,982	15,119	8,480	-	25,581
Right-of-use assets						
Depreciation	1,075	8,328	12,320	1,496	-	23,219
Intangible assets						
Amortisation	-	1,021	-	-	-	1,021
Joint ventures and associates						
Carrying amount	62,872	1,500	17,786	294	-	82,452

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 2022 and in 2021 was generated entirely in the Netherlands.

The non-current assets (PP&E) are located in the Netherlands.

6.2 Business combinations

Dynniq Energy B.V.

On 23 June, the Group acquired all the shares in Dynniq Energy B.V. This strengthens the Group's position as an integrated player in the market for the construction and maintenance of energy infrastructure. Dynniq Energy B.V. is a specialist in the design, construction and upgrading of high, medium and low-voltage power stations for grid operators and household energy connections. Dynniq Energy B.V. recorded revenue of €35.0 million and a net profit of €0.4 million for the full year 2022. The effect of the acquisition on the balance sheet is outlined below.

Effect of the acquisition of Dynniq Energy B.V. on the Group's assets and liabilities at the acquisition date:

x € mln	Carrying value before acquisition	Fair value adjustments	Value recognised on acquisition
Right-of-use assets	1	0	1
Intangible assets	5	0	5
Deferred tax	0	1	1
Net work in progress	6	0	6
Trade and other receivables	4	0	4
Cash and cash equivalents	2	0	2
Lease liabilities	-1	0	-1
Deferred tax liabilities	0	-1	-1
Trade and other payables	-9	0	-9
Net identifiable assets and liabilities	8	0	8
Goodwill arising on acquisition			6
Purchase price			14
Purchase price payable on achieving earn out			-1
Total cash purchase price			13
Cash and cash equivalents acquired			-2
Net outflow of cash and cash equivalents			11

Industrial buildings

In 2021, the Group recognised approximately €6.4 million for the acquisition of land and a commercial building ahead of the acquisition of the IIBO factory. On 1 July 2022, the Group acquired the plant and equipment and staff for the industrial production of timber-framed buildings, creating a business combination. The purchase price was €5 million, which led to an increase in property, plant and equipment in 2022.

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 runs along the lines of the segment information by sector.

Revenue by sector

x € 1,000

	2022	2021
Property Development	569,685	548,184
Building & Technology	932,513	788,647
Infra	661,219	737,592
Eliminations	-351,209	-325,939
	1,812,208	1,748,484

Property Development revenue mainly relates to revenue from residential and investment property projects developed by Heijmans for private buyers, of €461 million (approx. €385 million in 2021), and for property investors and housing associations together, of approximately €109 million (approx. €163 million in 2021), in general involving the delivery of both the land and the buildings. Projects for private buyers are usually not started until at least 70% has been sold. Invoicing of private buyers is according to the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen - Owner-Occupied Housing Guarantee Fund) that is linked to predefined stages. 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 stages, the first instalment being invoiced upon conveyance of the land.

The revenue from the land is recognised at the time of legal conveyance whereas the revenue from the buildings is recognised during the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of housing 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 €650 million (approx. €543 million in 2021). 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 €283 million (approx. €246 million in 2021), is recognised as and when this service and maintenance work takes place. A major client for the construction of residential property is Heijmans Property Development, representing internal sales that are eliminated.

The revenue generated by Infra mainly relates to the construction of roads and other civil engineering works on behalf of public authorities, of approximately €438 million (approx. €521 million in 2021). 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 and maintenance activities on pieces of infrastructure. Revenue from these activities, of approximately €223 million (approx. €217 million in 2021), is recognised as and when this service work takes place.

In 2022, revenue totalling €185 million (2021: €170 million) was recognised and this amount was included in work in progress liabilities as at 1 January.

In 2022, revenue totalling €6 million (2021: €4 million) was recognised relating 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 €2.2 billion (2021: €1.9 billion). Of this, approximately 53% will be fulfilled in 2023, 29% in the period 2024 and 2025 and 18% in 2026 and beyond (2021: approximately 54% in 2022, 26% in the period 2023 and 2024 and 20% in 2025 and beyond). The disclosed amounts concern contracted revenue and do not include any revenue that is not highly probable. Revenue generated by contracts for which the unit price but not the volumes has been agreed have been included in the disclosed amounts. The Group has not made use of the practical possibility of not disclosing performance obligations forming part of a contract with an originally expected completion date of 12 months 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

	2022	2021
Gain on sale of non-current assets	783	170
Miscellaneous	1,027	957
	1,810	1,127

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

	2022	2021
Wages and salaries	-337,053	-321,257
Compulsory social insurance contributions	-50,277	-46,115
Defined-contribution plans	-35,939	-33,131
Defined-benefit plans and long-service payments	265	-2,077
	-423,004	-402,580

The statement of profit or loss includes an amount of approximately €2 million (2021 €3 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

The number of employees at year-end 2022 was 5,071 (2021: 4,839).

6.5c Depreciation

Depreciation and amortisation recognised in the statement of profit or loss is broken down as follows:

x € 1,000

	2022	2021
Depreciation of property, plant and equipment	-11,674	-9,558
Depreciation of right-of-use assets	-24,406	-23,219
Amortisation of intangible assets	-4,821	-1,021
	-40,901	-33,798

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

	2022	2021
Research & development costs	-10,375	-8,297

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

	2022	2021
Amortisation of intangible assets	-4,821	-1,021
Income/Charge for Wintrack II provision	19,000	-34,000
	14,179	-35,021

For further details of the Wintrack II provision see note 6.30 Management estimates and judgements.

6.7 Finance income and expense

The net financing income and expense is broken down as follows:

x € 1,000

	2022	2021
Interest income	623	621
Finance income	623	621
Interest expense	-3,223	-5,082
Interest expense on lease liabilities	-2,113	-2,375
Capitalised financing costs	1,748	1,521
Other financial results	-1,937	0
Finance expense	-5,525	-5,936
	-4,902	-5,315

The net finance expense for 2022 amounts to €4.9 million, which is €0.4 million higher than the €5.3 million for 2021. Although the syndicated loan facility was not utilised at all during the year, commitment fees still applied. Other financial results are a write-down of a long-term receivable relating to the settlement of a land position.

The interest and development costs for land holdings that are under development are capitalised. The applicable interest rate that is used for capitalisation is 3.0% for 2022 (2021: 3.0%).

No interest has been capitalised on projects under construction.

6.8 Income tax

Recognised in profit or loss:

x € 1,000

	2022	2021
Current tax charges or credits		
Current financial year	-9,032	-27
Prior financial years	0	-166
	-9,032	-193
Deferred tax charges or credits		
Relating to temporary differences	290	-326
Prior financial years	0	4,306
Relating to tax loss carryforwards	-9,341	-13,034
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	4,582	4,580
	-4,469	-4,474
Total tax charge in the statement of profit or loss	-13,501	-4,667

The tax charges by country are as follows:

x € 1,000

	2022	2021
Netherlands	-13,501	-4,667
	-13,501	-4,667

Analysis of the effective tax rate:

x € 1,000

	2022		2021	
	%	in €	%	in €
Result before tax		73,081		54,966
Based on local tax rate	25.8%	-18,855	25.0%	-13,742
Non-deductible interest	0.2%	-174	1.1%	-616
Non-deductible expenses, other	0.8%	-565	0.7%	-363
Non-taxable revenue in results of investees	-1.5%	1,106	-2.3%	1,249
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	0.1%	-86	0.2%	-95
Effect of changes in the tax rate	0.0%	0	0.0%	3
Effect of changes to loss relief rules	0.0%	0	12.4%	-6,843
Prior-year adjustment	0.0%	0	-7.6%	4,163
Effect of recognising previously unrecognised losses	-6.3%	4,582	-20.8%	11,421
Effect of miscellaneous/foreign tax rates	-0.7%	491	-0.3%	156
Overall tax burden	18.5%	-13,501	8.5%	-4,667

The effective tax rate for 2022 is 18.5% (2021: 8.5%).

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 interest expenses relating to the cumulative preference financing shares B, the general restrictions on the deductibility of expenses and the tax exempt results from investees.

6.9 Income tax receivables and payables

x € 1,000

Geographical segment	31 December 2022		31 December 2021	
	Receivables	Payables	Receivables	Payables
Netherlands	0	1,031	257	0
	0	1,031	257	0

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.

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 2021	55,970	57,998	44,864	4,738	163,570
Investments	7,816	6,037	4,705	7,023	25,581
Disposals	-3,562	-6,018	-1,571	0	-11,151
Reclassifications	560	3,677	-11	-3,677	549
Balance at 31 December 2021	60,784	61,694	47,987	8,084	178,549
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

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 2021	41,402	40,028	36,934	0	118,364
Depreciation	1,127	3,583	4,848	0	9,558
Disposals	-2,699	-4,041	-1,388	0	-8,128
Reclassifications	-300	0	23	0	-277
Balance at 31 December 2021	39,530	39,570	40,417	0	119,517
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

Carrying amount

x € 1,000

	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
At 1 January 2021	14,568	17,970	7,930	4,738	45,206
At 31 December 2021	21,254	22,124	7,570	8,084	59,032
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

As at year end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €8.0 million (2021: €6.6 million).

6.11 Leases

The movements in right-of-use assets were as follows:

x € 1,000

2022	01 January 2022	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

2021	01 January 2021	Depreciation	Additions	Changes in lease period and other changes	31 December 2021
Office buildings	44,975	-8,136	1,539	491	38,869
Vehicle fleet	27,481	-10,835	9,102	147	25,895
Other equipment	9,141	-4,248	3,532	445	8,870
Total	81,597	-23,219	14,173	1,083	73,634

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

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

2021	01 January 2021	Additions	Lease payments	Interest	Changes in lease period and other changes	31 December 2021
Office buildings	43,875	1,539	-8,907	1,377	348	38,232
Vehicle fleet	27,960	9,102	-11,426	680	149	26,465
Other equipment	9,288	3,532	-4,509	318	358	8,987
Total	81,123	14,173	-24,842	2,375	855	73,684

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 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

31 December 2021	Total lease instalments payable	< 1 year	1-5 years	> 5 years
Office buildings	41,256	8,698	24,223	8,335
Vehicle fleet	27,468	10,477	16,983	8
Other equipment	9,590	3,662	5,410	518
Total	78,314	22,837	46,616	8,861

The interest expense on the lease liabilities in 2022 amounted to €2.1 million (2021: €2.4 million).

The cost in 2022 of short-term leases for which right-of-use assets have not been recognised amounted to €94 million (2021: €98 million). This largely concerns short-term equipment rental on projects.

The total cash outflow relating to leases amounted to €123 million in 2022 (2021 €125 million). This includes the aforementioned short-term rental of equipment on projects.

The weighted average incremental borrowing rate that has been used in determining the amount of the liability in 2022 is 3% (2021: 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 2021	156,971	46,003	202,974
Balance at 31 December 2021	156,971	46,003	202,974
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

Impairment losses and amortisation

x € 1,000

	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2021	88,581	39,783	128,364
Amortisation	-	1,021	1,021
Balance at 31 December 2021	88,581	40,804	129,385
Balance at 1 January 2022	88,581	40,804	129,385
Impairment	1,400	2,100	3,500
Amortisation	-	1,321	1,321
Balance at 31 December 2022	89,981	44,225	134,206

Carrying amount

x € 1,000

	Goodwill	Identifiable intangible assets	Total
At 1 January 2021	68,390	6,220	74,610
At 31 December 2021	68,390	5,199	73,589
At 1 January 2022	68,390	5,199	73,589
At 31 December 2022	74,295	7,459	81,754

The composition of the carrying amount for goodwill and other intangible assets at year-end 2022 is as follows:

Acquisition

x € 1,000

	2022		2021	
	Goodwill	Identifiable intangible assets	Goodwill	Identifiable intangible assets
IBC (NL-2001)	21,207	-	21,207	-
Burgers Ergon (NL-2007)	31,107	4,129	31,107	5,199
Dynniq Energy (NL-2022)	5,905	-	-	-
Other	16,076	3,330	16,076	-
Carrying amount at 31 December	74,295	7,459	68,390	5,199

Other goodwill mainly refers to the Infra as cash-generating unit (€13 million). Other intangible assets mainly refers to assets created in-house and software licences.

In 2022, the Group acquired Dynniq Energy BV. Heijmans performed a purchase price allocation that was completed in 2022. The goodwill of €5.9 million is the difference between the purchase sum and the fair value of the net identified assets acquired. The goodwill can be explained by the fact that this acquisition strengthens the Group's position in high, medium and low-voltage energy infrastructure, which offers good prospects for growth as a result of planned investment volumes following from the energy transition. The fair value of €2.1 million for the 'Dynniq Energy' trade name in the opening balance sheet, recognised in Other intangible assets, was written off during 2022 since that trade name will no longer be used.

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 4 years, 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 value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation amounts to 12.2% (2021: 10.4%), corresponding to a discount rate after tax of 9.2% (2021: 8.1%). The WACC used was set after incorporating the effects of IFRS 16. The WACC used in 2022 was set after incorporating the effects of IFRS 16. The WACC used in 2021 did not incorporate the effects of IFRS 16 and so is not fully comparable.

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of 5 years. Cash flows after 5 years are extrapolated using a growth rate of 0% (2021: 0%).

The recoverable amount calculated for the impairment test depends among other things on the growth rate used and the period over which the cash flows are realised. Other important variables are the expected revenue growth, probable margins and working capital requirements.

Expected cash flows are discounted using a pre-tax WACC of 12.2%. If the pre-tax WACC was set 1 percentage point higher, this would not lead to an impairment. Cash flows beyond 5 years are extrapolated without growth percentages. Changes that can reasonably be expected in key variables do not result in an impairment.

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

	2022	2021
Joint ventures	68,863	78,238
Associates	4,185	4,214
	73,048	82,452

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

	2022	2021
Interest in the capital of Property Development joint ventures	50,023	62,872
Interest in the capital of other joint ventures	18,474	12,523
	68,497	75,395
Negative asset values recognised in other provisions	366	2,843
	68,863	78,238

The amounts presented below are the Group's shares in the results from continuing operations in joint ventures:

x € 1,000

	2022	2021
Share of the net result of Property Development joint ventures	-646	6,297
Share of the net result of other joint ventures	7,452	-1,793
	6,806	4,504

The property development joint ventures in which the Group participates achieved revenue of €65 million in 2022 (2021: €63 million). In total, they have inventories of €56 million (2021: €75 million), mainly in the form of a land holding. The aforementioned amounts relate to the Group's share. The Group acquired land of €7 million (2021: €11 million) from these joint ventures. The loss in 2022 was caused mainly by a write-down of €4 million on land positions in the Zuidplaspolder combination as a result of a change to the municipal master plan.

'Other joint ventures' include projects carried out on a consortium basis. In addition, this item includes an asphalt joint venture (AsfaltNu). The Group acquired asphalt of €23 million (2021: €47 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 (2021: €13 million).

The Group has undertaken no commitments to joint ventures (2021: €1 million) 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 relating to joint ventures.

The Group has a total of €3 million of trade and other receivables due from joint ventures (2021: €10 million) and owes a total of €4 million of trade and other payables to joint ventures (2021: €0 million). Loans have also been granted 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

	2022	2021
Interests in the equity of associates	4,185	4,214
Interests in the net results of associates	263	578

6.14 Loans granted to joint ventures

x € 1,000

	2022	2021
Loans granted to joint ventures	8,742	20,318
Other long-term lending	1,022	1,074
Balance at 31 December	9,764	21,392

An amount of €1 million (2021: €0 million) of the loans granted falls due within 1 year, €1 million between 1 and 5 years (2021: €1 million) and €7 million maturing after more than 5 years, including those with indefinite maturity (2021: €20 million). The weighted average interest rate is approximately 1.6% (2021: 2.4%). 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 relating 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 carryforwards, can be broken down as follows:

	Receivables		Payables		Net amount	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	2,767	2,979	-	-	2,767	2,979
Right-of-use assets	18,831	19,607	18,118	18,998	713	609
Intangible assets	-	-	756	1,328	-756	-1,328
Employee benefits	4,780	5,354	-	-	4,780	5,354
Provisions	0	0	-	-	0	0
Recognised tax-loss carryforwards	20,943	25,509	-	-	20,943	25,509
Deferred tax assets and liabilities	47,321	53,449	18,874	20,326	28,447	33,123
Set-off of deferred tax assets and liabilities	-18,874	-20,326	-18,874	-20,326	-	-
Net deferred tax assets and liabilities	28,447	33,123	0	0	28,447	33,123

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
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

The movement in the statement of financial position of the deferred tax assets and liabilities in 2021 breaks down as follows:

x € 1,000

	Net amount at 31 December 2020	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2021
Property, plant and equipment	493	2,486	-	2,979
Right-of-use assets/lease liabilities	615	-6	-	609
Intangible assets	-1,543	215	-	-1,328
Employee benefits	3,377	-915	2,892	5,354
Other items	45	-45	-	0
Recognised tax-loss carryforwards	31,718	-6,209	-	25,509
Total	34,705	-4,474	2,892	33,123

6.15a Measurement of deferred tax assets

At year-end 2022, the recognised loss carryforward was €20.9 million (2021: €26 million), including the remaining, previously unrecognised, tax group losses which were recognised in 2022. The recognised loss carryforwards relate almost entirely to the Dutch tax group. The utilisation of tax loss carryforwards changed on 1 January 2022. Under the new loss relief rules, it has only been possible from the financial year 2022 to utilise 50% of profits above €1 million against past losses. Against this, from the financial year 2022 it will be 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 that can be utilised towards realising the deferred asset. Most activities are performing as planned. The forecasts are based on the order book, the 2023 business plan, and the long-term forecast. These also underlie the measurement of the recoverable amount of goodwill (impairment tests). For the long-term forecast, the average EBIT margin of the Dutch tax group is assumed to slightly grow. A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2023 business plan and the long-term forecasts, which are the Group's best estimates. Based on the projected results for 2023 to 2025 and the current tax rate of 25.8%, there will be sufficient taxable profits over the next few years to enable the tax asset recognised as at 31 December 2022 to be realised.

The movement in the deferred tax assets was as follows:

x € 1,000

	2022	2021
Balance at 1 January	25,509	31,718
Effect of changes in the tax rate	0	791
Prior-year adjustment	193	1,434
Charge for the financial year	-9,341	-13,012
Recognition of previously unrecognised losses	4,582	11,421
Impact of new loss relief rules	0	-6,843
Balance at 31 December	20,943	25,509

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. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

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 2022, the tax losses not recognised in the statement of financial position amounted to €43.4 million (2021: €42.5 million). These relate primarily to Dynniq Energy BV, which was acquired in 2022, (2022: €0.9 million) and three foreign subsidiaries (in Belgium and Germany) that conduct no operations (2022: €42.5 million). These unrecognised tax losses can be carried forward indefinitely and do not expire.

6.16 Inventories

x € 1,000

	31 December 2022	31 December 2021
Strategic land holdings	78,518	108,323
Residential property in preparation and under construction	80,358	63,078
Other inventories	13,981	13,923
Total	172,857	185,324
Carrying amount of inventories pledged as security	39,104	39,226

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.

The net realisable value of the strategic land holdings was calculated in 2022 and compared with the carrying amount. This led to a write-down of nil million (2021: write-downs totalling €2.1 million). There was also a write-down of €4.1 million of a joint venture (2021: €0.9 million). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of homes completed.

For more information on the pledging of land holdings in connection with the financing agreements, refer to note 6.22.

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 2 to 10 years). The other items in principle have a term of less than 12 months.

6.17 Work in progress

x € 1,000

	31 December 2022	31 December 2021
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	3,057,297	3,459,591
less: Invoiced instalments	-3,183,061	-3,570,033
Balance of work in progress	-125,764	-110,442
Work in progress assets (positive balance of work in progress)	95,645	74,492
Work in progress liabilities (negative balance of work in progress)	-221,410	-184,934
Balance of work in progress	-125,764	-110,442

A periodical assessment of the carrying amount of work in progress is made for each project by the project owner and the management of the unit concerned. 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 concerning 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 so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the reporting date. For further details on a number of specific projects, refer to note 6.30 Management estimates and judgements.

The degree of uncertainty surrounding these estimates becomes greater the more, for example:

- types of contract and associated specific agreements involve increased risks for the Group. In a DC (Design and Construct) contract, for example, the Group assumes the design risk (as well as construction). 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 adjustments both up and down compared with the initial projection.

Projects are also fraught with opportunities and risks during execution. For example, there may be extra work, claims or unforeseen circumstances with a potential cost to the Group.

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.

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 concern the right to consideration in respect of work on projects carried out and transferred to the client. As at year-end 2022, this item amounted to €96 million (2021: €74 million). No material amounts in respect of expected credit losses have been deducted.

Work in progress liabilities concerns 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 2022, this item amounted to €221 million (2021: €185 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 2022	31 December 2021
Trade receivables	201,113	136,763
Amounts still to be invoiced on concluded projects	15,140	9,385
Receivables from joint operations	9,383	8,764
Prepayments	5,847	8,005
Other receivables	7,884	15,649
Total trade and other receivables	239,367	178,566

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 2022, a provision of €0.6 million was formed for impairment of trade receivables (2021: €4.1 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 2022	31 December 2021
Bank balances	230,539	207,119
Cash in hand	0	0
Funds in blocked accounts	6,473	2,448
Total cash and cash equivalents	237,012	209,567

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, €30 million (2021: €30 million) is held by joint ventures. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

The funds in blocked accounts, €6 million (2021: €2 million) mainly relate to the obligatory G accounts (guarantee accounts) under 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>	2022	2021
Outstanding at 1 January	22,760	21,933
Shares issued in May 2022/ 2021	793	827
Outstanding at 31 December	23,553	22,760

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

Earnings after tax per weighted average share in 2022 amounted to €2.57 (2021: €2.24). 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 2022.

Result attributable to holders of ordinary shares (all operations)

x € 1,000

	2022	2021
Result attributable to holders of ordinary shares after tax	59,580	50,299

Weighted average number of ordinary shares

<i>In thousands of shares</i>	2022	2021
Ordinary shares outstanding on 1 January	22,760	21,933
Effect of share issue in May 2022/ 2021	463	482
Weighted average number of ordinary shares at 31 December	23,223	22,415

Diluted weighted average number of shares

<i>In thousands of shares</i>	2022	2021
Weighted average number of ordinary shares at 31 December	23,223	22,415
Dilution effect related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan.	26	26
Weighted average number of ordinary shares at 31 December after dilution effects	23,249	22,441

The calculation of earnings after tax per ordinary share in 2022 is based on the weighted average number of ordinary shares during the year, which was 23,223 thousand. The calculation of diluted earnings after tax per ordinary share takes account of the dilution related to the award of 26,000 deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.29).

Dividend distributed per ordinary share in the financial year

A dividend of €0.88 per share was paid in 2022 (2021: €0.73).

6.22 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is shown below:

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

x € 1,000

31 December 2021	Non-current portion	Current portion	Total
Cumulative financing preference shares B	28,265	2,483	30,748
Syndicated bank financing	-	-	-
Project financing	9,873	1,690	11,563
Other non-current liabilities	2,880	-	2,880
Current account overdrafts with credit institutions	-	-	0
Total liabilities	41,018	4,173	45,191

6.22a Cumulative financing preference shares B

In 2022, Heijmans redeemed the class B cumulative financing preference shares, with an outstanding amount of €31 million as at 31 December 2021, in phases. On 14 April, Heijmans redeemed €15 million based on the redemption agreements linked to the appropriation of profit in the previous financial year. Based on Heijmans' strong balance sheet ratios and for the purposes of a more efficient allocation of capital, Heijmans then proceeded on 28 April (with the announcement of the first quarter figures) with the voluntary, penalty-free redemption of the remaining share premium reserve amounting to €16 million. The buy-back and cancellation of the class B financing cumulative preference shares required the approval of the General Meeting of Shareholders, which was granted on 12 July 2022. On 13 July 2022, the class B cumulative financing preference shares were fully redeemed via the payment of the nominal value and all remaining interest obligations were settled. The shares concerned were subsequently cancelled, terminating the financing structure.

6.22b Syndicated bank financing

The syndicated bank facility amounted to €117.5 million as at year-end 2022. This amount is fully committed up to and including 31 December 2025 and is made up of an overdraft facility of €20 million with ING and a revolving credit facility of €97.5 million granted equally by ABN AMRO, ING and Rabobank. The facility was renewed early in April 2021 and the following terms and conditions were changed:

- The total commitments have been lowered slightly from €121.4 million to €117.5 million, with €20 million of this in the form of an overdraft facility;
- The term has been extended to 31 December 2025, subject to an extension option to the end of 2026;
- The interest rate margin has been lowered and from now on will be linked to the outcome of the leverage ratio. This was previously linked to the outcome of the average leverage ratio, which is no longer applicable. The facility is subject to a margin grid of 170 – 270 basis points. If the leverage ratio is less than 0.5 (as was the case throughout 2022), the lowest step in the grid will apply. Consequently, a reduction in margin of 225 basis points to 170 basis points has been created. It should be noted that as long as Heijmans does not draw on the facility, it will only pay a commitment fee;
- 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; Three of the four criteria had been achieved by the end of 2022, meaning that the maximum malus of five basis points was obtained and the applicable margin was set at 165 basis points at the start of 2023. The target that was not achieved in 2022 was the CO₂ reduction of Heijmans as a whole;

- With respect to machinery/equipment, intellectual property rights and brand names, the established security will be released, which will improve Heijmans' operational flexibility. The other security, including the pledge of receivables, the 100%-owned bank accounts and several existing mortgages on land holdings will remain in place in favour of the financiers.

Established securities on land holdings

For several existing land holdings with a carrying amount of €23.9 million at year-end 2022 these securities also remain in place in favour of the financiers.

6.22c Bank covenants related to the syndicated facility

The syndicated facility is subject to financial covenants which have been amended as shown in the table below. If these financial covenants are not met, the facility is in default. The financial covenants will from now on be measured on the basis of the reported figures, taking into account IFRS 15 and IFRS 16, to improve the alignment of the covenants with the reported figures. The covenants will still be adjusted for IFRS 11, which means that Heijmans will not use the equity method for joint ventures but will instead apply proportionate recognition.

The solvency ratio is measured at the end of each year and 21% is required. This is the solvency ratio reported in the financial statements using capital base, which comprises equity plus the cumulative financing preference shares B. An interest cover ratio also applies, calculated at the end of each quarter and a minimum value of 5 applies. In addition, a leverage ratio is also calculated each quarter and it must not exceed 3. The interest cover ratio is calculated as EBITDA divided by net interest expense. The leverage ratio is obtained by dividing net debt by EBITDA (earnings before interest, tax, depreciation and amortisation). The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. The main adjustments compared with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and a decrease in respect of the outstanding amount of the cumulative financing preference shares B and certain specific project financing arrangements where there is no recourse against Heijmans. The main adjustments compared with the accounting EBITDA concern the capitalised interest, results relating to business units that have been sold off, fair value adjustments, restructuring costs and EBITDA results from joint ventures. The main adjustments to the reported net interest expense concern the exclusion of interest expense on non-recourse project financing and the coupon on cumulative financing preference shares B. Heijmans operated within the agreed covenants throughout the year.

Satisfying the covenants is actively monitored within Heijmans. Based on the 2023 business plan and its solid financial starting position at year-end 2022, the Group expects to be able to continue operating comfortably within the covenants in the year ahead, the key parameters here being the development in EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, behind which lie seasonal effects and fluctuations due to 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. The cash position and, if necessary, the syndicated loan, which was not drawn on at all in 2022, are available to fund fluctuations in working capital.

Amounts x €1 million		2022	2021
	Note		
Interest-bearing debt	6.22	13.9	45.2
Lease liabilities (IFRS 16 Leases)	3.	72.2	73.7
Cash and cash equivalents	6.19	-237.0	-209.6
Net debt		-150.9	-90.7
Adjustments for:			
Net debt of joint ventures		8.7	8.2
Non-recourse net debt for project financing		-23.6	-33.6
Cumulative financing preference shares B	6.22	0.0	-30.7
Other		6.5	2.4
Covenant net debt (A)		-159.2	-144.4
Reported EBITDA	6.1	109.7	89.0
EBITDA of joint ventures	6.1	8.7	11.5
Exceptional items	6.1	8.0	5.9
Underlying EBITDA		126.4	106.4
Adjustments for:			
Capitalised interest	6.7	1.7	1.5
EBITDA for project with non-recourse financing		-1.1	-0.7
Other		-0.8	0.3
Covenant EBITDA (B) - Interest Cover		126.2	107.5
EBITDA attributable to disposals		0.0	-
Covenant EBITDA (C) - leverage Ratio		126.6	107.5
Net interest expense		4.9	5.3
Adjustments for:			
Capitalised interest		1.7	1.5
Joint venture net interest expense		-0.4	0.2
Non-recourse project financing interest expense		-0.7	-0.8
Interest on cumulative financing preference shares B	6.22	-0.7	-2.5
Other		-2.4	-0.5
Net covenant interest expense (D)		2.4	3.2
Equity	2.	317	267.6
Cumulative financing preference shares B	6.22	0	30.7
Capital base (E)		317	298.3
Total assets covenants (F)	3.	1,083.4	991.4
Leverage ratio (A/C) <3		-1.3	-1.3
Interest cover ratio (B/D) >5 (if interest charges are negative, then not applicable)		52.4	33.3
Solvency ratio (E/F) >21%		29.3%	30.1%

6.22d Project financing

Project financing arrangements have been entered into in connection with specific real estate and other projects. This item also includes 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. Heijmans N.V. has not guaranteed repayment of principal and/or payment of interest for this project financing in 2022 or 2021.

6.22e Other liabilities

The other liabilities concern financing arrangements provided by related parties in a number of specific land holdings. As security for these financing arrangements, amounting to €2.2 million (2021: €2,9 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

6.22f Average interest rate

	2022	2021
Cumulative financing preference shares B	7.1%	7.2%
Syndicated bank financing*	-	-
Project financing	1.1%	0.2%
Other bank financing	-	-
Other non-current liabilities	2.3%	2.5%

* * The disclosed percentage is exclusive of amortised refinancing costs and fees.

6.22g Movements in interest-bearing liabilities

The movements in the interest-bearing liabilities were as follows:

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

x € 1,000

	Net amount at 31 December 2020	Borrowed	Redeemed	Net amount at 31 December 2021
Cumulative financing preference shares B	41,848	-	-11,100	30,748
Syndicated bank financing	0	-	-	0
Project financing	12,035	1,218	-1,690	11,563
Other non-current liabilities	2,880	-	-	2,880
Current account overdrafts with credit institutions	3	-	-3	0
Total	56,766	1,218	-12,793	45,191

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 relating to defined-benefit rights and long-service payments	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	230,241	248,486	205,145	232,120	25,096	16,366
Recognised in profit or loss						
Service cost	393	300	-	-	393	300
Interest expense/income	1,920	854	1,715	797	205	57
Actuarial result on long-service payment liabilities	-992	1,668	-	-	-992	1,668
Administrative and other expenses	-	-	-129	-52	129	52
Recognised in other comprehensive income						
Actuarial result, experience	485	-3,012	293	-3,630	192	618
Actuarial result, life expectancy	1,490	-	1,187	-	303	-
Actuarial result, indexing	11,031	9,384	-	-	11,031	9,384
Actuarial result, discount rate	-71,172	-18,067	-59,704	-15,534	-11,468	-2,533
Contributions and benefits						
Employer contributions	-	-	1,805	816	-1,805	-816
Pension and long-service payments	-9,591	-9,372	-9,591	-9,372	-	-
Total at 31 December	163,805	230,241	140,721	205,145	23,084	25,096

The pension and long-service payments in 2023 will amount to approximately €10 million. 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 2022	31 December 2021
Non-current employee benefits	10,997	24,496
Current employee benefits	12,087	600
	23,084	25,096

Liability for defined-benefit plans in the Netherlands

Insured plans

As at year-end 2022, 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 12 years.

For three insured plans, there is no longer any obligation to make inflation increases. These plans ceased to be included in the pension liabilities as at year-end 2020, and were accounted for as settled in 2020, without any impact on the result. The Group does, however, continue to have a limited risk exposure with respect to these three plans in the event of value transfers (however, these risks are not expected to be material and so have not been recognised).

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 131.5% at year-end 2022 (year-end 2021: 119.3%). The Group has a share of approximately 2% (2021: 2%) of the total number of members of this fund. The policy funding ratio for the Engineering, Mechanical and Electrical Contracting Sector stood at 108.1% at year-end 2022 (year-end 2021: 100.8 %). The Group has a share of approximately 0.5% (2021: 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

	2022	2021
Service cost	-393	-300
Interest expense	-1,920	-854
Interest income	1,715	797
	-598	-357
Administrative and other expenses	-129	-52
Actuarial result on long-service payment liabilities	992	-1,668
Total expense for defined-benefit plans and long-service payments	265	-2,077

The principal actuarial assumptions as at year-end are:

	31 December 2022	31 December 2021
Discount rate	3.60%	0.85%
Future wage inflation	5.06% for 2023. 2.25% for 2024 and later years.	2.25%
Future pay increases	0-1.5%	0-1.5%
Future annual increase	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.	0-1.50%
Staff turnover	3.5-12.5%	3.5-12.5%
Life expectancy	Projection table AG 2022 0/0	Projection table AG 2020 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 annual increase is based on the increase that is expected to be granted by the industry-wide pension fund for the Construction Industry (Bpf Bouw). The calculation for 2023 for schemes that exactly follow the indexation of Bpf Bouw uses indexation of 15.44% since this is the indexation that Bpf Bouw will actually apply in 2023.

Financing liability for defined-benefit plans and long-service payments

x € 1,000

	31 December 2022	31 December 2021
Fully funded defined-benefit plans	157,691	223,090
Long-service payments (unfunded)	6,114	7,151
Liability for defined-benefit plans and long-service payments at 31 December	163,805	230,241

As in 2021, 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	2022		2021	
	Increase	Decrease	Increase	Decrease
Change of 0.5%-points in the discount rate	-9.4	10.4	-16.4	18.4
Change of 0.25%-points in wage and price inflation and rate of annual increase-	5.2	-2.2	9.0	-3.6
Change of 1 year in life expectancy	6.7	-6.8	11.6	-11.5

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 expects to contribute approximately in €12 million to its defined pension plans in 2023 and approximately €40 million to defined contribution plans (including the above industry-wide pension funds). The amount for the defined pension plans includes contributions for indexation that are higher than in previous years resulting from the decisions of the industry-wide pension fund for the Construction Industry (Bpf Bouw) to apply indexation of 15.44% given its high funding ratio. The additional contributions for later years are expected to be in line with previous years (some €40 million in total) depending in part 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 2021	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2022
Wintrack II	34,000	-19,000	0	0	15,000
Work in progress losses	11,543	625	11,540	-8,138	15,570
Warranty obligations	32,315	-2,382	9,760	-7,055	32,638
Restructuring costs	1,316	-292	1,813	-1,896	941
Environmental risks	2,587	0	243	0	2,830
Provision for loss-making interests	2,843	-2,477	0	0	366
Other provisions	1,655	0	488	36	2,179
Total provisions	86,259	-23,526	23,844	-17,053	69,524

Ageing of provisions

x € 1,000

	31 December 2022	31 December 2021
Non-current portion	45,106	64,303
Current portion	24,418	21,956
Total	69,524	86,259

Wintrack II

For further details of the provision for Wintrack II, see note 6.30 Management estimates and judgements.

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 2023.

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

The other provisions as at year-end 2022 were largely made up of a provision for year-two sick pay.

6.25 Trade and other payables

x € 1,000

	31 December 2022	31 December 2021
Suppliers and subcontractors	176,014	129,845
Invoices due for work in progress	29,731	23,866
Invoices due for work completed	46,475	45,785
Pension obligations	593	760
Staff costs payable	25,649	24,978
VAT payable	46,896	45,125
Wage tax and social security contributions payable	17,799	16,127
Administrative expenses and costs of sales payable	11,092	6,000
Interest payable	131	2,999
Payables to partnerships	4,259	9,266
Other liabilities	6,533	3,928
Total trade and other payables	365,172	308,679

The trade and other payables are predominantly of a short-term nature.

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 2022	31 December 2021
Loans granted to joint ventures	9,764	21,392
Cash and cash equivalents	237,012	209,567
Work in progress assets	95,645	74,492
Trade and other receivables	239,367	178,566
Total	581,788	484,017

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 2022	31 December 2021
< 30 days	18,104	3,992
30-60 days	1,758	659
60-90 days	1,543	226
> 90 days - ≤ 1 year	528	242
> 1 years	2,658	4,100
Total	24,591	9,219

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables at year-end 2022 was €201 million (2021: €137 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

	2022	2021
Balance at 1 January	4,121	4,227
Additions	117	64
Withdrawals	-244	0
Release	-3,382	-170
Balance at 31 December	612	4,121

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 3-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 the end of 2021, Heijmans has access to the following facilities:

- €117.5 million committed syndicated bank financing, €20 million of which is in the form of a committed overdraft facility linked to a cash pool;
- project financing 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 2022, the bank guarantee facilities totalled €273 million (2021: €243 million) provided by a total of 9 parties. The overall amount of the facilities was increased somewhat in 2022 since its use had risen to €118 million at year-end 2022. Almost €1 million was for guarantees relating to the international activities that were disposed of in 2017, with the rest exclusively concerning 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 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

x € 1,000

31 December 2021	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
	0	0	0	0	0	0	0
Cumulative financing preference shares B	-30,748	-37,657	-2,475	-	-2,217	-2,217	-30,748
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-11,563	-11,598	-3	-3	-6	-5,083	-6,503
Other non-current liabilities	-2,880	-3,226	-72	-	-72	-3,082	-
Current account overdrafts with credit institutions	-	-	-	-	-	-	-
Trade and other payables	-308,679	-308,679	-308,679	-	-	-	-
Total	-353,870	-361,160	-311,229	-3	-2,295	-10,382	-37,251

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 2022, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2021: none).

Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. 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 is mitigating the risk from inflation.

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. The interest rate on the cumulative financing preference shares B is reviewed every 5 years and fixed for 5 years. For the majority of the project financing arrangements, fixed interest rates are preferred, giving greater certainty with respect to results on the various projects. Where the syndicated loan is used, financing is at a floating rate. Since this involves financing of working capital, which is generally not required at the end of the year, Heijmans currently sees no benefits for fixing interest rates for longer periods. The present negative Euribor rate is another factor here. This policy is subject to constant evaluation.

If the interest rate for 2022 had been 2 percentage points higher on average, the result before tax based on the average level of debt (including the credit balance at the bank) would have been approximately €4.4 million higher (2021: approximately €3.9 million higher). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been €3.3 million higher (2021: €2.9 million higher).

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 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

31 December 2021			0-6	6-12	1-2	2-5	> 5
	Note	Total	months	months	years	years	years
Loans granted	6.14	21,392	11,285	600	-	-	9,507
Cash and cash equivalents	6.19	209,567	209,567	-	-	-	-
Cumulative financing preference shares B	6.22	-30,748	-	-	-	-30,748	-
Syndicated bank financing	6.22	-	-	-	-	-	-
Project financing	6.22	-11,563	-5,065	-	-	-	-6,498
Other non-current liabilities	6.22	-2,880	-	-	-	-2,880	-
Current account overdrafts with credit institutions	6.22	-	-	-	-	-	-
Total		185,768	215,787	600	0	-33,628	3,009

As at the closing date, 57% (2021: 86%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 43% (2021: 14%) at a floating rate. 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 floating rate interest debt is offset by items such as cash and cash equivalents which are also subject to floating rate interest, which was negative throughout the reporting period.

The average weighted term to maturity of the project financing is 3.3 years (2021: 4.5 years).

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, purchases 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 2022		31 December 2021	
			Carrying amount	Fair value	Carrying amount	Fair value
Loans granted	6.14	2	9,764	9,393	21,392	22,463
Trade and other receivables	6.18	*	239,367	239,367	178,566	178,566
Cash and cash equivalents	6.19	*	237,012	237,012	209,567	209,567
Current account overdrafts with credit institutions	6.22	*	0	0	-	-
Cumulative financing preference shares B	6.22	2	0	0	-30,748	-33,403
Syndicated bank financing	6.22	2	0	0	-	-
Project financing	6.22	2	-11,739	-11,104	-11,563	-11,390
Other non-current liabilities	6.22	2	-2,221	-2,096	-2,880	-3,088
Trade and other payables	6.25	*	-365,172	-365,172	-308,679	-308,679
Net loans and receivables			107,011	107,400	55,655	54,036

* * 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 2022, plus the relevant risk markup.

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 the limits of the covenants. This concerns the leverage ratio, being net interest-bearing debt after deduction of non-recourse finance divided by EBITDA not exceeding 3 and an interest cover ratio of at least 5 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 2022	31 December 2021
Contractual commitments for:		
- acquisition of property, plant and equipment	8,093	6,627
- acquisition of land	6,366	1,219
	14,459	7,846

Contractual commitments for acquisition of property, plant and equipment of €8.0 million concern plant (mainly electrical equipment) for Heijmans Infra.

There are no Group guarantees for the capital expenditure commitments (2021: none).

In general, the contractual commitments to purchase land will materialise in 1 to 10 years.

No investment commitments have been entered into by joint operations in which Heijmans participates (2021: none).

6.27a Contractual commitments joint ventures

The joint ventures in which Heijmans participates have undertaken investment commitments of €26 million (2021: €19 million), this amount being Heijmans' portion. This mainly concerns the acquisition of land for the construction of housing projects 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 2022	31 December 2021
Bank guarantees relating to:		
Execution of projects	112,803	91,193
Tenders	138	213
Other	5,458	1,276
	118,399	92,682
Group guarantees relating to:		
Execution of projects	254,922	290,859
Credit and bank guarantee facilities	9,851	19,158
	264,773	310,017
Total	383,172	402,699

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 €10 million (2021: €19 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 €38 million (2021: €41 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 as at year-end 2022 amount to €19 million (2021: €16 million) and those with a limited cash impact €32 million (2021: €60 million), making a total of €51 million (2021: €76 million). Of the total amount, €3 million (2021: €1 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued in respect of this in 2022 (2021: none).

6.28a Contingent liabilities joint ventures

At year-end 2022, the joint ventures in which Heijmans participates had no contingent liabilities with significant cash impact (2021: none) but had contingent liabilities with a limited cash impact amounting to €10 million (2021: €11 million), making a total of €10 million (2021: €11 million). This relates mainly 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:

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

2021					
Business segments	Property Development	Building & Technology	Infra	Eliminations	Total
In € million					
Revenue	28.8	34.1	35.0	-23.1	74.8
Costs	-24.4	-31.8	-33.1	22.9	-66.4
Non-current assets	0.0	0.0	0.7	-	0.7
Current assets	36.8	19.0	29.7	-	85.5
Total assets	36.8	19.0	30.4	0.0	86.2
Non-current liabilities	6.5	0.6	0.4	0.0	7.5
Current liabilities	9.5	11.1	33.8	-	54.4
Total liabilities	16.0	11.7	34.2	0.0	61.9
Equity	20.8	7.3	-3.8	0.0	24.3

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 2022, the members of the Supervisory Board owned a total of 14,079 depositary receipts for Heijmans shares (2021: 13,158). Mr Vollebregt holds 14,079 shares (2021: 13,158). 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 2022 and 2021 were as follows:

in €	2022	2021
Sj.S. Vollebregt- chairman [*]	64,044	62,360
R. Icke RA ^{**}	16,029	55,085
Mr M.M. Jonk ^{***}	58,351	55,085
J.W.M. Knape-Vosmer MBA ^{****}	48,034	49,226
G.A. Witzel ^{*****}	-	44,344
Drs. A.E. Traas RA ^{*****}	50,614	47,810
A.S. Castelein ^{*****}	24,017	-
Total	261,089	313,910

¹ * Supervisory Director since 15 April 2015 and Chairman since 13 April 2016

² ** Supervisory Director since 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 15 April 2020 to 12 November 2021

⁶ ***** Supervisory Director since 14 April 2021. In 2021, the recognised amount included remuneration of €11,953 in respect of the induction period from January to mid-April 2021.

⁷ ***** 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 2021 and 2022 and the amounts payable in 2023 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 2023	Paid in 2022	Paid in 2021	Payable in 2023	Paid in 2022	Paid in 2021	Payable in 2023	Paid in 2022	Paid in 2021
A.G.J. Hillen	566,667	566,667	550,000	648,292	658,309	606,534	1,214,959	1,224,976	1,156,534
G.M.P.A. van Boekel	425,000	425,000	141,667	449,305	129,721	150,000	874,305	554,721	291,667
J.G. Janssen	-	-	123,958	-	70,895	515,554	-	70,895	639,512
Total	991,667	991,667	815,625	1,097,597	858,925	1,272,088	2,089,264	1,850,592	2,087,713

The variable remuneration payable in 2023 includes the long-term variable remuneration for the period 2020-2022 (see below). The variable remuneration paid to Mr. van Boekel in 2021 related to the sum granted on joining (see the Remuneration Report in the annual report for further details).

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:

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
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
A.G.J. Hillen*	566,667	550,000	320,167	314,559	347,570	352,083	241,365	203,140	-	-	128,073	121,034	1,603,842	1,540,816
G.M.P.A. van Boekel**	425,000	141,667	240,125	81,023	304,257	118,899	65,000	21,667	50,000	16,667	53,576	16,767	1,137,958	396,690
J.G. Janssen***	-	123,958	-	70,895	-	-	-	25,667	-	-	-	16,591	-	237,111
Total	991,667	815,625	560,292	466,477	651,827	470,982	306,365	250,474	50,000	16,667	181,649	154,392	2,741,800	2,174,617

* * 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.

*** *** Member of the Executive Board from 30 October 2017 to 15 April 2021

The members of the Executive Board were awarded a short-term variable bonus for 2022 of 58% of the basic salary due to the targets achieved in 2022. For the period 2020-2022, long-term variable remuneration of 63% of basic pay was awarded, following achievement of the targets for this period. For more information, refer to the remuneration report in the directors' report.

Heijmans has reserved €443,056 for variable remuneration for the members of the Executive Board relating to the periods 2021-2023 and 2022-2024 (2021: €328,534 for the periods 2020-2022 and 2021-2023); € 277,778 has been reserved for Mr Hillen (2021: €258,333) and €165,278 for Mr van Boekel (2021: €70,201).

When he joined, 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 time proportion basis during the period before 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 2019, Mr Hillen and Mr Janssen, exercising 30% and 23%, respectively, of the short-term bonus awards for 2018, purchased 7,500 and 5,000 depositary receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional depositary receipt was granted for each share acquired. Mr Hillen's shares become vested after three years. In April 2022, the Group repurchased 7,500 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 time-weighted 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 2022, Heijmans recognised an amount of €8,292 (2021 €24,875) as a charge related to the shares granted in April 2019.

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. 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 become vested after three 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 time-weighted 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 2022, Heijmans recognised an amount of €24,570 (2021: €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 conditionally granted depositary receipts for shares become vested after three years. In the statement of profit or loss for 2022, Heijmans recognised an amount of €25,117 (2021: 16,744) 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 2022, Heijmans recognised an amount of €20,272 (2021: nil) as a charge related to the shares granted in April 2022.

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 receives an annual compensation of € 38,532 (2021: €37,410), adjusted for possible collective labour agreement salary increases, for the lapse of the early retirement pension scheme. Mr Hillen also received compensation of €129,667 in 2022 (2021: €95,014) for the loss of pension accrual on his salary over and above €114,866, plus a compensation of €50,232 (2021: €50,232) for the loss of the indexation in the Delta Lloyd average salary scheme. Mr Van Boekel received a fixed fee, before pension contributions, of €65,000 in 2022 (2021: €21,667). Mr Janssen received a fixed fee, before pension contributions, of nil in 2021 (2021: €25,667).

The pension charge is calculated in accordance with accounting policy 23.

As at year-end 2022, the members of the Executive Board owned a total of 52,971 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 2022 is as shown below:

Shares owned on 31 December

In numbers of shares	2022
A.G.J. A.G.J. Hillen - Chairman	65,771
G.M.P.A. van Boekel	1,500
Total	67,271

Remuneration of former members of the Executive Board

€23,745 has been recognised in the statement of profit or loss for 2022 (2021: €23,745) in respect of the fees that Mr Janssen received for his work as an adviser in the period 16 up to and including 30 April 2021.

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 much 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 2022, the Group succeeded in passing on higher purchase prices largely through arrangements on indexation to the selling prices of our products and services.

Since the Group had a net cash position during the year, higher interest rates had a positive effect on net interest income and expense.

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, there is only a very limited risk of a future write-down as a result of further interest rate increases.

The effects of macro-economic developments are being constantly monitored by the Executive Board. 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.

Nitrogen problem (PAS)

The nitrogen problem had only a limited effect on the Group's financial results in 2022. 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 manufacturing facility (Industrial-scale building). There is also 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 material 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 such 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 them.

Right-of-use assets

There is a limited impact of climate-related risks on the measurement because of 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 mainly concerns 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.

A higher estimation uncertainty applies in the case of the Wintrack II project. These contracts, with an agreed price of €250 million, concerned the construction of pylons on two new high-voltage transmission lines, Eemshaven-Vierverlaten and Borssele-Rilland, to be carried out by the Heijmans Europoles B.V. consortium. In early September 2018, the client, TenneT, dissolved ('ontbonden') or alternatively terminated ('opgezegd') the agreements. The various parties have filed considerable claims and counterclaims with regard to the agreed price.

On 3 May 2021, the Arbitration Board ruled that TenneT lawfully had dissolved the contracts out of court. In accordance with the ruling, in 2021 Heijmans for prudence formed a provision of €34 million charged to the result for 2021.

The final ruling on 7 April 2022 brought the proceedings in the first instance to a close. As announced in 2021, Heijmans Euro poles B.V. lodged an appeal against the ruling of 3 May 2021, in which the arbitrators ruled that TenneT had lawfully dissolved the Wintrack contracts out of court. The appeal was postponed at the time pending the final ruling.

The final ruling of 7 April 2022 was based on the interlocutory ruling issued on 3 May 2021, in the sense that the question of whether the contracts had been lawfully dissolved out of court was not raised again. In their ruling of 7 April 2022, the arbitrators determined - in brief - that TenneT must still pay Heijmans Euro poles B.V. a portion of the unpaid work and that Heijmans Euro poles B.V. was not required to repay any instalments. The arbitrators rejected the advance payment of compensation claimed by TenneT.

The appeal proceedings are now continuing. The arbitrators' ruling to the effect that TenneT lawfully dissolved the contracts out of court will be raised again. The remainder of the case could still take several years. The arbitrators have stipulated that the appeal must first be completed before any damages can be determined in a damages assessment procedure.

On the basis of the ruling of 7 April 2022, Heijmans released an amount of €19 million from the aforementioned provision and included this in the results for 2022, and a provision of €15 million remains at 31 December 2022. The portion of the unpaid work for which TenneT paid Heijmans Euro poles B.V. as a result of the judgment of 7 April 2022 had a limited impact on the results for 2022. Otherwise, Heijmans has not recognised the claims of Heijmans Euro poles B.V. against TenneT. If, ultimately, the ruling is adverse, and after completion of the appeal and the pending damages assessment procedure, this could lead to a considerable outflow of resources (in addition to the €15 million already set aside).

The consortium, supported by in-house and external lawyers, has lodged an appeal against the ruling and remains confident of a favourable outcome.

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 2023 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). These additional contributions are expected to be some €12 million in 2023 since the Pension Fund for the Construction Industry has decided to index the pensions by 15.44% given its improved funding ratio. It is possible that further contributions will be required in the years after 2023.

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'.

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. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1,000

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	-	-	1829
Other audit engagements	123	-	11	134
Tax consultancy services	-	-	-	0
Other non-audit services	13	-	-	13
	1,965	0	11	1,976

2021

	Ernst & Young Accountants LLP	Other EY network firms in the Netherlands	Other EY network firms	Total EY
Examination of the financial statements	1,727	-	-	1727
Other audit engagements	113	-	10	123
Tax consultancy services	-	-	-	0
Other non-audit services	35	-	-	35
	1,875	0	10	1,885

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 directors' report, in particular agreed activities with respect to the 'Compliance Certificate' for the banking group and various specific declarations concerning revenue, key figures and projects. The costs relating 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 have occurred that would have an effect on these financial statements.

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2022. 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 2022	31 December 2021
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%
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%	0%
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 2022 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

	2022	2021
Administrative expenses	-3,309	-2,769
Operating result	-3,309	-2,769
Finance income	211	67
Finance expense	-2,280	-4,340
Result before tax	-5,378	-7,042
Income tax	4,425	7,098
Share in profit or loss of investees	60,533	50,243
Result after tax	59,580	50,299

The effective tax rate for 2022 is 82.3% negative (2021: 100.8% negative), significantly lower than the nominal rate of 25.8%. This is almost entirely because in 2022 Heijmans NV, as the parent of the tax group for corporate income tax, recognised in full the remaining, previously unrecognised, tax group losses of €4.4 million in 2022.

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 2022 (2021: 4).

8.4 Company statement of financial position at 31 December 2022 (before appropriation of result)

x € 1,000

	31 December 2022	31 December 2021
Assets		
Non-current assets		
Intangible assets	21,207	21,207
Financial assets	605,469	562,880
	626,676	584,087
Current assets		
Receivables	1,530	87
Cash and cash equivalents	33,777	74,283
	35,307	74,370
Total assets	661,983	658,457
Equity and liabilities		
Equity		
Issued capital	7,066	6,828
Share premium reserve	266,739	257,018
Statutory reserve for investees	19,259	29,859
Reserve for actuarial results	-60,258	-60,214
Reserve for Bonus Investment Share Matching Plan	310	340
Retained earnings	24,324	-16,545
Result after tax for the current financial year	59,580	50,299
	317,020	267,585
Non-current liabilities	0	28,265
Current liabilities	344,963	362,607
Total equity and liabilities	661,983	658,457

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)

x € 1,000

	2022	2021
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

	2022	2021
Investments in Group companies	92,990	37,972
Loans granted to group companies	491,752	499,399
Deferred tax asset	20,727	25,509
Total financial assets	605,469	562,880

With effect from 2022, loans to group companies are being presented in financial assets in view of their long-term nature (the comparative figures for 2021 have been restated accordingly).

Investments in Group companies

x € 1,000

	2022	2021
Balance at 1 January	32,501	-13,163
Share in results of investees after tax	60,533	50,243
Changes in cash flow hedges	0	0
Changes in actuarial results relating to employee benefits	-44	-4,579
Balance at 31 December	92,990	32,501
Set off against receivables from Group companies	0	-5,471
Recognised under financial assets	92,990	37,972

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.

Loans granted to group companies

x € 1,000

	31 December 2022	31 December 2021
Balance at 1 January	499,399	495,559
Loans granted	36,321	71,452
Loans repaid	-43,968	-67,612
Balance at 31 December	491,752	499,399

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

	2022	2021
Balance at 1 January	25,509	31,718
Effect of changes in the tax rate	0	791
Prior-year adjustment	-23	1,434
Charge for the financial year	-9,183	-13,012
Recognition of previously unrecognised losses	4,424	11,421
Impact of new loss relief rules	0	-6,843
Balance at 31 December	20,727	25,509

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 which have not yet been utilised.

Cash and cash equivalents

Cash balances are at the free disposal of the Company.

Equity

2022	Issued capital	Share premium reserve	Statutory reserve for investees	Hedging 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	6,828	257,018	29,859	0	-60,214	340	-16,545	50,299	267,585
Share issue	0	0	0	0	0	0	0	0	0
Dividend payments	238	9,721	0	0	0	0	-20,030	0	-10,071
Reclassification	0	0	-10,600	0	0	0	10,600	0	0
Bonus Investment Share Matching Plan	0	0	0	0	0	-30	0	0	-30
Appropriation of result for 2021	0	0	0	0	0	0	50,299	-50,299	0
Comprehensive income	0	0	0	0	-44	0	0	59,580	59,536
Balance at 31 December	7,066	266,739	19,259	0	-60,258	310	24,324	59,580	317,020

2021	Issued capital	Share premium reserve	Statutory reserve for investees	Hedging 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	6,580	245,773	43,859	0	-55,635	344	-54,660	40,148	226,409
Share issue	67	3,027	0	0	0	0	0	0	3,094
Dividend payments	181	8,218	0	0	0	0	-16,033	0	-7,634
Reclassification	0	0	-14,000	0	0	0	14,000	0	0
Bonus Investment Share Matching Plan	0	0	0	0	0	-4	0	0	-4
Appropriation of result for 2020	0	0	0	0	0	0	40,148	-40,148	0
Comprehensive income	0	0	0	0	-4,579	0	0	50,299	45,720
Balance at 31 December	6,828	257,018	29,859	0	-60,214	340	-16,545	50,299	267,585

Authorised share capital

Composition of the authorised share capital is as follows:

in €	31 December 2022	31 December 2021
35,100,000 ordinary shares, each with a nominal value of €0.30	10,530,000	10,530,000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1,470,000	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 2022, the number of ordinary shares issued was 23,552,926 (2021: 22,760,479). All the outstanding shares are paid up, which represents a value of €7,065,877.80 (at €0.30 per share) (2021: 6,828,143.70 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 7 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.

Refer to section 6.22 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares B.

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.

Hedging reserve

The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred. 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 the report.

Payables

x € 1,000

	31 December 2022	31 December 2021
Non-current liabilities		
Financing preference shares	0	28,265
Syndicated bank financing	0	0
	0	28,265
Current liabilities		
Group companies	344,481	357,464
Dividend payable on financing preference shares	0	2,483
Financing preference shares	0	2,483
Other liabilities	482	177
	344,963	362,607

Movements in financing preference shares

x € 1,000

	2022	2021
Balance at 1 January	30,748	41,848
Redeemed	-30,748	-11,100
Balance at 31 December	0	30,748

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities

x € 1,000

	31 December 2022	31 December 2021
Bank guarantees	118,399	92,682
Group guarantees to clients	254,922	290,859
Group guarantees to credit institutions	9,851	19,158
	383,172	402,699

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 Management Gebiedsontwikkeling a/d Maas 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. and Verbree 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.

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, 17 February 2023

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

11 Appendices

11.1 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 held.

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

Heijmans N.V. maintains a dividend policy whereby, barring exceptional circumstances, the pay-out ratio amounts to 40% of the profit from ordinary business operations after tax.

11.2 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 2022 and the developments at the Company and its affiliated companies during the 2022 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 8.5);
- the above-mentioned systems provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies (see chapter 8.5 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 10 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 5.1 'Trends in the market, chapter 7.3 Financial results and chapter 8.5 Risk management).

Rosmalen, 17 February 2023

A.G.J. Hillen

G.M.P.A. van Boekel

11.3 Independent auditor's report

To: the shareholders and Supervisory Board of Heijmans N.V.

Report on the audit of the 2022 financial statements included in the annual report

Our opinion

We have audited the financial statements for the year ending on 31 December 2022 of 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 Heijmans N.V. as at 31 December 2022, and of its result and its cash flows in 2022 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 Heijmans N.V. as at 31 December 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated financial position as at 31 December 2022
- the following statements for 2022: 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 2022
- the company statement of profit or loss for 2022
- 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 Heijmans N.V. 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 with respect 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 N.V.

Heijmans N.V. 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 start by determining the materiality and identifying and estimating 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	€ 18 million (2021: € 17.5 miljoen)
Benchmark applied	1% of the revenue for the financial year (2021: 1%)
Additional information	Based on our professional judgement, we believe an activity-based benchmark is the most appropriate basis for the determination of 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 when 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 € 900,000 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 N.V. 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'). Due to our centralised approach to and management of the audit, the team operates as an integrated whole. In cases where we used the work of other 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 valuation of goodwill, as well as the valuation of the provision related to the Wintrack legal proceedings.

We also used an expert brought in by management for the valuation of the pension liabilities.

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 the commitments and obligations of Heijmans N.V., and reports on Heijmans' approach to climate-related risks (including nitrogen) in chapter 7.2 'Non-financial results' (section on sustainability). The appendices to the annual report also include a risks and opportunities analysis.

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 N.V., the effect is largely future-oriented (such as order book and middle to long-term prognoses). As described in note 6.30 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. The most significant risk is greatest for the valuation of the participation in AsfaltNu, since the asphalt factories may no longer be useable at a later stage without further investments in greener solutions. 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 included in the financial statements or important presumptions as per 31 December 2022.

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 N.V. and its environment and 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 outcomes. See chapter 8.5 'Risk management' of the annual report for an overview of the Executive Board's risk analysis, after weighing potential risks of fraud.

We evaluated the design and the relevant aspects of the system of internal control including, 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.

As in all of our audits, we take into consideration the risk that management can override internal control measures. Due to this risk, 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 N.V., 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 and Building & Technology.
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'.

Incorrect valuation of Wintrack legal proceedings, whether or not as a result of management overriding internal control measures

Fraud risk	When identifying and estimating fraud risks, we assume that there is a risk of the incorrect valuation of the Wintrack legal proceedings, whether as a result of management overriding internal control measures or otherwise.
Our audit approach	We refer to the key issue 'Provision related to Wintrack legal proceedings' in which we address this fraud risk and describe our audit approach.

Failure to comply with legal tender procedures (bribery) for the purpose of contract acquisition

Fraud risk 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 N.V.'s reputation and success. 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.

Our audit approach We performed audit procedures specifically focused on this fraud risk, including:

- 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 check 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.
- 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 check 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 council, 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, from 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 chapter 8.5.3 'Principal risks'.

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 have 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 maintaining professional 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, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify any serious uncertainties regarding the company's ability to continue as a going concern. If we conclude that a material uncertainty does exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in Heijmans N.V. 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 valuation of deferred tax assets as a key audit matter, as there are sufficient positive result developments and ample headroom to realise these deferred tax assets.

Valuation and recognition of work in progress

(see notes 6.3, 6.17, 6.24 and 6.30)

Risk	<p>The valuation and revenue recognition of work in progress is largely influenced 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.</p> <p>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. The above makes us identify this as a key audit issue. The risk is that the valuation and recognition of revenue in large and complex works in progress is inaccurate.</p>
Our audit approach	<p>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:</p> <ul style="list-style-type: none">• Reviewing the processes related to project acceptance, project control and reasonableness of estimates made on project deliverables. We considered the outcomes of previous estimation processes in determining our detailed work.• We made a risk-oriented 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 reviewing 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 risk reserves recognised.• Specific substantive work around cost-to-complete• We also tested whether the disclosures are adequate and provide sufficient insight into the uncertainty and choice of valuation assumptions.
Significant observations	<p>In our opinion, the principles used for the measurement of work in progress are acceptable and adequately explained. The assumptions and estimates used by management are within the acceptable range.</p>

Valuation of strategic land holdings and land in-use

(see note 6.16)

Risk	<p>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.</p> <p>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 identify this as a key audit matter.</p> <p>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.</p>
Our audit approach	<p>We performed audit procedures with respect to the reasonableness of the assumptions and estimates used, including:</p> <ul style="list-style-type: none">• We made a risk-based selection of the strategic land holdings and land-in-use• We included the outcome of previous estimation processes in the determination of our substantive procedures. We focused primarily on the assumptions 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 climate risks and the potential effects of the energy transition. We also devoted attention to the calculation models used in the valuation and the input for same.• We used own valuation specialists for the valuation of the most high-risk holdings. As part of this process, we assessed whether Heijmans' valuations fell within the bandwidth of our own independent valuation.• Evaluating whether disclosures are sufficient and provide a sufficient insight into the uncertainties and the choice of said assumptions for the valuation.
Significant observations	<p>It is our opinion that the accounting policies used for the valuation of strategic land holdings and land in-use are acceptable and adequately explained. The assumptions and estimates used by management are within the acceptable bandwidth.</p>

Provision for the Wintrack legal proceedings

(see notes 6.6, 6.24 and 6.30)

Risk The Wintrack project involved the construction of new high-voltage pylons for two routes, to be carried out by the Heijmans Eurocoles B.V. ('HEP') consortium, in which Heijmans N.V. had a 60% stake. In 2022, Heijmans N.V. acquired the remaining shares and it held a 100% stake. In early September 2018, client TenneT principally terminated the contract - with a contract sum of around €250 million - and terminated it in the alternative. The parties submitted significant reciprocal claims with respect to this contract sum. Following the interim ruling of 3 May 2021, in which the Arbitration Council concluded that TenneT had lawfully terminated the contracts out of court, Heijmans N.V. set aside a provision of € 34 million as per 31 December 2021. On 7 April 2022, the Arbitration Council issued a final award. Heijmans N.V. considers the final award to be a positive development and this resulted in the partial release of the provision in the amount of €15 million. Both Heijmans Eurocoles B.V. and TenneT have lodged appeals.

The estimate of the outflow of funds depends on various uncertainties and non-routine and subjective elements. The Executive Board prepared and substantiated this significant estimate, taking into account input from internal lawyers and an external lawyer. Due to the above, we identify this as a key audit matter.

The risk is that the valuation of the provision for the Wintrack legal proceedings is inaccurate.

Our audit approach We performed audit procedures with respect to the valuation of the provision, including the reasonableness of the assumptions and estimates used, taking into account the fraud risk described earlier of management overriding internal control measures, including:

- Forming an opinion of the case and checking the valuation of the provision, by making enquiries, as well as inspecting underlying documentation, including the agreements, litigation documents, judgments and memorandums of Heijmans N.V. and of the external lawyer engaged by the management. Among other things, we discussed the position taken with the Executive Board and in-house lawyers.
- Engaging our own legal specialists, given the complexity of the case. They supported us in reviewing the litigation documents, the memorandums of the external lawyer engaged by the Executive Board and the position taken by the Executive Board.
- Determining that the classification in the statement of profit or loss of the release of the provision and the disclosures on uncertainty and the assumptions used in the valuation are in line with EU-IFRS. We devoted specific attention to the classification in the statement of profit or loss, namely under other operating expenses (in line with the allocation in the previous financial year).

Significant observations It is our opinion that the accounting policies applied in the valuation of the Wintrack legal proceedings provision are acceptable and adequately explained. The assumptions and estimates used by management are within the acceptable bandwidth.

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 the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and 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 comply 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. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by 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 statutory audit of public-interest entities. In addition to the statutory audit of the financial statements we provided the following services:

- Various opinions on revenue statements for 2020 through 2022 (Standard 800)
- Opinion on the statement of Heijmans N.V. related to several key ratio figures for 2020 through 2022 (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 N.V. has 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 N.V., complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report, including the financial statements, in accordance with the with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

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 have been applied and whether these are 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 fraud or error.

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

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

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit also included, among other things:

- 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 overall 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

Communication

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 committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement to the effect that we have complied with relevant ethical requirements regarding independence. We also communicate with the board regarding all relationships and other matters that could reasonably be thought to influence our independence, and any related measure we have taken to safeguard our independence.

We determine the key audit matters on the basis of the matters we discussed with the Supervisory Board. We describe these matters in our auditor's report unless legal or regulatory requirements precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 17 February 2023

Ernst & Young Accountants LLP

P.W.J. Laan RA

11.4 Assurance report of the independent auditor

Assurance report of the independent auditor with a limited level of assurance on the sustainability information of Heijmans N.V.

To: the shareholders and Supervisory Board of Heijmans N.V.

Our conclusion

We have reviewed the sustainability information in the annual report for the year 2022 of Heijmans N.V. in Rosmalen. A review is aimed at obtaining a limited level of assurance.

Based on our review, we have no reason to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the events and performance on that front for the year 2022

in accordance with the Sustainability Reporting Standards as disclosed in the Reporting Criteria section.

The sustainability information consists of the following chapters of the annual report:

- 2. Profile
- 3. The Executive Board
- 5. Environmental analysis
- 6. Strategy
- 7.1 Value creation model and Sustainable Development Goals (SDGs)
- 7.2 Non-financial results
- 8.4 Conduct and integrity

Basis for our conclusion

We performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, Assurance engagements relating to sustainability reports (Assurance-opdrachten inzake maatschappelijke verslagen). We have described our responsibilities under this standard in the section 'Our responsibilities for the review of the sustainability information'.

We are independent of Heijmans N.V. 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.

Reporting criteria

The reporting 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 appendices 11.6.3, 'Reporting Methodology', and 11.6.4, '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 the appendices '11.6.3 Reporting Methodology' and '11.6.5 Global Reporting Initiative' of the annual report.

The lack of established practices for the evaluation and measurement of sustainability information offers the possibility of using various, acceptable measurement methods. This can have an impact on the comparability of entities and over time. The sustainability information should therefore be read and understood in conjunction with the reporting criteria.

Limitations to the scope of our review

The sustainability information includes forward-looking information, such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent in forward-looking information is that the actual future results are uncertain. 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.

These limitations do not affect our conclusion.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as explained in the Reporting 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 reporting criteria, and determining that these reporting 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 appendices 11.6.3, 'Reporting Methodology', and 11.6.4, '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 N.V.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the assurance engagement with a limited level of assurance in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from and are less extensive than for an engagement aimed at obtaining a reasonable level of assurance. The level of assurance obtained in a review is therefore substantially lower than the assurance obtained in an audit.

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 review included:

- performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- evaluating the appropriateness of the reporting criteria used, the consistent application of same and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board;
- gathering information to gain a broad understanding of the internal controls, reporting process and information systems for drawing up sustainability information, without acquiring assurance information on the implementation 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 this risk analysis. These additional review procedures included but were not limited to:
 - interviewing members of the management and relevant staff responsible for the sustainability strategy, policy and results;
 - 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 records of the company;
 - reviewing, on a limited test basis, relevant internal and external documentation;
 - performing an analytical review of the data and trends;
- evaluating the consistency of the sustainability information with the information in the annual report that is not included in the scope of our review;
- evaluating the overall presentation, structure and content of the sustainability information;
- weighing whether the sustainability information as a whole, including the disclosures included in same, reflects the purpose of the reporting criteria used.

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

Rotterdam, 17 February 2023
Ernst & Young Accountants LLP

R.T.H. Wortelboer RA

11.5 Heijmans N.V. 2022 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 2022. 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 2022
4. Main points of the remuneration policy for the Supervisory Board
5. Implementation of the remuneration policy for the Supervisory Board in 2022
6. Evaluation of remuneration policy and intentions for 2023
7. Advisory vote Annual General Meeting of Shareholders

1. Basic principles of the remuneration policy for the Executive Board and Supervisory Board

Heijmans has the mission of creating 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 towards increasing 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 realizing the strategy and value creation. A basic principle of the remuneration policy is that it must not evoke undesirable stimuli, such 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 identified in the Dutch Corporate Governance Code and follows those in its policy and in this report.

Following the development of the policy, the Supervisory Board each year 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 have been 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 emphasizes commitment to the company.

In addition, every director receives an expense allowance and insurance contributions. They are also provided with a lease car.

2.3 Variable remuneration

The variable remuneration in both the short and long term is paid in cash. The short and long-term remuneration each amount to 50% of the annual salary if predetermined performance objectives have been fully achieved in the relevant year. If the objectives 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 finally review every allocation of variable remuneration for reasonableness.
- The entire variable remuneration is subject to a claw-back clause which provides that an allocated variable remuneration can be reclaimed if it emerges after the fact to have been allocated 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 shares or depositary receipts for shares in Heijmans. The shares or depositary receipts for shares are blocked for three years after purchase. Provided they hold these depositary receipts for shares for three years and are still in office at the end of this period, the company will allocate one bonus depositary receipt, a so-called matching share, for every depositary receipt invested in. The matching shares are blocked for two years after allocation.

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 Knappe-Vosmer. The Remuneration Committee held six meetings in 2022, at which the usual annual items such as remuneration for the Executive Board members, the objectives 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.

In applying the Executive Board remuneration policy in 2022, the Remuneration and Appointments Committee assessed the way in which the Executive Board implemented the company's strategic, financial and sustainability objectives.

The assessment of the objectives 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 allocate a short-term as well as long-term variable remuneration to the members of the Executive Board. This allocation is further explained in Section 3.3.

3.1 Table with an overview of remuneration by component

The gross fixed and variable remuneration paid in 2021 and 2022 and the amounts to be paid in 2023 to the members of the Executive Board are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2023	Paid in 2022	Paid in 2021	Payable in 2023	Paid in 2022	Paid in 2021	Payable in 2023	Paid in 2022	Paid in 2021
A.G.J. Hillen	566,667	566,667	550,000	648,292	658,309	606,534	1,214,959	1,224,976	1,156,534
G.M.P.A. van Boekel	425,000	425,000	141,667	449,305	129,721	150,000	874,305	554,721	291,667
J.G. Janssen	-	-	123,958	-	70,895	515,554	-	70,895	639,512
Total	991,667	991,667	815,625	1,097,597	858,925	1,272,088	2,089,264	1,850,592	2,087,713

The variable remuneration to be paid in 2023 is inclusive of the 2020-2022 long-term variable remuneration. The variable remuneration paid to Mr Van Boekel in 2021 concerns the remuneration allocated on entering employment (sign-on bonus), which will become unconditional in September 2024. The long-term variable remuneration allocated to him is based on the transitional model that applies pursuant to the Remuneration Policy.

The increase of the fixed agreed salary as of April 2020 from € 500,000 gross per year to € 550,000 gross per year was suspended in consultation between the Supervisory Board and A.G.J. Hillen due to the special circumstances that existed at the time as a result of the outbreak of the Covid pandemic and the decision to withdraw the dividend proposal. The increase was granted as of April 2021 with the increase that applied to the four-year term of appointment (2020-2024) being spread over three instead of four years.

The breakdown of the expenses per member of the Executive Board is as follows:

	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	
in €	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
A.G.J. Hillen ¹	566,667	550,000	320,167	314,559	347,570	352,083	241,365	203,140	-	-	128,073	121,034	1,603,842	1,540,816
G.M.P.A. van Boekel ²	425,000	141,667	240,125	81,023	304,257	118,899	65,000	21,667	50,000	16,667	53,576	16,767	1,137,958	396,690
J.G. Janssen ³	-	123,958	-	70,895	-	-	-	25,667	-	-	-	16,591	-	237,111
Total	991,667	815,625	560,292	466,477	651,827	470,982	306,365	250,474	50,000	16,667	181,649	154,392	2,741,800	2,174,617

¹ Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012

² Member of the Executive Board since 1 September 2021

³ Member of the Executive Board from 30 October 2017 to 15 April 2021

For a more detailed explanation of the above table, see note 6.29 of the Heijmans 2022 Financial Statements.

3.2 Fixed Remuneration

In 2022, the fixed remuneration of the members of the Executive Board was not adjusted compared to 2021.

The accrual of the old-age, survivor's and orphan's pension of Ton Hillen is in accordance with the conditionally indexed average salary sectoral pension fund scheme, in which pension is accrued on the gross fixed remuneration up to € 66,337 and payment starts at the age of 67. For the portion of the salary that exceeds this amount, up to € 114,866, 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 € 114,866.

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 pension schemes for early retirement 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. For further details, please see the notes to the 2022 Financial Statements under Affiliates (6.29).

3.3 Variable remuneration

The variable remuneration acknowledges the achievement of the predetermined performance objectives over the year to which the report relates or over a period of three years. For both the short and long term, 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 objectives have been achieved and what amount is awarded on that basis.

Of the financial performance criteria, the Supervisory Board selects the most relevant 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 objectives have been achieved on the basis of a written substantiation for each objective which is submitted by the Executive Board and has been reviewed by internal audit. That substantiation could be a KPI, bold statement, a description of the state of a particular objective with illustrative examples or a combination of these. Because the information on certain objectives qualifies as business-sensitive information, a description and score for each qualitative objective is not included in this report.

3.3.1 Short-term variable remuneration (annual remuneration)

For the year 2022, the Supervisory Board has chosen the underlying EBITDA and the average net debt as the most relevant financial objectives in the short term. The target levels are included in the accompanying table, which shows that these objectives were virtually maximally achieved, resulting on balance in a pay-out on the financial objectives of 35.3% of the fixed agreed-upon annual salary.

The qualitative objectives in the short term are focused on the implementation of the Better, Smarter and more Sustainable strategy, whereby a number of specific objectives have been formulated, 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 construction, further expanding the stacked building concept, CO₂ reduction and the sale of Horizon homes.

The Supervisory Board has assessed performance in relation to the above-referenced qualitative objectives on the basis of KPIs, other statistical information and explanatory information provided by the Executive Board, among other things. The Supervisory Board noted that for a number of objectives, including number of accidents and CO₂ reduction, there was no score or the score was below target. For other objectives, such as decline in IF rate and introduction of new data-driven services, the score was actually above target. On balance, the qualitative objectives were achieved in line with the ambition.

The financial and qualitative performance achieved resulted in a total pay-out percentage of 56.5% of the fixed agreed-upon annual salary.

Short-term target	Weighting	Minimum	On target	Maximum	Realisation	Pay out % of the fixed annual salary
Underlying EBITDA incl. IFRS 16	25%	€ 95 million	€ 110 million	€ 135 million	€ 126 million	16.5%
Average net debt	25%	- € 88 million	- € 108 million	- € 148 million	- € 151 million	18.8%
Qualitative (SB opinion)	50%	Reasonable progress	In line with ambition	Well above ambition	In line with ambition	21.2%
Total	100%					56.5%

¹ Note: If the score falls between the different levels, the remuneration is calculated linearly. Underlying EBITDA includes IFRS 16. Net debt is the average of four measuring points at the end of the quarter.

3.3.2 Long-term variable remuneration (three-year remuneration)

Allocation 2020-2022

The objectives for the long-term variable remuneration for the period 2020-2022 were assessed after this period.

A single financial objective applied to 2022 for the above-referenced three-year period:

- A rolling average growth rate of 5% in the earnings per share over three years.

This objective was achieved at a maximum target level, which on balance results in a pay-out of a total of 37.5% on the financial objective.

Two aspects that together form a single objective were decisive for the allocation for the qualitative objective over the three-year period:

- A general objective that pertains to the profitable growth of the company, structural reduction of the number of accidents, further positioning of Heijmans as an innovative company and increasing diversity in terms of gender, age and cultural background.
- A strategic objective that pertains to the positioning of Heijmans Energy as an independent business unit, Matching Materials positioned with substantial trade volume, developed and applicable propositions regarding climate adaptation and biodiversity and the Business Concept Centre as cornerstone of Heijmans' innovation in digital transformation.

Based on KPIs, other numerical information and explanations by the Executive Board, among other things, the Supervisory Board has determined that all sub-objectives have been realized in line with the ambition, whereby the entire objective has been realized in line with the ambition.

On balance, the above results in a pay-out on the qualitative objectives of 28.1% of the fixed agreed-upon annual salary.

The financial and qualitative performance achieved resulted in a total pay-out percentage of 65.6% of the fixed agreed-upon annual salary.

Long-term target	Weighting	Minimum	On target	Maximum	Realisation	Pay-out % of the fixed annual salary
Earnings per share (avg. three years, rolling)	50%	n.a.	5% per annum over avg. of 3 years	n.a.	Maximum realised	37.5%
Qualitative (SB opinion)	50%	Reasonable progress	In line with ambition	Well above ambition	In line with ambition	28.1%
Total	100%					65.6%

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 maximum 50% of the short-term remuneration allocated to them to buy shares or depositary receipts for shares in Heijmans. The so-called matching shares are allocated 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.

Date of investment	Number purchased by		Date matching	Number purchased by	
	A.G.J. Hillen			G.M.P.A. van Boekel	Date matching
April 2020	13,000		April 2023	n.a.	n.a.
April 2021	5,500		April 2024	n.a.	n.a.
April 2022	5,300		April 2025	1,500	April 2025

Following the unconditional granting of the matching shares, these are then subject to a lock-up period of two years.

In April 2022, 7,500 matching shares were allocated to Ton Hillen pursuant to his purchase in April 2019. The lock-up period of these shares expires in April 2024. In April 2022 he purchased 5,300 shares or depositary receipts for shares. These shares will be matched in April 2025, provided the conditions are met. Gavin van Boekel bought 1,500 shares or depositary receipts for shares in April 2022 which, if the conditions are satisfied, will be matched in April 2025.

3.5 Remuneration ratios and result trends

The table below shows the data in accordance with Article 2:135b(3)(e) Dutch Civil Code.

In €		2022	2021	2020	2019	2018
	Underlying EBITDA (incl. IFRS 16)	€ 126 million	€ 107 million	€ 85 million	€ 78 million	
	Underlying EBITDA (excl. IFRS 16)				€ 54 million	€ 43 million
	a Average remuneration employees	62,214	60,055	58,035	56,823	52,797
	b Average fixed remuneration of Executive Board members	495,834	487,500	462,500	462,500	462,500
A.G.J. Hillen	1 Gross fixed remuneration	566,667	550,000	500,000	500,000	500,000
	2 Short-term variable remuneration	320,167	314,559	325,284	242,211	250,000
	3 Long-term variable remuneration	347,570	352,083	281,250	256,250	437,500
	5 Pension expenses	241,365	203,140	203,086	202,052	201,141
	6 Expense allowances	128,073	121,034	109,115	79,117	57,252
	Total	1,603,842	1,540,816	1,418,735	1,279,630	1,445,893
G.M.P.A. van Boekel	1 Gross fixed remuneration	425,000	141,667			
	2 Short-term variable remuneration	240,125	81,023			
	3 Long-term variable remuneration	304,257	118,899			
	4 Sign-on bonus	50,000	16,667			
	5 Pension expenses	65,000	21,667			
	6 Expense allowances	53,576	16,767			
	Total	1,137,958	396,690			
J.G. Janssen	1 Gross fixed remuneration		123,958	425,000	425,000	425,000
	2 Short-term variable remuneration		70,895	276,491	205,879	212,500
	3 Long-term variable remuneration			26,563	217,813	212,500
	5 Pension expenses		25,667	88,000	88,000	88,000
	6 Expense allowances		16,591	41,717	70,037	48,801
	Total		237,111	857,771	1,006,729	986,801
Total	1 Gross fixed remuneration	991,667	815,625	925,000	925,000	925,000
	2 Short-term variable remuneration	560,292	466,477	601,775	448,090	462,500
	3 Long-term variable remuneration	651,827	470,982	307,813	474,063	650,000
	4 Sign-on bonus	306,365	250,474	291,086	290,052	289,141
	5 Pension expenses	50,000	16,667	0	0	0
	6 Expense allowances	181,649	154,392	150,832	149,154	106,053
	Total	2,741,800	2,174,617	2,276,506	2,286,359	2,432,694

1 Agreed fixed annual salary

2 Short-term variable annual remuneration in accordance with the remuneration policy described in section 1 of this report.

3 Long-term variable three-year remuneration in accordance with the remuneration policy described in section 1 of this report.

4 For an explanation of pension expenses, see section 3.2 of this report.

5 Car-related expenses, social charges and expenses related to share matching plan. For an explanation of the Share Matching Plan, see section 3.4 of this report.

Pay Ratio

In follow-up to best practice 3.4.1, part iv, the pay ratios between the Executive Board and other employees within the company have been calculated. The fixed agreed-upon remuneration including holiday allowance serves as the starting point, with 30 November 2022 as the reference date. The average fixed agreed-upon remuneration of the Executive Board members in office as of the reference date was compared to the reference group, which consists of all employees who have an employment contract with the company (Heijmans N.V.) or one of its subsidiaries in the Netherlands on the reference date. The average fixed remuneration of Executive Board members amounted to € 495,833 on the reference date (2021: € 487,500) compared to average fixed remuneration of € 62,214 (2021: € 60,055) for the reference group. Based on the above, the pay ratio can be expressed as 1:8 (2021: 1:8.1).

The Remuneration 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 during the 2022 financial year was adopted by the AGM on 15 April 2020. The policy is aimed at being able 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 furthermore reflect the time commitment and responsibilities of the 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 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 2022 (incl. indexation as at 1 January 2022):

Remuneration Supervisory Board	Per year in €
Chair of Supervisory Board	64,044
Vice-chair of Supervisory Board	48,033
Member of Supervisory Board	42,697
Chair of Audit and Risk Committee	8,540
Member of Audit and Risk Committee	6,404
Chair of Remuneration and Appointment Committee	7,471
Member of Remuneration and Appointment Committee	5,337

This compensation 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 2022

During the 2022 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 2022:

- Sjoerd Vollebregt, Chair.
- Ron Icke, Vice-chair of the Supervisory Board and Chair of the Audit and Risk Committee, stepped down as of 12 April 2022.
- 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 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, appointed as of 12 July 2022, member of the Supervisory Board and member of the Audit and Risk Committee.

From 2018 to 2022, the members of the Supervisory Board were compensated as follows:

	in €	2022	2021	2020	2019	2018
1	Sj.S. Vollebregt – chair	64,044	62,360	60,000	60,000	60,000
2	P.G. Boumeester			14,064	46,750	46,000
3	A.S. Castelein	24,017				
4	R. van Gelder			15,860	52,750	52,000
5	R. Icke RA	16,029	55,085	54,378	53,000	53,000
6	M.M. Jonk	58,351	55,085	54,078	49,000	3,333
7	S. van Keulen				13,500	54,000
8	J.W.M. Knape-Vosmer	48,034	49,226	45,571		
9	A.E. Traas	50,614	47,810			
10	G.A. Witzel		44,344	33,630		
Total		261,089	313,910	277,581	275,000	268,333

1 supervisory director from 15 April 2015, chair from 13 April 2016

2 supervisory director from 28 April 2010 to 15 April 2020

3 supervisory director from 12 July 2022

4 supervisory director from 1 July 2010 to 15 April 2020

5 supervisory director from 1 April 2008 to 12 April 2022

6 supervisory director from 6 December 2018

7 supervisory director from 18 April 2007 to 10 April 2019

8 supervisory director from 15 April 2020

9 supervisory director from 14 April 2021

10 supervisory director from 15 April 2020 to 12 November 2021

6. Evaluation of Remuneration policy and intentions for 2023

The Remuneration and Appointments Committee evaluated the remuneration policy for the Executive Board and Supervisory Board approved by the AGM in April 2020 and found its operation to be effective and balanced. The Supervisory Board has adopted the advice to leave the policy unchanged in 2022. Both the Supervisory Board and Executive Board consider it important that the remuneration of both bodies is in line with social developments in that area and the long-term value creation. The Executive Board started a recalibration of the strategy in mid-2022. The current strategic objectives and bold statement are formulated through 2023. The recalibrated strategy is expected to be rolled out by mid-2023. In that context, the Supervisory Board decided in consultation with the Executive Board to start a review of the remuneration policy for the Supervisory Board and Executive Board at the end of 2022 already so that any adjustments necessary or desirable to align the policy with the new strategy can be carefully considered. The remuneration policy of both the Supervisory Board and Executive Board will be submitted for approval at the 2024 AGM at the latest, in accordance with Article 2:135a Dutch Civil Code.

The remuneration of the Supervisory Board is adjusted in accordance with policy on the basis of the CBS all-items consumer price index. In deviation from the policy, the Supervisory Board decided to use an index of 6% (underlying inflation) from 1 January 2023 instead of the CBS consumer price index which is 10% for 2022.

The Remuneration and Appointments Committee, within the choices offered by the remuneration policy for the Executive Board, has submitted a proposal for the performance criteria for the short-term and long-term variable remuneration for 2023 and 2023-2025 for the Executive Board. Short-term financial objectives for 2023 are underlying EBITDA and average net debt. The qualitative objectives are derived from the strategy and pertain to, among other things, accident reduction, industrial construction and organisational quality. The financial long-term objective concerns the EPS. The qualitative objective includes the number of industrially built houses to be delivered and CO2 reduction.

The performance levels determined by the Supervisory Board for each of these objectives are considered to be competition-sensitive and will be accounted for retrospectively in the event of unconditional allocation.

7. Advisory vote Annual General Meeting of Shareholders report previous financial year

The 2021 remuneration report was presented to the AGM for an advisory vote on 12 April 2022, in accordance with the provisions of Article 2:135b Dutch Civil Code, with the proposal to adopt the 2021 remuneration report. The AGM subsequently adopted the 2021 remuneration report with 98.86%. In accordance with Article 135b(2) Dutch Civil Code, the company has taken this result into account in the preparation of this remuneration report in the sense that it has deduced from the result that the report is satisfactory and that it has established that no questions were raised, or comments made, in response to the remuneration report during the AGM.

Rosmalen, 17 February 2023

11.6 Other appendices

11.6.1 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 2022, the SA Trust had depositary receipts for ordinary shares with a nominal value of € 7,065,875.70 in administration, for which 23,552,919 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 17 March 2022

The following subjects were discussed during this scheduled meeting of the Board:

- The 2021 annual report of Heijmans N.V. and the full-year press release of 12 February 2022.
- Discussion of the items on the agenda for the General Meeting of Shareholders of Heijmans N.V. to be held on 12 April 2022.
- The annual report related to the financial reporting of the SA Trust for 2021.
- The evaluation of the Meeting of Depositary Receipt Holders of 15 November 2021.
- 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:

- The provision recognised for the Wintrack II case, and how it relates to the underlying result at Infra.
- Heijmans' strategy with regard to investments in the land bank.
- The degree to which Heijmans has been affected by market circumstances and price increases.

In the spring of 2022, one trustee stepped down. The trustee in question was Mr. J.J.G.M Sanders, who was eligible for reappointment. The Meeting of Depositary Receipt Holders of 15 November 2021 did not submit a recommendation for the filling of this vacancy, so the board decided to reappoint Mr. Sanders for another term of two years.

Meeting of 20 October 2022

Subjects discussed in this scheduled meeting included:

- Heijmans N.V.'s 2022 interim results.
- The resolution to hold a Meeting of Depositary Receipt Holders on 28 November 2022, to be held in person.
- The composition of the Board: the chair, Mr. P.W. Moerland, will step down as of the spring meeting of 2023. He is eligible for reappointment. The board decided to open up a vacancy and to give the Meeting of Depositary Receipt Holders of 28 November 2022 the opportunity to nominate candidates.

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 the Dynniq energy acquisition fits within the strategy of Heijmans and will Heijmans develop activities in light of the energy transition.
- What is Heijmans' view on the use of working capital.
- What is the impact of the uncertainty related to the nitrogen emissions issue.
- What falls within scope 1 and 2 in light of CO₂-neutral working.

Meeting of 28 November 2022

This board meeting focused on the preparations for the Meeting of Depositary Receipt Holders of 28 November 2022.

Meeting of Depositary Receipt Holders of 28 November 2022

On 10 November 2022, the SA Trust convened a meeting to be held on 28 November 2021 at the Heijmans head office.

As per 28 November 2022, the SA Trust had issued a total of 23,552,919 (depositary receipts for) shares. Four 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 vacancy created by the resignation of Mr. P.W. Moerland in the spring of 2023. 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 12 April 2022

Four members of the board of the SA Trust attended the General Meeting of Shareholders of 12 April 2022, which took place in person for the first time in three years. 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.

The board of the SA Trust did not make use of its right to submit questions during the meeting, as the questions submitted in writing and answered at the meeting corresponded with those prepared by the board of the SA Trust. 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 2010 through 2021, in its convocation for the 2022 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. Once again, the board did not receive any response to this offer.

Votes cast at the General Meeting of Shareholders of 12 April 2022

Of the 22,760,472 (depository receipts for) shares SA Trust had issued as per 12 April 2022, 32,672 (depository receipts for) shares were registered as present at the meeting (approximately 0.14%; 2021: approximately 20%). The holders of 7,659,065 (depository receipts for) shares issued voting instructions to ABN AMRO. The SA Trust therefore represented approximately 66% of the depository receipts for shares at the AGM.

Participation SA Trust Board in the Extraordinary General Meeting of Shareholders of 12 July 2022

Three items were on the agenda for this (physical) meeting, those being the nomination of Mr. A.S. Castelein to be appointed to the Heijmans Supervisory Board, the authorisation to purchase the cumulative preference B financing shares, and the reduction in capital by withdrawing own shares. The SA Trust was represented at this meeting by Mr. P.W. Moerland, chair of the board. On behalf of the board, after explanations by the Executive Board and Supervisory Board, he voted in favour of all the agenda items put to the vote.

Votes cast at the Extraordinary General Meeting of Shareholders of 12 July 2022

Of the 23,552,919 (depository receipts for) shares SA Trust had issued as per 12 July 2022, 1,005 (depository receipts for) shares were registered as present at the meeting. The holders of 7,771,287 (depository receipts for) shares issued voting instructions to ABN AMRO. The SA Trust therefore represented approximately 67% of the depository receipts for shares at the AGM.

Activities

The activities related to the administration of the shares or depository 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 2022 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 is Chairman of Stichting Berenschot Beheer. Prior to this, in the period 2003 to October 2013, he was a member of the Executive Board of Rabobank Nederland, for the last four years as chairman. In the years 1980 to 2013, Mr. Moerland was Professor of Business Administration at the University of Groningen and Professor of Business Finance, and from 1999 also Professor of Corporate Governance, at the University of Tilburg. Mr Moerland was appointed as a trustee of the SA Trust on 25 March 2015, and reappointed in the spring of 2019.

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 has been a lawyer since 1975 and in 1990 joined 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 Bolsius N.V., Chairman of the Supervisory Board of Nemo Healthcare B.V., Chairman of the Supervisory Board of the Catharina Hospital in Eindhoven, Chairman of the Stichting Evenementen Liliane Fonds 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, 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 information

Heijmans Share Administration Trust
Heijmans N.V.
Attn. Ms. N. Schaeffer
Graafsebaan 65
5248 JT Rosmalen
e-mail: nschaeffer@heijmans.nl

11.6.2 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 contrary to those interests, 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 may dispose of the shares it has acquired or may 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 start of 2022, Mr. F.J.G.M Cremers indicated a desire to step down at the end of 2022. At the board meeting of 3 October 2022, the board appointed Mr. B.J. Noteboom as a trustee for a term of three years, namely until the spring meeting in 2026. Mr. Cremers stepped down on 31 December 2022.

The composition of the Board of Trustees is as follows:

Mr. S.C.J.J. Kortmann

Mr. B. van der Veer

Mr. B.J. Noteboom (as per 1 January 2023)

11.6.3 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.

Information gathering and verification

Those involved in preparing the content and design of this report held regular consultations during the year. They organised a kick-off session in September 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. Although Heijmans has implemented various procedures for the reporting of incidents and the fact that 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 01-01-2022 through 31-12-2022.

Heijmans used the Greenhouse Gas Protocol for the disclosure of CO₂ emissions. Heijmans commissioned EY Accountants LLP to provide limited assurance. Chapters 2, 3, 5, 6, 7.1, 7.2 and 8.4 have been included in the scope of this assurance. The assurance report EY issued has been added to this report.

11.6.4 KPI table

	Critical Performance Indicator	Concrete targetss ≥ 2022	Material aspect	SDG	Qualitative / Quantitative	Actual 2020	Actual 2021	Target 2022	Actual 2022	Target 2023 onwards	Explanation / definition	Sources / reference
	BETTER											
	Financial											
	Revenue (x € bn)		8	8.12	Quantitative	1.7	1.7		1.8		Income from realisation of projects (in proportion to the progress of the projects) and sales of goods (mainly homes and land).	Financial statements
	Order book (x € bn)		8	8.12	Quantitative	1.9	2.1		2.4		The total share of works in progress not yet completed and projects acquired but not yet in progress at reporting date.	Finance & control
	Underlying EBITDA (x € mln)		8	8.12	Quantitative	85	106		126		Underlying EBITDA is the operating result before depreciation and including the EBITDA from joint ventures, excluding revaluation of real estate and land, reorganisation expenses, book profits on the sale of entities and other non-operational results that the group considers exceptional.	Financial statements
	Solvency		8	8.12	Quantitative	29%	30%		29%		Capital base (equity plus the cumulative preference share capital) compared to total assets.	Financial statements
	Safety											
1	Number of accidents: total incl. subcontractors	1.2	5	12	Quantitative	85	66	<50	71	-30%	Total number of accidents on Heijmans projects according to SCC definitions.	IRES
2	Number of fatal accidents	1.2	5	12	Quantitative	0	0	0	1	0	Total number of fatal accidents on Heijmans projects (including subcontractors).	IRES
3	Incident frequency (IF figure)	1.2	5	12	Quantitative	3.7	3.8	<3	2.7	<2	IF: number of accidents resulting in absenteeism of at least one day per million hours worked according to SCC definitions	IRES
4	Safety ladder	3	5	12		Qualitative					External methodology applied by stichting NEN (the Royal Netherlands Standardisation Institute).	10.1.1 Safety
	Risk management & process improvement											
5	Homes delivered with zero snagging points		14	9.11	Quantitative	54%	46%	50%	37%	100%	Percentage of total number of homes delivered with zero snagging items in reporting year.	SMILE
6a	Client appreciation Rijkswaterstaat		14	9.11	Quantitative	8.2	8.3	8.5	NA	NA	Score given by RWS, consisting of a weighted average based on a methodology validated by them.	RWS

	Critical Performance Indicator	Concrete targetss ≥ 2022	Material aspect	SDG	Qualitative / Quantitative	Actual 2020	Actual 2021	Target 2022	Actual 2022	Target 2023 onwards	Explanation / definition	Sources / reference
6b	Client appreciation Rijksvastgoedbedrijf		14	9.11	Quantitative	> 2020	9.4	9	NA	NA	Score given by RVB, consisting of a score for the Laan op Zuid project in Rotterdam (no score in 2022 as project has been delivered)	RVB
6c	Client appreciation Schiphol - Infra		14	9.11	Quantitative	> 2020	9	9	8.1	>7,5	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	7.6	7.8	8	7.5	>8,5	Score 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	7.3	7.2	7.5	6.8	>7,5	Average score from surveys sent by Heijmans. The underlying methodology has been changed compared with last year.	GrowPromotor
7a	Procurement spend with subcontractors with valid SCC certificate		5	12	Quantitative	98%	100%	100%	100%	100%	Percentage of total procurement spend with subcontractors with a valid SCC certification, excluding procurement spend on combination projects	ESIZE/SAP
7b	Procurement spend with preferred suppliers		12	12	Quantitative	52%	57%	60%	55%	>55%	Percentage of total procurement spend with preferred suppliers,excluding the category non-procurement	ESIZE/SAP
Quality of the organisation												
9a	Staff turnover (%) at own request	6	13	8	Quantitative	4.58%	4.60%	3.70%	5.97%	<4,0%	The number of employees who leave on their own initiative in proportion to the average number of employees (excl. interns) over a period of one year.	Workday
11	Total absenteeism	7	13	8	Quantitative	4.73%	4.66%	<4%	5.04%	<4,0%	Number of absentee days compared to available number of calendar days. Health and Safety Service guidelines for measuring absenteeism rates.	VerzuimSignaal
12	Training costs in mln (total)		13	8	Quantitative	2.9	2.9	NA	4.9	NA	Training costs according to registration Heijmans Academy.	SAP
13	Employee engagement 2022 > 2019	8	13	8	Quantitative		+25 NPS			> benchmark	The eNPS (e stands for employee) shows to what extent 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	12.90%	13.90%	>14%	14.30%	>14%	The percentage of women in proportion to the total number of employees (excl. interns) on the final day of the reporting period.	Workday
SMARTER												
18	Spending on innovation (x mln)		9	9	Quantitative	10.4	8.3	NA	12.6	NA	Spending on innovation group and business areas in € mln.	SAP
Digitalisation												

	Critical Performance Indicator	Concrete targetss ≥ 2022	Material aspect	SDG	Qualitative / Quantitative	Actual 2020	Actual 2021	Target 2022	Actual 2022	Target 2023 onwards	Explanation / definition	Sources / reference
20	New data-driven services successfully launched in the market	10			Quantitative	4	9	>10	17	>10	Number of data-driven services successfully launched in the market.	Finance & control
21	Number of subscriptions based on data-driven services in the user phase	11			Quantitative				727	>700		Provided by Infra
Production technology												
22a	Concept homes - delivered	12	9.12	9	Quantitative	846	613	>650	776	>750	Number of concept homes delivered	Concept team
25	Hours shifted from on-site to off-site (%)	12			Qualitative						Indicator in development.	10.2.2 Production technology
SUSTAINABLE												
Energy												
26	Absolute CO ₂ emissions scope 1+2 + business kilometres + air travel	13	1,2,6	7.11	Quantitative	42,507	27,995	<22.000	26,082	<23,500	SKAO CO ₂ performance ladder, GHG protocol. In tonnes CO ₂ .	SAP
27	Average CO ₂ emissions of homes delivered	15	1.2	7.11	Quantitative	1,409	1,021	<1.021	932	<450	Average CO ₂ emission of homes delivered in 2020. In kilogrammes CO ₂ .	EPC and BENG software
Materials												
33	Total amount residual materials	18	3	11	Quantitative	24,915	25,197	<24.000	19,004		ENCORD Construction Waste Measurement Guide for definitions (including operational waste, no excavations), measured in tonnes.	Provided by waste processors
34	Separation of residual materials at building sites	18	3	11	Quantitative	71%	81%	>75%	74%	> 75%	ENCORD Construction Waste Measurement Guide (including operational waste, no excavations), measured in tonnes.	Provided by waste processors
35	Reuse residual materials after transport	18	3	11	Quantitative	89%	88%	>90%	90%	> 90%	Sustainable reuse is defined as raw material for the generation of green energy. On the basis of waste profile Renewi; incl. quantity Sita and other waste processors. On the basis of tonnage. Landfill waste and grey electricity excepted.	Provided by waste processors
36	Procurement spend with preferred suppliers with signed sustainability statement		7,11,12	12	Quantitative	93%	96%	100%	95%	100%	Percentage of total procurement spend with preferred suppliers with a framework contract and a signed sustainability statement. Excluding procurement spend in combination projects.	ESIZE
38	Packaging that can be reused or recycled	17	3	11.12	Qualitative							10.3.2 Materials
39a	CPG-score GGB homes - concept homes	18	3	11.12	Quantitative	7.8	7.5	7.5	7.7	NA	CPG score GGB homes - concept homes (1-10).	10.3.2 Materials
39b	CPG score GGB homes - non-concept homes	18	3	11.12	Quantitative	7	7.1	7.1	7.2	NA	CPG score GGB homes - non-concept homes (1-10).	10.3.2 Materials

	Critical Performance Indicator	Concrete targetss ≥ 2022	Material aspect	SDG	Qualitative / Quantitative	Actual 2020	Actual 2021	Target 2022	Actual 2022	Target 2023 onwards	Explanation / definition	Sources / reference
40	Asphalt recycling	19	3	11.12	Quantitative	60%	67%	70%	70%		The technically feasible share of recycled asphalt in the total asphalt. Target is to be able to produce asphalt that consists of 60% recycled asphalt.	10.3.2 Materials
41	Concrete recycling	19	3	11.12	Quantitative	30%	75%	75%	80%		The technically feasible share of recycled concrete in the total concrete. The target is to be able to produce concrete that consists of 30% recycled concrete.	10.3.2 Materials
42	Heijmans Raw materials & Materials: Transaction volume traded via Matching Materials (€ K)		3	11.12	Qualitative							10.3.2 Materials
Space												
43	Area developments with Greenlabel A or B	20	2.4	11	Quantitative	NA	0%	NA	100%		All our own developments in the design or realisation phase (and where we are part of the area operation) have NL Greenlabel/ Site Label A or B.	
44	Projects in which climate adaptation and biodiversity initiatives have been applied (#)	21	2.4	11	Quantitative	10	19	>19	22		Projects that involve the application of one or more initiatives that add value to biodiversity or climate adaptation.	
45	Climate adaptation and biodiversity propositions that have been developed and will be applied (#)	21	2.4	11	Quantitative			NA	2		Number of propositions that include the development of climate adaption and biodiversity initiatives	
46	Showcases - minimum of three per year right across the entire company	22	9.12	11	Quantitative			NA	5		Number of new showcases in the field of KAN.	
Other												
	Score transparency benchmark		11	12	Quantitative	12	19	19	19		Ranking in the transparency benchmark of the Ministry of Economic Affairs and Climate.	Ministry website
	% sustainable timber used	16	3	9	Quantitative	98.70%	99.80%	99.80%	99.80%		Percentage of sustainably certified timber (FSC/PEFC) in relation to the total timber purchased according to supplier statements.	Procurement spend

Explanation KPI table:

- Since 2018, Heijmans has used EBITDA as the definition of result.
- Safety: the IF figures include combined projects calculated pro rata.
- Client satisfaction: the Ministry of Public Works and Waterways has adjusted its methodology for measuring satisfaction, so we have not included a result in the annual report for this client.

- CO₂ measurement: Heijmans applies the conversion factors taken from the CO2emissiefactoren.nl website.
- CO₂ measurement: to measure and report on CO₂ emissions, Heijmans uses the division into scopes of the Green House Gas (GHG) protocol. Scope 1 covers the emissions from fuels we purchase and consume ourselves (mainly gas, petrol and diesel). Scope 2 covers CO₂ emissions resulting from the use of electricity (we do not cause these CO₂ emissions, as they are generated by the power company). Scope 3 covers the CO₂ emissions from homes delivered. This only includes projects where Heijmans was also the client, and so can determine the ambition level.
- In 2021, the Dutch government introduced new amended legislation (BENG). Both EPC and BENG can be converted to the same indicator (average CO₂ emissions of the delivered home), guaranteeing continuity in measurements.
- CO₂ measurement: the CO₂ emissions amounted to 26,082 tonnes, (25,925 of which in scope 1 and 157 of which in scope 2 (incl. business travel kilometres and air travel kilometres)). This includes part compensation for the electricity purchased through the purchase of certificates. Without compensation, emissions would have amounted to 32,161 tonnes.
- Waste: the amount of residual material reported result from residual material processors. This pertains to the period from January 2022 through November 2022. The December figures have been estimated, as in previous years.
- Waste: the total amount of residual material is a material aspect and is therefore reported in the annual report. It has proven impossible to link this with concrete reduction targets in recent years, due to the high level of dependence on the nature of the projects offered (including or excluding demolition). Via its activities in the field of LEAN design and circular construction, Heijmans does target the minimisation of waste and high-grade processing of residual material flows in the design phase. Heijmans also actively targets the reduction of the amount of packaging materials.
- Heijmans has participated in the development of the NL Greenlabel instrument right from the start. Throughout the development, the instrument has gained nuance (not just the area label, but also the site label differentiate in the various development phases of an area), and the measuring method and KPIs have been adjusted.

11.6.5 Global Reporting Initiative

Statement of use	Heijmans has reported the information cited in this GRI content index for the reporting period December 2021 to December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	IN REPORT (Y/N)	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Y	Title page, 2 Profile, 10.5 Accounting policies
	2-2 Entities included in the organization's sustainability reporting	Y	11.6.3 Reporting methodology; 10.7 Subsidiaries and joint business operations
	2-3 Reporting period, frequency and contact point	Y	2 Profile, 5 Environmental analysis , 14 Colophon, 11.6.3 Reporting methodology
	2-4 Restatements of information	n/a	
	2-5 External assurance	Y	11.6.3 Reporting methodology; 11.4 Assurance report of the independent auditor
	2-6 Activities, value chain and other business relationships	Y	2 Profile, 5.2 In dialogue with stakeholders, 7.1 Value creation model and SDG
	2-7 Employees	Y	4 Key figures, 11.6.4 KPI Table
	2-8 Workers who are not employees	Y	4 Key figures
	2-9 Governance structure and composition	Y	3 Management, 8 Governance, 11.6.13 Overview legal structure
	2-10 Nomination and selection of the highest governance body	Y	8 Governance
	2-11 Chair of the highest governance body	Y	1 Foreword, 8.1 Report of the Supervisory Board
	2-12 Role of the highest governance body in overseeing the management of impacts	Y	5.3 Material aspects, 8.1 Report of the Supervisory Board
	2-13 Delegation of responsibility for managing impacts	Y	8 Governance, 11.6.6. Management Approach overview
	2-14 Role of the highest governance body in sustainability reporting	Y	5.3 Material aspects
	2-15 Conflicts of interest	Y	8 Governance
	2-16 Communication of critical concerns	Y	8.4 Conduct and integrity
	2-17 Collective knowledge of the highest governance body	Y	3 Management 11.5 Remuneration report, 8.1 Report of the Supervisory Board
	2-18 Evaluation of the performance of the highest governance body	Y	11.5 Remuneration report
	2-19 Remuneration policies	Y	11.5 Remuneration report

GRI STANDARD	DISCLOSURE	IN REPORT (Y/N)	LOCATION
	2-20 Process to determine remuneration	Y	11.5 Remuneration report
	2-21 Annual total compensation ratio	Y	11.5 Remuneration report
	2-22 Statement on sustainable development strategy	Y	1 Foreword
	2-23 Policy commitments	Y	11.6.7 EU Taxonomy, 11.6.11 Human rights
	2-24 Embedding policy commitments	Y	11.6.11 Human rights, 6.1.1 Safety
	2-25 Processes to remediate negative impacts	Y	6.3 Sustainable, 8 Governance 11.6.11 Human rights
	2-26 Mechanisms for seeking advice and raising concerns	Y	8.4 Conduct and integrity, 11.6.11 Human rights
	2-27 Compliance with laws and regulations	Y	11.6.6 Management Approach overview, 11.6.3 Reporting methodology
	2-28 Membership associations	Y	5.2 In dialogue with stakeholders
	2-29 Approach to stakeholder engagement	Y	5.2 In dialogue with stakeholders
	2-30 Collective bargaining agreements	Y	6.1.3 Quality of the organisation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Y	5 Environmental analysis
	3-2 List of material topics	Y	5.3 In dialogue with stakeholders
	3-3 Management of material topics	Y	6 Strategy, 11.6.6 Management Approach overview, 8.5 Risk management, 11.6.10 TCFD, 7.2 Non-financial results

11.6.6 Management Approach overview

Material aspect	Explanation material aspect	Scope and limitations	Control of processes	Evaluation of processes
Energy-neutral construction	Heijmans' core competency is the design and construction of objects in the built environment (homes, non-residential structures, infrastructure works, etc.) Heijmans can contribute to the energy transition by using know-how and expertise to make these objects energy-neutral. Heijmans is taking measures to minimise the CO ₂ footprint of its own operations.	Due to the fact that Heijmans is not always responsible for design, it often depends on its clients' requests and ambitions. In addition, not all objects are comparable in terms of energy (a home consumes the most energy when it is finished, a road when it is being built).	There are legal and regulatory requirements for the measurement of the energy performance of various objects. Heijmans has a certified system to control and improve its own emissions (SKAO and ISO 14001).	Process evaluation is an integral part of the aforementioned SKAO and ISO 14001 management systems. In addition, performance evaluation is also often incorporated in the delivery documents pursuant to legal and regulatory requirements.
Nature-inclusive and climate-adaptive construction	Building structures are more than simply functional (residential, non-residential / infrastructure), as they can also make a positive contribution to biodiversity and climate issues.	Many design requirements are based on legal and regulatory requirements. In addition, Heijmans frequently makes an extra effort to adapt its projects to the natural environment.	Design requirements are included in Programmes of Requirements and then controlled in Heijmans' quality management systems. Heijmans has various sustainability performance measurement methods, depending on the type of building or structure.	Heijmans uses an ISO 9001/14001-certified management system to evaluate performance on this front, as well as specific sustainable construction KPIs.

Circular construction	Heijmans reduces the environmental impact of material flows by building with reusable materials and by minimising waste or reusing said materials as efficiently as possible.	Materials are subject to innovation. Functional requirements (strength, bearing capacity) are often limiting factors. The market for waste materials can also be a limiting factor.	Heijmans has reached agreements on the separation of materials at building sites and with processors on how waste is processed. This is monitored on a monthly basis. Heijmans also takes circularity into consideration in the selection of materials and in designs.	Heijmans uses an ISO 90001/14001-certified management system to evaluate performance on this front, but also workplace reports.
Healthy living environment	Heijmans takes into account continuing urbanisation in its construction projects by designing safe and healthy neighbourhoods and road systems. These aspects also play a role in the company's own working environment.	Heijmans has various KPIs linked to this material aspect. From safety figures to absenteeism figures, as well as more externally focused KPIs, such as CO2 emissions and area-based sustainability labels.	Heijmans ambitions on this front are a part of the regular process of defining the Programme of Requirements and are managed via the processes in the management system.	If these ambitions are stated in the Programme of Requirements, the realisation of same is mostly evaluated and assessed by clients following the completion of the project. We have already described the evaluation of more internal KPIs in the other – more specific – aspects, such as safety in the workplace.
Safety in the workplace	A safe workplace is one of Heijmans' key policy priorities. Employees are one of our most important stakeholders. Moreover, many construction activities are inherently dangerous due to the large masses and numerous vehicles involved.	Heijmans operates exclusively in the Netherlands, which means that the creation of a safe and healthy working environment is governed by Dutch labour legislation. In addition, subcontractors play a significant role on building sites due to their own responsibility for safety.	Heijmans trains its employees according to SCC methods. Subcontractors are also expected to have SCC or comparable certification. Heijmans also takes physical precautions on building sites to promote safety. Finally, Heijmans has a semi-internal health and safety service (ASC).	Evaluation is part of the SCC system. The organisation also measures a range of indicators. KPIs include the number of accidents, subcontractors' SCC certification and the IF figure.

11.6.7 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.¹¹⁾

Heijmans is subject to the EU Taxonomy. In the year under review, the EU Taxonomy required us to look at which part of our revenue/CapEx/OpEx is eligible for the Taxonomy and which part is actually aligned with the criteria as described in the new legislation for our climate adaptation and climate mitigation goals. Due to a lack of a legal framework, we did not examine the other four themes^[2] within the Taxonomy.

Activities that are eligible for the EU Taxonomy

In the analysis on 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 Acts published by the EU Commission on 6 July 2021
- The Complementary Climate Delegated Act published by the EU Commission on 15 July 2022
- The report also uses an FAQ document (related to the EU Taxonomy legislation on the reporting of eligible economic activities and assets) published by the EU Commission on 10 October 2022.

For the analysis for the 2022 financial year, we have excluded the 'Draft Commission notices on the interpretation and implementation of certain legal provisions of the EU Taxonomy', published on 19 December 2022. The exclusion of these documents is based on the fact that the largest part of the eligibility and alignment analysis had already taken place before the publication of these specifications. Heijmans will include any insights gained from these specifications in future reports.

We have drawn up as granular a division as possible of the business activities (including distinguishing between laying infrastructure for rail traffic, road traffic, water traffic, etc.) from the descriptions of activities in the ISO9001 and ISO14001 certifications, and then mirrored these with the descriptions in the Taxonomy.

1 [EU taxonomy for sustainable activities \(europa.eu\)](https://european-council.europa.eu/media/1000000/attachment/ef901000-1000-4000-9000-000000000000?title=EU%20taxonomy%20for%20sustainable%20activities%20(europa.eu))

2 Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; Protection and restoration of biodiversity and ecosystems.

TAXO1 - eligible activities linked to business area

Activities that contribute to the mitigation of climate change		
4.1	The generation of electricity using photovoltaic solar energy technology	Infra*
4.3	The generation of electricity from wind energy	Infra
4.9	Transmission and distribution of electricity	Infra
4.15	Distribution of district heating and cooling	Infra
5.1	The construction, expansion and operation of systems for the extraction, treatment and distribution of water	Infra
5.2	The renewal of systems for the extraction, treatment and distribution of water	Infra
5.3	The construction, expansion and operation of systems for the capture and treatment of waste water	Infra
5.4	The renewal of systems for the capture and treatment of waste water	Infra
7.1	The construction of new buildings	Infra/ B&T/PD
7.2	The renovation of existing buildings	B&T/PD
7.3	The installation, maintenance and repair of energy-efficient installations	Infra/B&T
7.4	The installation, maintenance and repair of electric vehicle charging stations in buildings (and car parks connected to buildings)	Infra/B&T
7.5	The 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-related technologies	Infra/B&T
7.7	The acquisition and ownership of buildings	PD
9.1	Research, development and innovation aimed at direct air capture of CO2	Infra
Activities that contribute to climate change adaptation		
6.13	Infrastructure for persona mobility , cycling logistics	Infra
6.14	Infrastructure for train travel	Infra
6.15	Infrastructure for road transport and public transport	Infra
6.16	Infrastructure water transport	Infra
6.17	Airport infrastructure	Infra

* B&T = Building & Technology; PD = Property Development.

Subsequently, 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 works at clients in the petrochemical industry.

The eligibility analysis revealed that 90.6% of Heijmans' revenue is eligible, and 9.4% of the revenue is non-eligible.

Because Heijmans cannot 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

For the first year in which it is obliged to prove alignment, Heijmans has chosen not to prove alignment for all environmental activities. A number of activities have insufficient overlap between the project administration internally (and/or at the client) and the burden of proof of the Taxonomy. Other environmental activities have sufficiently limited revenue 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.

For the reporting year 2022, we 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 Infrastructure for road traffic and public transport'. Together, these two activities represent roughly 62% of Heijmans' total revenue.

We assessed the alignment with two aforementioned Taxonomy environmental activities (7.1CCM and 6.15CCA) on the basis of two example projects. We determined the minimum number of required example projects on the basis of a selection protocol¹.

We then extrapolated the alignment percentage resulting from the example projects we assessed to all similar projects within the business area and the relevant Taxonomy Environmental Activity. We assumed non-alignment for any environmental activities for which no example projects were assessed.

For the burden of proof, we relied as much as possible on internally available documents. For a number of criteria, Heijmans had no choice but to rely on policy documents that fell outside of our own operational control. For these criteria, Heijmans shifted the burden of proof to the relevant client:

- Establishing relevant climate risks and determining the associated adaptation solutions, because this can only effectively take place during the initiative and design track of projects.
- Water management plans and ecological studies are part of the procedural regulations that lead to zoning plans and environmental permits, normally as part of an environmental impact report. The aforementioned plans and studies are carried out by or on behalf of clients.

In the coming years, Heijmans is committed to expanding both its own information gathering systems at project and group level, as well as information requests to clients for improved Taxonomy reporting. The aim of this is to achieve a complete overview and understanding of Taxonomy alignment for each individual project as quickly as possible.

¹ The selection protocol includes conditions to ensure that the revenue within the environmental activity is always represented by exemplary 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 exemplary projects dependent on the share that the environmental activity represents in the total eligible revenue of the sector.

CapEx

Total CapEx (the denominator) consists of the sum of the additions to property, plant and equipment (see Financial statements 6.10 Property, plant and equipment) 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:

1. Investments in connection with a plan to develop activities that are aligned with the Taxonomy. In 2022, we spent approximately € 6 million in this category, which related to investments in the timber frame production facility in Heerenveen.
2. 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

Through their activities, companies can have a direct and indirect impact on human rights in the Netherlands and the rest of the world. Heijmans endorses the general principles of the so-called 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.

A few years ago, Heijmans carried out an analysis of the most relevant human rights for Heijmans. This showed that providing a safe working environment is the most important aspect, followed by human rights in the chain. We have implemented measures to limit potential impacts.

Many topics related to this theme are a standard part of Heijmans' 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 in procurement. Heijmans also has the 'This is how we work' code of conduct. This theme also includes the implementation of the actions taken by Heijmans as a result of the Act on Combatting Sham Arrangements (Wet Aanpak Schijnconstructies). Internal and external stakeholders are given the opportunity to report abuses in the chain, for example via the whistle-blower scheme we set up. In this way, Heijmans assumes its responsibility throughout the chain.

Suppliers and subcontractors are involved in procurement and chain responsibility and sign their own statement (supplier sustainability statement) to the effect that they comply with human rights. Human rights are therefore part of the Heijmans Sustainable Procurement policy and account management. Significant risk-mitigating factors are the fact that Heijmans does not perform construction activities outside the Netherlands and that most raw materials and products come from Europe. However, the rest of the supply chain is exposed to such risks. Some of these risks are covered by buying certified products and using certified suppliers. An example of this is our decision to buy only sustainably certified timber (both FSC and PEFC).

Conclusions of Taxonomy analysis

Revenue

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 2022, 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 62% of Heijmans' total revenue. These activities are included in table TAXO3 under A.1.

The other activities are included in table TAXO3 under A.2. We have chosen to label all revenue from these environmental activities as non-aligned this reporting year.

TAX03 REVENUE

Economic activity	Absolute revenue (in millions)	Share of revenue	Substantial contribution to climate mitigation	Substantial contribution to climate adaptation	DNSH criteria	Minimum guarantees	Share of taxonomy aligned revenue, year 2022	Share of taxonomy aligned revenue, year 2021	Category (facilitating activity (F))	Category ('transition activity' (T))
	€	%	%	%	Y/N	Y/N	%	%	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES										
A.1. Ecologically sustainable activities (taxonomy aligned)										
Construction of new buildings	860	47.4%	29.2%	n.v.t.	J	J	15.2%	n.a.	0	0
Construction and maintenance of infrastructure for road transport	249	13.8%	n.v.t.	24.7%	J	J	3.8%	n.a.	0	0
Revenue from ecologically sustainable activities (taxonomy aligned) (A.1.)	1,109	61.2%					19.1%	n.a.	0	0
A.2. Taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities)										
Other activities cf. table TAX01	533	29.4%								
Revenue from taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities) (A.2.)	533	29.4%								
Total (A.1. + A.2.)	1,643	90.6%					19.1%	n.a.	0	0
B. Non-taxonomy eligible activities										
Non-taxonomy eligible revenue (B)	170	9.4%								
Total (A + B)	1,812	100.0%								

CapEx

Total CapEx consists of the sum of additions to property, plant and equipment (see financial statements 6.10 Property, plant and equipment) and additions to leased rights-of-use assets (see financial statements 6.11 Leases). Table TAX04 below shows the result.

TAX04 CAPEX

Economic activity	Absolute CapEx (in thousands) €	Share CapEx %	Substantial contribution to climate mitigation %	Substantial contribution to climate adaptation %	DNSH criteria Y/N	Minimum guarantees Y/N	Share of taxonomy aligned CapEx, year 2022 %	Share of taxonomy aligned CapEx, year 2021 %	Category (facilitating activity (F)) F	Category ('transition activity' (T)) T
A. FOR TAXONOMY ELIGIBLE ACTIVITIES										
A.1. Ecologically sustainable activities (taxonomy aligned)										
Construction of new buildings	9,803	25.4%	88%	n.a.	J	J	31.1%	n.a.	0	0
Construction and maintenance of infrastructure for road transport	8,701	22.5%	n.a.	50.00%	J	J	15.8%	n.a.	0	0
CapEx ecologically sustainable activities (taxonomy aligned) (A.1.)	18,504	47.9%					46.9%	n.a.	0	0
A.2. Taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities)										
Other activities cf. table TAX01	9,081	23.5%								
CapEx taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities) (A.2.)	9,081	23.5%								
Total (A.1. + A.2.)	27,585	71.4%					46.9%	n.a.	0	0
B. Non-taxonomy eligible activities										
CapEx non-taxonomy eligible revenue (B)	11,072	28.6%								
Total (A + B)	38,657	100.0%								

OpEx

Total OpEx consists primarily of the items current 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.
TAX05 OPEX

Economic activity	Absolute OpEx (in thousands) €	Share OpEx %	Substantial contribution to climate mitigation %	Substantial contribution to climate adaptation %	DNSH criteria Y/N	Minimum guarantees Y/N	Share of taxonomy aligned OpEx, year 2022 %	Share of taxonomy aligned OpEx, year 2021 %	Category (facilitating activity (F)) F	CCategory ('transition activity' (T)) T
A. FOR TAXONOMY ELIGIBLE ACTIVITIES										
A.1. Ecologically sustainable activities (taxonomy aligned)										
Construction of new buildings	18,073	17.0%	29%	n.a.	Y/N	Y/N	6.8%	n.a.	0%	0
Construction and maintenance of infrastructure for road transport	23,542	22.2%	n.a.	24.7%	Y/N	Y/N	7.5%	n.a.	0%	0
OpEx ecologically sustainable activities (taxonomy aligned) (A.1.)	41,615	39.2%					14.2%	n.a.	0%	0
A.2. Taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities)										
Other activities cf. table TAX01	36,395	34.3%								
OpEx taxonomy eligible, but not ecologically sustainable activities (non-taxonomy aligned activities) (A.2.)	36,395	34.3%								
Total (A.1. + A.2.)	78,010	73.4%					14.2%	n.a.	0%	0
B. Non-taxonomy eligible activities										
OpEx non-taxonomy eligible revenue (B)	28,245	26.6%								
Total (A + B)	106,255	100.0%								

Accounting policy

The KPIs revenue/CapEx/OpEx are calculated in line with the requirements of Art. 8 of the EU Taxonomy legislation for the financial year 2022 (01/01/2022 - 31/12/2022).

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 of the various business areas combined (see Financial Statements 1. Consolidated Statement of profit or loss). The business areas have no revenue not covered by the Taxonomy-eligible description.

Taxonomy-eligible revenue is the portion of revenue from products or services, including intangible assets, related to Taxonomy-aligned economic activities.

CapEx

The denominator includes additions to tangible and intangible assets during 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 tangible and intangible assets resulting from business combinations.

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.

11.6.8 EU Directive Non-Financial

Topic	Subtopic	Included (yes/no)	
Business model		Yes	Profile and Value creation model
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence.	Yes	Value creation model and Strategy
	The outcome of those policies.	Yes	Strategy
	Principle risks in own operations and within value chain.	Yes	Risk management
	How risks are managed.	Yes	Risk management
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant Environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence.	Yes	Strategy
	The outcome of those policies.	Yes	Strategy
	Principle risks in own operations and within value chain.	Yes	Risk management and Strategy
	How risks are managed.	Yes	Risk management and Strategy
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant matters with respect for human rights (e.g. labour protection)	A description of the policies pursued, including due diligence.	Yes	Strategy and Human rights
	The outcome of those policies.	Yes	Strategy and Human rights
	Principle risks in own operations and within value chain.	Yes	Strategy, Human rights and Risk management
	How risks are managed.	Yes	Strategy, Human rights and Risk management
	Non-financial key performance indicators.	Yes	Strategy, Human rights and Risk management
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence.	Yes	Corporate Governance and Conduct and integrity
	anti-corruption and bribery	Yes	Corporate Governance and Conduct and integrity
	Principle risks in own operations and within value chain.	Yes	Corporate Governance and Conduct and integrity
	How risks are managed.	Yes	Corporate Governance and Conduct and integrity
	Non-financial key performance indicators.	No	Corporate Governance and Conduct and integrity
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued.	Yes	Strategy and direct reference to the 2019 Corporate Governance statement on Heijmans' website
	Insight into the diversity (executive board and the supervisory board)	Yes	Strategy and direct reference to the 2019 Corporate Governance statement on Heijmans' website
	Description of how the policy is implemented	Yes	Strategy
	Results of the diversity policy	Yes	Strategy

Chapter 7 describes 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.

1. SDG 7. Affordable and sustainable energy
2. SDG 8. Decent work and economic growth
3. SDG 9. Industry, innovation and infrastructure
4. SDG 11. Sustainable cities and communities
5. SDG 12. Responsible consumption and production



<div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div> </div> </div> <div>Ensure access to affordable, reliable, sustainable and modern energy for all</div>		
#	SDG sub-goal	Description of Heijmans' role
7.2	By 2030, increase substantially the share of renewable energy in the overall energy mix.	<p>Heijmans contributes to increasing the share of renewable energy by fitting homes with sustainable energy sources and building energy-generating homes.</p> <ul style="list-style-type: none"> • Energy-neutral homes • Solar panels • Circular/sustainable homes <p>We are also improving the sustainability of our own buildings, car fleet and equipment, including via the following measures:</p> <ul style="list-style-type: none"> • Solar panels on roofs and sheds • Incentives for the use of electric cars • Electric equipment
7.3	By 2030, double the global rate of improvement in energy efficiency.	<p>Heijmans contributes to the improvement of energy efficiency by striving for zero energy wastage in any form whatsoever, and by cooperating at neighbourhood level on the creation of sustainable and more efficient energy solutions.</p> <ul style="list-style-type: none"> • Energy grids/local solutions • Energy-efficient homes



Promote continued, inclusive and sustainable economic growth, full and productive employment and decent work for all

#	SDG sub-goal	Description of Heijmans' role
8.2	Achieve higher levels of economic productivity through diversification, technological modernisation and innovation, also by focusing on sectors with high added value and labour-intensive sectors.	Heijmans generates economic productivity in the construction industry through its own operations and by setting an example in terms of innovation, digitalisation and technological modernisation. <ul style="list-style-type: none"> • Digitalisation • Industrialisation • Production technology
8.8	Protect labour rights and promote safe and healthy working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Heijmans ensures safe and healthy working environments for employees, subcontractors and other parties. Heijmans also provides an inspiring and motivating workplace that keeps employees engaged. <ul style="list-style-type: none"> • Safety • Training and development of employees • Engagement of employees • Code of conduct



Build resilient infrastructure, promote inclusive and sustainable industrialisation and stimulate innovation

#	SDG sub-goal	Description of Heijmans' role
9.1	Build high-quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Heijmans develops high-quality infrastructure that is reliable, sustainable and resilient.
9.4	By 2030, modernise infrastructure and retrofit industries to make them sustainable, with increased efficiency in the use of resource and greater adoption of cleaner and environment-friendly technologies and industrial processes, with all countries taking the action required according to their respective capabilities.	Heijmans plays a role in the modernisation and increased sustainability of infrastructure as the 'director of the construction chain'. <ul style="list-style-type: none"> • Circular construction • Chain partner • Environment-friendly technologies. • Ambition building without emissions



Make cities inclusive, safe, resilient and sustainable

#	SDG sub-goal	Description of Heijmans' role
11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	<p>Heijmans contributes to adequate, safe and affordable housing by developing various residential concepts and increasing the availability of homes in the Netherlands.</p> <ul style="list-style-type: none"> • Sufficient homes • High-quality homes • Affordable homes • Conceptual construction
11.3	By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<p>Heijmans develops sustainable (urban) areas, while devoting attention to the needs of end-users and trends and developments.</p> <ul style="list-style-type: none"> • High-quality living environment • Urbanisation • Circularity of homes • Local energy networks • Climate adaptation and biodiversity • Blue - Green



Ensure sustainable consumption and production patterns

#	SDG sub-goal	Description of Heijmans' role
12.2	By 2030, achieve the sustainable management and efficient use of natural resources.	<p>Heijmans contributes to the sustainable management and efficient use of natural resources via its own business operations.</p> <ul style="list-style-type: none"> • Sustainable procurement of natural resources • Reduction of CO₂ emissions • Efficient use of natural resources in the products/services Heijmans delivers
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<p>Heijmans limits its own waste production via prevention, reduction, recycling and reuse.</p> <ul style="list-style-type: none"> • Separation of residual materials at building sites • Reuse of residual materials after removal • 100% reuse of packaging

11.6.10 TCFD risks and opportunities

Type	Topic	#	Climate-related risk	Relevance to Heijmans
Transition	Policy and legislation	1	Higher price for GHG emissions	M Will eventually become visible in charging on of purchased products
		2	Improved emissions reporting obligations	M Heijmans already reports according to standards
		3	Increasing regulation related to limitation of greenhouse gas emissions	H Immediately visible when purchasing new equipment and in additional requirements municipalities in construction projects
		4	Mandates for and regulation of existing products and services	M Part of regular tenders
		5	Exposure to legal cases	L Heijmans is one of the frontrunners, which means risks are lower, management systems and certifications are in place
	Technology	6	Replacement of existing products and services by lower emission options	L New technologies are already part of our designs
		7	Unsuccessful investments in new technologies	M Heijmans wants to be at the forefront of equipment procurement. Part of investment monitoring. Heijmans is constantly on the look out for more sustainable and smarter materials and solutions
		8	Costs related to switch to lower emission technology	H Emission-free construction demands relatively high investment in new equipment
	Market	9	Changing behaviour of clients	L Heijmans is able to respond to the changing demand, although not all clients are as far yet
		10	Uncertainty in market signals	M Firm commitment by public sector market, though uncertainty on regulatory front
		11	Increased cost of raw materials	H In particular by passing on 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 visible
		15	Increased concerns of stakeholders or negative feedback from stakeholders	L Good contact with stakeholders
Physical	Acute	16	Extreme water levels rivers	M Previous situations managed logistically, though possible price risk and higher insurance costs
		17	Increase in heavy rainfall	M Water damage construction works is still relatively limited, but it does affect the construction process.
		18	Increasing heat waves	L Relevant for employability of employees and continuity of projects, can be managed with measures
		19	Increasing forest fires	L Is more relevant in nature areas than built environment
		20	Increasing high winds and storms	M Damage to construction sites and buildings due to windstorms (usually insurable)
	Chronic	21	Changes in rainfall patterns and extreme variability in weather patterns	L Mostly long-term measures possible

22	Rising sea levels	L	Permits for construction in certain areas
23	Rising average temperatures	L	Measures possible in design and required in regulation.
24	Changing ecosystems (including biodiversity)	L	No relevant impact on direct operations, is an opportunity for service delivery. Emergence of persistent exotic species

L = Low risk/opportunity M = Medium risk/opportunity H = High risk/opportunity

Type	#	Climate-related opportunity	Relevance to Heijmans
Efficient use of resources	1	Use of more efficient transport modes and production and distribution processes	M Focus on industrialisation and sustainable mobility
	2	Use of recycling	M Great deal of attention in talks with suppliers
	3	Switch to more efficient buildings	H Essential part of new building design and renovation
	4	Reduced water use and consumption	L So far less relevant in Dutch context
Energy sources	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 supporting policy incentives	M Part of business cases, use of subsidies
	7	Use of new technologies	M Standardisation of use 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 towards decentralised energy generation	H Many solutions available for individual homes and clusters of neighbourhoods
Products & services	10	Development and/or expansion of low-emission goods and services	H Both in housing and building designs and energy supply. Opportunities due to network expansion (electricity, H2)
	11	Development of climate adaptation and insurance risk solutions	H In particular, building dykes, modifying sewage systems and water storage in cities.
	12	Development of new products or services through R&D and innovation	M Heijmans' role is more a system integrator and launching client than an innovator
	13	Potential to diversify business activities	M Mostly expansion of existing products and services
	14	Shift in consumer preferences	H Potential to provide clients with sustainable solutions
Markets	15	Access to new markets	H Primarily the energy market, development, management and maintenance systems/ pipes
	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 joint ventures (see also overview Green Deals and collaborations)
	18	Resource substitution/diversification	M Primarily in the renovation market, switch from gas to electricity
	19	Green financing	M There will be opportunities, but often not a decisive factor in the business case. We will continue to investigate this



11.6.11 Human rights

Through their activities, companies can have a direct and indirect impact on human rights in the Netherlands and the rest of the world. Heijmans endorses the general principles of the so-called OECD Guidelines on Multinational Enterprises and the UN Guiding principles on Business & Human Rights, which describe the special role of companies complying with all applicable legal requirements and respecting all human rights.

Most important aspects of human rights at Heijmans

Heijmans realises that it can exert a positive influence through, for example, the establishment of good collective labour agreements, the purchase of sustainable materials and cooperation with partners who also adhere to the same principles. The human rights aspects at Heijmans are largely common to the entire construction industry. Ensuring a safe and healthy working environment for employees and subcontractors is one of the most material themes on this front. An important risk-mitigating factor is the fact that Heijmans does not perform any construction activities outside the Netherlands. However, the supply chain is exposed to such risks, but for this we have taken the measures described below.

Basic measures

The management devotes attention to many of the topics related to this theme on a day-to-day basis and they are a standard part of the Executive Board-approved safety, HR and procurement policies. These include issues such as ensuring good working conditions, freedom of association (trade unions), applying fair and equal pay and taking sustainability aspects into account in procurement. With regard to safety, Heijmans works on the basis of 'GO!' (No accidents), an extensive system of policies, processes and monitoring measures aimed at improving the results of this theme, which is important for human rights.

Heijmans also has the 'This is 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.

The implementation of the actions taken by Heijmans as a result of the Act on combatting Sham constructions (Wet Aanpak Schijnconstructies) also plays a role on this front. Internal and external stakeholders are given the opportunity to make abuses in the chain known, for example via the whistle-blower scheme that we set up.

Heijmans' role in the chain

The subject of procurement and chain responsibility requires a substantive analysis of the risks associated with the purchased products and a discussion with stakeholders on the scope and depth of monitoring. Suppliers and subcontractors are involved in this dialogue and sign their own statement (supplier sustainability statement) indicating their compliance with human rights legislation. Human rights are therefore part of the Heijmans Sustainable Procurement policy and account management, and we monitor compliance with procurement agreements.

Part of the risks are covered by buying certified products and working with certified suppliers. An example is our decision to only purchase sustainably certified timber, which ensures both environmental and social/human rights aspects through an external monitoring system. Other examples are the certifications related to product quality and safety.

11.6.12 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 8.3 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. 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 obligations and more specifically the first obligation, 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 with the aim of achieving the correct application of the law, increasing legal certainty and reducing disputes. To this end, Heijmans applies the following principles:



- In the event that tax legislation is unclear or subject to different interpretations, 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. 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 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 closures.
- 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 managements 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).

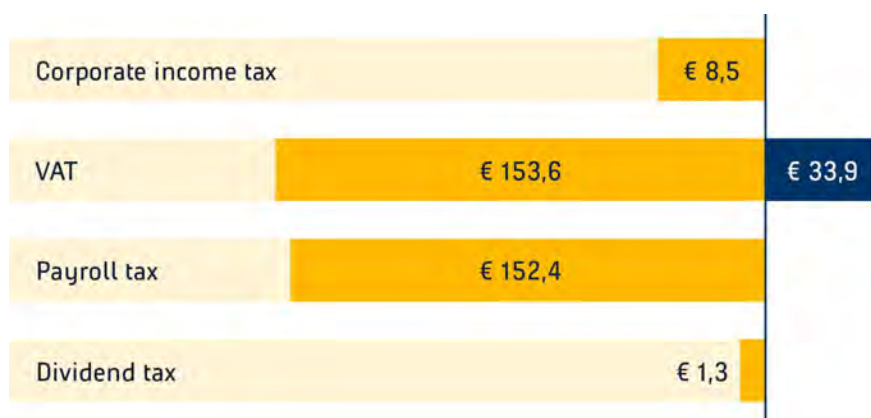
¹ *Heijmans still has a number of inactive foreign companies in its structure, stemming from past foreign operations and that are currently awaiting liquidation (i.e. 'dormant' companies).*

Fiscal year: 2022 (EUR '000)						
Tax Jurisdiction	External revenue	Internal revenue*	Total revenue	Pre-tax result	Income tax paid**	Tax expense (actual)***
Netherlands	1,812,210	70	1,812,280	73,081	8,471	9,032
Belgium	0	40	40	-160	0	0
Germany	0	0	0	-30	0	0

* Internal revenue refers to cross-border revenue, excluding internal revenue within a jurisdiction.

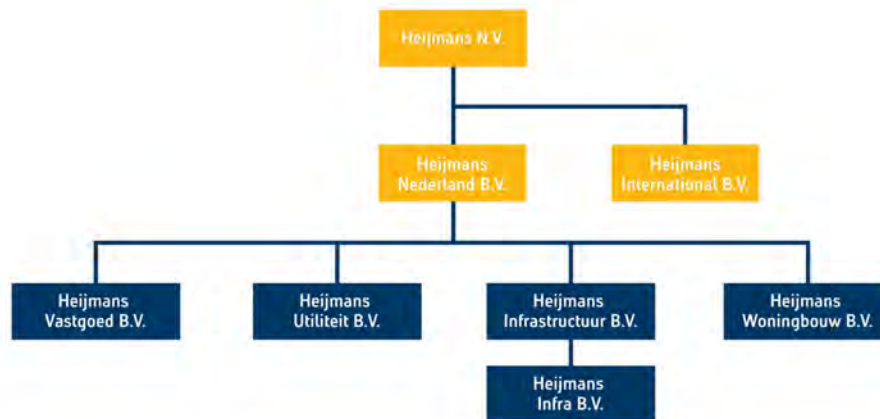
** Income taxes paid refers to the actual income taxes paid in 2022.

*** Tax expense (actual) refers to the total current tax expense, excluding deferred tax liabilities/assets. The deferred tax liability is significant given accumulated past losses that can be partly offset against taxable profits.

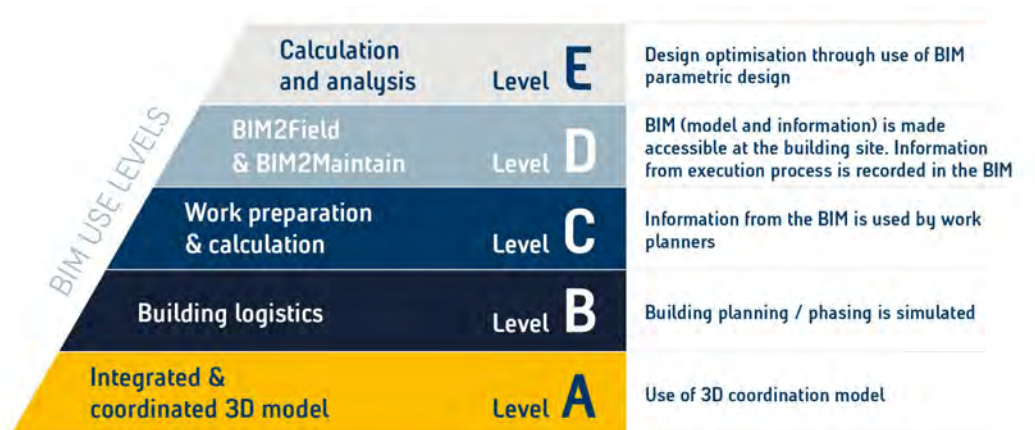


* This overview represents Heijmans N.V. and all its 100% (in)direct subsidiaries

11.6.13 Overview legal structure



11.6.14 Heijmans BIM ladder



It is possible to achieve up to five stars for each level. These stars make it clear in concrete terms which BIM activity or output should be delivered to match the desired ambition level.

Ambition level A

- 1st star: Presence of 3D Model of all (or at least four) design disciplines up to and including the DO phase (geometry)
- 2nd star: Presence of Integral Model of all design disciplines up to UO phase with information according to BIM specifications
- 3rd star: Presence of at least three production models
- 4th star: Use of Common Data Environment (CDE)
- 5th star: Each individual object has an owner

Ambition level B

- 1st star: Construction site design is part of the Integral Model
- 2nd star: (Part of) the construction phasing is simulated
- 3rd star: (Part of) the execution process is simulated
- 4th star: Information for logistical processes comes from the Integral Model and/or the CDE
- 5th star: Use of scenario analyses for optimisation of the execution process

Ambition level C

- 1st star: Quantities are automatically extracted from the Integral Model for calculation and/or purchasing purposes
- 2nd star: Information from the Integral Model is used for work preparation
- 3 star: The Integral Model is enriched with information from work preparation
- 4 stars: The Integral Model contains at least four production models
- 5th star: Asset information is derived from the Integral Model

Ambition level D

- 1st star: The Integral Model and extracts (if any) are available on site via Mobile Devices
- 2nd star: Application of Digital Inspection
- 3rd star: Execution records As-Built information (geometric and object properties) in the Integral Model
- 4th star: (Semi-)automatic monitoring by means of e.g. laser scanning/imaging
- 5th star: Execution information is generated from the Integral Model in a task-oriented way

Ambition level E

1st star: Requirements are verified using the Integral Model

2nd star: Application of design calculations or simulation from the 3D model

3rd star: 3D models have been created parametrically (at least three components)

4th star: At least two external information sources related to the use phase of the system (e.g. a building, tunnel, object, etc.) are linked to objects in the Integral Model

5th star: Digital Twin 2.0; the Integral Model is part of a comprehensive information system that controls information exchange and building controls

12 Glossary

Aerius calculation

The AERIUS calculation tool is part of the Dutch integrated approach to nitrogen (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.

Beyond Eyes

A joint Heijmans and CSU initiative. A collection of data-driven services for smart building management: BE Equipped, BE Vital, BE Energized, BE Clean and BE Safe

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.

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.

Chain integration

Cooperation within and between the successive links within an organisation or business column, from suppliers right through to the client.

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.

Custodians

Financial parties that act as custodians for shares.

DBFM 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 often concerns long-term, large infrastructural projects in ground, road 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 Climate agreement.

Generic Gate Instructions (Dutch - GPI)

This is a uniform set of safety instructions followed by everybody who enters a building site: this is mandatory at all Dutch building sites from 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.

Fleet review

The annual review of know-how, talents and competencies of Heijmans' employees.

Heijmans B'woond

Renovation concept for existing/occupied homes targeted at housing corporations and investors.

Heijmans Horizon

Timber frame homes that Heijmans will build in its own factory 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.

Huismerk Apartment Concept

An apartment concept jointly developed by Property development and Residential building for urban development or redevelopment areas. Faster development and construction should result in affordable apartments for various target groups in the social, mid-market and higher segments (both rental and owner-occupier).

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.

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.

Near Energy Neutral Building (BENG) standard

Standardisation 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.

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

The annual spend on suppliers.

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.

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.

13 Abbreviations

Arbo	Working conditions (law)
AscX	Amsterdam Small Cap Index
AGM	General Meeting of Shareholders
GDPR	General Data Protection Regulation
EGM	Extraordinary General Meeting of Shareholders
BIM	Building Information Model
BREEAM-score	Building Research Establishment Environmental Assessment Method
VAT	Value added tax
CEO	Chief Executive Officer
CDE	Common Data Environment
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COP21	Climate Conference Paris 2015
COSO	Committee of Sponsoring Organisations 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 amortisation
EMA	European Medicines Agency
ENI	Emission-free Network Infrastructure
EPC	Energy Performance Coefficient
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
GHG	Greenhouse Gas Protocol
GIS	Geographical Information System
GO!	No accidents
GPI	Generic gateway instruction
GRC	Governance-Risk-Compliance
GRI	Global Reporting Initiative
GCVB	Governance Code Safety in Construction
HRM	Human Resource Management
IF	Injury frequency
IFRS	International Financial Reporting Standard
ISO	International Organisation for Standardisation
IT	Information technology
KPI	Key Performance Indicator
ICI score	Environmental Cost Indicator
MPG score	Environmental Performance of Buildings score
NEPROM	Association of Dutch Project Development Companies
NYSE	New York Stock Exchange

RIVM	National Institute of Public Health and the Environment
SAP	Systems, Applications and Products for data processing
SDGs	Sustainable Development Goals
SSVV	Foundation for Cooperation for Safety
SA Trust	Heijmans Share Administration Trust (Stichting Administratie Kantoor)
SKAO	Foundation for Climate-Friendly Procurement and Business
TCFD	Task Force on Climate-Related Financial Disclosures
UMA	Uniform Reporting Application
SCC (Dutch: VCA)	Safety, health and environment checklist for contractors
ViA	Safety in Tendering
VR	Virtual Reality
WAS	Act on combatting sham constructions
Wmz	Act on Disclosure of Major Holdings



Colophon

You will find the Heijmans N.V. 2022 annual report on the Heijmans website.

Contact persons:

[Robert Koolen \(rkoolen@heijmans.nl\)](mailto:rkoolen@heijmans.nl)

[Guido Peters \(gpeters@heijmans.nl\)](mailto:gpeters@heijmans.nl)

[Renate Leijten \(rleijten@heijmans.nl\)](mailto:rleijten@heijmans.nl)

iXBRL, PDF & website realisation: F19 Digital Reporting

Publication date:

17 February 2023

This annual report is also published in Dutch. In the event of differences between the Dutch and the English version, the former shall prevail.

