

2015

ANNUAL REPORT

heijmans







The annual report of Heijmans N.V. for 2015 is available in electronic form on the Heijmans website,

www.heijmans.nl

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Publication date: 26 February 2016

This annual report is also published in English. In case of differences between the Dutch and the English version, the former shall prevail.

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MESSAGE FROM
THE CHAIR

Construction in 2015: divergent markets



Bert van der Els
CEO Heijmans N.V.

The past year featured diverse challenges in the various market segments that were reflected in two different aspects: recovery and growth on the one hand, and decline and contraction on the other, with severe margin pressure.

While the residential and property development sector is recovering after more than seven years of crisis, the infrastructure sector experienced particularly difficult market conditions in 2015 and had to cope with the risks and results of previously acquired projects. The infrastructure market in the Netherlands is relatively stable in terms of volume, but also features intense competition. New types of contract were introduced which increased the responsibilities placed upon contractors such as Heijmans. Heijmans, as well as its competitors, has experienced difficulties in pricing these risks properly in combination with often complicated conditions involving numerous stakeholders. Another important factor is that contractors and customers had to find a new balance with respect to how they collaborate, which requires fairness and trust as well as contractual agreements. The new vision of the market recently established in a covenant between several large customers such as the Directorate-General for Public Works and Water Management and the Central Government Real Estate Agency is a positive development.

For Heijmans, this development meant that the performance in the Netherlands of the Infra segment, which was brought under single management in 2014 and fully centralised in 2015, has been unsatisfactory. This had a serious effect on the net result of Heijmans in 2015, which amounted to a net loss. Further centralisation and strict project management has shown cautiously positive results as from the second half of the year. The result did improve in the second half of 2015, supported by the strategy focusing on tightening our core processes, but this was still not enough. Due to losses on five to ten larger integrated projects taken on in previous years, the result at Infra over the whole of 2015 was very negative.

Residential: recovery and growth, Heijmans benefits

The market for property development and housing projects grew last year. Heijmans is well positioned to benefit from this growth. Previously the number of homes sold had declined from more than 3,500 in 2008 to just over 1,000 in 2012-2013. Last year, the number increased to around 1,800. This growth placed particular demands on our execution, quality and staffing. But this is where our strength lies. By combining its ability to execute and its creative qualities, core competences that Heijmans has managed to retain despite the long crisis in the housing market, Heijmans was able to make progress here. This is shown by the number of homes sold, but also by innovative concepts such as the small and movable Heijmans ONE home, inner-city developments like Rotterdam-Katendrecht and Utrecht-Kanaleneiland and the 'home control' for all owner-occupied homes in 2015.

Non-Residential: poor market, opportunities for service and maintenance

At Non-Residential we noticed the effects of the late-cyclical nature of the installation sector. Further centralisation was introduced at this business segment with respect to tender management, projects and processes. The reorganisation announced at the end of 2014 was completed in 2015. As a result of these measures, the result of Non-Residential remained at break-even despite the poor new-build market. Projects like the Timmerhuis, Eurojust, the National Military Museum and the Ministry of Security and Justice and

the Ministry of the Interior and Kingdom Relations show that Heijmans is able to realise both integrated projects and multi-year service and maintenance projects for customers. Service, management and maintenance increased further last year and this is now a major activity for Non-Residential.

Infra: result below standard but also good progress

As already mentioned, Infra had a very difficult year in 2015. Nonetheless, the poor result is not indicative of all the activities at Infra. In Germany and Belgium, Heijmans has realised excellent results in previous years, and was able to do the same in 2015. Regional infrastructure projects and the asset management activities in the Netherlands showed an improved result and margin compared to 2014. Important highlights included the opening of the A4 motorway to road traffic at the end of the year and the delivery of projects such as the Parking Garage St.-Jan in 's-Hertogenbosch. The innovative road joint BrainJoint was successfully applied and launched in the market in 2015.

Improvements and results

The Improve the Core programme was refined during the past year. Improved processes for tendering, procurement and project management were implemented. In some cases, it was decided earlier in the process, not to tender for a project due to its risk profile. There were also some large projects offered during the past year that were however not acquired since the price did not adequately reflect the risk profile. The effects of our policy of margin before volume can be seen in our order book for large projects. The Fit for Cash programme also brought about a clear improvement in the past year. For the coming year, improving our result is the top priority for the Board. Further centralisation of tasks and decision-making with respect to the risks of our business will continue unabated.

Poor operating profit margins and the necessary operational improvements that have to be implemented at Infra have led to the Executive Board's proposal to appoint a fourth member. This will add further operating knowledge and management in this market to the Executive Board.

Finance: the aim of sound finance remains

The poor operating performance has obviously put the relationship between results and our use of credit under pressure. The solvency ratio of 26% is adequate, but the financial ratios are an item of attention, despite the sound financial position at year-end. Heijmans aims to have a solid financing of its business. In this context, the financing provided by the banking consortium was extended in early 2016 until mid-2018, thus creating the conditions for working on further recovery in the coming years.

Strategy: 'to improve and renew' continues to be the guiding principle for the coming years

Heijmans' strategy, with focus on 'improve and renew', will be continued and in 2016 will focus on further strengthening our core processes and also profiting

from innovations and sustainability ambitions. This means that centralisation and consistency will be further applied in tendering, project and procurement management and commerce and thus create room to renew. This cannot be achieved without continuing focus on safety and striving to avoid accidents of any kind.

Thanks to the energy and dedication of the Heijmans employees, much work was done in 2015 to address the various challenges that we face. This will form the basis for further implementation and realisation of the results of our strategy in 2016.

Bert van der Els
Chair of the Executive Board of Heijmans NV
26 February 2016



Executive Board

Executive Board

From left to right:

Mark van den Biggelaar

CFO and executive director

Bert van der Els

Chair of the Executive Board

Ton Hillen

Executive director

Ir. L.J.T. (Bert) van der Els (1954), Chair

Dutch nationality; appointed Chair of the Executive Board of Heijmans N.V. with effect from 18 April 2012 and as Vice-Chair and Member of the Executive Board on 28 April 2010 and reappointed on 16 April 2014 for a term of four years. He was previously Group Director for Non-Residential Building and Technical Services at Heijmans. Prior to joining Heijmans, he was employed by Burgers Ergon, Yokogawa and ABB. He was managing director of Burgers Ergon starting in 1999. Additional positions: member of the Supervisory Board of PSV N.V., member of the board of supervision of Brabant C Fonds.

Mr. M.C. (Mark) van den Biggelaar MiF (1968), CFO

Dutch nationality; appointed as CFO and Member of the Executive Board of Heijmans N.V. on 1 September 2009.

Prior to joining Heijmans, he was employed by Samas N.V., ABN AMRO Bank N.V., Koninklijke Nedlloyd N.V. and Randstad Holding N.V. At Samas N.V. he was CFO and a member of the principal board from 2007 to 2009.

Ing. A.G.J. (Ton) Hillen (1961), member

Dutch nationality; appointed as member of the Executive Board of Heijmans N.V. on 18 April 2012. He has held various positions at Heijmans since 1992, and has been Group Director for Property Development and Residential Building at Heijmans since 2008.

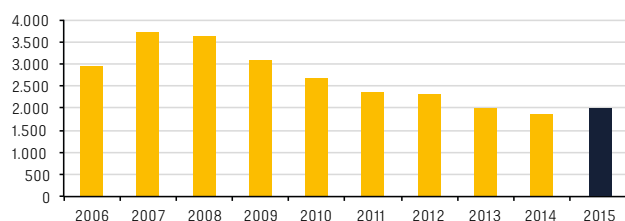
Prior to joining Heijmans, he was employed by BAM and Anton Obdeijn Projectontwikkeling.

Additional positions: member of the board of supervision of Stichting Waarborgfonds Koopwoningen (SWK).

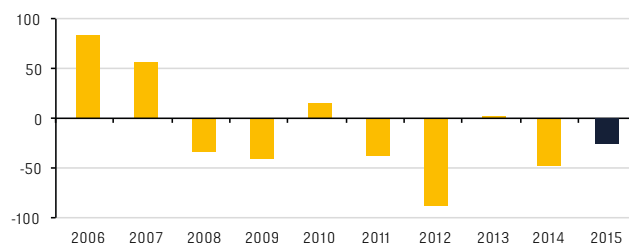
An overview of the portfolio division, duties and responsibilities is given on page 107.

Heijmans' 10-year record in key figures

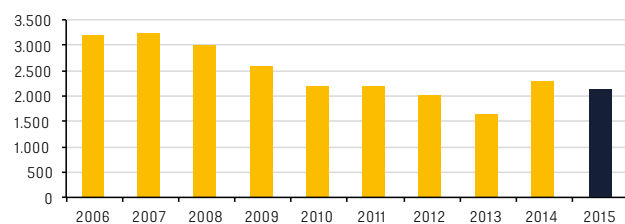
Revenue (in € x million)



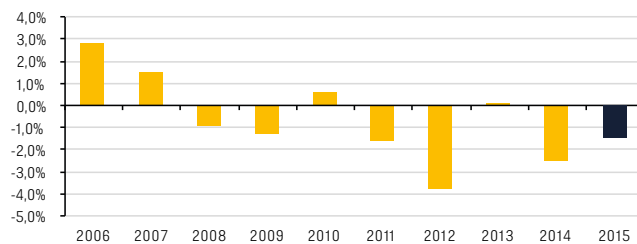
Result after tax (in € x million)



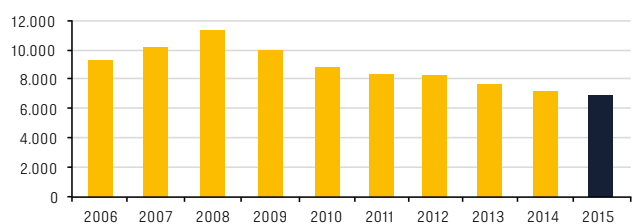
Order book (in € x million)



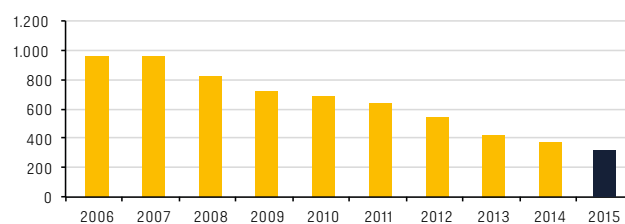
Net margin (in %)



Average number of employees



Average capital invested



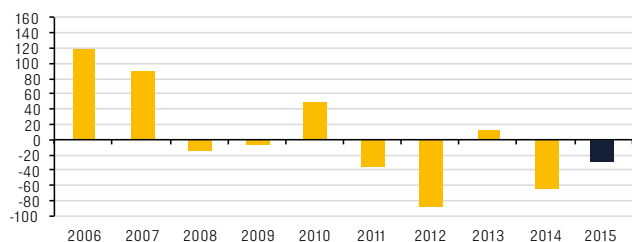
Key figures	2015	2014	2013 ²	2012 ³	2011	2010	2009	2008	2007	2006
Result x € million										
Revenue	1,979	1,868	2,001	2,318	2,361	2,680	3,079	3,631	3,732	2,942
Operating result	-29.0	-63.5	11.9	-87.2	-35.7	48.4	-6.5	-13.6	88.2	117.2
Result after tax	-27.3	-47.3	1.9	-87.7	-37.6	15.7	-40.4	-34.1	56.4	82.5
Capital (€ x million)										
Assets	1,190	1,205	1,203	1,366	1,554	1,600	1,853	2,220	2,205	2,130
Average capital invested	318	372	423	541	636	683	722	824	960	952
Equity capital	266	259	313	315	416	455	426	371	462	442
Net debt	10	31	66	149	103	178	223	331	366	497
Cash flow (€ x million)										
Operating	10	46	-10	-45	-6	74	-5	80	259	-30
Investment	-9	-10	-3	-26	42	-34	30	0	-88	-39
Financing	51	-23	8	8	-19	-131	-183	63	-126	77
Cash flow	52	13	-5	-63	17	-91	-158	143	45	8
Ratios in %										
Return on average capital invested	-9.1	-17.1	2.8	-16.1	-5.6	7.1	-0.9	-1.7	9.2	12.3
Result after tax:										
- as % of equity	-10.2	-18.3	0.6	-27.8	-9.0	3.5	-9.5	-9.2	12.2	18.7
- as % of revenue	-1.4	-2.5	0.1	-3.8	-1.6	0.6	-1.3	-0.9	1.5	2.8
Solvency on the basis of capital base	26.1%	27.0%	31.5%	27.9%	31.0%	32.6%	26.6%	19.7%	23.9%	23.8%
No. of shares x 1,000										
At year-end	21,407	19,461	19,349	17,328	16,956	16,851	16,851	24,073	24,073	24,073
average	20,661	19,420	18,111	17,191	16,917	16,851	12,504	8,156	24,073	24,073
Data per share¹ x €1										
Equity	12.87	13.34	17.28	18.32	24.53	27.00	25.28	15.41	19.21	18.35
Operating result	-1.40	-3.27	0.66	-5.07	-2.11	2.87	-0.39	-0.56	3.66	4.87
Result after tax	-1.32	-2.44	0.10	-5.10	-2.22	0.93	-3.23	-4.18	2.34	3.43
Dividend	-	-	0.15	0.25	0.35	0.35	-	-	1.45	1.45
Share price information x €1										
At year-end	8.18	8.95	10.51	7.05	8.19	15.05	12.21	3.40	25.83	41.66
High price	13.36	14.20	10.78	9.68	23.90	15.25	21.18	27.52	47.19	43.75
Low price	5.77	7.83	6.85	5.25	6.58	10.70	9.49	3.36	22.97	35.49
Other data										
Order book (* € x million)	2,094	2,287	1,643	2,026	2,192	2,188	2,597	3,004	3,248	3,196
Employees (average number of FTE)	6,808	7,198	7,617	8,242	8,384	8,839	9,980	11,311	10,119	9,162

1. The data per share are expressed in terms of the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end. The weighted average number of shares for 2009 has been adjusted due to the issue and the reverse stock split; the number for 2008 has been recalculated accordingly, as has the earnings per share.

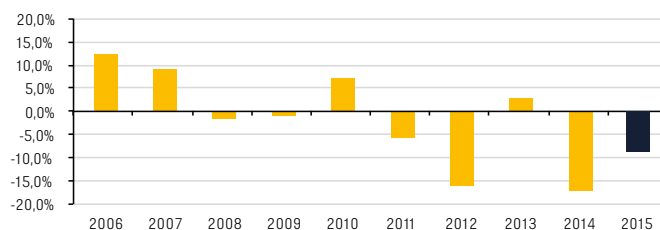
2. After adjustment due to change in accounting policy for joint arrangements

3. After revision due to a change in accounting policy for defined benefit pension schemes

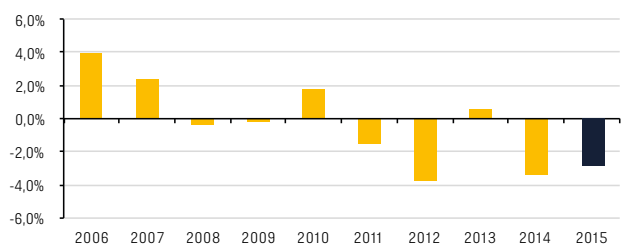
Operating result (in € x million)



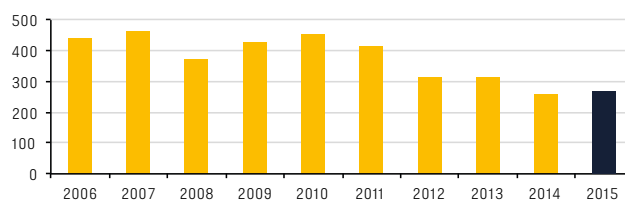
Return on average capital invested (in %)



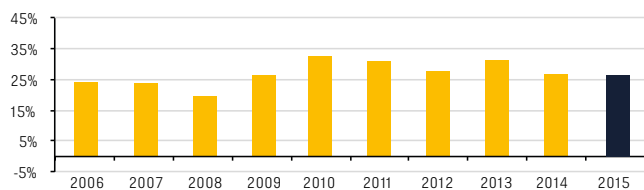
Operating margin (in %)



Equity (in € x million)



Solvency on basis of capital base (in %)





heyjmans

кнопкут
Грјесок



Profile and business model

Vision

Construction is more than ever a profession in which development and realisation are important. Customers require perfectly executed solutions delivered on time that are aesthetically appealing and tailored to suit the user. Often, in circumstances that are complicated. This requires a high level of knowledge and expertise. Heijmans is building these spatial contours. The environment is increasingly being determined by the scarcity of space, raw materials and other resources. This requires improved processes, efficiency, cooperation and integration of systems.

Mission Statement

Our mission is to play a leading role in making building smarter and more efficient by adding value in the areas of energy, materials and spatial quality in the collaborations we enter into, the processes we operate and the products we generate. In this endeavour, we take responsibility for achieving renewal, entering into partnerships, and providing customers with the best insight. To realise and continue our strategy designed to achieve margin growth, Heijmans aims to realise an EBIT margin in realisation and execution of between 3% and 4%. Our target margin in development is around 8%.

Strategy and ambition

Our aim is to be the best and thereby the most innovative construction company. We will achieve this through striving for continuous improvement of our core activities through the bundling of our procurement, consistency in sales and tender management and strong project management. The objective is to achieve higher margins with good management of risks. Based on this continuing improvement, we can further increase our market share in existing markets by adding value. In addition, our goal is to improve our position by increasing our differentiating qualities and innovating. Our ambition is defined by our drive to improve and renew.

Added value

Heijmans distinguishes itself by searching for solutions together with its partners at an early stage in the design process and realising and maintaining these solutions through the integration of knowledge and know-how. Our work starts on the drawing board and extends to include management, maintenance and service. We combine knowledge and creativity to create innovative products and concepts that we apply on a broad scale. The local execution can vary, but everything is created from the same expertise. Heijmans positions itself as an innovative player in the market. These unique qualities are reflected in the pioneering role of Heijmans in the field of innovation. Examples are the housing concept Heijmans ONE, the standard application of intelligent home control technology, the 3D printed steel bridge MX3D, Bike Scout or the development of innovative asphalt products such as self-healing asphalt and the sustainable asphalt Greenway LE.

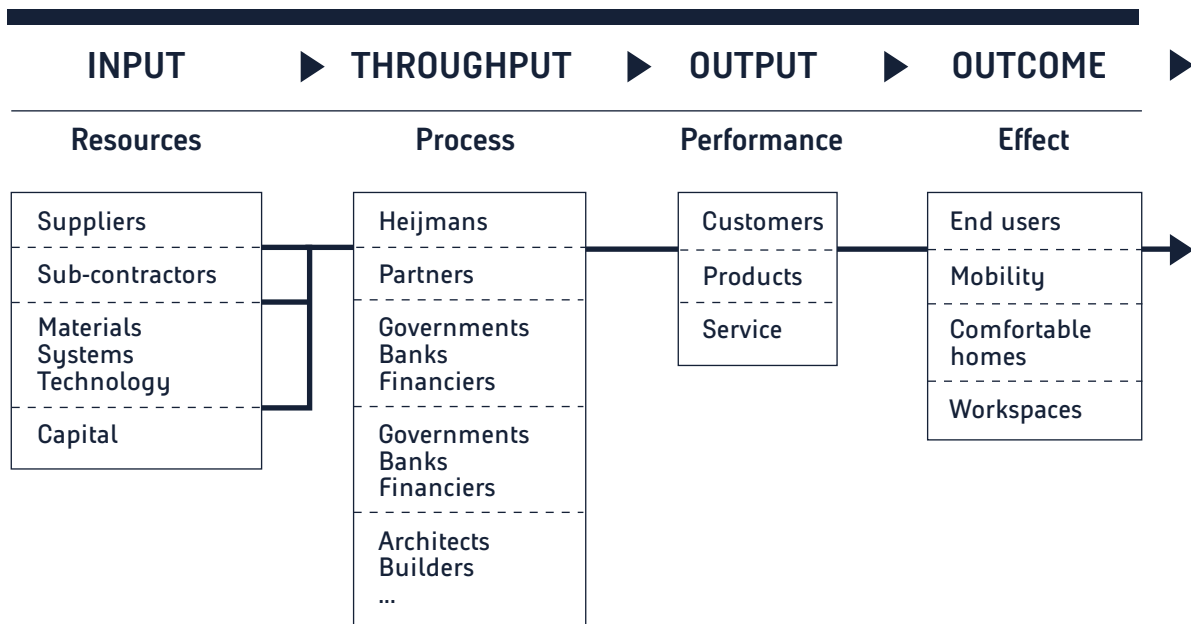
Business model

Heijmans focuses on three different operating areas: residential, non-residential and infrastructure. Heijmans operates in the Netherlands, Germany and Belgium. Within these operating areas, we are active in various market segments and for various customer groups, including businesses, governments and consumers.

The operating areas are organised in the business segments Residential (Property Development and Residential), Non-Residential and Infra (Roads and Civil). In addition, knowledge and acquisition of public-private partnerships (PPP) are organised centrally.

Central management leads to optimal use of cooperation synergy, scale, knowledge and expertise. In addition, the company as a whole offers an integrated proposition to customers, from idea to realisation, maintenance and management. The business model thus reflects the increasing demand from customers in the consumer,

Business model



Note

Heijmans delivers added value by active chain management with the aim of achieving efficiency and integration of this chain and increasing the level of knowledge and competence within the company through innovation and integration. To do this, Heijmans works together with partners and uses the various capital flows in the chain. Continuous improvement is achieved through central direction of tender management, project management, procurement and sales and setting central improvement targets for these areas. Heijmans is increasingly using LEAN planning techniques, central and uniform processes and systems. The business model reflects the demand from customers for integrated solutions in which design and engineering, realisation, maintenance and management as well as funding are combined. However, the business model is also designed to provide singular solutions such as risk-bearing development, construction and service and maintenance and management. This adds value for customers, which is expressed in return and customer satisfaction.

business-to-business and business-to-public segments for a combination of design, engineering, realisation, maintenance, service and even finance. For end users such as housing consumers, this bundling of specialisations makes it possible to tailor the product exactly to meet customer demands.

In the business model, the delivery of added value through active chain management is a central priority. Heijmans distinguishes two separate processes here: firstly, the more risk-bearing and initialising property development process together with public-private partnership with a corresponding risk profile. Secondly, the executive activities in relation to residential construction, non-residential and infrastructure. Elements of the risk-bearing activities are 'finance' and the management of capital flows, in contrast to the activities in which realisation and potentially the maintenance of building works are the central issue.

Continuous improvement in both these processes is achieved through central direction of tender management, project management, procurement and sales and setting central improvement targets for these areas. Heijmans is increasingly using uniform processes, methods and systems here. The business model reflects the demand from customers for integrated solutions in which design and engineering, realisation, maintenance and management as well as funding are combined. However, the business model is also designed to provide singular solutions such as risk-bearing development, construction and service and maintenance and management. This adds value for customers, which is expressed in return and customer satisfaction.

History

Heijmans' history goes back to 1923, when Jan Heijmans started his paving company in Rosmalen. Heijmans was already an innovator in those days, as it was one of the first companies to use bituminous road surfacing. He had ample opportunities for growth in the post-war reconstruction period, with the restoration and construction of roads and airports. The first business acquisition occurred in this period and marked the beginning of a period of huge growth and versatility. Heijmans obtained a listing on the Amsterdam Exchanges in 1993. This gave the company a new source of capital, which enabled further growth and acquisitions. The company changed its strategic course radically in mid-2008, and now focuses strongly on adding value based on the integration of its business

units. By improving its processes, efficiency and financial ratios every day, Heijmans creates opportunities in which to launch innovative ideas and show its colours in the market. Heijmans ONE, Bike Scout and the 3D printed steel bridge are good examples of this.

Business segments and activities

Residential

Property Development

In the Netherlands, Property Development focuses on area development and property development of both large and smaller-scale projects in inner-city and out-of-town areas and acts as an initiator, developer and seller of mainly residential properties, both at ground floor and apartments for either purchase or rental housing, including social rental housing. This is carried out by the property development business, which consists of three locations with one central management. High-level knowledge of area development is bundled in one area development organisation in which accounts of large customers are incorporated, meaning we can benefit from both new-build contracts and (inner-city) transformation assignments.

Residential Building

The core activity of Residential Building is to build homes of different types. Activities primarily consist of new-build, however also involve the restoration, redevelopment and renovation of existing housing stock. The transformation of buildings, such as the radical renovation of the Parooltoren in Amsterdam, also forms part of the activities of Residential Building. Maintenance and service are increasingly becoming part of the project portfolio. Residential Building operates from three regional offices with central direction. There are also construction activities in Belgium, which include a number of residential and care complexes, as well as the construction of the Elisabethzaal, a multi-functional concert and congress hall in Antwerp.

The integration of the activities of Property Development and Residential Building leads to both conceptual creativity and knowledge of realisation. This results in residential concepts such as Heijmans ONE, Huismerk and Wenswonen. But also in standardisation of the underlying operating processes and cooperation with partners and procurement. This enables us to realise both complex inner-city transformation projects and more repetitive new-build.

Non-Residential

Non-Residential realises complex large-scale buildings in the market segments of health care, government and semi-public sector, commercial property and the high-tech clean industry (including laboratories) and data centres. Non-Residential designs, realises and maintains high quality electrotechnical and mechanical engineering installations. Our unique quality is the integrated approach to construction and installation technology, and increasingly our contracts include long-term management, maintenance and technical installation services. Examples include the Timmerhuis in Rotterdam and the new offices for the Ministry of Security of Justice and the Ministry of the Interior and Kingdom Relations in The Hague. Heijmans is responsible for realisation and long-term maintenance of both these buildings.

Infra

The activity of Infra concerns the installation, maintenance and improvement of infrastructure, with a primary focus on mobility, water and energy. This involves mobility for road users and the road networks in the Netherlands, Belgium and Germany, but also on the design of public space. This may involve roads and underground infrastructure, or also installations and technical services (such as lighting, camera and reference systems) in and around roads and the related public space. Infra also focuses on civil engineering works: location-linked infrastructure above and below ground, such as viaducts, tunnels, cables, pipelines, energy supplies, sluices, water purification and so on. The focus is on the design, realisation and management and maintenance of the constructions as well as their installations. In the Netherlands, the Infra organisation is active in all these segments and fields.

Infra Belgium focuses mainly on road construction, maintenance contracts, cabling and pipe works and integrated contracts. The organisation has two components: Heijmans Infra (Belgium) and Van den Berg, which specialises in service and new-build contracts in the field of energy, water and electricity infrastructure.

Our German operating company Oevermann specialises in road construction, mainly for the German autobahn network and non-residential construction. Within Heijmans, there is a cross-border sharing of technological expertise, application of specialist material and procurement strength in both road construction and general construction. Franki, a German subsidiary, strengthens the integrated quality of Infra in the Netherlands with its specialist foundation techniques.

The geographical distribution according to revenue and activities in 2015 is as follows:

Revenues in 2015 by activity

PROPERTY DEVELOPMENT

278

RESIDENTIAL BUILDING

The Netherlands 295

Belgium 92

NON-RESIDENTIAL

421

INFRA

The Netherlands 690

Belgium 116

Germany 319





The Heijmans share

Share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2015 is as follows:

Shares (x 1,000)	Authorised share capital		Issued capital	
	2015	2014	2015	2014
Ordinary shares	35,100	35,100	21,407	19,461
Cumulative financing preference shares B	7,000	7,000	4,510	6,610
Protective preference shares	8,000	8,000	-	-
	50,100	50,100	25,917	26,071

Ordinary shares

The shares are held by the Heijmans Share Administration Trust ('SA Trust'). The nominal value per ordinary share is €0.30. The SA Trust has issued 21,406,873 depositary receipts for shares as at 31 December 2015, which are quoted on the Stock Exchange of Euronext 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 and a summary of the key figures per ordinary share/depositary receipt are presented in the table below: The number of issued ordinary shares and depositary receipts for shares increased during 2015 as a result of the issue of 1,946,000 depositary receipts for new ordinary shares by means of an accelerated book-build issue on 20 May 2015.

Shares (x 1,000)	2015	2014	2013	2012	2011
In issue on 1 January	19,461	19,349	17,328	16,956	16,851
Issue of share capital	1,946	-	1,759	-	-
Stock dividend	-	103	262	372	105
Matching shares Share Matching Plan	-	9	-	-	-
In issue on 31 December	21,407	19,461	19,349	17,328	16,956
Average in issue for the year	20,661	19,420	18,111	17,191	16,917
Earnings per share* (x €1)	-1.32	-2.44	0.10	-5.10	-2.22
Dividend per share (x €1)	-	-	0.15	0.25	0.35
Pay-out ratio %	-	-	150%	-	-

* Per average share in issue

Heijmans N.V. is listed on Euronext Amsterdam.

Heijmans market listing	2015	2014	2013	2012	2011
Closing price (in €)	8.18	8.95	10.51	7.05	8.19
High price (in €)	13.36	14.20	10.78	9.68	23.90
Low price (in €)	5.77	7.83	6.85	5.25	6.58
Dividend yield at closing price (in %)	-	-	1.4%	3.5%	4.3%
Market capitalisation at year-end (in € x million)	175	174	203	122	139
Average daily turnover (in no. of shares)	161,793	82,132	90,358	76,045	106,867

Cumulative financing preference shares B

On 28 June 2002, 6,610,000 cumulative financing B preference shares were issued at a price of €10 per share. The nominal value per ordinary share is €0.21. These shares are not quoted on a stock exchange, and no depositary receipts are issued for them. With effect from 1 January 2014, the yield is 7.9%. The dividend will be revised as at 1 January 2019 and every five years thereafter. The Company has the right to repurchase or cancel these financing preference shares B at any time. On 15 April 2015, the General Meeting of Shareholders authorised the Executive Board for a term of 18 months to repurchase up to 40% of the financing preference shares B in its own capital. This means that the outstanding amount on these shares can be reduced by 40% through the repurchase and subsequent cancellation of the financing preference shares B. The Heijmans Executive Board has implemented its previously expressed intention of repurchasing and cancelling these shares, and in mid-July 2015 2,100,000 preference financing shares B were

repurchased. The decision to reduce the share capital (by cancellation) took effect on 18 September 2015. Since that time, the number of outstanding cumulative financing B preference shares is therefore 4,510,000.

Issued share capital and equity holdings

The issued capital and the associated voting rights changed in 2015 as a result of the issue of 1,946,000 depositary receipts for new ordinary shares and the cancellation of 2,100,000 preference financing shares B.

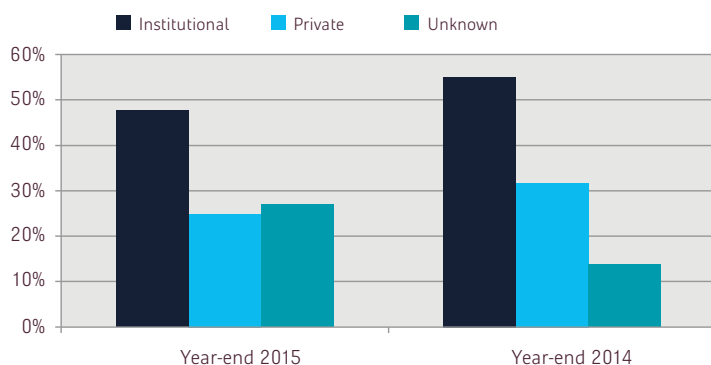
One cumulative financing B preference share entitles the holder to 1.278 votes. The voting right associated with ordinary shares is 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2015 was as follows:

	Issued capital		(Potential) Voting right	
	Number	% (based on nominal value)	Number	%
Ordinary shares	21,406,880	87.1%	642,206,400	99.1%
For which depositary receipts issued	21,406,873	87.1%	642,206,190	99.1%
For which no depositary receipts issued	7	0.0%	210	0.0%
Depositary receipts	21,406,873	87.1%	642,206,190	99.1%
Cumulative preference shares	4,510,000	12.9%	5,763,780	0.9%
Total year-end	25,916,880	100.0%	647,970,180	100.0%

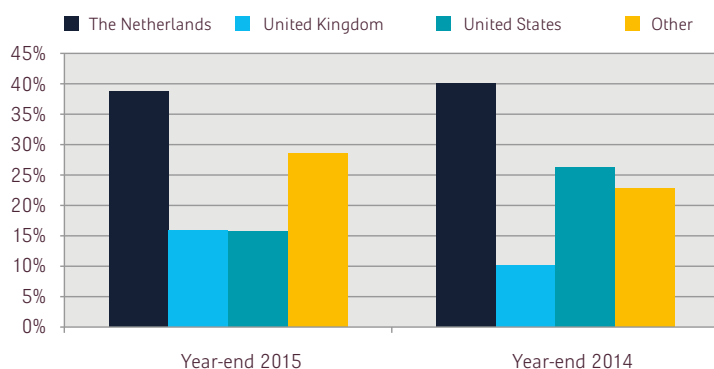
To the extent the Company is aware, and also on the basis of the WMZ (Major Holdings in Listed Companies Disclosure Act) register maintained by the Netherlands Authority for the Financial Markets (AFM), the following investors had a 3% or greater interest in Heijmans as at 31 December 2015:

Holdings in Heijmans	31 December 2015		31 December 2014	
	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
Kempen Capital Management N.V.	6.4%	0.4%	6.1%	0.8%
Delta Lloyd Levensverzekering N.V.	6.4%	0.4%	12.5%	5.0%
FMR LLC	6.1%	7.0%	8.1%	9.9%
Delta Lloyd Deelnemingen Fonds N.V.	<3%	<3%	5.6%	6.8%
ASR Nederland N.V.	<3%	<3%	5.2%	6.3%
Van Lanschot Participaties B.V.	<3%	<3%	4.9%	1.0%
	18.9%	7.8%	42.4%	29.8%
Other holdings	81.1%	92.2%	57.6%	70.2%
Total	100.00%	100.00%	100.00%	100.00%

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



The (estimated) shareholdings of institutional investors probably declined slightly during the 2015 financial year. This is mainly due to the fact that a number of large investors in previous years have reduced their holdings in Heijmans. The ownership of the Company's shares is relatively well distributed. The geographical distribution of shares and depositary receipts held by institutional investors is as follows:

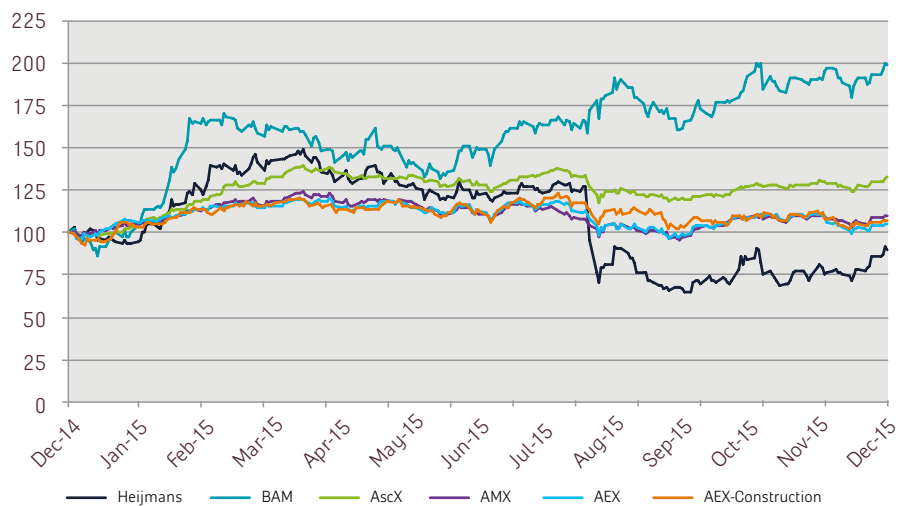


Approximately 39% of the depositary receipts for ordinary shares held by institutional investors are held in the Netherlands. This figure is lower compared to year-end 2014 (40% in the Netherlands) with a higher relative holding for institutional investors. It is estimated that 95% of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.

Share price movement

The closing price for the ordinary share at the end of 2015 was €8.177. This is a decline of 9% compared to the price at the beginning of 2015. The AScX Index, which includes Heijmans, increased by more than 30% in the 2015 calendar year. The figure shows the price movement of Heijmans shares in 2015 compared to both the AScX Index and a peer group as prepared by Euronext in the 'AEX Constr. & Mat. Composition'.

Price movement of Heijmans shares compared to AScX Index and peers



Financial schedule 2016

The following publication dates have been set for 2016:

Date:	Event	Time
13 April 2016	General Meeting of Shareholders	14:00 hours
11 May 2016	Trading update	before market opening
17 August 2016	Publication of half-year figures for 2016	before market opening
2 November 2016	Trading update	before market opening

Strategy: the contours of tomorrow

Strategic direction

Heijmans is building the contours of tomorrow, and we are therefore designing and initiating the spatial world in which we live. A fast-moving environment in which complex regulation, increasing assertiveness from users and stakeholders and dealing with scarcity of spatial quality are the major challenges.

Our aim is to be the best and thereby the most innovative construction company in our field. To produce the most suitable design and content in the built-up environment and thus create added value for our customers and their end users.

Improve and renew: top priority for restoring our financial result

We will achieve this through striving for continuous improvement of our core activities through the bundling of our procurement, consistency in sales and tender management and strong project management. This forms the basis of our strategy. Through this continuous improvement we can reduce costs, increase efficiency and further increase the contribution to earnings from our market share in existing markets by adding more value. This will enable us to sell new products and services in these markets and serve new markets and new customers. 'Improve and renew' defines our ambition.





Social trends and stakeholders

The Company engages in dialogue with its stakeholders on a regular basis. The stakeholders are the groups and individuals that directly or indirectly affect – or are affected by – the company's realisation of its goals: principals/customers, employees, shareholders and other capital providers, suppliers and subcontractors, the industry, governments, knowledge and educational institutions, and social groups. The following market trends and developments were observed last year:

Improvement in the housing market

The housing market turned a corner in 2015 with a strong development in demand and there is now increased pressure on supply. While this development is nation-wide, it is most noticeable in the regions around the four large cities. There is still heavy pressure on prices in the non-residential and infrastructure markets, and these projects present a challenging risk profile.

Chain integration

Partly due to large integrated works that involve design, realisation and extend to maintenance and management, construction business increasingly also involves a role as chain and system integrator. An example of this is the National Military Museum in Soesterberg, where Heijmans is fulfilling all these roles. Cooperation with suppliers, partners and customers is an important precondition for successful project completion. Chain cooperation also presents opportunities for further optimising quality aspects that are important to the end users. A clear development towards increased knowledge intensity is also visible. The profile of employees at large construction companies is changing. This is, partly due to the ageing population, moving from a focus on realisation to a focus on knowledge.

Transformation and renovation

As a result of the crisis and the vacancies this created in offices in recent years, the sector and its customers are turning their attention to re-use and transformation. Many office buildings no longer meet the needs of functional use, and moreover demand for this is still declining. One solution is the redesignation of buildings and thereby revitalisation of the inner-city areas in which these buildings are located. Examples of such projects are Katendrecht in Rotterdam, Parooltoren and Trouwgebouw in Amsterdam and the Wijnhavenkwartier in The Hague. With an improving housing market, this transformation and the related renovation is becoming increasingly attractive, since it contributes to bringing a diversified housing supply up to standard. Technical developments in the area of sustainability and energy

then also contribute to intelligent designs and exploitation. Making property future-proof is therefore a significant trend.

Government withdrawal and different contract types

The withdrawal of the government is an important development affecting the entire industry. Contract types are changing and operating responsibilities and risks are being delegated. Important contract types in recent years is the DBMFO and Design & Construct model, both of which have come about due to the withdrawal of the government and the transfer of risks and performance. This development is mainly visible in the business-to-public segment and particularly in the infrastructure sector, and to a lesser extent in the non-residential market.

Sustainability: energy and materials

Sustainability continues to be an important issue, but mainly concerns the control of energy costs and efficiency. Innovative usage of materials and upcycling are leading to the development of new and more future-proof construction materials. In the field of innovation, materials renewal as well as energy is therefore seen as an important focus for the future. One example of this is MX3D, the printed steel bridge in Amsterdam. A joint venture in which Heijmans is a participant.

From ownership to use and performance

Housing expenses are becoming an increasingly important issue for residential consumers, particularly the costs of energy and the investment needed for this. If this can be offered as a performance, so that consumers do not have to purchase their own solar panels, this is becoming a more frequent preferred option. For development customers as well, entering into performance agreements, either as part of a PPP contract or not, is becoming an important trend. Under these arrangements the contractor is rewarded or paid during the contract period on the basis of the agreed performance. This is placing increasingly high demands on the available expertise, for which the contractor is increasingly taking responsibility.

Analysis of the most material issues

The analysis of the most material issues concerns the analysis of those aspects that are most crucial for Heijmans' business operation and strategy. Naturally this involves aspects associated with financial performance, however it goes beyond financial performance indicators alone. Given Heijmans' ambition and the market in which it operates, continuous improvement is



essential. Its projects are large, and this requires a streamlined organisation with central direction and standard working processes. Furthermore, the margin profile is such that management of working capital is of obvious importance. Heijmans has reflected this necessity in a strategy of continuous improvement. The aim of optimising business processes via working capital management, tender and project management, procurement and sales is to continuously improve the core throughout the organisation. Strengthening the core processes (internally known as 'Improve the Core') creates a basis for renewal in order to add value, by applying innovation for both existing customers and new customers, as well as new segments.

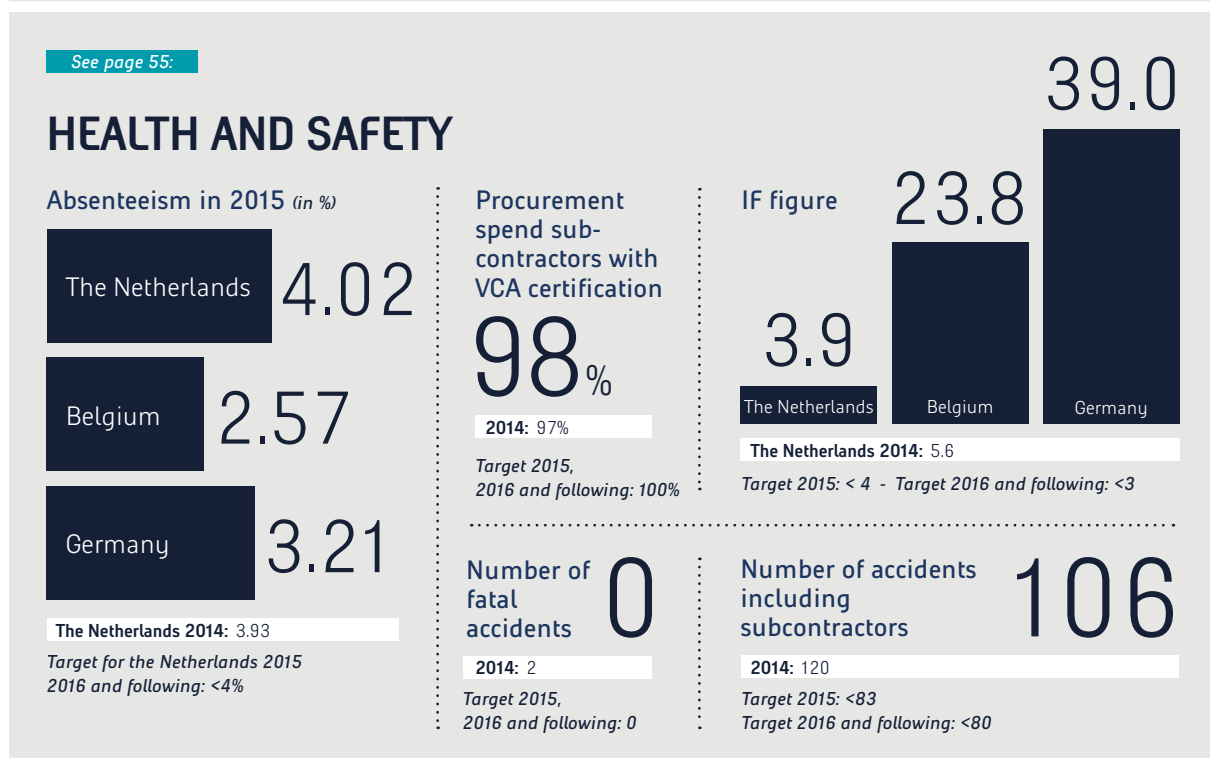
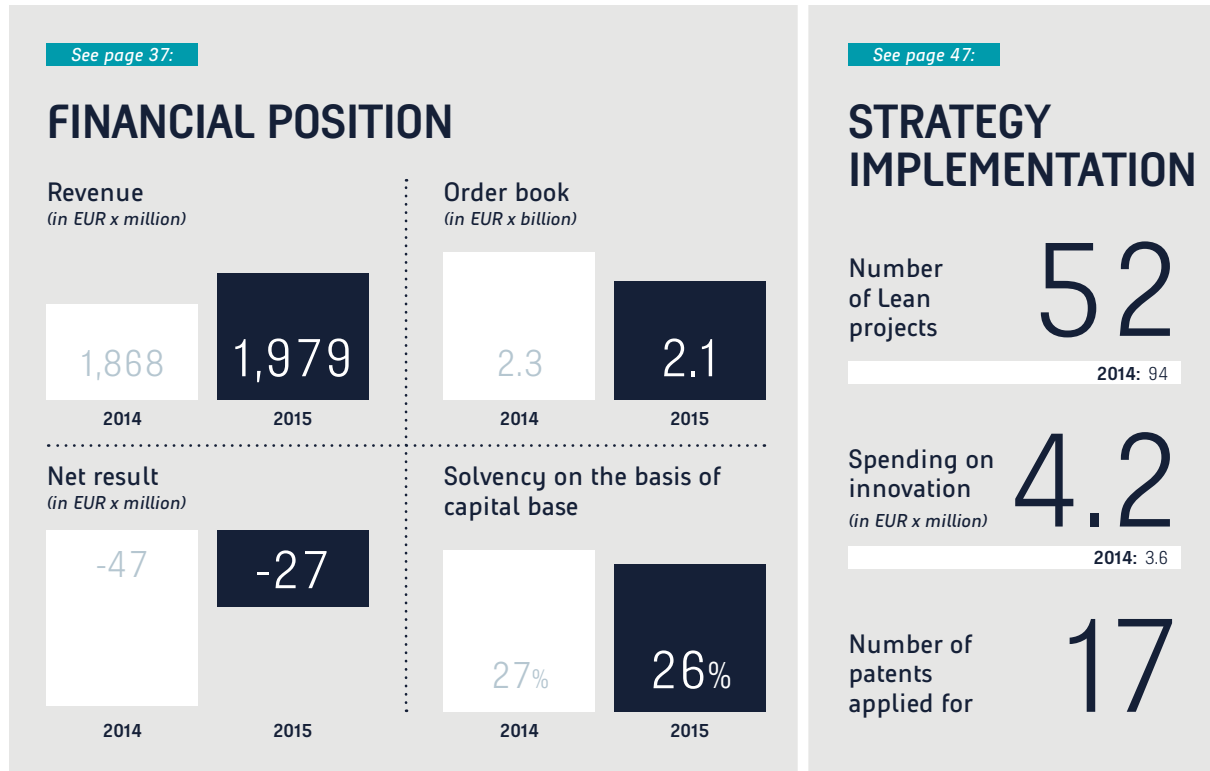
The success of the organisation, its service provision and product development can then be measured by the satisfaction of its customers. Delivering the performance needed for this requires continuity in the business operation that is expressed in health and safety aspects, and increasingly in terms of knowledge.

For a description of the process of materiality analysis, see the Heijmans website under 'About Heijmans', in the 'Corporate Governance' section.

Integrated dashboard

Based on the above analysis, an integrated dashboard has been created that shows the most material aspects and the critical performance indicator that represents the performance, thus providing an overview of progress of the implementation of the organisation's strategy. This dashboard is shown on the following page and is explained in more detail in the various sections of this annual report:

Dashboard of most material issues in 2015



See page 61:

KNOWLEDGE INTENSITY

Training level (in %)

	LBO/VBBO	MBO	HBO	WO	
The Netherlands	9	46	41	4	
Belgium		31	50	14	5
Germany		67	10	17	6
2014: The Netherlands	10	47	39	4	

See page 65:

PROCUREMENT AND CHAIN INTEGRATION

Procurement spend preferred suppliers

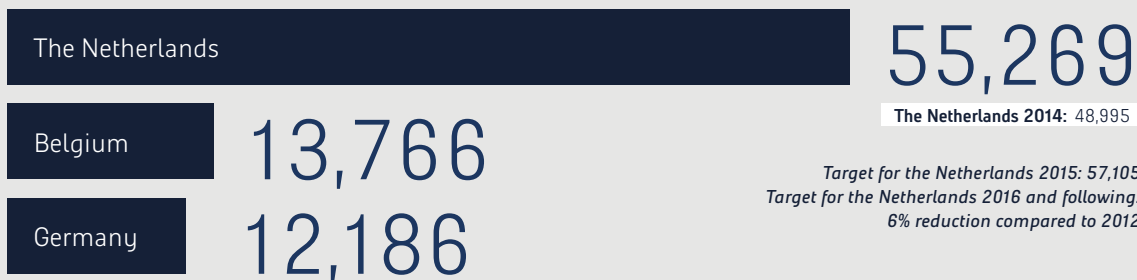
46%

Target 2015
2016 years and following: 50%

See page 69:

SUSTAINABLE BUSINESS CONDUCT AND PROJECTS

CO₂ emissions (in tonnes)



A complete overview of performance indicators and notes is provided in the appendices to this annual report, page 220.

Strategy implementation 2015

Improve

In 2012, Heijmans announced the start of an extensive internal programme designed to improve the company's core processes known as 'Improve the Core'. An approach was subsequently developed in four areas - tender management, project management, procurement and commerce - with the aim of achieving uniform processes and a sharper focus. In addition, improvement processes are in place in specific areas of attention in the business operation, including safety and working capital management.

Tender management

In 2013 the basis was laid for the standardisation of tender management through the analysis of best practices, the introduction of a uniform project sheet, the definition of project risk categories and the development of standard working practices. The aim was selective and disciplined acquisition of opportunities arising in the market, thus increasing hit rates and also taking on the most suitable projects, as well as the timely recognition of relevant risks. The tender management process has been further developed on the basis of the initial experiences, with the training of 400 employees that collaborate in the tender process. Ambassadors and 'owners' have also been designated who oversee agreed processes and the use of tooling. The communication of best practices has led to increasing practical experience and advice with respect to tender management. These good examples are also useful for project management, since they provide much insight into approach, experience and the standardisation of processes in whatever experience of realisation.

Project management

Project management has received extensive attention in the past two years, and will be further developed in 2016. In 2015, when the focus was mainly on improving tender management, full attention was devoted to the training of employees and the sharing of best practices in the field of project management. Approximately 365 employees were trained and a further 145 employees received specific training with respect to contract management. The 'project start-up' (PSU) was implemented, which tests whether the start of execution of a project is in line with the starting parameters (design, planning, team contract agreements and so on) of the tender phase.

Procurement

The steps established for procurement are described in detail in the section titled 'Procurement and Chain Integration' (page 65).

Commerce

A programme designed to achieve professionalism, uniform commercial processes and effectivity was started in 2014. Last year, the emphasis was on the development and implementation of business intelligence, so that information on customers could be shared. This process also led to the company-wide designation of customer groups and priorities, so that an agenda and basis for account management were established. In combination with the tender management programme, the initial phase of project selection and project choices was also considered. Criteria for decision-making were formulated and insight into the conversion of efforts made with respect to order intake was provided. The programme establishes the relationship between existing activities, but also in particular the view of customers and sales as a company-wide and professional activity.

LEAN6Sigma

The LEAN6Sigma improvement programme which aims to achieve continuous improvement of business processes and the development of a culture of improvement in the organisation was initiated in 2010. In practical terms, improvement projects were initiated in this programme, which led to actual improvements on the basis of quantitative information (measurement) and awareness of improvement (knowledge). Since 2014 LEAN6Sigma has been focussing more on the LEAN methodology to further reduce the time taken to complete projects and thus strengthen the process management. This was expanded in 2015 with an internal introduction training. LEAN techniques are used to reduce completion times and wastage for several dozen tender projects. 52 projects were initiated in 2015, 29 of which have now been completed. From 2016 the LEAN6Sigma methodology will be integrated more into the Improve the Core programme. Longer running projects as at year-end 2015 will be included in the Improve the Core improvement programme.

Fit for Cash

The 'Fit for Cash' working capital programme is designed to increase awareness of the importance of the development of the cash position among employees. This requires good cooperation between project realisation, invoicing, and debtor and creditor management. Close coordination and up to date management information

are crucial for this. The 'Fit for Cash' programme has been in operation since 2013 and since then actual improvements have been made in the primary processes for tendering, contract management, project preparation, execution until procurement and creditor management. The repetition of this effect leads to awareness and improvement. The 'Fit for Cash' manual was issued and distributed to employees in 2015. The contents of this were then discussed in working meetings, and this has led to further improvement measures. The manual was also used in training courses, workshops and is issued to new employees. Fit for Cash has been a fixed agenda item in employee development interviews since 2015. Fit for Cash is embedded in the Improve the Core processes and is included in the internal audit scripts. Lastly, a study has been made within the programme of improvements that can be achieved in the initial phase of construction projects, since it is in this phase that construction costs have to be translated into actual contractual payment instalment schedules. The programme has also led to a critical reassessment of investment in material, specifically focusing on utilisation rates and added value.



ERP platform

Heijmans is working on the introduction of a uniform ERP system based on SAP. The aim is to achieve uniform administrative processes that optimally support efficient business operation and the integrality of Heijmans. Processes must also further strengthen the control of the operation. Processes run automatically: from the recording of hours by employees and the issue of instructions to service employees up to and including the signing off of deliveries for projects, procurement orders and invoicing. The new ERP system will also lead to acceleration of the process from realisation to invoice generation. It will therefore contribute to management of working capital and the timely availability of management information. The system was introduced at Infra in 2014, and at the material management division and Residential Building in 2015. Preparation for implementation at Non-Residential was also started last year. This implementation entails a substantial

change process and involves much more than taking tooling into operation. It affects the organisation, culture and discipline of employees.

GO! Safety programme

The section 'Health and Safety' gives a detailed account of the content and targets of the programme and the measures taken in 2015.

Renew

The improvement measures in place create the potential for renewal. Heijmans appointed a Chief Technology Officer in 2014. The Technology department, which is promoting, improving or initiating innovation under his leadership, has two aspects. Firstly, the department deals with the international marketing and sales of innovations. Full attention will be devoted to forming partnerships and professionalisation in 2016 in this respect, as was the case in 2015. Secondly, Technology contributes to the further encouragement and development of innovation internally and attention to this subject. This will be developed further through product management. After several years in which conceptualisation was the main focus and innovations were mainly applied in the tender projects, a start was made in 2015 on centralising and further professionalising this business development process. The development of product management has an important part to play here. This has led to a slimmed down innovation portfolio with products and ideas that can be brought to the market via partnerships or licences both nationally and internationally. Work was also done in 2015 on the uniform design and implementation of company-wide innovation criteria and the forming of a strong network whereby innovations can be realised in the chain. 2015 saw the further development and readying for market of innovations including BrainJoint, Heijmans ONE and interactive pavements, so that Heijmans can gain a market position here in addition to its tender processes.



"A construction company is attractive as a sustainable investment if it looks beyond EPC norms or CO₂ emissions. One essential aspect in our opinion is that the company's offering of products and services actually meets a social need. The company must fulfil its social role in society. Heijmans is a good example. The main challenges we see for Heijmans concern the scaling up of innovations from individual pilot projects to a higher scale, and returning to profitability."

Bouwe Taverne (left) and **Ingmar Schuurmans**,
The Dutch Association of Investors for Sustainable
Development (VBDO)



Read the interview at heijmans.nl/en



Financial position

Key points in 2015

The net result in 2015 was €27 million negative (versus €47 million negative in 2014). The revenue of just under €2.0 billion was slightly higher than in the previous year (2014: €1.9 billion) mainly due to strong growths at Property Development and Residential Building and the German operations. The underlying operating result came to €5 million negative (2014: €12 million negative) with an improvement in the second half of the year compared to the previous year (2015: €6 million positive versus 2014: €5 million negative). Write-down of real estate and land holdings of €12 million significantly affected the net result.

The improvement in the underlying operating result was mainly due to the positive developments at Property Development and Residential Building Netherlands (collectively €10 million better than in 2014) and Infra Germany (improvement of €5 million). Operations in Belgium had a satisfactory year, contributing €7 million to the underlying operating result. However, as in the previous year the result was heavily affected by the negative result of the Infra operations in the Netherlands. A loss of €26 million was reported here, compared to a loss of €22 million in 2014, with both years heavily influenced by the processing of risks and results from projects acquired in 2012-2013. The conditions in this market, which is relatively stable in terms of volume but features a high level of competition, are only gradually improving. A positive factor is that the regional infrastructure and asset management activities, in which road construction has a prominent share, showed an improvement in the second half of the year.

The improvement measures introduced, namely the different costing for design and staff costs, changes to the management of the design and preparation process, improvements to contract management in combination with professionalisation of the cooperation with customers, strict management and documentation of go/no-go decisions and start-up reviews by the Executive Board, were all effected and further refined in 2015. In addition, the Dutch infrastructure activities were brought under single central leadership in 2015 and additional centralisation was achieved in the form of uniform processes and combination of departments and teams.

The operating result at Non-Residential was at break-even last year, as previous year. While the services activities generated an increase in revenue and contribution to earnings, the results from projects were still too low. Moreover, the financial effects from the announced reorganisation will be realised later in time.

All the measures showed cautious initial results in the second half of 2015, but their net contribution to the result was ultimately not sufficient. The improvement of

core processes as part of our strategy of 'improve and renew' was a top priority in 2015, not only at Infra but in all the Heijmans business segments. The drive for further improvement and standardisation of the core activities of tender management and project management, procurement and sales should lead to a result in 2016.

In this context, the Executive Board and the Supervisory Board announced their intention in early 2016 to extend the Executive Board with a board member who will focus specifically on the infrastructure operations. In combination with further continuation and prioritisation of the improvement programme in 2016, this organisational measure should lead to results. It will also allow the board to devote sufficient attention to the opportunities presented by the improvement in the housing market.

The capital ratios at year-end 2015 are sound, with a solvency ratio of 26% (2014: 27%). The order book at year-end 2015 stood at €2.1 billion, compared to €2.3 billion at year-end 2014.

Summary income statement (in € x million)	2015	2014	Difference
Revenue	1,979	1,868	6%
Underlying result	-5	-12	58%
Adjustment to operating result of joint ventures	-9	-9	
Write-down of real estate and land holdings	-12	-14	
Restructuring costs	-3	-29	
Operating result	-29	-64	
Financial income and expense	-10	-5	
Result of joint ventures and associate investments	9	7	
Result before tax	-30	-62	
Tax expense	3	15	
Result after taxes	-27	-47	

Revenue

Revenue increased slightly to almost €2.0 billion (2014 €1.9 billion). The increase was mainly due to the growth in the housing market and therefore the Property Development and Residential Building segments. Revenue at Residential Building last year amounted to €387 million, compared to €299 million in 2014. The construction and infrastructure operations in Germany also generated an increase in revenue. Revenue at Non-Residential showed a small increase. The analysis of the revenue by segment in 2015 is as follows:

Revenue (in € x million)	2015	2014	Difference
Property Development	278	179	55%
Residential Building Netherlands	295	210	
Residential Building Belgium	92	89	
Residential Building total	387	299	29%
Non-Residential	421	388	9%
Infra Netherlands	690	759	
Infra Belgium	116	128	
Infra Germany	319	260	
Eliminations	-4	-6	
Infra total	1,121	1,141	-2%
Other/elimination	-228	-139	
Total revenue	1,979	1,868	6%

The operations in both Germany and Belgium generated a stable contribution to total revenue last year. The share of the foreign activities in total group revenue in 2015 was 27% (2014: 26%). The geographical distribution of revenue in 2015 is as follows:

Revenue in %	2015	2014
The Netherlands	73%	74%
Belgium	11%	12%
Germany	16%	14%
Total	100%	100%

Underlying operating result

The underlying operating result consists of the operating result, corrected before operational result joint ventures, excluding any adjustments of the measurement of property and land holdings, impairment of goodwill, restructuring costs and other extraordinary items. The underlying operating result in 2015 came to €5 million negative (2014: operating result €12 million negative). The analysis by segment is as follows:

Underlying operating result (in € x million)	2015	2014	Difference
Property Development	9	4	
Residential Building Netherlands	5	0	
Residential Building Belgium	1	2	
Residential Building total	6	2	
Non-Residential	0	0	
Infra Netherlands	-26	-22	
Infra Belgium	7	11	
Infra Germany	7	2	
Infra total	-12	-9	
Group/other	-8	-9	
Underlying operating result	-5	-12	7

The growth in the housing market led to a much better result at both Property Development (2015: €9 million compared to €4 million in 2014) and Residential Building (2015: €6 million compared to €2 million in 2014). Despite the crisis, Heijmans continued to invest in the retention of conceptual ability and creativity, so that integrated area development has developed further as one of its core activities. There was also strict direction at Residential Building to focus on tightening processes and the management of failure costs. Virtually all the Heijmans homes are offered to customers with virtually no snagging items. The operations can also be conducted efficiently and the cost base can be kept low through close cooperation between the two segments.

The result of Non-Residential in 2015 was nil, as was the case in 2014. Revenue was up slightly compared to the previous year, partly due to the acquisition of relatively more service, management and maintenance contracts. The reorganisation announced at year-end 2014 was effected with some delay in 2015. The low propensity to invest by government and semi-public bodies has reduced the size of the market for new-build construction. Renovation, but also especially service, management and maintenance on the other hand are increasing in size.

The infrastructure operations in the Netherlands were substantially loss making in 2015. The loss was more or less entirely due to five to ten previously acquired larger integrated projects. These were progressing towards delivery with difficulty, with particularly civil engineering aspects demanding a great deal of attention. The underlying problem has several dimensions: The central issue is that new contract types have been introduced which have increased the responsibilities shifted to contractors such as Heijmans. Heijmans, as well as its competitors, has found it difficult to properly price these risks in combination with complex stakeholder management. Furthermore, improvements to contract and design management in the initial phases are needed and have been implemented for new projects. The net revenue from these difficult projects in 2015 was approximately €100 million, representing around 14% of the total Infra revenue in the Netherlands. We expect this group of projects to represent around 10% of the revenue from infrastructure in the Netherlands in 2016. In addition to various company-wide measures, all the Infra activities were brought under single management in 2015, and additional centralisation has been achieved in the form of uniform processes and the integration of departments and teams. The measures have shown cautious initial results in the second half of 2015, but their net contribution to the result was ultimately not sufficient. The improvement of core processes as part of our strategy of improvement and renewal was a top priority not only for Infra but for all the Heijmans business segments in 2015 and will continue to be a top priority in 2016. The drive for further improvement and standardisation of the core activities of tender management and project management, procurement and commerce should lead to a result in 2016.

The result of the Infra operations in Belgium of €7 million was lower than in the previous year (2014: €11 million). This decline in the result was already foreseen at the beginning of the year, and the

performance in Belgium therefore remained at an excellent level. In 2014 a larger integrated project concerning the R4 Randweg Gent significantly contributed to the result in that year. This project was delivered in 2015.

The result in Germany of €7 million in 2015 was clearly higher than the result in 2014 (€2 million), mainly due to positive development at Oevermann. In addition to higher volume with reasonably profitable projects for the non-residential operations, several organisational changes in recent years have made strong contributions to the improved result.

Operating result

The operating result in 2015 came to €29 million negative, against an operating loss of €64 million in 2014. In addition to restructuring costs and write-downs of real estate and land holdings, this includes an adjustment to the operating result from joint ventures because the results from certain operating joint ventures form part of the presented underlying operating result but are recognised in the financial statements as result from associates. The breakdown is as follows:

Operating result (in € x million)	2015	2014
Underlying operating result	-5	-12
Adjustment to operating result of joint ventures	-9	-9
Write-down of real estate and land holdings	-12	-14
Restructuring costs	-3	-29
Operating result	-29	-64

Impairment

Heijmans assesses its property and land holdings on a regular basis. The result was particularly affected by write-downs of property holdings outside the Randstad urban area. The impairment of the land and property holdings amounts to €12 million, as a result of delays to planning development or rescheduling of plans by government bodies.

Restructuring costs

As a result of certain small-scale organisational changes, the restructuring costs amounted to €3 million in 2015 (2014: €29 million).

Financial income and expense

The analysis of the financial income and expense is as follows:

Financial income and expense (in € x million)	2015	2014	difference
Interest income	3	3	
Result of sale of associate investment	0	3	
Financial income	3	6	-3
Impairment of loan	-1	-2	
Other interest expense	-15	-11	
Interest expense	-16	-13	-3
Balance	-13	-7	-6
Capitalised interest	3	2	1
Financial income and expense	-10	-5	-5

The increase in the financial expense compared to 2014 is due to a slightly higher debt level during the year, as well as an increase in margins due to a change to the credit agreement concluded by Heijmans with the banking consortium in early 2015.

Tax expense

The effective tax rate in 2015 was 10%, and was affected by a number of non-deductible items. For instance, the interest expense on the cumulative financing preference shares is not deductible. The same applies to the so-called mixed costs such as representation and vehicle expenses.

Capital and financing

The condensed statement of financial position at 31 December on the basis of capital invested is as follows:

Condensed statement of financial position in € x million	31/12/2015	31/12/2014	difference
Non-current assets	380	364	16
Working capital	-72	-37	-35
Invested capital	308	327	-19
Equity	266	259	7
Provisions	32	37	-5
Net interest-bearing debt	10	31	-21
Financing	308	327	-19

Capital invested: non-current assets

The analysis of the non-current assets is broadly as follows:

Non-current assets in € x million	31/12/2015	31/12/2014	difference
Property, plant and equipment	90	95	-5
Intangible assets	112	114	-2
Other non-current assets	178	155	23
Carrying amount of non-current assets	380	364	16

The item 'Property, plant and equipment' primarily includes company buildings and lands, machinery, installations, large equipment and other non-current assets. Investment in the reporting year amounted to €17 million (2014: €18 million). The majority of the other non-current assets consist of long-term receivables from joint ventures in which Heijmans participates, including the PPP National Military Museum.

Capital invested: working capital

Working capital at year-end 2015 was lower than as at 31 December 2014. The analysis of the working capital is broadly as follows:

Working capital (in € x million)	31/12/ 2015	31/12/ 2014	difference
Strategic land holdings	172	183	-11
Residential properties in preparation and under construction	76	82	-6
Other inventory	18	24	-6
Work in progress	4	-17	21
Accounts receivable	267	311	-44
Payables	-609	-620	11
Working capital	-72	-37	-35

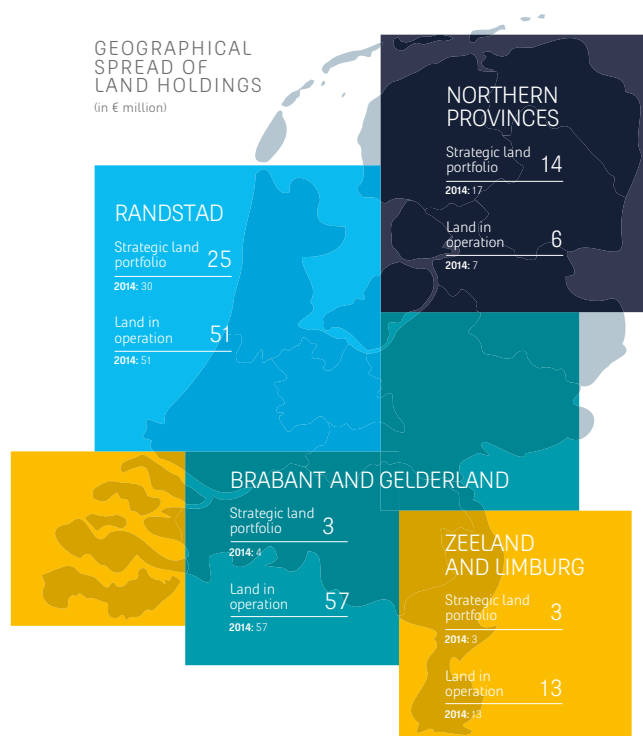
There were large movements in the receivables balance, mostly as a result of the 'Fit for Cash' programme. Working capital also increased from the balance of 'Works in progress' as a result of, on average, less favourable payment schemes mainly in relation to Infra projects as well as contractual discussions, as a result of which invoicing could not yet take place. Among 'Payables' the balance of the 'Creditors' item was more or less unchanged compared to year-end 2014.

The level of working capital fluctuates significantly during the year. Fluctuations may be project-specific and related to payment schemes, or may be due to discussions regarding the progress of a project. The construction sector features a seasonal pattern impacted by higher levels of activity in the second and fourth quarters. This is particularly visible in the Infra and Non-Residential segments. Moreover, large integrated projects often involve contractual discussions on the part of both the customer and the contractor that are financially settled in the fourth quarter of the year. Working capital is usually at its lowest level at the end of the year. Higher requirements for working capital during the year lead to a higher capital requirement, which Heijmans meets by using a revolving credit facility.

Receivables at year-end 2015 amounted to €267 million, compared to €311 million at year-end 2014.

Land holdings declined to €172 million (2014: 183 million).

The division of land holdings into types is as follows:



Financing: equity

Equity remained virtually unchanged in the reporting year and at 31 December 2015 amounted to €266 million (2014: €259 million). The analysis of the changes in equity is broadly as follows:

Change in equity (in € x million)	2015	2014	difference
Result after tax	-27	-47	20
Dividend		-2	2
Share issue	21		21
Changes in pension valuation	17	-5	22
Tax effect of results recognised in equity	-4	1	-5
Result of cash flow hedges		-1	1
Change in equity	7	-54	61

The solvency ratio on the basis of the capital base, which is the equity plus the cumulative financing preference shares, stood at 26% at year-end 2015 (2014: 27%).

in € x million	31/12/ 2015	31/12/ 2014	difference
Equity	266	259	7
Cumulative preference shares	45	66	-21
Capital base	311	325	-14
Total assets	1,190	1,205	-15
Solvency	26%	27%	

Given the development of both the operating results and the net result in 2015, it has been decided that no dividend will be distributed on ordinary shares and depositary receipts for ordinary shares.

Financing: net interest-bearing debt

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) stood at €10 million at year-end 2015 (2014: €31 million). Adjusted for the cumulative financing preference shares (€45 million) the position at year-end 2015 is a net cash position of €35 million (2014: €35 million), since €21 million in cumulative financing preference shares was repurchased in 2015.

Interest-bearing debt (in € x million)	31/12/ 2015	31/12/ 2014	difference
Non-current	103	95	8
Current	32	10	22
Gross debt	135	105	30
Cash and cash equivalents	-125	-74	-51
Net debt	10	31	-21

Significant elements contributing to a positive development of net interest-bearing debt were, in addition to the management of working capital via the 'Fit for Cash' programme, our focussed investment policy and the recovery in the housing market. At both Property Development and Residential, the strong growth was accompanied by a positive development of cash flow. Through strict observance of pre-sale percentages prior to the beginning of construction works, turnover growth does not involve an increase in working capital. During the year, net interest-bearing debt was clearly higher as a result of the seasonal pattern in working capital.

The analysis of the gross debt is broadly as follows:

Gross debt (in € x million)	31/12/ 2015	31/12/ 2014	difference
Cumulative financing preference shares	45	66	-21
Project finance	12	7	5
Other financing facilities	78	32	46
Gross debt	135	105	30

The syndicated bank financing that originally amounted to €250 million was reduced by €19 million to €231 million as of 1 April 2015. €50 million of this committed facility was used at year-end 2015. Throughout 2015 (including year-end) Heijmans complied with all financial covenants. Every six months, measured on 30 June and 31 December each year, the following covenants have to be measured in this respect: the interest cover > 3, measured as the EBITDA compared to net financing expenses and the leverage ratio < 3, measured as the net debt compared to the EBITDA.



ORDER BOOK
(in EUR x billion)

2014: 2.3

2.1

According to the definitions in the financing agreement, the EBITDA, the net financing expenses and the net debt as reported in the financial statements have to be adjusted in certain respects. The main adjustments concern the inclusion of associates that as a result of the introduction of IFRS 11 with effect from the 2014 financial year are no longer proportionally consolidated, the designation of the cumulative financing preference shares (and the related financing expense) as equity rather than debt; exclusion of so-called 'non-recourse PFI' project finance (and the related financing expenses and project results); and finally, for the EBITDA certain expenses may be recognised as 'non-operating', including write-downs as a result of land holdings, reorganisation expenses and adjustments in connection with the valuation of pensions. This is the reason that the underlying operating result plus depreciation and amortisation is used as the basis for the calculation. See note 6.19 to the financial statements.

The poor operating performance has obviously put the ratio between profitability and debt usage under pressure. Heijmans' credit agreement originally was to end on 31 March 2017.

Against this background, Heijmans made a timely start on extending its bank financing for the coming years. In early 2016 Heijmans agreed on an extension of the syndicated credit facility until 30 June 2018. The syndicated facility has been increased, so that as at 1 April 2016 the commitment amounts to €256 million with the inclusion of an existing uncommitted current account overdraft. The financial covenants have been adjusted so that the interest coverage ratio will be measured on a quarterly basis with effect from 2016. This ratio must be at least 4 with effect from the fourth quarter of 2016. It was agreed with the banks that from mid-2017 there will also be testing of the average leverage ratio, whereby the average debt in the previous year may not be higher than 2.5 times the EBITDA. This extension and the adjusted conditions suit the plans of Heijmans for this funding period, in which the permanent improvement of the net debt/EBITDA ratio is an important priority.

As a result of the application of IFRS 11, most of the project finance assigned to projects executed in cooperation with third parties are no longer proportionally recognised in the consolidated statement of financial position, but are recognised on the basis of the equity method as per 2014.

The other financing facilities mainly concern current account overdraft facilities at credit institutions and some financial leases.

Cash flow

The condensed cash flow statement is based on the indirect method and is as follows:

Cash flow (in € x million)	2015	2014	difference
EBITDA - underlying	14	11	
Restructuring expenses	-16	-7	
Interest paid/received	-11	-6	
Tax expense	0	-2	
Movement in working capital and other	22	50	
Cash flow from operations	9	46	
Sale of associates	0	7	
Investments in property, plant and equipment	-17	-18	
Proceeds from property, plant and equipment	6	13	
Loans granted to joint ventures and associate investments	2	-12	
Investment cash flow	-9	-10	
Share issue	21	0	
Dividend paid	0	-2	
Other	0	1	
Movement in net debt	21	35	-14

Order book

The order book, which stood at €2.1 billion at year-end 2015, was lower than at year-end 2014 (€2.3 billion). Of the total revenue forecast for 2016, approximately 64% is in the order book (2015: 65%). The composition of the order book at year-end 2015 and the comparative figures for 30 June 2015 and 31 December 2014 were as follows:

Order book in € x million	31/12/2015	30/06/2015	31/12/2014
Property Development	284	280	234
Residential Building Netherlands	286	270	275
Residential Building Belgium	135	122	120
Residential Building total	421	392	395
Non-Residential	517	549	661
Infra Netherlands	834	879	959
Infra Belgium	135	103	95
Infra Germany	155	239	181
Infra total	1,124	1,221	1,235
Other/elimination	-252	-252	-238
Total order book	2,094	2,190	2,287

Outlook

We expect the improvement seen in the second half of 2015 to continue in 2016. The improved housing market and the order book create a good starting position for 2016. However, market conditions continue to be challenging across the line. Further improvement to the result and margin through continuing improvement of the core activities as a result of uniform processes and central management continues to be the top priority. With its strategic focus on 'improve and renew', Heijmans expects, other than in case of exceptional circumstances, to make clear progress in 2016 and close the year with a positive underlying operating result.

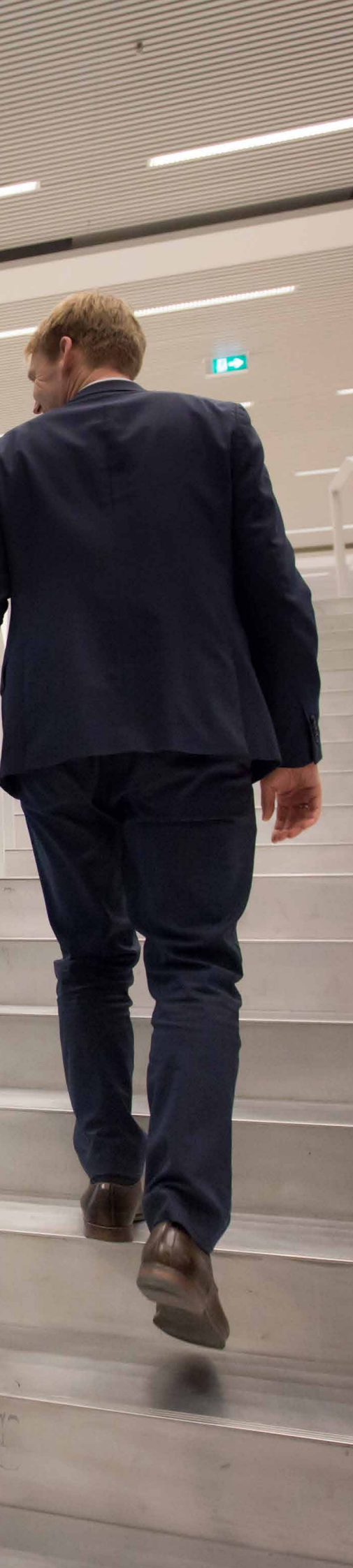


“**W**ith a project like this, you know that not everything can be defined in advance. Some things only become clear during the construction phase. OMA, Heijmans and we achieved a successful outcome because we were prepared to go for the solution that was best for everyone.”

Léon Wielaard, Municipality of Rotterdam



Read the interview at heijmans.nl/en



Strategy implementation 2015

Residential: Property Development and Residential Building

Last year saw a strong recovery in the market. This trend was national, with the greatest development in the four large cities, where pressure in the market and demand increased sharply. Contrary to the market in the pre-crisis period, there is greater than ever demand for influence on product development and customers continue to be critical with respect to quality in relation to price. The composition of products is also changing, partly due to demographic developments such as the ageing population and individualisation. In addition, apart from the increasing demand for housing, there is pressure with respect to affordability, especially for young people looking to buy a home. Rental therefore continues to be attractive. Investors have been offering more affordable rented accommodation in recent years to cater for this demand, especially since the housing associations focused more on their core activity in 2015 and the management of their core portfolio. For them, making their stock more sustainable is a more topical theme than new-build. For Heijmans, this has led firstly to the development and realisation of investment rented accommodation, also in the lower-cost segment and secondly an increase in renovation, management and maintenance to make the existing portfolio more sustainable. Heijmans continues to focus on the private owner-occupier market, consisting of apartments and ground-level dwellings.

Based on these market trends, Heijmans is developing concepts such as the movable Heijmans ONE. This concept enables young people to afford to buy their own home and gives an extra boost to transformation areas via 'placemaking'. Heijmans is also committed to energy-efficient homes and technological implementation of 'home control' in all ground-level owner-occupied housing, enabling control of comfort, energy, security and care. Light, energy and comfort can be managed centrally and even remotely. All the ground-level owner-occupied homes developed and built by Heijmans since mid-2015 feature this technology as standard. Bright House is a housing concept developed to generate more energy than is needed. The Huismerk home is designed specifically for the more affordable segment. The 500th example of this type of home was delivered last year in Eindhoven.

Apart from these products, Heijmans notes that area development is now focusing on city suburbs as well as inner-city locations. New locations between the inner city and its outskirts are gaining in popularity to address the increasing demand for housing. An example of this is the 'Parijsch' housing development in Culemborg where Heijmans will develop 900 homes in the coming years. This area will cater for some of the housing demand in the city of Utrecht.

Heijmans is a partner with many municipalities in the development of this type of new location, whereby years of expertise will be deployed to add value to the development on the basis of an vision of the area, while Heijmans can keep its invested capital to a limited level. Moreover, through the combination of property development and construction Heijmans can test these ideas for feasibility at an early stage and increase its power of realisation. Area development is thus encouraging further acquisition and development of new residential areas within the project portfolio. In addition, the improving market is presenting opportunities to further develop land positions of the existing land portfolio and thus reduce the capital requirement. A further development of renovation and transformation in urban areas is also visible. Many governments want to improve the spatial quality in old urban neighbourhoods, especially now that the market is improving. Furthermore, this type of urban renewal leads to more social and spatial cohesion, better security, improved facilities and so on. For Heijmans, this has led to projects such as the Kanaleneiland in Utrecht and the Fenixloodsen on Katendrecht in Rotterdam.

Property Development and Residential Building are – in accordance with the Heijmans business model - centrally organised and managed business units that serve the market in close cooperation. Around 60% of the production volume of Residential Building originates from the Property Development portfolio. Product innovations are addressed collectively, as are design and (pre-) engineering, so that concept and realisation reinforce each other in an optimal price to quality ratio. Intensive cooperation with partners and suppliers in the chain is crucial for this. Targeting maximum customer satisfaction, for instance by leaving no snagging items, and further standardisation of processes is important for this model. The standardisation of process, design and execution choices in collaboration with supplying partners for the Heijmans Huismerk is a good example of this.

In an improving market, controlled growth of Residential Building is crucial in Heijmans' view. The policy of 'margin before volume' should also lead to sound price/quality ratios in this segment and further reduction of failure costs and fewer snagging items. Flexibility is important in this improving market and requires that the organisation is able to adapt to the dynamics, in terms of both capacity and knowledge, expertise and procurement strength. Both business segments were scaled back as a result of the economic crisis, meaning that there was room for growth again in 2015. The knowledge and expertise in area development were retained during this period, so that area development is an important driver of the development of the project portfolio.

The number of homes sold increased last year to a total of 1,791 (2014: 1,347). A further positive is that the private market showed an even stronger development in 2015, with relatively higher sales to private customers (1,120 homes, 63% in 2015 versus 711 and 53% in 2014). Depending on the type of project, home sales normally lead to revenue from construction within 3 months (in the case of Heijmans Huismerk) and 3 years (in case of large-scale transformation). Last year the total Residential order book at both Property Development and Residential Building increased by 21% and 7% respectively.

Property Development

Property Development (in € x million)	2015	2014
Revenue	278	179
Underlying operating result	9	4
Underlying operating margin	3.2%	2.2%
Order book	284	234

Revenue increased by nearly €100 million in 2015 to €278 million (2014: €179 million), also with a further improvement in the underlying operating result in 2015 €9 million compared to €4 million in 2014). Controlled further growth, although lower in percentage terms than in 2015, is likely to occur due to the increase in the order book to €284 million. Controlled growth is considered to mean growth that is operationally (in terms of preparatory works and execution via Residential Building) achievable by the existing organisation, whereby the capital requirement and risk is limited by means of strict adherence to certain pre-sale percentages before construction works can commence.

A key feature of the strategy and portfolio of Property Development is area development in which creativity and practical effectiveness come together. Heijmans is for instance developing and realising the transformation of Katendrecht in Rotterdam and Kanaleneiland in Utrecht. These are projects in densely occupied and spatially complex urban areas in which the appearance, the experience and the public space as well as a long-term commitment are factors needed to achieve successful realisation. The average sale price to private customers increased slightly in 2015 to €229,000 (purchasing costs payable by vendor), (2014: €221,000 purchasing costs payable by vendor). Homes in the higher segment showed a particularly positive price development. With its innovative concepts, Heijmans is also reflecting demand in the market and the wishes of buyers. The Heijmans ONE concept launched in 2014 attracted much media interest in 2015 thanks to its nomination for the Dutch Design Award and the International INDEX Award. An agreement of intent has been concluded with Wonen Limburg for the delivery of the first 30 Heijmans ONE homes.

Heijmans assesses its land and property holdings on a regular basis. In 2015 – due to the improving housing market – there were clear signs of activity from the land bank, which has led to various strategic land holdings coming into development.

The unconditional commitments leading to future property purchases declined to €99 million in 2015 (2014: €110 million). The contingent commitments, that may potentially lead to property purchases at a later date, declined to €113 million (2014: €140 million). The majority of these commitments (€84 million at year-end 2015) have only a limited cash impact on materialisation. This relates mainly to commitments to acquire land when the building permit is obtained and/or a sales percentage is achieved.

Residential Building (Netherlands and Belgium)

Residential Building - total (in € x million)	2015	2014
Revenue	387	299
Underlying operating result	6	2
Underlying operating margin	1.6%	0.7%
Order book	421	395

Residential Building Netherlands

Residential Building - NL (in € x million)	2015	2014
Revenue	295	210
Underlying operating result	5	0
Underlying operating margin	1.7%	0.0%
Order book	286	275

In the improving housing market, Residential Building was able to further improve its result in 2015. The underlying operating result came to €5 million, against a nil result in 2014. Revenue increased to €295 million compared to €210 million in 2014. The order book increased slightly to €286 million, against €275 million at year-end 2014). The reason for this modest increase in a rapidly improving market was the further focus on 'margin before volume' and therefore a strict acceptance policy. As for Property Development, the focus in the coming years will be on controlled growth, so that failure costs can be kept to a minimum.

Residential Building Belgium

Residential Building - B (in € x million)	2015	2014
Revenue	92	89
Underlying operating result	1	2
Underlying operating margin	1.1%	2.2%
Order book	135	120

"The Rotterdam Museum has for some time been looking for a building that suits the image and ambition of a modern museum in Rotterdam. Our old location was beautiful to look at, but it was rather hidden and in a relatively inaccessible part of the centre. Our visitors therefore had some difficulty in finding us. A new building completely designed for the museum was not financially realistic, but the Timmerhuis offers an excellent alternative."

Paul van de Laar, Director of the Rotterdam Museum

The revenue of the residential building activities in Belgium amounted to €92 million in 2015 (2014: €89 million). The result declined to €1 million compared to €2 million in 2014. As in the Netherlands, the order book grew strongly from €120 million at year-end 2014 to €135 million at year-end 2015. Since 2014 residential building activities in Belgium have been centrally managed and the operations of the various companies in Kortrijk and Bilzen have been integrated. Last year saw the start of the development of 80 apartments and commercial space in Wondelgem near to Gent. The Elisabethzaal project for the international congress and concert hall in the centre of Antwerp is progressing satisfactorily.

Non-Residential: Non-Residential

Non-Residential focuses on large integrated works involving both technology and construction. The types of contract vary, with contracts being awarded increasingly on the basis of MEAT criteria. Non-Residential distinguishes five market segments: hospitals/health care, semi-government buildings, data centres, high-tech clean and commercial property. Non-Residential is centrally organised with a number of regional branches from which services are provided.

The number of projects and customers declined last year. There were fewer (new-build) projects in the market in 2015, as a result of the still declining demand for office and retail projects. Price-setting was also under pressure, partly due to the imbalance between risk, contract type and price. In response to these market conditions, Heijmans has decided to pursue a strict 'margin before volume' policy in which risk, price and segment are all factors to be considered. Apart from new-build, steady growth in the proportion of service and maintenance projects and contracts is an important objective in the order book. This segment has suffered from overcapacity in recent years, but after several bankruptcies in the sector leading to the retendering of various projects, market conditions appear to have been restored. As a result of the selective acquisition policy,

there may be a change in the proportion of revenue from service and maintenance - and therefore recurring business - and revenue from new-build projects. The focus continues to be on the acquisition of larger projects with an integrated demand from customers who themselves are directly involved in the construction, subject however to the project conditions being acceptable. By further centralising knowledge and thus investing via professional groups, Non-Residential is able to market design and engineering on the one hand and management and operation on the other to its customers and thus offer added value. For instance, through application of the BIM (Building Information Model).

Non-Residential has developed in recent years into a centrally organised model with branches and a clear distinction between projects and services. Large projects are managed centrally, while services are positioned locally but are also centrally managed with uniform processes. The organisation and development of 'core' expertise and professional groups helps to ensure commitment and quality. The reorganisation implemented at year-end 2014 has led to a reduction of approximately 200 in the number of FTE. After the UWV rejected the application for collective redundancies, Heijmans has achieved its reorganisation targets on the basis of individual agreements with employees.

Non-Residential (in € x million)	2015	2014
Revenue	421	388
Underlying operating result	0	0
Underlying operating margin	0.0%	0.0%
Order book	517	661

The result at Non-Residential in 2015 was nil, as was the case in 2014. The improvements introduced, the central direction and the reorganisation completed in 2015 have led to a more knowledge-driven and more sharply focused organisation, but so far have not led to a better operating result. Revenue last year came to €421 million (2014: €388 million). The increase was partly due to larger projects such as the various projects at Schiphol airport. The proportion of service, management and maintenance projects also rose. Various projects with the Central Government Real Estate Agency, the ROC Leijgraaf, the Municipality of The Hague and projects such as the National Military Museum that is in the exploitation phase, are good examples of this. Given the

order book and the selective policy with respect to the acquisition of projects, we expect the revenue from the Non-Residential segment as a whole to decline in 2016. The order book at year-end 2015 declined to €517 million (year-end 2014: €661 million), partly due to the strict adherence to the margin before volume policy and because fewer large-scale and integrated new-build projects are coming onto the market.

Infra

Infra - total (in € x million)	2015	2014
Revenue	1,121	1,141
Underlying operating result	-12	-9
Underlying operating margin	-1.1%	-0.8%
Order book	1,124	1,235

The market volume in the infrastructure sector remained relatively constant in 2015. The market continues to be poor and highly competitive. The number of parties competing has declined, mainly for the larger tenders in the mobility market. International parties appear to be less interested in competing for the large integrated projects. There is still price pressure, although the reduced number of parties should have an effect on this to some extent in the future. Projects continue to be large, and the trend towards selection based on MEAT criteria is continuing for regional infrastructure as well. The new Public Procurement Act is also leading to a focus on private instead of public tenders.

Infra - Netherlands (in € x million)	2015	2014
Revenue	690	759
Underlying operating result	-26	-22
Underlying operating margin	-3.8%	-2.9%
Order book	834	959

The infrastructure activities in the Netherlands were disappointing in 2015: €26 million negative, compared to €22 million negative in 2014). Revenue fell last year to €690 million compared to €759 million in 2014, with roughly 40% of the revenue being realised in larger, mostly integrated projects, 40% in regional projects and asset management (especially roads) and 20% in more specialised units. The order book also contracted from €959 million at year-end 2014 to €834 million at year-end 2015.

"One thing I know for certain, railway management in the 21st century will be fundamentally different from the previous century. New technologies are bringing us unprecedented possibilities for better understanding, direction and management of the railways. Innovation in a social environment requires a great deal of perseverance. Infra managers focus on the management of assets, and change sometimes encounters resistance. For example, does an innovation negatively affect reliability? How do we deal with the division of financial benefits? How will we test this? The challenge is to remove barriers and interference from the process as far as possible."

Thijs Cloosterman, Innovation Manager ProRail

As a result of the Crisis and Recovery Act in 2010, there was a high level of investment by national and regional government for a while, after which the market contracted again. On the other hand, regulation, decentralisation, environmental management and contracts focusing on performance have led to increasing complexity and challenges for the construction sector. The pursuance of 'margin before volume' in combination with overcapacity and competition in the market has become problematic for those projects acquired in 2012-2013. Given the complexity of works involving a mainly civil-technical component, this combination has led to between five and ten projects becoming unprofitable. These project results have had a decisive impact on the result of Infra.

The activities of Roads and Civil were brought under single operational management in 2015, thus creating a single Infra organisation. The improvement measures introduced, namely the different accounting for design and staff costs, changes to the management of the design and preparation process, improvements to contract management in combination with professionalisation of the cooperation with customers, strict management and documentation of go/no-go moments and the discussion of projects in the start-up phase by the Executive Board, were all effected and further refined in 2015. In addition, all the infrastructure activities were brought under single central leadership in 2015 and additional centralisation was achieved in the form of uniform processes and combination of departments and teams. Moreover, the organisation was moved to the central management model with five business units (Projects, Asset Management, Technology & Systems, Specialist Disciplines and Design & Process) being created with one central management and staff. 30 jobs ceased to exist, mainly in the Cables & Pipework division. The Specialist disciplines focus mainly on niche markets and are important for integrated projects. Technology & Systems is involved in the development of more traditional 'hardware' for infrastructure towards combinations of hardware and data or software, such as lock technology or technical installations in tunnels. This meets the requirements of customers, for whom the priority is the design, realisation and management of an optimal mobility system rather than the delivery of construction work.

The process management at Infra was refined in 2015. A strict tender policy is applied in which margin improvement is the central priority. The initial results of this are already visible in the regional projects and maintenance and management contracts, which account for around 40% of the revenue from infrastructure works in the Netherlands. Combining all the infrastructure activities under a single management is now being followed up with the implementation of uniform processes and the combination of various departments and teams in order to ensure an integrated approach, central direction and efficiency at all levels of the organisation. A number of innovations were further developed in 2015. For instance, the energy and CO₂-friendly low temperature asphalt Greenway LE that Heijmans developed in combination with Shell is now offered to customers as standard. This product has also been officially endorsed by the Directorate-General for Public Works and Water Management (RWS), meaning that other parties can also use it for RWS projects. Bike Scout, a product designed for bicycle safety, is being tested at various locations and Heijmans is involved as a partner in the start-up MX3D which is developing 3D printing technology for steel.

A strict 'margin before volume' policy is important within the market frameworks described. Heijmans also developed a clear customer strategy in 2015, in which 'focus customers' are identified. This segmentation makes it possible to more closely reflect developments in the market. The central direction makes it possible to enforce the strict acceptance policy.

Infra Belgium

Infra - Belgium (in € x million)	2015	2014
Revenue	116	128
Underlying operating result	7	11
Underlying operating margin	6.0%	8.6%
Order book	135	95

The infrastructure activities in Belgium include road and pipeline construction. Both these units achieved a lower, but still good result of €7 million in 2015 (2014: €11 million) with a decline in revenue (€116 million in 2015 compared to €128 million in 2014). The order book increased to €135 million, compared to €95 million at year-end 2014). The R4 in Gent was delivered last year and a start was made on the N70 Sint Niklaas in 2015.

Infra Germany

Infra - Germany (in € x million)	2015	2014
Revenue	319	260
Underlying operating result	7	2
Underlying operating margin	2.2%	0.8%
Order book	155	181

The result in Germany of €7 million in 2015 was clearly higher than the result in 2014 (€2 million), mainly due to positive development at Oevermann. In addition to higher volume with reasonably profitable projects for the construction operations, several organisational changes in recent years have made strong contributions to the improved result. Revenue from operations increased to €319 million, compared to revenue of €260 million in 2014. The increase in revenue was mainly due a number of interesting non-residential projects such as Mercaden Dorsten and Erphobogen. The result at Franki, a specialist in foundation engineering, improved slightly due to an increase in revenue and material utilisation. Franki's operations in Poland through the joint venture Franki SK also posted good and profitable growth. Franki works closely with Dutch infrastructure companies on projects such as Eurojust and the St-Jan parking garage in 's-Hertogenbosch. In Germany, Franki is working on various projects for E.ON and TenneT, but also for the Bundesbank in Dortmund.



“ I may be only 25 years old, but I'm not afraid to remind colleagues and subcontractors about safety. Sometimes there are people who have a problem with this. They see me as just a youngster and they don't care about the rules. You have to ignore this and show that everyone has to keep to the rules. Old or young, it makes no difference to me. We should all work together to keep our construction site safe.”

Guido van Engelen, Heijmans



Read the interview at heijmans.nl/en



Health and safety:

Sustainable employability focuses on optimising the health, involvement and development of employees. The aim of sustainable employability is that work should be more fulfilling, that there should be less absenteeism and higher productivity. At the same time, economic and technological developments require organisations to be versatile. This requires people and organisations to be fit, both literally and figuratively, to cope with the changes they are asked to make. In past years the Human Resource policy has focused mainly on market developments and the need for downsizing the organisation. The organisation had to become more flexible in order to adapt to changes in the market. The market changed again last year, especially within the Residential segment, and there is once again potential for cautious growth. In combination with the rapid ageing of the population, especially at construction sites, flexibility is more important than ever in our HR policy.

Heijmans achieves sustainable employability by targeting safe working conditions, continuous availability ('the right people in the right place'), increased flexibility and the development of its employees.

Safety

The construction sector features constantly changing circumstances and a high degree of complexity. Builders work with partners, suppliers and subcontractors under high pressure in terms of both time and cost. Construction is labour-intensive and not without danger. The number of accidents is slowly declining, but in comparison with other sectors the construction industry has high scores for absenteeism and accidents leading to hospitalisation. Health and safety therefore directly affects the construction industry, not only as regards cost but also the attractiveness of the sector. Moreover, this aspect directly affects reputation.

The GO! Safety programme strives to achieve safe working conditions and literally No Accidents ('Geen Ongevallen'). The programme was started in 2013 and is operated by a programme manager who reports to the Executive Board and is assisted by 30 'GO' ambassadors from the projects organisation.

The safety programme has three basic principles: The first principle is a change of attitude and behaviour with respect to safety. The second is a consistent and uniform level and perception of safety at Heijmans. The third principle is cooperation on safety at construction sites.

Targets and actions of the safety programme

The programme aims to achieve the following targets that should be reached in 2018 with actions designed to improve safety: no accidents, the safest construction company in the Netherlands (IF<1), a sustainable change of culture with respect to safety and finally increased safety awareness among our employees. This will be achieved by encouraging a change of attitudes and behaviour, uniform safety requirements and cooperation focusing on safety in the construction chain.

Rules with respect to attitudes and behaviour in relation to safety have been introduced to bring about this change. GO! coaches actively express these rules. Various actions were taken last year in order to draw attention to these rules and encourage compliance.

Actions in 2015

As was the case in 2014, the GO! programme was a central feature of the training days for construction site employees. Safety and wellness were specifically addressed. The training days were attended by a total of more than 1,800 construction site workers. In their introduction programme, other employees are informed with respect to safety and the potential dilemmas that are related to this. 8 introduction days were organised in 2015 that were attended by 374 new employees in the Netherlands. Safety is an item in the development interviews for all employees.

The group of GO! ambassadors supported site managers in raising safety as a topic of discussion via toolbox meetings on site. Project leaders were also actively coached with respect to awareness. Management teams of operating companies, staff members and members of the Executive Board have visited projects in pairs and specifically discussed the aspect of safety during their visits. A total of 72 working visits took place. The GO! App was used to report approximately 1,150 unsafe

situations in 2015, an increase in such reports of more than 60% compared to 2014. The app has been further developed to include information on the programme, practical tips and toolboxes and a monthly newsletter. This information is publicly available and thus reaches employees, customers and partners in the chain. The app is intended to increase awareness of safety and to prevent unsafe situations. Suppliers and subcontractors have been assessed on their safety performance with effect from 2015. Warnings and sanctions are registered by the Quality & Safety department and discussed at procurement meetings.

A start was also made in 2015 on the implementation of safety issues in the design phase of projects by preparing a design schedule. This schedule and its recommendations have to be translated into definitive design solutions and will be checked for content and recorded via a review. The safety handbook, that is leading for all safety aspects in projects and processes for all business segments, was also made uniform in 2015. This handbook is an integral part of the app mentioned above.

Involvement of the Works Council with respect to safety

The Central Works Council (CWC) is involved in this process. Together with the Executive Board, it has also looked at actual safety targets for the operations in Belgium and Germany. The CWC is also part of the platform of central works councils in the construction and dredging industries (the PCOBB) for which health and safety is a prominent agenda item.

Governance Code for Safety

In early January 2014 Heijmans, together with 14 other organisations, signed the Governance Code for Safety. By signing this agreement, the parties agree to increase safety in the sector by collectively focusing policy on a safe working and living environment, maximising awareness of safety, good cooperation and chain integration. To achieve this, the signatories have set up a core group with the objective of promoting the principles of the Governance Code in the construction industry.



NUMBER OF
ACCIDENTS
including subcontractors
2014: 120

106

Safety figures

The trend accident figures for Heijmans in the Netherlands are shown in the table below. The figures are based on the number of accidents involving sick leave among our own personnel (including temporary personnel) in relation to the number of hours worked.

	The Netherlands		Belgium		Germany	
	2015	2014	2015	2014	2015	2014
Fatal accidents	0	2	0	0	0	0
IF	3.9	5.6	23.8	33.2	39.0	28.8
# accidents with absenteeism (including sub-contractors)	106	120	66	81	66	56

IF: Number of incidents with absenteeism of at least one day per million hours worked.

238 accidents with absence from work were registered among Heijmans' own and hired in employees in 2015 (2014: 257). The number of accidents affecting Heijmans' own and contracted employees declined significantly in both absolute and relative terms. There were no fatal accidents in 2015. We regret to report that there were 2 fatal accidents in 2014. The number of accidents in the Netherlands has fallen, while the number of reports increased. Possible cause is a better safety registration in 2015.

Health

The Heijmans' own Health and Safety Centre advises, guides and supports managers in the maintenance of the deployability and availability of employees, and therefore their productivity. The Health & Safety Centre also strives to prevent absenteeism and contributes to the optimisation of working conditions. This maintains and encourages the employability of employees and their availability for work. The starting point is the employee and how he can be employed despite his disability. Heijmans refers employees with health problems directly to the network of specialists it has created. Besides speed, this also has a positive effect on absenteeism.

All Heijmans employees can make use of a regular working health check by the Health & Safety Service (Arbodienst). Follow-up interventions as a result of the regular medical check such as workplace visits, ergonomic studies and vitality interviews are supported by Heijmans.

Human rights

Human rights at Heijmans involves matters such as providing good working conditions, freedom of association (trade unions), fair pay and taking account of sustainability issues in procurement. Heijmans endorses these principles and also directs its efforts accordingly. Heijmans has signed certain agreements (for instance, the green deal on concrete) in support of various international frameworks relating to human rights such as the ILO guidelines, millennium objectives, OECD guidelines and ISO 26000. In addition, there are various reporting mechanisms and whistle-blower schemes in place (see page 83) for the monitoring of this aspect.

Absenteeism

Analysis of the causes of absenteeism reveals that stress is an increasingly common cause. This has been observable for a number of years. Sometimes stress is related only to work, but in many cases it is associated with other factors and circumstances. Due to the increase of this cause of absenteeism, the Arbo Service Centre developed a workshop together with the Heijmans Academy to inform employees regarding signs and consequences of work-related stress in 2014. A preventive stress at work process is available for the executive technical administrative personnel of Heijmans, in which employees are taught how to deal with work-related stress and are assisted by coaching. Last year the Central Works Council (CWC) raised the issue of work-related stress among employees by sending a newsletter to all employees, the content of which was partly based on the advice of an external expert. The social committee of the CWC has worked on this advice to produce a version that appears in the newsletter.

The absenteeism rate in the Netherlands rose in 2015 to 4.02% (2014: 3.93%). The difference in the absenteeism rate between direct (site-related) and indirect employees is due to the relatively higher incidence of physical complaints and absenteeism among site workers.

Absenteeism rate in 2015 by geographical area

	Indirect employees	Direct employees	Total
The Netherlands	2.45	6.69	4.02
Belgium	1.31	3.06	2.57
Germany	3.01	3.34	3.21
Total	2.45	5.39	3.74

Workforce figures

At the end of 2015, the company employed 6,734 people (2014: 7,206) with the following geographical distribution:

Country	2015	%	2014	%
The Netherlands	4,946	73	5,255	73
Belgium	844	13	945	13
Germany	944	14	1,006	14
Total	6,734	100	7,206	100

This shows that the distribution of employees across the various countries was virtually the same in 2015 as in 2014. The difference in size is due to natural turnover and the reorganisation effected in 2015 at Non-Residential in the Netherlands and Oevermann in Germany.

Almost all employees in the Netherlands, Belgium and Germany are covered by a collective labour agreement or similar labour agreement. 89% of the employees in the Netherlands are men, and 11% are women (2014: 90% men and 10% women). The proportion of women in both the Netherlands and Germany is 11%, against just over 7% in Belgium. Among the senior management, there was a marginal increase in the proportion of women last year of 0.5% to 11.1%.

The age distribution of the employees is as follows:

	Numbers		
	The Netherlands	Belgium	Germany
Employees aged 24 years or less	112	62	22
Employees aged 25 to 39 years	1,681	296	207
Employees aged 40 to 54 years	2,175	364	456
Employees aged 55 years and older	978	122	259
Total	4,946	844	944

The aim is to maintain the current age distribution in the construction industry, despite the increasing age of the population in the industry. Based on a comparison of the composition of the age categories, this is currently the biggest challenge, especially in Belgium. The number of employees aged 55 years and over showed the biggest decline in that country.

Inflow and outflow

In 2015, 901 employees left the company, compared to 910 in 2014. Of this number, 632 employees were working in the Netherlands, 129 in Belgium and 140 in Germany. The regular inflow amounted to 524 employees (553 in 2014), 79 of whom were employed in Germany, 120 in Belgium and 325 in the Netherlands.



**ABSENTEEISM
IN THE NETHERLANDS
2015 (in %)**
2014: 3.93

4.02





Broadly speaking, the level of fire safety in the Netherlands is not a cause for concern. Compliance with legislation and regulation has been tightened up significantly since Volendam and SE Fireworks. At the same time, we like to believe in illusions: anyone who thinks that the Health and Safety Act and the Building Decree work together seamlessly is making a mistake. This can create a false sense of safety. There is additional risk at care and wellness institutions, where the end users are often less self-reliant. Being aware of this, building owners and market parties are increasingly seeking advice."

Ingrid Naus and **Koen Vermeer**, Heijmans



Read the interview at heijmans.nl/en



Knowledge intensity

The essence of the work is becoming increasingly complex and knowledge-intensive. Extensive knowledge is needed to be able to meet the desires and requirements of customers and end users, usually within a short time period, in a competitive market and subject to strict regulation. Unlike the situation in the past, construction is increasingly less about simply having operational capacity, today and in the future it is much more about relieving concerns, meeting performance agreements and identifying and realising new possibilities that increase quality, efficiency and convenience in the long term. This means that the profile of a Heijmans employee is changing, since this development places direct requirements on an employee's ability and intelligence.

Heijmans positions itself as a 'learning organisation' and therefore encourages learning (both collectively and individually) in various ways:

Learning

The right knowledge and skills are needed to deliver good performance. By linking strategic objectives to personal ambitions and talents of our employees, 'learning' can make a big contribution to quality. Based on the fact that learning is a responsibility of the individual employee, Heijmans facilitates the learning process. Heijmans bases this on learning on the job and gaining experience, but learning is also supplemented by coaching, feedback and targeted courses and training. The first element, learning by gaining practical experience, is the biggest investment.

We prefer to organise our training 'in company', so that the training will reflect the Heijmans practice as closely as possible, with recognisable examples and Heijmans case studies. Aspects of important programmes such as 'Improve the Core' are an integral part of our internal training. The same applies to our in-house training in the context of management development. Examples are the New Heijmans Management Programme, the Heijmans All-Round Professional Programme and the Heijmans Higher Management Training. We strive to do this by working with Heijmans colleagues as co-trainers, experts or guests in order to ensure there is a direct link to work in practice. By having the higher management act as guest trainers or mentors, the importance is emphasised and connections and a common vision are created.

Transfer of knowledge at work

The sharing of knowledge receives particular attention, also in daily practice at the projects. Quality and process systems that are accessible via team sites and intranet are designed to record and apply knowledge in a uniform way so that teams can make use of them easily. Project evaluations form a permanent part of the process, which are also recorded and shared. Close attention is paid to additional competences and knowledge in the composition of teams.

Talent development

Management development concerns the development, training, retention and attraction of talent in the organisation. Heijmans' intention here is firstly to obtain a clearer picture of the desired profiles and competences of new employees, and secondly to promote upward mobility and the development of knowledge and expertise. Management development 'matches' this demand and the supply in the organisation through getting involved with positions that will become vacant at an early stage and having a broad and accurate understanding of the employees. The aim is to develop the leadership that is needed to realise the strategy. A number of tools are used to achieve this aim. These include education and training, management reviews, coaching, the deployment of mentors and exchange of knowledge at talent lunches. A number of senior management positions were filled through internal promotion and/or job rotation last year.

Heijmans has also been operating a management trainee programme for several years. A master class lasting several days is used to select 12 young talents for this one-year trainee programme every year. During this time, they work at various business segments, with

a focus on collaboration and an integrated approach. After the programme, most of them take a post at Heijmans. Over the years, this has led to the building of a critical mass of people with high potential in the organisation.

Knowledge development and renewal

Apart from the training methods described, Heijmans participates in various initiatives in order to keep up with the changing market and accumulate knowledge. This concerns joint ventures with partners, customers, academic and educational institutions. Heijmans moreover has its internal innovation and business development initiatives.

Cooperation with knowledge partners

In the construction business, it is not only internal technical or product innovation that is important. Chain integration and cooperation are also needed. Indeed, complementary partners and specialists can expand knowledge and experience further. Moreover, cooperation with other leads to new perspectives. Through various innovations and cooperations, Heijmans is connected to organisations such as Shell (Greenway LE), BASF (Elastocoast), DSM (composites bridge A27), ECN (Solar Noise Barrier), Dus Architects (3D Canal House), ANWB (safe bicycle paths), AERSpire (Heijmans ONE), Philips (innovations in public area lighting) and Mopac (Zero Ready).

SPARK

The 'SPARK' innovation campus was started in early 2014 with the aim of further encouraging cooperation and innovation. SPARK encourages renewal in the construction industry through open innovation. SPARK focuses on innovations relating to mobility, energy, health and material applications and involves product developers, test locations and users. SPARK is an initiative of Heijmans, the TU/e (Technical University of Eindhoven), Avans Hogeschool, the Province of Noord-Brabant and the Municipality of 's-Hertogenbosch.

Involvement and network

Heijmans is actively involved in national and international networks in order to exchange knowledge regarding sustainability and influence developments in this field. In addition to its memberships of regular industry associations such as Bouwend Nederland and NEPROM, these include De Groene Zaak, Dutch Green Building Council, FSC and the Duurzaam Gebouwd knowledge platform. Heijmans also participates in projects from the government (including TKI, KIEM, AEROII, Smart Energy Collective) and the test projects of

the Energiesprong and is involved in various Green Deals such as making the concrete chain sustainable and transparent reporting on natural capital.

Knowledge intensity of the workforce

The essence of the work is becoming increasingly complex and knowledge-intensive. This places direct requirements with respect to the professional and intellectual abilities of the employees. In order to understand this 'fit', a start was made last year by linking the required level of education on the basis of all the job descriptions in the Netherlands. This was applied to the entire organisation in 2015. These knowledge levels are categorised by the level of training. The next step will be to identify this for the foreign operations and then determine what the future scope and requirement for knowledge levels is, given the development described above towards increasing complexity and knowledge intensity.

The training level is classified in four categories that can be indicated for the various geographical regions. All employees were then classified in these categories. This classification was already applied to employees in the Netherlands in 2014, meaning that the figures for the Netherlands between 2014 and 2015 are comparable.

This shows that for employees in the Netherlands, there has been a very slight shift to a higher level of training, mainly in the 'HBO' category. The trend towards a more knowledge-intensive workforce is thus still not established at this time. Additional trend data are needed for this. Compared to the employees in the Netherlands, the number of employees in both Germany and Belgium in categories 1 and 2 is on average higher (<MBO and MBO training level). This is due to the larger proportion of operational personnel in these countries.

The picture for 2015 is therefore as follows:

	Cat 1 (< MBO level. 3 in NL)		Cat 2 (< MBO level. 3 in NL)		Cat 3a 3 (HBO in NL)		Cat 3a 4 (WO in NL)	
	2015	2014	2015	2014	2015	2014	2015	2014
The Netherlands	9%	10%	46%	47%	41%	39%	4%	4%
Belgium	31%		50%		14%		5%	
Germany	67%		10%		17%		6%	
Total	20%		41%		35%		4%	




"Normally, the cooperation with sub-contractors begins after a tender has been won. With the variable maintenance programme, things have changed. Immediately after submission of the tender, we get together to benefit from each other's expertise. In this relationship we search for solutions together. We both put our cards on the table. This requires a high degree of trust."

Wesley Kuijpers (right), Heijmans,
Dirk-Jan van Schaik, co-owner of transport company
Millenaar & Van Schaik



Read the interview at heijmans.nl/en



Procurement and chain integration

Vision for procurement, chain integration and cooperation

Heijmans and its contractors have a collective responsibility for the chain. On this basis, Heijmans strives to do business with suppliers, subcontractors, business partners and service providers in an open and professional way. Heijmans makes objective and commercial considerations in its selection of these parties and expects agreements to be kept on both sides. Heijmans pursues a sustainable policy in its procurement whereby the preconditions are created. This section presents a summary of this policy and vision. The full text of the procurement policy is available on our website.

Cooperation in the chain

The volume of procurement at Heijmans represents approximately 70% to 80% of its annual revenue. Close cooperation in the chain is therefore needed to reduce failure costs, increasing efficiency at projects, the development of concepts and to arrive at sustainable and most suitable solutions for customers. The effect of how procurement is organised at Heijmans and the way in which we work together with third parties are highly important for the achievement of our strategic ambitions. Sustainable procurement can contribute to minimising the harmful effects of our activities and reducing the drain on natural resources. By including our contractors in taking this responsibility, Heijmans contributes to improvements to social aspects such as working conditions and safety, health and the environment.

The involvement of other parties in the chain also provides a significant impulse to innovation and product development. By using smart materials and components with specific properties, added value can be delivered to customers and their end users. Our chain partners also have an important role with respect to the ambition of standardisation where possible and to arrive at more product-oriented approach. This means that chain cooperation, the optimisation of this and chain responsibility are important material aspects. The choice of a supplier or subcontractor – besides the price – will increasingly be affected by the question of whether the party in question contributes to the achievement of our own objectives - which include social objectives - and those of our customers.

Responsibility in the chain

In Heijmans' view, procurement also involves taking responsibility for the deployment of suppliers, subcontractors and self-employed persons and the associated regulation in areas such as chain responsibility, recipients' liability and the Labour Market Fraud (Bogus Schemes) Act. To meet these responsibilities, Heijmans is increasingly working with selected preferred suppliers, the contract models used by Heijmans are supplemented with relevant provisions, correct documentation is ensured, a procedure is in place for reporting actual or suspected abuses and the input of self-employed persons is centrally monitored. There is also an identification procedure at the construction sites.

Sustainability

The framework for sustainable procurement consists of various policy statements and notes. For instance, Heijmans endorsed the Manifesto for "Corporate Socially Responsible Purchasing and Business" of the NEVI (purchasing managers' association), in which leading private and public companies have registered their ambition to embed sustainable chain management. Other agreements also directly affect the procurement policy (for example, Green Deal Beton).

Further professionalisation of procurement

The centralisation of procurement and use of scale benefits and straightforward contracts and criteria for

suppliers contribute to improving the internal organisation and the conduct of our business. After the introduction of the procurement programme in 2012 and central direction in 2014, the procurement organisation was made more professional, uniform and integrated in 2015. This has led to company-wide standard working processes, contracts and procurement processes, a reduction in the number of partners and an easing of the administrative burden, the further bundling of procurement volume and the education and training of the procurement organisation. In addition, best practices have been applied in the area of procurement. These examples are the implementation model for the organisation in order to achieve professionalisation, uniformity and centralisation and to contribute to strengthening the organisation. In this way more focus was created in the projects organisation in 2015 (from the tender phase to completion and management and operation), but at the same time also on further application of the strategic procurement policy.

The following practical results have been achieved:

Uniformity

In mid-2015, a single procurement process was implemented for all business segments. Also in administrative terms, all systems were standardised as far as possible. The new ERP system will make a further contribution to this. Once SAP is fully implemented at Heijmans, a next step in procurement will be possible. Contracts with contractors will be centrally managed and archived. The various administrative duties that were previously carried out locally have all been incorporated in the Business Support department.

Procurement will now be involved in the process at an early stage. In any case, at the start of the tender phase of a project. Uniform contract templates have been developed and implemented across the whole of Heijmans. The various contract templates in circulation were also cleaned up in 2015 and the whole of Heijmans now works with the same documents. The numerous product groups were assembled into ten clusters in 2015 that apply in a uniform way across all business segments and all projects.

Development of expertise

The bundling of product groups into 10 clusters has created an expertise centre which also provides for account management and contract management with respect to contractors. This enables development, combination and safeguarding of knowledge in crucial areas and therefore creates extra added value for the organisation. The setting up of account management for suppliers also provides a single contact point within the Heijmans organisation where the right expertise is located and relationship management can be used to bring about further sustainable cooperation with preferred parties across multiple projects.

Encouraging sustainability, safety and innovation

Via procurement, a significant contribution is made to the realisation of our ambitions with respect to safety, sustainability and innovation. The following actions were also taken in 2015 to further improve awareness of safety and the actual level of safety:

- Suppliers and subcontractors have been assessed on their safety performance with effect from 2015. Warnings and sanctions are registered by the Quality & Safety department and discussed at procurement meetings.
- All subcontractors and suppliers are informed about the GO! safety programme. They are also involved and reached via the regular site meetings. The Heijmans policy and the associated rules are an integral part of the contractual agreements with all subcontractors and suppliers.
- The top 50 suppliers and subcontractors were invited to attend a stakeholder event in March 2015. This meeting also featured extensive attention to the GO! programme and the GO! app was introduced. Further details of the GO! App are provided in the section titled 'Health and Safety' on page 55.



"If a road is really necessary, build it in a way that at least does not worsen the liveability of the area. In the case of the A4, this was successful. In our view, the secret is to take an integrated approach to this type of large-scale road-construction projects. See it as an area development rather than simply an accessibility issue. By taking a broader view, interests are shared and you find more partners coming to the table with an open and positive attitude. In its role as a customer, the government should make more use of innovations and ideas from the market."

Susanne Kuijpers, Nature and Environment Federation, South Holland



Read the interview at heijmans.nl/en



Sustainable business conduct and projects

Heijmans is building the contours of tomorrow, and is working on a portfolio of thousands of projects. The way in which Heijmans initiates and realises these projects can make the difference in using scarce resources and raw materials such as energy, timber, water and so on. Heijmans strives to reduce this burden through real reductions in its CO₂ emissions, the volume of residual material, separating waste and re-using waste after removal. The ultimate goal by 2020 is not to withdraw but to contribute: materials, energy, space and therefore also value.

Examples and progress in 2015

Innovative materials

Last year showed that the circular economy is becoming increasingly significant for making processes and business operation sustainable. This is not yet actually reflected in legislation and regulation. In addition, it emerged that after years of focus on energy, pressure from developments such as 3D printing and usage of alternative materials has led to an even greater emphasis on innovative materials and sustainability. Lighter and/or re-used materials are leading to significant changes to design and realisation contracts in the construction industry. For instance, the use of composite as a building material for bridges or lock gates. This weighs much less and therefore, in the case of the composite bridge over the A27, is much faster to install and therefore causes less disruption to road traffic.

Process approach and participation in green deals

In the construction industry, the ambition to make business operation sustainable is increasingly leading to so-called 'green deals': performance agreements in the chain that for certain product groups such as concrete should lead to significant progress on sustainability. These agreements involve close contact between actual applications, the innovation sector and the government. In 2015 progress was made in this respect by including the realisation of space for nature as part of the construction process and thus making an actual contribution to improving the quality of the space. An example of this is the 'honey highway' alongside the A4. This project included specific provision for vegetation that has improved the ecosystem and boosted the bee population.

Heijmans committed itself to the following 'green deals' in 2015:

- community of practice business and biodiversity
- improving the sustainability of the concrete chain
- transparency regarding social and natural capital
- promoting sustainable forestry
- climate-adaptive construction
- infranature
- participant in the biodiversity economy and ecology platform
- participant in the sustainable land road and water construction green deal

Separation of waste

Last year, it emerged that as a result of further technological and procedural improvements the development of separation of waste at construction sites had developed to the point that increased separation on site would be difficult. This process now requires further implementation at waste processing sites and collection points so that the benefits from waste separation can be further increased. There are also new opportunities regarding the further reduction of waste.

CO₂ business operation

There is a critical lower limit to the further reduction of CO₂ emissions from the company's own business since the company operates its own asphalt plants. The use of lower temperature asphalt (the Greenway LE developed by the company in house) and application of this product as standard achieves a relatively greater reduction in the emission of CO₂ than would be achieved with the application of conventional asphalt. Heijmans believes that reducing CO₂ emissions only for the purpose of making the figures look better is not the right

way to go. The point is the collective objective of operating the entire construction chain in the most sustainable manner possible. Having control over this production in house is a central principle in the way Heijmans conducts its business and therefore this is made more sustainable in the manner described. With regard to CO₂ the application of biogas as far as possible and the offering of a mobility mix for employees leads to further reduction.

Trends and vision of sustainability

Apart from the practical measures taken by Heijmans with respect to its business operation and towards its chain partners, the issue of achieving greater sustainability is undergoing change. Prior to 2006, sustainability was still an issue of energy reduction and a differentiating quality for customers, but this is no longer the case. Sustainability has become a basic principle for the construction industry, supported by the Energy Agreement, the Pro-Rail performance ladder, the Building Decree and the previous Spring Agreement specifically applying to construction. These legal frameworks have had a clear effect on the sector and ensure that sustainability is a permanent issue. Furthermore, technological developments in combination with the stricter legal framework have led to improved opportunities and performance. Finally, construction companies can themselves decide to standardise certain forms of sustainability improvement and thereby reduce costs and/or increase comfort in the long term. Heijmans does this by using more sustainable asphalt and timber as standard, and additionally increasing the information provided to residents via 'home control' and thus encourage lower use. This has resulted in the sustainable procurement policy that is attached as an appendix to this report.

Some of last year's initiatives are described below.

Practical measures

In addition to the practical measures for increasing sustainability in the business operation, Heijmans is researching and undertaking various initiatives in order to make further advances. This is best illustrated with a few examples:

Use of sustainable timber

Heijmans has made far-reaching agreements with respect to the application of sustainable timber in its projects and strives to achieve 100% application. In 2015 98.1% of the timber used by Heijmans in its projects was sustainably sourced. In 2015 Heijmans signed the 'Bouw

en hout' agreement, whereby various companies in the construction and timber sectors collectively undertook to make certificated timber the natural choice in the Netherlands. This goes a step further than the European Timber Directive that was supposed to combat the importing of illegal timber since 2013.

Solar energy

Heijmans developed various initiatives with respect to solar energy last year. It is cooperating with Stedin to install solar panels and batteries. The new-build Hoog Dalem neighbourhood in Gorinchem is part of the first practical trial of energy storage at both home and neighbourhood level in the Netherlands. 50 households will generate their own solar energy and the energy they do not use will be stored at neighbourhood level in batteries. The electricity stored can then be used at any time of day. The households will mostly provide for themselves by monitoring, planning and adjusting their usage. Heijmans is also part of the Zonnegevel consortium, which encourages the integration of solar panels in external walls. The innovation 'Solar Noise Barrier', the energy-generating sound screen in which solar technology is incorporated, was launched last year at a trial location in 's-Hertogenbosch.

Home control

Heijmans started offering home control in all ground level owner-occupied homes as standard in 2015 with the aim of making residents aware of how their comfort, and also the security and energy levels of their homes are provided for to help them have better control and use less energy.

Organisation of sustainability in 2015

Sustainability and corporate social responsibility are fully integrated in the Heijmans organisation and are regular agenda items at the Executive Board meetings. The issue of sustainability is embedded in the company's strategy ('improve and renew'). This strategy is a central priority in the reporting of the business and the targets that are discussed in the semi-annual reviews. A dedicated programme manager coordinates, monitors and directs the implementation of sustainability across the company. Sustainability and innovation are issues that were explicitly discussed in the discussions between the Executive Board and the Supervisory Board last year, as described in the report of the Supervisory Board under Activities on page 105.

Sustainability steering group

In 2015 it was decided to set up a steering group at senior management level that would engage in the further implementation, standardisation and improvement of the sustainability policy at Heijmans. The steering group is composed of management members at all the business segments, procurement and a programme manager. Further improvement to the sustainability of the business operation and the chain is discussed at a number of meetings held each year.

Certification and standards

ISO: Heijmans has been certified as fully ISO 9001 (quality) and VCA** (safety) compliant since 2011. Heijmans N.V. has also been certified as compliant with ISO 14001 (environment) since 2012. This certification was extended this year for a period of three years.

The Foundation for Climate Friendly Procurement and Business (SKAO): Heijmans has held the highest certification in the Prorail CO₂ performance scale since 2010, and thus has a higher chance of success in tender procedures.

Prorail Safety Scale: Heijmans has been certified at level 3 of the Prorail Safety Scale since mid-2013. Improving our performance on safety will also be a high priority in the coming years.



TOTAL AMOUNT OF
RESIDUAL MATERIAL
(in tonnes)

27,674

2014: 19,686

FSC and PEFC (sustainable timber): FSC and PEFC certification shows that the timber fibres used for the product originate from responsibly managed forests, with every attention to economically cost-effective forest management whereby biodiversity is maintained for the people who depend on the forest. Heijmans Nederland BV obtained FSC and PEFC certification in 2015.

Transparency benchmark: is an annual survey of the content and quality of social reporting by Dutch companies. Based on a survey of its reporting in 2014, Heijmans was in 26th place out of a total of 460 companies surveyed.

GRI: the reporting methodology is in accordance with the Sustainability Reporting Guidelines G4 (Core application level) of the Global Reporting Initiative (GRI).

VBDO Benchmark for annual reporting: Heijmans tied with Arcadis in first place for the annual reporting on 2014.

Dilemmas

Price and quality

As shown in the analysis of the importance of sustainability for tender awards, price is still by far the most important driver of purchases. While quality, in various capacities, is gaining ground, this does not always concern sustainable quality. This means that investments in sustainability are not always appreciated. It does not always lead to a higher margin or the winning of projects. Greater involvement of the principles of Total Cost of Ownership could to some extent resolve this dilemma.

Guidelines versus innovation

In situations where new products and services are applied, flexibility with regard to guidelines, legislation and tax regulation is needed. This is however not always the case, whereby innovations can become stranded. One example of this is a house that can be moved and is therefore no longer immovable property. This immediately erects barriers with respect to insurability and spatial planning procedures. Regulation, for instance with respect to the netting of energy generation, can be the main determining factor for the business models that are developed and the associated technology.



SEPARATION
OF RESIDUAL
MATERIAL
ON SITE
2014: 64%

73%



REUSE OF
OF RESIDUAL
MATERIAL
AFTER REMOVAL
2014: 90%

92%



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Corporate Governance

Vision

Generally speaking, corporate governance concerns five basic issues. Firstly, the strategy and the achievement of business objectives, 'strategy implementation' in the list of material issues. The second element is the effective management of the relationships between directors, supervisors and other stakeholders such as the shareholders and the Works Council, but also customers and suppliers. The third element is the corporate culture, where the issue is ethical behaviour in the organisation. The fourth element concerns monitoring and evaluation, in which implementation and direction are important. The final element relates to reporting and transparency in internal and external communication.

A culture of discipline and unity is an essential precondition for the improvement and renewal strategy. Heijmans endorses the importance of good corporate governance and a code of conduct in order to achieve its business objectives and associated corporate culture, and accordingly strives to apply the highest standards. This means that Heijmans complies with and respects legislation, and observes and initiates guidelines that apply either to the company in particular or the industry as a whole. It also means that Heijmans strives to apply the highest possible integrity and transparency in its actions and decision-making towards its stakeholders, that it conducts a permanent dialogue with its stakeholders and has a policy of simultaneous and accessible distribution of information.

For an account of the organisation of governance and supervision at Heijmans, see the Corporate Governance Statement (as referred to in Sections 2(a) and 3 to 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 Takeover Directive) which is available on the Heijmans website under the heading 'Corporate Governance': codes, Articles of Association and regulations'.

Corporate culture

Heijmans applies the code of conduct known as 'the Heijmans Kr8'. This code states the eight integrity principles that Heijmans expects its employees to observe in their activities for Heijmans. Virtually all activities in the Netherlands are carried out under the name of 'Heijmans'. This promotes cooperation and integration within the company, as one of Heijmans' most important core values.

Corporate Governance in general

Heijmans places a high priority on an appropriate balance between the interests of its various stakeholders. Good business conduct, integrity, reliability, customer orientation, openness and transparent dealings by the management, as well as proper supervision thereof, are the basic principles of the Heijmans corporate governance structure. Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company.

Depository receipts for Heijmans shares are issued through the SA Trust (Stichting Administratiekantoor Heijmans). The purpose of this is to prevent resolutions being adopted by a shareholders meeting by means of an unrepresentative majority. The depository receipts for shares are freely exchangeable for ordinary shares.

An important stakeholder group, the employees, is represented through the employee representation organisation at Heijmans. Each business segment has its own Works Council and a Central Works Council has been appointed at Heijmans Netherlands for issues affecting more than one business segment. In addition, committees are formed, each having their own focus of attention, such as finance, social policy and communication. There is also a European Works Council in which the Dutch, German and Belgian companies of Heijmans are represented. The Central Works Council has developed a proposal for a different employee representation structure to bring it more in line with the changed governance structure within Heijmans. This structure will include a Collective WC at Heijmans Netherlands and there will also be committees formed of both WC and non-WC members. The aim is to introduce the new employee representation structure in the spring of 2017, when WC elections will be held.

Meetings, requests for approval and requests for advice

The European Works Council (EWC) met once in 2015 to discuss the theme of safety. The Central Works Council (CWC) met six times in 2015, on all six occasions involving consultation with the Chair of the Executive Board. A member of the Supervisory Board was also present at two of these meetings. Items discussed included safety, workload and the new employee representation structure as of 2017. In total there were thirteen requests for approval and eight requests for advice in 2015.

Compliance with and deviations from the code

The underlying principles of the corporate governance code are endorsed by Heijmans and are implemented as such in the corporate governance structure.

Corporate Governance Statement

The Corporate Governance Statement as referred to in Sections 2(a) and 3 to 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 Takeover Directive is available on the Heijmans website under the heading 'Corporate Governance: codes, Articles of Association and regulations'. This statement may be considered to have been inserted and repeated here.

Special aspects

Dividend policy

The holders of ordinary shares or depository receipts for ordinary shares are entitled to dividend. Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to approximately 40% of the profit from ordinary business operation after tax. The remaining 60% is added to the reserves in accordance with Article 31 sub 5 of the Articles of Association of Heijmans N.V.

Heijmans Preference Share Trust

An option has been granted to the Heijmans Preference Share Trust for the issue of protective preference shares. The objective of the Trust is to protect the interests of the company in such a way that these interests, and the interests of all those involved, can be safeguarded as effectively as possible and the influences that could affect the company's independence, continuity and/or identity in conflict with these interests can be resisted as effectively as possible. The purpose of issuing

protective preference shares is to provide 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. For further details, please refer to the report of the Heijmans Preference Share Trust on page 214 of this annual report.

Powers of the shareholders' meeting and the rights of shareholders

According to principle IV.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 consider it a matter of importance that as many shareholders as possible participate in the adoption of resolutions at shareholder meetings. The convening notice, agenda and documentation to be dealt with at shareholder meetings will be published at least 42 days in advance of the meeting on the Company's website. As far as possible, the Company gives shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

Holders of shares or depositary receipts for shares who cannot attend the Meeting of Shareholders can issue an authorisation and voting instruction to a third party designated by the Company which will vote in accordance with the voting instruction.

Under the Heijmans Articles of Association, resolutions by the Executive Board that concern a significant change to the identity or character of the Company or its business are subject to approval by a shareholder meeting.

The Shareholders' Meeting also has a number of other important powers, including the adoption of the financial statements, the appropriation of the result, the discharge of responsibility of the members of the Executive Board and the Supervisory Board, the establishment of the remuneration policy for the Executive Board and the remuneration of the supervisory directors, resolutions to amend the Articles of Association or to dissolve the Company and designation of the Executive Board as the body authorised to repurchase or issue shares.

Limitation on transfer of shares

There is no limitation, under contract or in the Articles of Association, on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the statutory restriction of transfer

and delivery of financing B preference shares. Article 11 of the Company's Articles of Association states that the Executive Board of the Company must approve any transfer of financing preference shares B.

Substantial shareholdings in Heijmans

Holders of shares and depositary receipts for shares who, to the extent the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2015 (according to the Register of Substantial Shareholdings of the Authority for the Financial Markets, or 'AFM') are listed on page 25 in the section entitled 'The Heijmans Share'.

Protective measures (special controlling rights, limitation of voting rights)

No special controlling rights are attached to the shares into which the Company's authorised share capital is divided. The Company does not have any employee participation plan or employee share option plan. There are no limitations on the exercise of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares. The number of votes conferred by a financing preference share B with a nominal value of €0.21 is restricted under contract to 1.278 votes. The Company's Articles of Association contain the usual provisions concerning registration as a recognised party entitled to attend and to vote at a General Meeting of Shareholders. 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 a body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is stipulated by the General Meeting of Shareholders.

Agreements with shareholders that may lead to limitation of the transfer of shares or depositary receipts for shares or to limitation of voting rights

The Company is not aware of any agreement involving a shareholder that may result in a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights.

Amendment of the Articles of Association

A resolution to amend the Articles of Association can only be made by at least a two-thirds majority of votes cast at a General Meeting, this majority representing at least half the issued capital, unless the proposal for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board.



If a proposal for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the resolution can then be made by absolute majority of the votes, regardless of the capital represented. The Company will discuss the content of a proposal to amend its Articles of Association with Euronext Amsterdam N.V. before submitting this proposal to the General Meeting of Shareholders.

Authorisation of the Executive Board with respect to the issue and repurchase of shares

The Executive Board was authorised by the General Meeting of Shareholders of 15 April 2015 in accordance with the Articles of Association as the authorised body, subject to approval by the Supervisory Board to issue shares and/or grant rights to acquire shares

- for a period of 18 months to be counted from 15 April 2015. The power to issue ordinary shares is limited to 10% of the issued share capital as at 15 April 2015, plus 10% if the issue takes place as part of a merger or takeover and/or as part of the financing of a purchase of financing preference shares B. The power to decide to issue preference shares covers all preference shares in the authorised capital, either now (the date of the meeting of 15 April 2015) or at some future time, without prejudice to the provisions of Article 6 of the Articles of Association; and
- to limit or exclude the pre-emptive right to ordinary shares in the event that these shares are issued making use of the right to acquire shares mentioned above.

Based on the above-mentioned authorisation, the number of issued ordinary shares or depositary receipts for shares increased in 2015 due to the issue of 1,946,000 depositary receipts for new ordinary shares by means of an accelerated book-build issue on 20 May 2015.

Furthermore, the Executive Board is authorised by the General Meeting of Shareholders of 15 April 2015 for a period of 18 months starting on 15 April 2015, subject to the approval of the Supervisory Board, to decide that the Company will acquire ordinary and financing preference shares B in its own capital by purchase in the market or by other means. The following applies here:

- the authorisation regarding the acquisition of ordinary shares is limited to 10% of the share capital

placed in the form of ordinary shares and is subject to the condition that the ordinary shares can be acquired by the Company at a price between face value and 110% of the average closing price over the last five trading days preceding the day of purchase. The term 'ordinary shares' includes depositary receipts for ordinary shares.

- the authorisation regarding the acquisition of financing preference shares B is limited to 40% of the share capital placed in the form of financing preference shares B and subject to the condition that the financing preference shares B can be acquired by the Company at a price between face value and 110% of the issue price of the financing preference shares B. In the event that financing preference shares B are acquired under this authorisation, they will be cancelled after acquisition in accordance with the relevant regulations.

The Heijmans Executive Board has implemented its previously stated intention to repurchase and cancel the stated shares, and cancelled 2,100,000 financing preference shares B in mid-July. The decision to reduce the share capital (by cancellation) took effect on 18 September 2015. Since then, the number of cumulative financing preference shares B outstanding has thus been 4,510,000.

Consequences of a public bid for important contracts

In the agreement with the banking consortium, a change-of-control clause is included with respect to the facility of €231 million, which states that the consortium must be informed about any change of control, and must then have the option of demanding premature repayment. Change of control clauses may also be included in joint venture contracts to which subsidiary companies are a party.

Payments to members of the Executive Board on termination of employment in relation to a public bid

There are no agreements with directors or employees whereby payments are made on termination of employment in relation to a public bid.

Conduct, integrity and dilemmas

Culture and structure

Heijmans attaches a high value to ethical conduct by its employees. Openness is a basic requirement for this. A more open working attitude is encouraged by the example set by the management and directors, the discussion of large and complex works in the weekly Executive Board meeting, and the review meetings with management. In addition to this culture, Heijmans has introduced a structure for the reporting of issues relating to conduct and integrity. Such reports are then investigated if necessary and action can be taken.

Compliance Officer

Heijmans has appointed a Compliance Officer who acts as the central contact and reporting point for integrity issues. The anonymity of reports is ensured and the compliance officer considers the action necessary in each case given the nature of the issue and the applicable rules. In many cases, issues are resolved on the shop floor, for instance in consultation between the employee and their supervisor; however this is not always the case.

Integrity Committee

The Integrity Committee is responsible for advising the company with respect to integrity. The Integrity Committee discusses issues, dilemmas and themes relating to integrity and all matters associated therewith twice a year, and makes recommendations on this basis for policy or the initiation of training, for example. The Executive Board establishes the policy and decides which actions are to be taken in this context. The Committee is chaired by the CEO. Other members of the Committee are the compliance officer, the Director of Procurement and the Chair of the CWC,





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as well as an external expert, Prof. Dr. EJJ.M. Kimman. This is the core composition of the Committee. Last year, the items discussed by the Integrity Committee included the operation of the 'Kr8 of Heijmans' code of conduct, anonymous reports to the confidential counsellors, and the composition of the Integrity Committee. There was also discussion of how integrity could be made a permanent item of attention for employees.

The Committee reviewed how the reporting structure within Heijmans could be improved. One of the conclusions was that the possibility of making reports anonymously could lead to improvement. Anonymous reporting of abuses was accordingly made possible at the beginning of 2015. On the basis of advice from the Committee, there was also renewed attention to the various options available to employees for the reporting of abuses.

Conduct dilemmas

Heijmans is convinced that conduct has a significant effect on the quality of the company's work and its result. For instance, conduct affects safety. This is the difference between day and night in the construction industry. In 2015 there was continued focus on the 'GO!' (No Accidents) programme started in 2013 with the aim of raising awareness of the importance of safety throughout the company and to bring about a change of behaviour.

Some frequently occurring dilemmas are:

Should you call someone to account or not?

Of course it is not always clear whether certain behaviour is acceptable or not. Heijmans continually faces issues relating to integrity and behaviour. Calling each other to account in case of undesirable conduct in accordance with the standards we strive to maintain encourages increased openness and ultimately desirable behaviour. Examples include the wearing of safety clothing, the separation of waste at building sites or the intentional submission of incorrect receipts, the use of company property for personal purposes and undesirable behaviour towards third parties.

Acceptable versus unacceptable behaviour

The borderline between acceptable and unacceptable behaviour is sometimes difficult to define, but it is crucial for culture on the shop floor. For example, incorrect behaviour towards others.

Self-determined rules versus applicable rules

While the rules regarding actions and desirable behaviour are described in the conduct code, there are still some situations in which unstated and different rules are accepted. This can apply to the submission of invoices, payments or the use of company equipment. For new employees, it can be difficult in such an environment to go against the flow and to remind colleagues of the rules that actually apply.

Many of the issues reported relate to the above conduct and dilemmas.

Compliance

18 integrity issues were reported to the compliance officer and/or the counsellors in 2015. This represents a significant increase compared to the number of reports in 2014. Heijmans encourages its employees to report actual or suspected abuses and provides various means by which to do so. The compliance officer also regularly submits requests to management and HRM in this respect. The Executive Board considers the increase in the number of reports to be a positive development: it means that employees are comfortable with making reports and know that their reports will be treated seriously. The reports in 2015 included reports of undesirable behaviour by employees, relating to the removal of company property and residual materials, the ordering of materials for personal use but charged to the company, causing accidents with a company vehicle and incorrect behaviour with reference to the declaration of expenses, among other things. The reports led to written (final) warnings or dismissal. In each case, the first consideration is the seriousness of the case, followed by an investigation of the facts. Heijmans has also had to deal with a number of cases of invoicing fraud and inappropriate use of its good name and reputation. These cases were investigated and appropriate measures were taken. All notifications are discussed at the Executive Board meetings and subsequently evaluated by the management personnel concerned.

Integrity and conduct

Integrity and conduct are established in a number of rules and guidelines:

- Integrity-sensitive positions: the Procedure for Integrity-Sensitive Positions applies at Heijmans. Integrity-sensitive positions include members of the Executive Board, directors of operating companies, project directors, directors of staff services, property developers, development managers, company lawyers and procurement managers. The procedure for the screening of employees is also established.

On the basis of this procedure, employees in an integrity-sensitive position - and applicants applying for such a position - are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Conduct.

- Reviews: integrity issues are discussed by the Executive Board and shared in management teams (on an anonymous basis). The Integrity Committee monitors that notifications and issues are translated into appropriate policy.
- The 'kr8 van Heijmans' code of conduct: under the motto 'a matter of character', the desired conduct is established in the Heijmans Code of Conduct. The Code deals with matters such as safety, integrity and competition and obliges Heijmans employees to act and behave in accordance with its provisions. A sanctions policy is linked to the Code of Conduct. Managers are required to set an example by their personal conduct. The conduct code is an integral part of the employment agreement with permanent and temporary personnel, and also applies to self-employed persons with whom Heijmans works.
- Integrity is a standard subject of discussion in employment interviews and introduction programmes, and is included as a standard competence in the development interview form.
- In order to encourage integrity in project development, Heijmans Property Development set up a Transaction Register in accordance with the NEPROM Code of Conduct in 2009, as a supplement to its quality management system and the Heijmans Code of Conduct. The relevant details of every business-to-business property transaction are investigated in advance and recorded and documented in the Transaction Register, enabling subsequent checks to be made for correctness, integrity and lawfulness of such transactions. This is also endorsed and established in the Heijmans procurement policy.
- Procurement: new suppliers are requested to sign a sustainability declaration that includes rules with respect to improving social aspects, working conditions and health, safety and the environment, as stated in the section 'Procurement and Chain Integration' on page 65 of this annual report.

Observance

A number of counsellors have been appointed for the business units and at holding company level for the purpose of observance and implementation of the Code of Conduct, who can give advice regarding dilemmas encountered by employees in the course of their daily activities. Heijmans requires its suppliers and subcontractors to endorse the codes of conduct of Heijmans, Bouwend Nederland and NEPROM of their own (industry) code. Heijmans' subsidiaries, associates and joint ventures are included on the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with these breaches, are reported to SBIB.

Additional and separate regulations

In some cases, values from the Code of Conduct have been established in additional and separate regulations:

Dossier statement

The Heijmans Code of Conduct is also further elaborated in the so-called dossier statement. This statement is required with every bid issued. It consists of an explicit statement by the responsible management that no anti-competitive practices have been involved in the preparation of the tender or quotation.

Internal reporting procedure

For those situations where it is difficult or impossible to find a solution within the scope of daily workplace activities, Heijmans has previously introduced an internal reporting procedure, which states the steps to be taken when submitting a report of an abuse. It also describes how such reports are investigated, and defines the role of management in the event that a report is submitted. The reporting procedure offers employees the possibility of reporting an abuse orally or in writing to the central reporting point (the compliance officer) or a counsellor, without endangering their employment law position. There is also the possibility of reporting an abuse anonymously via the SpeakUp system.

Insider Trading Regulations of Heijmans N.V.

This regulation is introduced in order to comply with the Financial Supervision Act (Wft), and contain provisions that apply to the officers stated in the Act and other Heijmans employees.

Regulations applying to personal investments

There are regulations applying to personal investments by members of the Executive Board and the Supervisory Board. The Chair of the Executive Board is the compliance officer for transactions in shares, depositary receipts for and options on shares. The Chair of the Supervisory Board acts as compliance officer for the Chair of the Executive Board.

The Human Environment & Transport Inspectorate

In early 2014, Heijmans was the first contractor to sign a declaration of intent with the Human Environment and Transport Inspectorate (ILT) to arrive at an enforcement agreement with respect to the enforcement of the (very extensive) regulation that falls under the scope of the ILT. Heijmans already has such an agreement in place with regard to the Driving Times Decree. ILT supervises enforcement of the regulations for several so-called domains, including soil, transport and dangerous materials). A compliance agreement introduces horizontal supervision on the basis of which Heijmans is expected to report deviations on its own initiative, take preventive measures and report annually to ILT. Within Heijmans, the ILT domains mainly cover the activities of Infra. The agreement was signed by ILT and Heijmans N.V. on 26 June 2015. The agreement has a term of two years and will be reviewed annually.





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Risk management

Doing business in the construction and property sector involves risk. In principle, there can be no competitive advantage without taking risk and therefore no return. The operating margins in the industry and at Heijmans are currently low and below the strategic levels that Heijmans aims for and are required to operate profitably. This further underlines the importance of risk management. It is therefore an essential duty of the management to make well-considered decisions with respect to the risks the company wishes to incur, and how these risks are managed.

The markets in which Heijmans operates have contracted sharply in recent years. Competition is intense and pressure on margins has increased. In addition, new types of contract have been introduced that led to a shift of responsibilities to contractors such as Heijmans. At the same time, this development offers strategic opportunities for adding value. Heijmans aims to achieve this, on the basis of its knowledge, expertise and innovative strengths, by leading the way in the offering of integrated sustainable and socially relevant solutions to customers and users. For Heijmans, the only way to maintain a sustainable position in this market is to add value.

Risk management was a high-priority item on the business agenda during the reporting year. This section describes the risk profile, the main risk factors and the way in which these are managed. It also describes the main activities and results in 2015 with respect to risk management and lists the priorities for 2016. The risk section also describes the main items of attention in the management letter from the external auditor.

Risk profile

Heijmans is firstly engaged in construction and infrastructure projects, including management and maintenance and/or services, and secondly in property development, and to a lesser extent, in Public-Private Partnership (PPP) projects. In addition, Heijmans produces a limited quantity of end products such as asphalt.

The construction and infrastructure projects and services are based on contracts that Heijmans must execute, whereby a large proportion of the works to be performed are outsourced to third parties. These activities feature relatively low operating profit margins. Heijmans strives to achieve operating profit margins of between 3% and 4% for these activities. The business model for this type of activity adds value when on average projects contain negative working capital that effectively results in little or no investment of capital. Infra activities generally contain a somewhat higher level of capital investment than construction or installation projects, partly due to the greater use of equipment. It is therefore essential that full attention is paid to the management of downside risks. If they arise, with low operating profit margins these risks can quickly mean that these activities do not add value. In order to avoid these risks, this also means that Heijmans may on occasion have to refuse potential upside opportunities. For the purpose of a profitable business model, Heijmans accordingly strives to achieve a moderate risk profile. The risk profile of end products such as asphalt is primarily determined by the scale of the production capacity needed. This capacity is in line with the demand from Heijmans' own projects as well as supplies to third parties.

The property development and PPP activities require a higher level of invested capital, meaning that a higher return is required. In these markets, Heijmans aims to achieve an operating profit margin of around 8%. The time factor is an important part of the risk profile for these activities. The burden on resources is often for a longer duration in order to be able to realise higher returns. Here too, Heijmans aims for a moderate risk profile in order to improve the turnover time of its capital. In practical terms, this means that invested capital is always converted as quickly as possible to property development production.

Risk management

Heijmans' basic approach to risk management is the structural, integrated and timely identification and monitoring of key opportunities and risks from the risk profile described. The objective is to effectively anticipate and mitigate uncertainties and threats, but also to exploit opportunities. Risk management is embedded in a management model that features centrally organised operating companies with short lines of communication to the Executive Board. Most support functions are centrally organised and report directly to the group management. This applies for instance to IT, Human Resources, Procurement, Equipment Management and Facility Services. Moreover, strategy is implemented via a number of improvement programmes designed to improve the company's core operating processes, known as Improve the Core, with a focus on four areas: tender management, project management, procurement and sales. Improvement programmes are also in place for specific areas of attention in the conduct of the business, such as Fit for Cash (designed for working capital and cash management) and the safety programme GO! (designed for 'No Accidents'). In order to adequately manage risks, it is important that awareness of risk is embedded throughout the organisation. In addition to defining and achieving improvements, these programmes are also aimed at creating an open and transparent business culture, precisely to increase this awareness. The monitoring and further improvement of the corporate culture requires the continuing attention of the management and is embedded in the management's description of duties and performance agreements.

Key risk areas

The key risk factors are identified on the basis of the stated risk profile and clustered into five categories: strategic risks, market risks, operating risks, financial risks and compliance risks. The impact, management and description of these risks are shown in the risk matrix alongside.

'The Contours of Tomorrow'

'The Contours of Tomorrow'						
Improvement			Renewal			
Business model	Strategy	Market	Operating	Financial	Compliance	
Input (resources)	Having appropriate scale in terms of knowledge and capacity in a market segment	Introduction of other contract types with more responsibilities	Adequate insight into property and land holdings	Liquidity		
		Procurement prices for materials and subcontracting	Adequate partnering on the basis of added value and risk	Sufficient capacity for issuing bank guarantees		
			Quality and availability of employees, teams incl. management	Adequate insurance cover for potential significant losses		
				Bankruptcy of partners, subcontractors, suppliers		
Throughput (process)	Necessity to renew production and supporting processes	Influence of cyclical developments including government spending	Quality of contract management	Adequate insight into development of project results	Ability to accept sequential liability	
			Focus on quality in design and preparatory phases	Loss due to fraud	Ensuring compliance with applicable regulation in relation to pay and supplements	
	Operating in markets that do not offer adequate prospect of an appropriate return	Price pressure in segments in relation to available capacity	Insufficient selectiveness in acquisition of new projects	Good connection from acquisition to execution		Compliance with tax legislation
			Application of adequate focus on sales (customer/market)	Procurement quality and engagement		Compliance with prevailing quality requirements and process norms
			Housing market developments	Pricing in an appropriate profit margin		
				Quality of support from IT systems including ability to take responsibility for correct storage and processing of data		
				Insufficient specialist knowledge and experience in subsegments or projects		
Good calculation of costs including a balanced and complete picture of opportunities and risks						
Output (performance)	Need for renewal in relevant products and services	Meeting customer expectations		Sound capital ratios	Safeguarding and expressing integrity	
	Differentiation in the market	Demonstrable quality				
Outcome (effect)	Reflecting the importance of more sustainable operation	Reputation	Ensuring safety for employees and the environment			

- Specific attention within EB or directly to its reporting staff function
- Part of specific programme for strategy implementation
- Both

Strategic risks

Strategic risks affect the medium to longer term or the long term. Generally, these risks manifest gradually over time. Heijmans sees the main risks in this category as failing to adequately respond to the need to create differentiating qualities, operate sustainably and have the ability to renew itself. There is also always the question of whether the scale in a particular market segment is appropriate. Important considerations in this respect are the knowledge and expertise required and ensuring proper capacity in terms of people, material and overheads.

Strategic risks and management measures

Strategic risks are in principle managed directly by the Executive Board, which initiates actions with the objective of turning these risks into opportunities. The Executive Board regularly analyses and evaluates the development of activities in relation to the attractiveness of markets and market segments. Since the second half of 2014, Heijmans also has a Chief Technology Officer who plays a central role in directing innovations in products and services and the policy with regard to sustainability within the Executive Board is embedded in the responsibilities of the CEO.

Market risks

Market risks can have an effect in both the long term and the very short term. The impact of some of these risk factors can be serious and take effect quickly. This applies to both influences from customers, such as new contract types, and influences from the procurement of material and subcontracting. In addition, Heijmans identifies the risk of price pressure for projects to be accepted if there is overcapacity in certain segments or the perception that there is overcapacity. Macro-effects from the economic cycle, government spending and also specifically the housing market materially affect the company's activities.

Market risks and management measures

The company is closely following and analysing developments in the Dutch housing market given the effects of this for the Property Development and Residential segments. The housing market continued to recover and improve in 2015. Volumes are picking up and average sale prices are rising. The policy of the government introduced in 2012 with the aim of dealing with the problem of occupation of social housing by persons earning higher incomes has been effective and has affected the market. Increasing upward mobility has been achieved since that time. In combination with criteria aimed at further reduction of the level of

mortgage debt, all segments of the housing market are more affected by market forces. On balance, the market for social housing will become relatively smaller and the liberalised rental sector will increase. The fundamentals for the owner-occupied market are good, with the key parameters here being demographic developments, the level of interest rates and consumer confidence. For Heijmans, this means that it is tailoring its product offering to reflect these developments and additionally is devoting much attention to a competitive and differentiated pricing policy.

We also expect the market for non-residential building to show a moderate development in the coming years. The demand for integrated projects including service, management and maintenance is growing to a limited extent. There is intense competition in this market, meaning that price pressure will continue. Risk management here is associated with selective acceptance of projects (margin before volume) and a focus on a number of subsegments relating to core competences and experience. Our risk appetite in this market is limited.

The Dutch infrastructure market is relatively stable in terms of volume, however it is intensely competitive. In addition, new types of contract have been introduced that have added to the responsibilities of contractors such as Heijmans in the risk domain. The proper pricing of risks is an important item of attention, as well as the tendering for projects with appropriate profit margins. Furthermore, contractors and customers in the Dutch market need to find a new balance with respect to cooperation, involving fairness and trust in addition to the contractual dimension. The systematic and disciplined pursuance of a selective acceptance policy supported by good sales policy and good project management are in general terms the management measures in this area for Heijmans. The measures in place are described in more detail under the heading 'Highlights of Risk Management in 2015' on page 95.

In Belgium, Heijmans operates in a number of infrastructure and construction markets. The market in Belgium features pressure on public spending and a well developed but relatively stable competitive arena. A good sales policy in combination with disciplined tender processes and good project management are the main management measures.

The markets in which Heijmans operates with Franki and Oevermann in Germany showed a positive development in 2015, especially as a result of increased

government investment. These are however highly competitive markets, in which a disciplined and selective acceptance policy and good project management are the primary management measures. For the operations in Germany, special attention was devoted to ensuring adequate personnel and materials and the available assets, especially at the foundations specialist Franki. The procurement market was generally stable in 2015 and featured a number of relevant developments. Raw materials prices were in a downward trend. The policy is to hedge these risks as quickly as possible once projects have been contractually accepted. However this is not possible, or not entirely possible, in all cases. In addition, there is pressure in certain categories of procurement now that capacity in the market has declined in recent years. This requires more effort as part of the normal activities of the procurement organisation. There continue to be risks in relation to procurement prices in relation to both raw materials and subcontracting. There can also be effects as a result of macroeconomic developments that are difficult to predict, such as the high degree of volatility in oil prices.

Further details of the market conditions are given in the section 'Strategy Implementation in 2015' on page 47 of this report. Detailed information on procurement is provided in the section 'Procurement and Chain Integration' on page 65.

Operational risks

Operational risks dominate the risk matrix. Inadequate management of many of these risks may have a seriously negative impact in the short and long term. Operational risk concerns project development activities and building activities in the context of residential building, non-residential building and infrastructure works. The most important and risk-determining components of the primary process are the tendering approach, the proposal process, the procurement process and project and contract management. There is a large variety of contracting forms, generally involving - to a certain degree - a fixed price. Errors in design and/or calculation and differences of interpretation regarding design liability therefore can have a negative impact on building costs and consequently result in project losses and negative cash flows. Furthermore, this can result in significant financial and other liabilities. Heijmans also considers the extent to which an appropriate profit margin is and can be calculated as an operational risk. Risks associated in the widest sense with property and land holdings are also treated as operational risks by Heijmans. Finally, risks relating to the ability or otherwise to safeguard the safety of employees, the

environment and anyone entering a construction site belong to this category.

Operational risks and management measures

Improve the Core

The realisation of an adequate control framework with respect to operational risks is largely addressed by the 'Improve the Core' programme that is designed to realise improvements in processes in tender management, project management, procurement and sales. The four areas of this programme are further explained in the section 'Strategy implementation in 2015' on page 47 of this annual report. In addition, the following measures apply to the management of operational risks, usually in relation to project management. These also include elements that represent the company's risk appetite:

- Development projects will only be initiated once a substantial percentage of the homes put up for sale has been sold and the buyer has secured the finance;
- Construction of commercial property development projects will only be initiated once the property to be built has been sold (with limited rent guarantees) or has been largely leased;
- A central procurement policy in force to optimise Heijmans' procurement strength, ensure the required quality and mitigate price and delivery risks;
- Specific attention to the financial position of partners, subcontractors and suppliers;
- There is a stratified approval procedure with regard to larger and/or complex projects whereby the largest and most complex projects require the specific approval of the Executive Board;
- Where useful for the purpose of mitigating risk, aligning interests or obtaining access to knowledge and expertise, projects are sometimes acquired and carried out in cooperation with partners;
- In the preparatory phase, risk evaluations of projects to be contracted are made (legal, technical, financial, integration, safety, logistics, scheduling, environmental factors);
- For projects in a higher risk category, we work with bandwidths for the expected result per project so that specific developments, opportunities and risks can be closely monitored
- Intensive involvement of critical functional disciplines in the management of risks before and during execution. This mainly concerns the legal, purchasing and financial functions;
- Any extra work on assignments is only carried out after agreement has been reached with the principal, unless the contract or regulation stipulates otherwise;

- Regular project reviews with a layered structure whereby larger and/or more complex projects (risk category 3) are evaluated by the Executive Board.

GO! Safety programme

Heijmans places a high priority on healthy and safe working conditions. The management of risks to safety thus receives extensive attention. One important measure in this respect is the GO! safety programme (No Accidents) introduced in 2013 described in the section 'Health and Safety' on page 55 that is designed to raise awareness of safety.

In practice, the measures to manage safety risks are as follows:

- Preventive measures are in place in case disasters occur. Emergency plans are prepared for large building projects so that there can be a rapid response if an emergency occurs.
- The safety policy also applies to the subcontractors engaged by Heijmans. In the Netherlands, this policy focuses on working with VCA-certified subcontractors at the building site so that all VCA (Safety Checklist for Contractors) requirements can be met. This means that all workers on construction sites have completed the basic safety course, and all employees, including subcontractor personnel, participate in information and training sessions organised by Heijmans. They then have the necessary personal protective equipment, and they work with approved equipment and tools.
- Serious safety incidents must be reported immediately to the Executive Board. Those involved explain the circumstances of the incident to the Board and put forward suggestions for increasing safety at work in general.
- In addition, in order to take more effective action against personnel who follow unsafe working practices a system of yellow and red cards has been introduced. This gives guidance to the site manager regarding the action he should take in the event of unsafe conduct.

Human Resource Management

The ability to access qualified and motivated personnel is a necessary condition for enabling the Company to carry out its core activities in a professional way. In this context, Heijmans has various initiatives in place designed to retain sufficiently qualified personnel,

- The management development policy, which aims to promote upward mobility and job rotation and offer a wide range of internal and external training at both operational and (project) management level.
- The annual master class and the management

trainee programme are both designed to attract and retain talented young students at an early stage.

- There is regular testing to establish whether the employment benefits are sufficiently competitive, both in financial and non-financial terms.

There are also risks associated with the availability of qualified personnel on the operational side. While Heijmans has been forced to make substantial reductions in its workforce in recent years, this also means that intake of young employees has fallen off substantially. In addition, employees with the necessary expertise have left the sector as a result of the crisis. In the coming years, Heijmans will therefore have to devote much attention to retaining operational quality.

Financial risks

Financial risks mainly concern risks that directly or indirectly affect the company's funding, such as availability of sufficient liquidity, sound capital ratios and the availability of sufficient capacity to issue bank guarantees. There are also risks associated with financial valuations, and the risks of losses and financial damage due to the bankruptcy of partners.

Financial risks and management measures

Risks associated with liquidity are mostly described as part of risk management in 2015.

Finance, liquidity and cash flows

Liquidity risk concerns the likelihood that the financing requirement at any time is greater than the remaining credit facilities available to the Company. There significant fluctuations in the Company's liquidity and therefore its financing requirement during the year. This is partly due to seasonal effects and partly due to normal fluctuations in the working capital, which changes along with construction volume, as well as specific effects on projects. To manage this risk, liquidity forecasts are prepared on a regular basis. These forecasts relate future needs to available financial resources, in order to facilitate timely intervention to resolve any difficulties that may arise. The development of the liquidity position is monitored closely by means of daily and weekly reporting. The Company's liquidity is more or less entirely available in the form of committed credit facilities, the use of which is subject to being able to meet a number of conditions such as financial covenants. The relevant covenants are the Interest Coverage Ratio (EBITDA/interest) and the Leverage Ratio (recourse debt/EBITDA). The Company met these conditions in 2015, which were tested as of 30 June and 31 December. In early 2016 new agreements were made on the credit

made available by the banking consortium to Heijmans. The loan agreement that originally would have terminated on 31 March 2017 has been amended and a new end date of 30 June 2018 has been agreed. The syndicated facility has been increased, so that as at 1 April the commitment amounts to €256 million. An existing uncommitted current account facility has been added for the purpose of cash management. The financial covenants have been adjusted so that with effect from 2016 the Interest Coverage Ratio will be tested on a quarterly basis and this ratio must be at least 4 with effect from year-end 2016. The Company will also have to achieve an Average Leverage Ratio of 2.5 with effect from mid-2017. This extension and the adjusted conditions suit the plans of Heijmans for this funding period, in which the permanent improvement of the net debt/EBITDA ratio is an important priority. This is partly due to the fact that the flexibility with respect to the financial covenants is relatively limited. For DBFMO projects, project funding is in principle available for these projects in relation to the initial project planning in combination with reaching specific milestones. The development of this is closely monitored, including any risks that may arise from planning or other sources, such as developments at consortium partners.

In addition to bank facilities that can be used to draw down funds, there are sufficient guarantee lines available. Guarantee lines are in principle not committed. Attention to funding will continue to be important, since the Executive Board expect the banks to be cautious when it comes to providing finance for the entire construction chain. We are seeing increasing interest from institutional investors and also private and foreign investors in the housing market in the Netherlands. We expect sufficient liquidity to be available to fund Design Build Finance Maintain Operate (DBFMO) contracts in the coming years.

Valuations

In addition to risks relating to financing, Heijmans is also exposed to risks relating to financial valuations. This includes tax credits recognised in a situation in which not enough taxable profit will be realised in the Netherlands in the coming years. There are also valuation risks associated with large balance sheet items such as goodwill and property holdings. Given the write-downs of property holdings recognised in recent years and the regular reviews, it can be said that with the expected recovery in the Dutch housing market and a further recovery in the result at Non-Residential and Overmann these risks will diminish.

Estimates are an inherent feature of project valuations, as is the fact that Heijmans is involved in negotiations and discussions of the financial settlement of projects, such as extra work or less work, claims and penalties, delivery times and the level of quality of the work. It may turn out at a later stage that actual results differ from the estimates.

Investments

Risks associated with investments, or the acceptance of long-term obligations and large investments in property, plant and equipment and land holdings are managed using strict procedures whereby explicit approval from the Executive Board is required for all larger investments.

Insurance

An inherent feature of the core activities of Heijmans is that large one-off events may occur that can lead to substantial financial loss. The appropriate risks are insured, as a back-up to the management of operational and financial risks. The policy in this respect focuses on risk areas where very large losses can occur that Heijmans cannot reasonably bear, areas in which risk management is not part of the Company's core competence or in which risk management is adequately placed with a project partner. The insurance programme also covers relevant risks associated with changes in legislation, regulation and applicable case law. On balance, the possibility of insurance in addition to risk management of projects has a crucial role. The most important insurance policies are the construction all-risk insurance for project execution risks, the corporate liability insurance for general liability risks and the professional liability insurance for liability risks arising from construction design and consultancy. Insurance is taken out with reputable and reliable insurers. During the annual meeting with insurers, the premiums are adjusted in line with developments on the insurance market, the loss statistics and the economic climate.

Compliance risks

Compliance concerns both compliance with legislation and regulation and the enforcement of an appropriate framework of standards and values. Ensuring and expressing a high degree of integrity is an essential consideration for this risk category. Inadequate management may lead to reputational damage.

Compliance risks

Managing these risks has a high priority, since inadequate management could damage the Company's reputation and integrity. Various measures are in force

to prevent such risks, such as the Heijmans conduct code, obligations explicitly included in management regulations with respect to compliance with legislation and regulation, the procedure for integrity-sensitive positions and a whistle-blower's procedure.

The nature of the construction and infrastructure sector is that we work extensively with personnel and subcontractors whose involvement in a project is only temporary. With regard to the outsourcing of works and the hiring of temporary personnel, the main contractor has to take account of specific legislation and regulation and risks, for instance the Foreign Nationals (Employment) Act and risks relating to chain and recipients' liability. Observance of the management measures in effect in this respect is especially important given the sharp increase in the number of bankruptcies in the building industry and the fact that the government is increasingly taking a stricter stance with regard to contraventions of prevailing legislation and regulation. Attention is also required with regard to observance of statutory requirements by subcontractors and employment agencies in relation to pay and working conditions for the workforce.

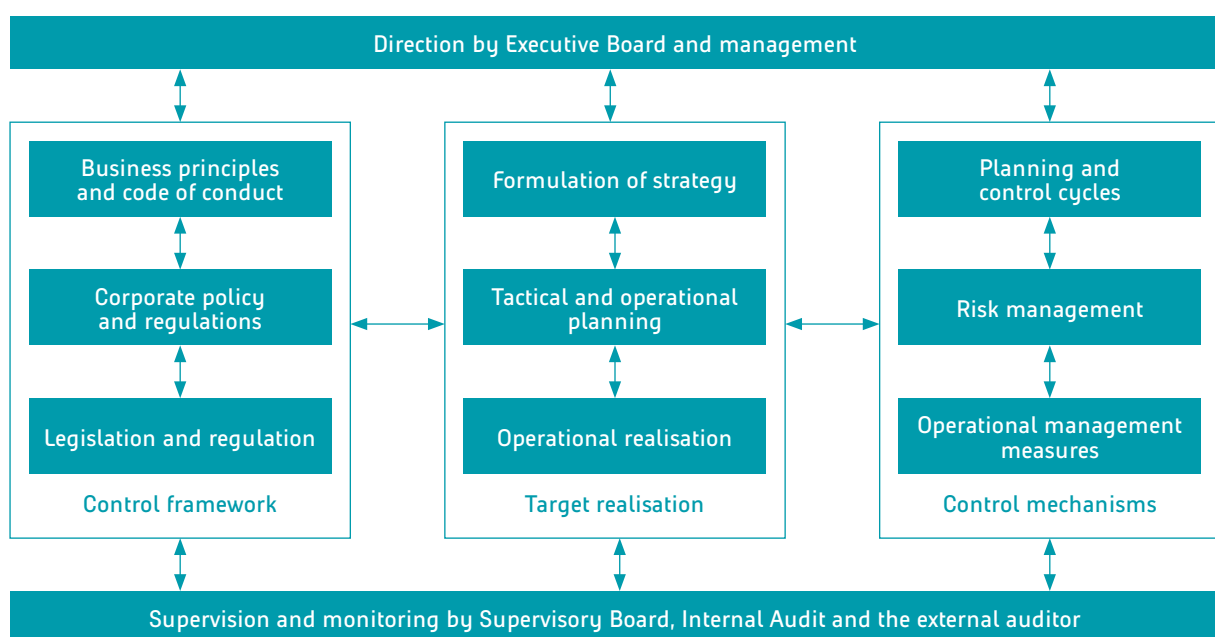
The centrally managed legal department plays an important part in the monitoring of compliance with relevant legislation and regulation.

Other general management measures

The various elements in the internal risk management and control system at Heijmans are shown in diagram form in the figure below.

Important aspects in the control framework are:

- **Management regulations and instructions** for the management of operating companies/business units. These regulations and instructions define the authorities and the framework within which management operates, and address such matters as contracting for projects, making investment commitments and reporting obligations and accountabilities;
- **Code of conduct:** the conduct desired of Heijmans employees is established in a code of conduct under the slogan "the power of Heijmans, a question of character" [de kr8 van Heijmans, een kwestie van karakter]. Important themes in the code of conduct are safety, integrity and competition;
- **An accounting manual** that prescribes the internal and external financial reporting principles to be applied and the procedures to be followed for this purpose;
- **business process systems** that include a structure for the primary and secondary processes of building and property development activities, including risk management systems enabling project-related risks to be identified and managed. The aim here is to achieve uniformity of processes throughout the group;



- *specific register with explanations* as an extra safeguard of integrity for senior management and specific positions.

The control mechanisms at Heijmans include the following:

- *a planning and control cycle*, with periodic reporting by operational management on the trends in relevant markets, the financial state of affairs relative to the budget and the financial and operational status of projects and safety;
- *regular project reviews*, also often referred to as 'work in progress meetings', in which the development of projects is discussed and evaluated on the basis of fixed formats;
- *periodic review meetings* between the responsible operational management and the group management;
- *monitoring of developments in the liquidity position* of group elements and specific projects with various tools and frequencies;
- *company-wide risk management process audits*, designed firstly to establish whether management measures are adequately observed in the context of project-specific risks, and secondly to control other company-wide risks. Central organisation and coordination with feedback and follow-up primarily at business-flow level.

Risk management highlights in 2015

A number of items of attention in relation to risk management for the coming years were formulated in the 2014 annual report. The following measures and actions were taken in this context in 2015.

1. Complex and integrated projects

Risk management in 2015 was dominated by efforts to improve the management of complex and integrated projects, especially at the Infra business segment in the Netherlands. Much attention was devoted to the further implementation of the improvement measures announced in 2014 and early 2015. New measures and actions were also taken. The increased attention to management of these risks in recent years is due to the fact that responsibilities have increasingly been shifted to contractors during this period. Especially for large projects, these additional responsibilities concern design, the obtaining of licences, environmental management and verification of the delivery quality, and chiefly concern large projects in the Infra and Non-Residential segments whereby project results have been severely pressured. The causes and measures taken over the past two years are shown in summary form in the overviews below.

CAUSES & MEASURES (I)

Market

- a. Customers are taking a more formal attitude, partly due to political pressure. Applies also to performance statements (progress evaluation)
- b. Customers have less budget/financial flexibility for potential additional costs
- c. Contracts are placing more risks in the contractors domain such as environmental management, condition of the land, laying cables and pipework, design (also if this is originally provided by the customer)
- d. Large number of large players involved in projects of >€25 mln.
- e. Stiff competition including low propensity to give room to competitors and several large parties that continue to exercise opposition during execution phase of projects they failed to win
- f. Unfavourable contractual payment schedules
- g. Reduced level of knowledge at various large public customers. Management of execution on behalf of customer is more often outsourced.

1. Take advantage of visible changes in focus at other market parties in tender calendar, also through choice of partners
2. Do not exercise unnecessary opposition on projects we are not awarded
3. Promote sensible market behaviour via Bouwend Nederland and other organisations.

Acquisition

- a. Technical complexity of some projects is underestimated
- b. Risks are identified but the assessment has been too optimistic
- c. Potential for optimisation in relation to contract is overestimated
- d. Budget for design costs is too low, and the budget for process management costs for complex projects is too low
- e. Tender designs too challenging in some cases

4. Process tender management incl use of risk categories
5. Factor in design costs appropriately higher, key figures adjusted
6. Factor in process costs appropriately higher
7. Risk analysis a higher priority in tender agenda
8. Different (quantitative) consideration of risks
9. Challenge design in final phase of tender (e.g., a different team)
10. Higher initial margins as standard – specific work for each project still necessary
11. More active attitude to partnering in relation to risks and required competences

CAUSES & MEASURES (II)

Implementation & organisation (incl. culture)

- a. Start-up phase of projects can be improved
- b. Recognise issues in projects earlier and take them more seriously
- c. Moderate management of design process; risk of continuous optimisation
- d. Project control can be improved, seniors financial discipline closer to integrated projects
- f. More escalation to management level at customers needed

Contract management

- a. Many risks relating to an actual situation that is different from that which was or could be assumed based on the tender data.
- b. Interpretation of design responsibility and the way in which this is applied in processes with the customers is still under development
- c. More awareness needed with respect to contractual and other requirements changing over time for obtaining performance statements

- 12. Start-up reviews within first three months after acquisition of project
- 13. Stick-to-the-plan philosophy; carry through planning, design vision tender. Sharper/more aware trade-offs with respect to possible optimisation (Go/No Go moments)
- 14. Further separation between design and execution. Do not prepare execution design at project location.
- 15. Improve project control; more and better project controllers directly under Infra management
- 16. More attention to transfer of tender to execution
- 17. Strengthen quality and seniority of project management

- 18. Direction of large integrated projects directly from central management (Infra/Non-Residential) with direct involvement of EB. Strengthen accountability.
- 19. Culture: work to make contract management in the line more professional; direction more based on contract and earlier/more effective escalation internally and with customer.
- 20. Monitor start of build or monitor time between design preparation and execution (Go/No Go)
- 21. Make good use of new ERP platform (integrated project monitoring of obligations administration)

While extra attention from the Executive Board and other senior management has clearly been devoted to this theme and the proposed changes to the tender and preparatory phases have been introduced, as yet these improvements have had little visible effect on the financial results in 2015. The financial effects will only become visible once the projects acquired in 2014 and 2015 account for a larger proportion of the operating revenue. This theme will continue to be a high priority in the coming period, and this will be expressed in the further implementation and refining of the changes introduced and strict enforcement of the approach and discipline.

2. Process improvement

Improve the Core

The 'Improve the Core' programme made good progress on all areas of attention in 2015. Tender management was further streamlined to make relevant criteria and decision-making more explicit ('Go/No Go' moments). This approach was tightened up on the basis of uniform

risk categories, further improving insight into all current tenders and the quality of substantiation for decision-making.

In project management as well, management is based more on the basis of Go/No Go moments between the various phases of a project. New leadership and further centralisation of procurement has made the organisation more professional and Sales has been given a more serious form.

Fit for Cash

There was continued attention to improving working capital and cash management through the 'Fit for Cash' programme. In this programme, very broad attention is devoted to aspects such as adequate and timely invoicing for smaller projects and services, and the management of larger financial positions relating to works in progress for certain projects. A more professional approach to the monitoring and management of liquidity has been introduced.

The GO! safety programme

The programme that aims to improve safety GO (Géén Ongevallen, or No Accidents) was further implemented in 2015. Extensive attention is now permanently devoted to attitudes and behaviour in relation to safety, which has led to an improvement in the safety figures. Safety will continue to be an important theme in 2016.

ERP (Enterprise Resource Planning)

Heijmans is engaged in the implementation of a new ERP platform based on SAP. After the initial roll-out of this system at a division of Infra (Roads) in 2014, further implementation was started at the rest of Infra (Civil), the group service departments, equipment management and Residential Building. The new platform should ensure that the supporting processes are modernised, control of and efficiency of the processes will be further improved, administrations will be further centralised and operational support will be improved. With the implementation of the system, attention will also be devoted to a number of specific aspects in the context of risk management, such as the establishment of obligations, the management of authorisations and the systematic application of automated controls. The implementation of a new ERP system involves a substantial change process with the risks that are associated with such processes. The special attention devoted in particular to the change aspects during the roll-out contributed to the successful introduction at the various business units without noteworthy business interruptions. The system is scheduled to be rolled out for the other activities in the Netherlands in 2016 and 2017.

International activities and direction

Heijmans continues to devote close attention to the direction of its business units outside the Netherlands. There is more intense cooperation within the group in many areas, which goes beyond areas such as integrated projects, procurement, safety and cash management.

3. Financial position

Several initiatives were launched during the year to strengthen the company's financial position and continuity with respect to safeguarding the funding of the group's activities. The most important item of attention here is the balance between profitability, which has been below target in recent years, and the use of credit. The degree of credit usage fluctuates widely due to the nature of the company's activities. Seasonal factors and specific issues in relation to payment schedules and developments at projects are influencing factors in this context. Important preconditions for the

availability of credit under current agreements are the need to comply with a leverage ratio (ratio of net debt to EBITDA) and an interest coverage ratio (ratio of EBITDA to net interest charges). On the relevant test dates of 30 June and 31 December, Heijmans met these conditions. The existing room under the covenants was limited in mid-2015, partly due to the moderate operating result. Solvency at year-end measured by the capital base stood at 26%, although it should be noted that the financial buffers have declined due to the development of the result and the cash flow. In early 2016 new agreements were made on the credit made available by the banking consortium to Heijmans. This credit agreement, which originally was to terminate on 31 March 2017, has been amended with an agreement to extend the end date to 30 June 2018. The facility, which in principle amounted to €212 million as at 1 April 2016, has been increased to €256 million, whereby an uncommitted facility of €50 million that was previously available to the company has been terminated. The financial covenants have been amended in the sense that with effect from 2016 the interest coverage ratio will be tested on a quarterly basis. The extension fits the plans of Heijmans, an important element of which concerns the structural improvement of the net debt/EBITDA ratio.

Heijmans additionally issued 1,946,000 new shares in May 2015 via a sub-10 issue which raised approximately €21 million. Shortly thereafter, €21 million in cumulative financing preference shares B were repurchased. Although failure to comply with the conditions cannot be ruled out due to a number of risk factors, barring unforeseen circumstances Heijmans expects to be able to continue to operate within the agreements made with the banks in 2016.

4. Organisation: risk and audit manager

A new risk and audit manager for the group was appointed in spring 2014, with the aim of bringing the internal audit programme to a higher level. After the redefinition of audit activities, numerous audits were carried out in 2015 by the processes introduced via the Improve the Core programme. In addition, the risks associated with sequential liability were assessed. The risk and audit manager's primary aim continues to be the initiation and realisation of adequate operating audits including clear feedback to the management concerned.

The role of project controllers and other financial positions was further strengthened last year. Firstly, through courses and group sessions. Secondly, through the encouragement of job rotation. The position of the financial role in the tender process and the preparatory-



phase will have to be strengthened further.

5. Other items of attention

Besides other planned actions and measures, in 2015 additional attention was needed to compliance by subcontractors with statutory requirements with respect to pay and working conditions for their employees.

Work continued to ensure good insight and management of the property and land holdings in 2015. Regular analysis is made of the development potential and/or value development of the strategic land holdings and the areas included in land exploitation, including the associated funding. Attention is also devoted to information on and the potential earnings from plan costs incurred that form part of the reported value of property holdings. The net capital invested by Property Development was slightly lower in 2015, partly because it was possible to dispose of some holdings. Increasing production also led to an acceleration in conversion to construction development. Both from the point of view of management of financial resources and as part of its strategy, the Executive Board strives to reduce the amount of capital invested in property.

Conclusions for 2015

The measures described above have been effectively implemented, so that progress has been made and processes have been changed to reduce the risk profile. Although the results are not yet visible in the financial results, mainly due to the financial performance in the larger projects, Heijmans is convinced that over time this will contribute to the improvement in the result that the company needs to achieve. Risk management is a high priority regarding the development of the result, especially at Infra Netherlands and specifically on the larger projects. Although more or less all the risks occurring were identified (in the form of threats), more of these risks manifested than had been estimated. The measures introduced will be fully persevered with.

The focus of risk management remains on the management of projects. Progress was difficult for several larger projects in 2015, and we cannot exclude the possibility that the financial impact of known risks will turn out to be more negative. While a project-driven business such as Heijmans may have loss-making projects, the aim is to limit their number and effect. Against this background, we will continue our efforts to improve the tender and project management and the procurement process ('Improve the Core') as vigorously as ever. The continuing attention to and efforts in the context of the 'Fit for Cash' programme led to positive results in 2015, and will be continued with the same degree of vigour.

Partly in view of the above, the Executive Board can declare that the risk management and control systems generally operated satisfactorily during the reporting year. Significant additional efforts had to be made in 2015 regarding the management of several large Infra and Non-Residential projects in the Netherlands. In relation to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting as reflected in the 2015 financial statements (page 117) does not contain any material misstatements. It is not possible to provide absolute assurance, however. Heijmans is unable to guarantee that material misstatements, fraud or violations of legal requirements cannot occur.

The optimisation and monitoring of the proper functioning of the internal risk management and control systems remains an important area of focus for the Executive Board. The Executive Board discussed the structure and the functioning of the internal risk management and control systems with the Audit Committee and the entire Supervisory Board frequently and intensively during the year. No issues relating to integrity that affect the risk profile occurred during the reporting year.

Focus of risk management in 2016

Many of the items of attention and actions from previous years will be followed up in 2016, with the addition of certain other actions and/or measures.

In practice, this means:

- Extensive attention to the management of large and mostly integrated projects at Infra and Non-Residential in the Netherlands, especially in the start-up phase;
- Consistent direction regarding the implementation of the 'Improve the Core' programme with respect to tender management, project management, procurement and sales;
- Continuation of the GO! safety programme with higher target figures, as well as an increased focus on safety in Germany and Belgium;
- Continuation of the 'Fit for Cash' programme including intensive monitoring and management of liquidity in the light of the desired improvement of profitability;
- Continued roll-out of the SAP-ERP environment including the introduction of follow-up initiatives designed to achieve the desired business benefits;
- Strengthening the funding of the Company;
- A stronger audit programme carried out by the risk and audit officer;
- Ensuring compliance with respect to HR-related risks as a result of the Labour Market Fraud (Bogus Schemes) Act (WAS), sequential liability, changes to regulations for self-employed persons, employment of foreign nationals and the protection of personal information - in the awareness that changes have either been made or will be made in the regulations for these domains.

The Supervisory Board

A.A. (André) Olijslager (1944), Chair

Dutch nationality; former Chair of the Group Executive Board of Royal Friesland Foods N.V.

Appointed Member of the Supervisory Board of Heijmans NV. in April 2007.

Reappointed in 2011 and in 2014. Steps down in 2018.

Principal additional positions: Chair of the supervisory board of Detailresult Group, Chair of the supervisory board of Ondernemend Oranje Kapitaal (in formation), member of the supervisory board and Chair of Stichting Maatschappij en Onderneming (SMO), member of the supervisory board of Van Gansewinkel Group, member of the supervisory board of Innovatie- en Investeringsfonds Gelderland N.V., trustee of Stichting Administratiekantoor Unilever N.V., Chair of the advisory board of LSP Health Economics Fund and non-executive director of Pierre & Vacances SA, Paris.

Drs. P.G. (Pamela) Boumeester (1958)

Dutch nationality; formerly Managing Director of NS Poort.

Appointed Member of the Supervisory Board of Heijmans NV in April 2010, reappointed in 2014. Steps down in 2018.

Principal additional positions: member of the supervisory board of Ordina N.V., member of the supervisory board of Persgroep Nederland B.V., member of the supervisory board of Jaarbeurs Utrecht, Chair of Stichting Royal Haskoning, Chair of the advisory board of H&S Group, member of the advisory board of the Faculty of Economics and Business at the University of Groningen and member of the board of the Ondernemingskamer.

Ing. R. (Rob) van Gelder (1945)

Dutch nationality; formerly Chair of the Executive Board of Heijmans NV. Previously Mr Van Gelder was a board member of Koninklijke Boskalis Westminster N.V. for 20 years, and Chair of the board for over 13 years. Appointed as a member of the Supervisory Board of Heijmans NV on 1 July 2010 and reappointed in 2014. Steps down in 2018.

Principal additional positions: Chair of the supervisory board of Atlas Services Group.

The Supervisory Board

From left to right:

Rob van Gelder,
Sjoerd van Keulen,
Ron Icke (Vice-Chair),
Pamela Boumeester,
André Olijslager (Chair),
Sjoerd Vollebregt.



**R. (Ron) Icke RA (1957), Vice-Chair since
18 August 2015; Chair of the Audit
Committee**

Dutch nationality; formerly Chair of the Executive Board of USG People NV.

Appointed as a member of the Supervisory Board of Heijmans NV in April 2008.

Reappointed in 2012. Steps down in 2016.

Principal additional positions: Chair of the supervisory board of DPA Group N.V., Chair of the supervisory board of ORMIT B.V., Chair of the supervisory board of Domus Magnus Holding B.V., member of the supervisory board of Kas Bank N.V., member of the supervisory board of VvAA Groep B.V., Chair of the Investment Committee Project Holland Fonds, member of the board of supervision of the Land Registry and board member of Stichting Administratiekantoor V.O.Zee, board adviser Orizon Holding GmbH, board adviser Star Group B.V. and board adviser Partou B.V.

**Drs. S. (Sjoerd) van Keulen (1946),
Vice-Chair until 18 August 2015;
Chair of the Remuneration Committee and
the Selection and Appointments Committee**

Dutch nationality; formerly Chair of the Executive Board of SNS REAAL NV.

Appointed as a member of the Supervisory Board of Heijmans NV in April 2007.

Reappointed in 2011 and in 2015. Steps down in 2019.

Principal additional positions: member of the supervisory council of Stichting Het Wereld Natuur Fonds, member of the supervisory council of Stichting Natuur en Milieu, member of the supervisory council of PharmAccess International, member of the board of Stichting Administratiekantoor Preferente Aandelen Randstad.

Sj.S. (Sjoerd) Vollebregt (1954)

Dutch nationality, former Chair of the executive board of Stork B.V. and Fokker Technologies B.V. Previous employed at Exel, Ocean, Intexo Holding and Royal Van Ommeren, among others. Appointed as a member of the Supervisory Board of Heijmans NV in April 2015, steps down in 2019. Principal additional positions: member of the supervisory board of TNT, Chair of the advisory board of Airbus Defence and Space Netherlands.

Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2015 financial year. The financial statements have been audited by Ernst & Young Accountants LLP and were furnished with an unqualified audit opinion on 26 February 2016. The auditor's statement is attached to the Other Data section of the financial statements on page 200. We recommend that the General Meeting of Shareholders adopt the 2015 financial statements and grant discharge of liability to the members of the Executive Board. We approve the proposal by the Executive Board not to distribute a dividend on the ordinary shares, in view of the development of the operating result and the net result for 2015.

Role and powers of the Supervisory Board

The Supervisory Board supervises the policy of the Executive Board and the general state of affairs at the Company and its affiliated companies, and advises the Executive Board. In the performance of its duties, the Supervisory Board acts in the interests of the Company and its affiliated companies and considers the legitimate interests of the stakeholders in the Company. The Supervisory Board is also involved in the social aspects of business operation relevant to the Company.

The Articles of Association of Heijmans N.V. and the Regulations for the Supervisory Board of Heijmans N.V. contain rules with respect to board meetings and resolutions. Both these documents are available on the Heijmans N.V. website under the heading 'Corporate Governance: Codes, Articles of Association and Regulations'.

Specific areas of supervision

The supervision exercised by the Supervisory Board over the Executive Board concerns matters including the strategy and achievement of objectives, the risks associated with business activities, the design and operation of the internal risk management and control systems, the process of financial reporting, compliance with legislation and regulation, shareholder relations (for further details, see the paragraph 'Corporate Governance: General' in the Corporate Governance section in this annual report) and the social aspects of business conduct relevant to the Company.

Accents and activities in 2015

Development of the result and funding

The Supervisory Board has followed the development of performance last year closely. This has been an agenda item at every meeting. The necessity of improving internal processes and compliance with these processes was also described as crucial by the Supervisory Board and discussed. The Supervisory Board takes the view that apart from technical aspects the organisation needs to devote more attention to commercial realisation, which should be standardised as far as possible, and a 'street-wise' approach to project management. This view, which is shared by the Executive Board, requires a change of the present business culture and has high priority.

Besides this focus, the importance of the margin before volume policy, further professionalisation of the organisation and improving the internal processes were all discussed at these meetings.

The Company's strategy was discussed at a separate meeting. Furthermore, the Supervisory Board regularly requested the Executive Board to inform it with regard to progress on the Improve the Core programme, and more specifically progress with respect to tender and project management, sales and procurement. The Supervisory Board looked in particular at the processes of precalculation and calculation, tendering and the way in which contractual risks are addressed. The Board expressed the importance of competences such as following up actions, focus and leadership. Other topics included the continuing difficult market conditions and the increasing risks. In the fourth quarter the Supervisory Board devoted extensive attention to the business plan for 2016, and, as part of this, the effects of the reorganisations that have been carried out at Non-Residential, Civil and Oevermann as well as the improvement measures to be implemented for the Infra operations in the Netherlands. As part of the business plan, there was extensive discussion of the projected development of cash flow and the associated funding requirement, also in relation to the applicable covenants with financiers. The Supervisory Board also regularly made enquiries regarding developments at the Energy Factory project in Tilburg.

Improvement

Company-wide improvement is seen as a very important theme. Straightforward working processes and quality standards are crucial in order to reduce costs and increase efficiency. The internal knowledge and experience acquired can be used far more effectively, so that a routine is created and a generic approach can be taken to projects. Job rotation and development of leadership also leads to better project direction and the further development of critical abilities.

Renewal

Partly on the basis of the renewal agenda and the related research & development projects, the Supervisory Board continually monitored progress in the area of renewal and innovation. As part of its meeting in August 2015, the Supervisory Board visited the SPARK Campus, and the Chief Technology Officer gave a presentation on the innovation portfolio and the Technology department.

Project visits

As part of its meeting in June 2015, the Supervisory Board visited the A12 Veenendaal Ede Grijsoord (VEG) project. Prior to this visit, the project management gave a detailed presentation on the project which led to a detailed discussion of project management at the

meeting. Individual members of the Supervisory Board also visited a number of large projects, including the N23, the Drachtsterweg and the A4.

Frequency of meetings and attendance

The Supervisory Board held six regular meetings with the Executive Board in attendance in 2015. One member of the supervisory board was unable to attend two of these regular meetings. There was also one additional meeting. The supervisory directors who could not attend made use of the possibility to discuss the agenda items with the Chair in advance, and were therefore able to express their views. Five meetings were also held by means of conference call.

The Company's external auditor attended the meeting at which the financial statements for 2014 were discussed. The Supervisory Board is represented a number of times each year at the consultation meetings of Heijmans' Central Works Council (CWC). There is regular consultation between the supervisory directors and the members of the Executive Board, depending on each supervisory director's specific portfolio. This applies in particular to the Chair of the Supervisory Board and the chairs of the various committees, i.e. the selection and appointments committee, the audit committee and the remuneration committee.

Resolutions

The important resolutions of the Supervisory Board in 2015 included the following:

- Approval of resolutions by the Executive Board to establish and amend the Company's operational and financial targets;
- Approval of the 2015 business plan and budget of Heijmans N.V., whereby the strategic policy principles are formulated;
- Approval of the proposed dividend distribution by Heijmans N.V.;
- Approval of the proposal by the Executive Board regarding the appropriation of the result of Heijmans N.V. in 2014;
- Approval of the implementation of the proposals for the short and long term variable remuneration of the Executive Board;
- Approval of the resolution of the Executive Board to expand the share capital by almost 10% by means of a 'sub 10' issue.
- Approval of the resolution of the Executive Board to repurchase 40% of the outstanding financing preference shares B;
- The proposal to appoint a fourth member of the Executive Board, to be explained at the General

Meeting of Shareholders on 13 April 2016.

Executive Board

The Heijmans Executive Board consists of three members.

Portfolio division Executive Board

The division of responsibilities for the Executive Board is as follows:

- Bert van der Els: General Affairs, Management Development, HR, Sales, Communication, Sustainability and Innovation, Infra Belgium
- Mark van den Biggelaar: Finance, Investor Relations, ICT, Legal Affairs, Procurement, Facility Management, Pensions and Germany
- Ton Hillen: Infra Netherlands, Property Development, Residential Building, Non-Residential, PPP/Building Belgium, Materials Management

Both the Supervisory Board and the Executive Board have established that the recovery of the Infra operations in the Netherlands is not satisfactory and therefore requires special attention. To address this problem, a fourth member of the Executive Board will be nominated for appointment who will take responsibility for Infra.

On 18 January 2016 the Supervisory Board accordingly announced its proposal to appoint Mr R.F. (Ruud) Majenburg as a fourth member of the Executive Board. This proposal will be explained to the General Meeting of Shareholders on 13 April 2016. After his appointment, Mr Majenburg will take responsibility for the Infra segments in the Netherlands and Belgium.

Both the Supervisory Board and the Executive Board are confident that in the person of Mr R.F. Majenburg they have found a suitable candidate to address the challenge that Infra faces.

After Mr R.F. Majenburg's appointment, the portfolio division will be:

- Bert van der Els: General Affairs, Management Development, HR, Sales, Communication, Sustainability and Innovation
- Mark van den Biggelaar: Finance, Investor Relations, ICT, Legal Affairs, Pensions and Germany
- Ton Hillen: Property Development, Residential Building, Non-Residential, PPP/Building Belgium, Materials Management, Facility Services and Safety
- Ruud Majenburg: Infra Netherlands, Infra Belgium and Procurement

Close cooperation between the various business flows and operating as one Group remains an important principle for the management. This applies both in the Netherlands and internationally. Firstly, the Executive Board will initiate and encourage this, and secondly it will be embedded in forms of functional direction and fixed operations-oriented consultations.

Self-evaluation by the Supervisory Board

One of the principles of the Dutch Corporate Governance code is that supervisory boards are collectively responsible for their own performance and cites self-evaluation as a best practice. The self-evaluation process for 2014 was guided by an external consultancy agency in the autumn of 2014. Discussions covered the commitment and participation of the individual supervisory directors, the process of resolutions within the Board and the quality thereof, the relationship with the Executive Board and the performance of the Supervisory Board as a whole. Based on the self-evaluation, the most important conclusion is that there is a constructive and open relationship, both between the supervisory directors themselves and between the Supervisory Board and the Executive Board.

The Chair of the Supervisory Board also conducted individual interviews with the various supervisory directors. Furthermore, the Supervisory Board discussed the performance of the Executive Board and its members without them being present.

Diversity

The composition of Heijmans' Supervisory Board features diversity in terms of gender, background and experience. Under the Management and Supervision Act, larger companies are obliged to strive to achieve a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are divided between natural persons. One of the six members of the Supervisory Board is female, and thus represents 17%. Given the appointment terms and the total number of seats, the target ratio of 30% will not be achieved. For further background information on all the supervisory directors, see page 102 of this annual report. The target profile for supervisory directors is stated on the website, under the heading 'Corporate Governance'. In the event of vacancies (other than reappointments) the Supervisory Board proposes to strive to increase the diversity of its available expertise and the profile of the supervisory directors.

Committees

The Supervisory Board has appointed three committees: the Audit Committee, the Selection and Appointments Committee and the Remuneration Committee. Regulations have been formulated for each committee establishing the role of the committee in question, its composition and how it carries out its duties. These regulations can be found on the Heijmans website under the heading 'Corporate Governance' and then under 'Codes, Articles of Association, Regulations'.

Audit Committee

The Audit Committee comprises three members of the Supervisory Board and has duties in a number of financial areas. The matters discussed by the Audit Committee are in preparation for the discussion of these items by the full Supervisory Board. These include the half-yearly report, the financial statements, the budget, the reporting of the external auditor, other financial reporting, the operation of internal risk management systems, the relationship with and the evaluation of the external auditor, the pension plans and the development of the funding requirement and the debt position as well as the relationship with the Company's financiers.

In addition, the Audit Committee discussed the valuation of land holdings, the state of affairs at the company excess pension fund, the implementation of the ERP system SAP, the Company's tax position and the proposal to appoint EY as the external auditor for the 2016 and 2017 financial years, as well as integrity and compliance and the introduction of the possibility of anonymous reporting of abuses, Risk & Audit Management and the reports provided by the Risk & Audit Manager.

The Audit Committee consists of Messrs R. Icke (Chair), R. van Gelder and S. van Keulen. The Committee met with the Executive Board on four occasions in 2015. The external auditor also attended a number of meetings. The Committee consulted the auditor on one occasion without the Executive Board present. When relevant, managers with responsibility for finance, auditing, risks and compliance attended the meetings of the Audit Committee, together with the CEO and the CFO. Relevant items for which approval by the full Supervisory Board was required were submitted to the full Supervisory Board accompanied by a recommendation from the Audit Committee.

Selection and Appointments Committee

The Selection and Appointments Committee establishes, among other things, the selection criteria and appointment procedure for supervisory directors and members of the Executive Board. The Committee also evaluates the performance of the members of the Executive Board at least once a year, and conducts individual performance assessment interviews with the members of the Executive Board at least once a year.

The Selection and Appointments Committee met on two occasions last year. There has also been regular mutual consultation. At the end of 2015, this Committee prepared and guided the process that led to the proposal by the Supervisory Board to appoint a fourth member of the Executive Board. The Committee members conducted extensive interviews with the candidate and the Committee subsequently advised the other members of the Executive Board. The Committee also arranged for interviews between the candidate and the other members of the Supervisory Board and the members of the Executive Board.

This committee consists of Ms P.G. Boumeester and Mr S. van Keulen (as Chair) and, since mid-2015, R. van Gelder who replaced Mr A.A. Olijslager.

Remuneration Committee

The Remuneration Committee, which has the same composition as the Selection and Appointments Committee, carries out preparatory work for the Supervisory Board with respect to the remuneration of members of the Executive Board. This is based on the remuneration policy for members of the Executive Board that took effect on 1 January 2010 and was adopted by the General Meeting of Shareholders on 28 April 2010. The remuneration of the directors of Heijmans in 2015 was in line with this remuneration policy, details of which are given on page 111 of this annual report.

The Remuneration Committee also considered the remuneration report for 2014, the remuneration of supervisory directors and the pension plan for the members of the Executive Board. In 2015 the Remuneration Committee discussed the formulation and implementation of the financial and qualitative targets for the short term (2015) and long term (2013-2015) variable remuneration. Proposals with respect to the basic salaries of the members of the Executive Board as of 1 January 2016 were also discussed.

The short-term variable remuneration (for 2015) and the long-term variable remuneration (over the period 2013-2015) for the members of the Executive Board were then established by the Supervisory Board on the basis of the proposal of the Remuneration Committee in early 2016. The Remuneration Committee met on two occasions in 2015. These meetings were also attended by the Chair of the Executive Board and the Director of HRM.

Composition of the Supervisory Board

One member of the Supervisory Board stepped down according to the retirement rota in 2015. At the General Meeting of Shareholders of 15 April 2015, the member stepping down according to the retirement rota, Mr S. van Keulen, was reappointed for a term of four years.

Moreover, Mr S.J.S. Vollebregt was appointed as a member of the Supervisory Board as of 15 April 2015 for a term of four years. As of that date, the Supervisory Board consists of six members. Mr R. Icke took over from Mr S. van Keulen as Vice-Chair on 18 August 2015.

The current composition of the Supervisory Board, including the particulars of the members and their main and other positions held, is given on page 102 of this Annual Report. Apart from Mr. Van Gelder (as a former Chair of the Executive Board of Heijmans N.V. until 1 July 2010), all the other supervisory directors qualify as independent in the sense of Article III.2.2 of the Dutch Corporate Governance Code.

Conclusion

Margins in the construction industry are under pressure, and there is a clear need for further improvement and renewal. This is expressed in a need for a commercial approach and the importance of monitoring and following up improvement processes. The Supervisory Board follows developments closely and holds intensive discussions on these issues and other related issues. In view of the continuing difficult market conditions and the pressure to improve, this requires huge commitment, discipline and energy from everyone in the organisation in order to implement and follow up changes. Heijmans continues to strive for a fair balance in the division of risks between customer and contractor. The Supervisory Board accordingly wishes to thank the Central Works Council, all employees and the Executive Board of Heijmans for their commitment during the past year.

's-Hertogenbosch, 26 February 2016

A.A. Olijslager, Chair

R. Icke, Vice-Chair

P.G. Boumeester

R. van Gelder

S. van Keulen

Sj.S. Vollebregt



Freymann

Remuneration report

Principles of the remuneration policy

The Supervisory Board of Heijmans N.V. pursues a remuneration policy for the company's Executive Board that is based on the following principles:

- Executive compensation must be such that it is possible to attract and retain top managers, not only from the building industry but from related sectors, such as property development and electrical and mechanical contracting;
- The remuneration policy must be consistent with the Company's corporate governance policy;
- Remuneration must be guided by the strategic and financial objectives and must to a significant degree be performance-based, with an appropriate balance between short and long-term results and/or targets;
- Remuneration must not include any incentives that could result in individual behaviour that is in conflict with the Company's interests;
- The Executive Board operates as a team with ultimate responsibility clearly resting with the Chair, although the other executive directors are, in addition to their specific areas of responsibility, also accountable for the overall end result.

Relationship with the Corporate Governance Code

Heijmans endorses the principles relating to the remuneration of executive directors stated in the Corporate Governance Code. Heijmans moreover endorses the recommendations relating to the remuneration-related responsibilities of the Supervisory Board and the role of the Remuneration Committee.

Heijmans observes the principle of a maximum appointment term of four years for executive directors as well as the compensation stated in the Code in the event of involuntary dismissal.

Positioning of the remuneration packages

The policy is designed to position the remuneration packages at a median level compared to other remuneration packages paid to directors of comparable enterprises in the Netherlands. Moreover, the remuneration package must be competitive and contain the right incentives to generate good policy and above-average performance.

The Supervisory Board plans to update this policy on a regular basis by reviewing it against market developments and socially accepted standards.

Principles of the remuneration policy for executive directors of Heijmans N.V.

The system chosen comprises a basic salary and a variable bonus depending on short-term targets (variable bonus on an annual basis) and long-term objectives (annually recurring variable remuneration on a three-year basis). If both the short-term and long-term targets are achieved, the total variable remuneration amounts to 100% of the fixed salary. If performance significantly exceeds or falls below the agreed targets, the variable remuneration can amount to a maximum of 150% of the fixed salary, or be reduced to zero. 'At target' performance will result in 50% of the total variable payment consisting of the variable annual bonus, and 50% consisting of the annually recurring variable remuneration on a three-year basis. 50% of the variable annual bonus depends on annually established financial targets, and 50% is determined on the basis of individual qualitative performance as assessed by the Supervisory Board.

If the Company closes any year with a net loss, the right to a variable annual bonus for that year only becomes vested if and when the company realises a net profit in the following year or the year thereafter, subject to a minimum level to be set by the Supervisory Board. Thereafter, a right to a variable annual bonus for the year in question lapses. 50% of the variable remuneration on a three-year basis depends on financial targets, and 50% on individual qualitative performance and other (non-financial) criteria, at the discretion of the Supervisory Board. The whole variable remuneration is subject to a claw-back clause, whereby a variable remuneration that has been allocated can be reclaimed if it was awarded on the basis of incorrect information. The Supervisory Board also has the discretionary power to adjust the variable remuneration granted conditionally in a previous financial year if, in the Supervisory Board's opinion, this remuneration results in an unfair or unreasonable situation because of very exceptional circumstances in the relevant assessment period (measure of last resort).

The Supervisory Board has the right to final review and possible adjustment of any award of variable remuneration. The principles of the remuneration policy for executive directors of Heijmans N.V. were established by the GMS on 28 April 2010. The targets that apply to the determination of the variable remuneration of members of the Executive Board are established by the Supervisory Board. This concerns the financial targets and the qualitative performance targets used to determine the annual payment and the long-term payment for the preceding three-year period.

In 2015 the Remuneration Committee was also engaged in establishing the targets to be achieved in connection with the variable remuneration, the allocation of the variable remuneration and the Management and Supervision Act, changed pensions legislation as of 1 January 2015 and the Bonus Share Matching Plan.

Allocation of variable remuneration

The Supervisory Board has established that some of the financial targets, including those relating to net debt and solvency, were achieved, but that other financial targets were not. A number of the qualitative and personal targets were achieved. The Supervisory Board has established that while there is still much room for improvement, there has been progress. In line with the applicable remuneration policy, a conditional short term variable remuneration of 20% of fixed salary will be allocated. This allocation will become final if the conditions stated in the remuneration policy are met in 2016 or in 2017. No long-term variable remuneration will be awarded to members of the Executive Board.

In its assessment, the Supervisory Board followed the principle that each member of the Executive Board has their own items of attention in the realisation of the targets, but that the results achieved are the collective responsibility of the Executive Board.

The above is based on the remuneration policy in force since 1 January 2010.

Remuneration of members of the Executive Board

in €	Gross fixed salary		Long term Variable remuneration		Conditional Short term Variable remuneration		Pension expense	
	2015	2014	2015	2014	2015	2014	2015	2014
L.J.T. van der Els *	493,764	493,764	-	-	98,753	-	102,160	102,160
M.C. van den Biggelaar **	395,661	395,661	-	-	79,132	-	79,475	75,501
A.G.J. Hillen ***	395,661	395,661	-	-	79,132	-	111,172	118,454
Total	1,285,086	1,285,086	0	0	257,017	0	292,807	296,115

* Chair of the Executive Board with effect from 18 April 2012 and member of the Executive Board with effect from 28 April 2010

** Member of the Executive Board with effect from 18 April 2012

*** Member of the Executive Board with effect from 1 September 2009

Pension

The pension scheme for the Executive Board is a conditionally indexed average salary scheme in which pension is accrued on the gross fixed salary and becomes payable at the age of 67 years. This concerns the accrual of retirement pension, surviving dependants' pension and orphan's pension. These two Board members also receive compensation for the loss of pension accrual on their salaries in excess of €100,000. In deviation from the above, one member of the Executive Board receives a fixed payment for the accrual of an individual pension provision.

Bonus Investment Share Matching Plan

This plan is intended to secure the longer-term commitment of executive directors and reinforce their focus on the long term and value creation for Heijmans by encouraging them to buy ordinary shares/depository receipts for ordinary shares of the Company and hold these for an extended period. Executive directors can opt to invest part of their short-term variable annual bonus (after tax) in shares in the Company's capital. If a director (hereinafter "participant") decides to invest, the contribution is limited to 50% of his or her gross short-term variable annual remuneration. The minimum contribution is 10% of the gross short-term variable annual remuneration.

The shares purchased by the participant are subject to a mandatory lock-up period of three years, during which the participant may not transfer the purchased shares. The participant is however entitled to dividend during the lock-up period. For each share purchased, each participant receives the entitlement to one conditionally allocated share ('matching share'), that

will only become unconditional after three years, subject to the participant still being in the employ of Heijmans. The matching shares are then subject to a mandatory lock-up period of two years.

If the participant's employment terminates at any time during the three-year period, the right to the matching shares lapses (except in the case of retirement or death). If the employment ends during the two-year lock-up period, the matching shares remain blocked until the end of the lock-up period. The regulations for the Bonus Investment Share Matching Plan for the members of the Executive Board were established by the Supervisory Board on the basis of the proposal by the Remuneration Committee in 2011.

Remuneration Committee

The composition of the Remuneration Committee changed on 18 August 2015, as of when the Committee consists of Ms P.G. Boumeester, Mr S. van Keulen (Chair) and Mr R. van Gelder. Mr A.A. Olijslager was a member of this Committee until 18 August 2015. The Remuneration Committee is concerned with the remuneration of members of the Executive Board and members of the Supervisory Board in preparation for consideration of this matter by the Supervisory Board.

's-Hertogenbosch, 26 February 2016

S. van Keulen, Chair

P.G. Boumeester

A.A. Olijslager (until 18 August 2015)

R. van Gelder (since 18 August 2015)

Statement by the Executive Board

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Dutch Civil Code and Section 25c (2c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of his knowledge:

- The financial statements give a true and fair view of the assets, the liabilities, the financial position and the result of the Company and the companies included in the consolidation; and
- The Annual Report provides a true and fair view of the position as at 31 December 2015 and the business conducted during the 2015 financial year by the Company and its affiliated companies, whose data has been included in its financial statements, and that the annual report provides information on the principal risks faced by the issuing institution.

's-Hertogenbosch, 26 February 2016

*Ir. L.J. T. van der Els
Mr M.C. van den Biggelaar MiF
ing A.G.J. Hillen*





Financial Statements 2015

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1. Consolidated statement of profit or loss

x €1,000

		2015	2014
6.1	Revenue	1.978.583	1.867.656
	Cost of sales	-1.822.458	-1.720.464
Gross profit		156.125	147.192
6.2	Other operating income	3.826	3.258
	Selling expenses	-32.423	-31.981
6.3	Administrative expenses	-155.016	-180.515
6.4	Other operating expenses	-1.505	-1.503
Operating result		-28.993	-63.549
6.5	Financial income	3.691	5.903
6.5	Financial expense	-13.191	-11.024
6.10	Result of joint ventures and associates	8.127	6.526
Result before tax		-30.366	-62.144
6.6	Tax expense	3.108	14.851
Result after tax		-27.258	-47.293
The entire result after tax is attributable to the shareholders.			
Earnings per share (in €)			
6.18	Earnings per ordinary share after tax	-1,32	-2,44
6.18	Earnings per ordinary share after tax and dilution effects	-1,32	-2,44
	Dividend distributed per ordinary share in the financial year	0,00	0,15

2a. Consolidated statement of comprehensive income

x €1,000

	2015	2014
1. Result after tax	-27.258	-47.293
Other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss:		
Effective portion of changes in the fair value of cash flow hedges for joint ventures	429	-804
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined benefit plans	16.172	-4.754
Changes in actuarial results on defined benefit plans of associates	393	-540
Tax effect of other comprehensive income that is never reclassified to the statement of profit or loss	-4.137	1.188
Other comprehensive income (after tax)	12.857	-4.910
Comprehensive income	-14.401	-52.203

The entire comprehensive income is fully attributable to the shareholders.

2b. Consolidated statement of changes in equity

x €1,000

2015	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January 2015	5.839	222.152	-27.346	-54	219	105.759	-47.293	259.276
Result after tax	-	-	-	-	-	-	-27.258	-27.258
Other comprehensive income	-	-	12.428	429	-	-	-	12.857
Comprehensive income for the reporting period	-	-	12.428	429	-	-	-27.258	-14.401
Transactions with owners of the group:								
Bonus Investment Share Matching Plan	-	-	-	-	10	-	-	10
Share issue	584	20.528	-	-	-	-	-	21.112
Appropriation of result for 2014								
Transferred to retained earnings	-	-	-	-	-	-47.293	47.293	0
Total transactions with owners	584	20.528	-	-	10	-47.293	47.293	21.122
Balance at 31 December 2015	6.423	242.680	-14.918	375	229	58.466	-27.258	265.997

x €1,000

2014	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January 2014	5.805	222.183	-23.240	750	192	105.475	1.857	313.022
Result after tax	-	-	-	-	-	-	-47.293	-47.293
Unrealised results	-	-	-4.106	-804	-	-	-	-4.910
Total realised and unrealised results for the reporting period:	-	-	-4.106	-804	-	-	-47.293	-52.203
Transactions with owners of the group:								
Bonus Investment Share Matching Plan	-	-	-	-	30	-	-	30
Issue of shares for the Bonus Investment Share Matching Plan	3	-	-	-	-3	-	-	0
Appropriation of result for 2013								
Dividend in shares	31	-31	-	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-1.573	-	-1.573
Added to retained earnings	-	-	-	-	-	1.857	-1.857	0
Total transactions with owners	34	-31	-	-	27	284	-1.857	-1.543
Balance at 31 December 2014	5.839	222.152	-27.346	-54	219	105.759	-47.293	259.276

3. Consolidated statement of financial position

x €1,000

Assets		31 December 2015	31 December 2014
Non-current assets			
6.8	Property, plant and equipment	89.928	94.579
6.9	Intangible assets	112.413	113.918
6.10	Joint ventures and associates	76.751	72.839
6.11	Other investments	32.124	31.004
6.20	Employee-related receivable	37.688	24.484
6.12	Deferred tax assets	31.230	27.284
		380.134	364.108
Current assets			
6.13	Strategic land portfolio	172.336	182.936
6.13	Residential properties in preparation or under construction	75.572	81.555
6.13	Other inventory	17.845	23.804
6.14	Work in progress	151.810	167.314
6.7	Income tax receivables	471	1.055
6.15	Trade and other receivables	266.403	310.131
6.16	Cash and cash equivalents	125.392	73.787
		809.829	840.582
Total assets		1.189.963	1.204.690

x €1,000

Equity and liabilities		31 December 2015	31 December 2014
Equity			
2b	Issued capital	6.423	5.839
2b	Share premium reserve	242.680	222.152
2b	Reserves	-14.314	-27.181
2b	Retained earnings from prior financial years	58.466	105.759
1	Result for the year after tax	-27.258	-47.293
		265.997	259.276
Non-current liabilities			
6.19	Interest-bearing loans and other non-current financing liabilities	103.335	95.339
6.20	Employee benefits	22.032	26.731
6.21	Provisions	2.732	4.648
6.12	Deferred tax liabilities	6.793	5.080
		134.892	131.798
Current liabilities			
6.19	Interest-bearing loans and other current financing liabilities	31.770	9.811
6.22	Trade and other payables	580.232	574.881
6.14	Work in progress	148.136	184.306
6.7	Income tax payables	7.029	4.112
6.20	Employee benefits	3.181	2.043
6.21	Provisions	18.726	38.463
		789.074	813.616
Total equity and liabilities		1.189.963	1.204.690

4. Consolidated statement of cash flows - indirect method

x €1,000

		2015	2014
Operating result		-28.993	-63.549
Adjustments for:			
6.2	Gain on sale of non-current assets	-2.062	-2.145
6.3/ 6.8	Depreciation of property, plant and equipment	17.592	21.968
6.3/ 6.9	Amortisation of intangible assets	1.505	1.503
6.23	Impairment of debtors	1.028	1.665
6.13	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	11.200	16.500
6.14	Change in work in progress	-20.666	-10.604
	Change in other working capital	47.394	87.649
6.20 + 6.21	Change in non-current provisions	-6.615	832
	Operating result after adjustments	20.383	53.819
	Interest paid	-14.653	-10.096
	Interest received	3.691	3.883
	Tax expense paid	151	-1.586
Cash flow from operating activities		9.572	46.020
	Sale of interest in associate	-	7.000
6.8	Investments in property, plant, and equipment	-16.840	-17.718
	Sale of property, plant and equipment	5.961	12.525
	Capital contributions to joint ventures and associates, less dividends received from them	4.354	-5.839
	Loans granted to joint ventures and associates, less loans repaid by them	-2.509	-5.741
Cash flow from investment activities		-9.034	-9.773
2.b	Share issue	21.405	-
2.b	Transaction costs of share issue	-293	-
6.19	Interest-bearing loans drawn down	74.071	11.410
6.19	Interest-bearing loans repaid	-44.116	-32.886
6.19	Refinancing expenses	-	-424
2.b	Dividend in cash	-	-1.573
Cash flow from financing activities		51.067	-23.473
Net cash flow in the period		51.605	12.774
6.16	Cash and cash equivalents at 1 January	73.787	61.013
6.16	Cash and cash equivalents at 31 December	125.392	73.787

5. Accounting principles

Heijmans N.V. (referred to as the "Company") has its registered office in the Netherlands. The Company's consolidated financial statements for the 2015 financial year include the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

With reference to the company statement of profit or loss of Heijmans N.V., use has been made of the exemption under Section 402, Book 2 of the Dutch Civil Code.

The Executive Board prepared the financial statements on 26 February 2016. These will be submitted for approval to the General meeting of Shareholders on 13 April 2016.

(1) Statement of Compliance

The consolidated financial statements for 2015 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

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise stated.

The preparation of the annual financial statements in accordance with the EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported value of assets and liabilities, and the reported value of revenues 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 6.28, "Management estimates and judgements"

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 annual consolidated financial statements and to all entities belonging to the Group, apart from the changes explained in (3).

(3) Implications of new directives

IFRIC Interpretation 21 (Levies) and the 2011-2013 improvement cycle adopted by the EU for application to financial years commencing on or after 1 January 2015 have no significant effect on the consolidated financial statements.

The Group is studying the effects of the 2010-2012 and 2012-2014 improvement cycles, as well as those due to the amendments of IFRS 11 and IAS 1, 16, 19, 27 and 38. If these voluntary improvements for 2015 and amendments to existing standards, which have been adopted by the EU, were to have been applied, current understanding leads to the conclusion that they would have had no effect on the financial results.

The Group is studying the effects of standards newly issued but not yet adopted by the EU. These concern IFRS 9 (financial instruments), IFRS 15 (Revenue Recognition) and IFRS 16 (Leases).

(4) Accounting principles 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 a company 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 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, but the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

(4b) Joint ventures and associates (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. 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. Joint ventures and 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 a joint venture or associate, the value of the interest is written off to nil. No further losses are then recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4c) Joint operations (proportional consolidation)

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 proportional consolidation.

(4d) 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) Foreign currency

(5a) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances, as well as assets acquired and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the closing date. Foreign currency differences resulting from translation are recognised in the statement of profit or loss.

(5b) Financial statements of foreign operations denominated in foreign currency

The assets and liabilities of foreign operations are translated into euros at the exchange rate prevailing on the closing date. The revenues and expenses of foreign operations are translated into euros at average exchange rates.

Foreign currency exchange rate differences arising from the translation of a net investment in foreign operations and the associated hedging transactions are recognised as other comprehensive income that after initial recognition is (possibly) reclassified to the statement of profit or loss. When an investment is disposed of, the amount transferred to equity is recognised in the statement of profit or loss.

All foreign currency differences arising from foreign operations are presented as separate equity components.

(6) Financial instruments

(6a) Derivative financial instruments

The Group may use interest rate swaps, cross-currency swaps and inflation hedges to hedge its interest-rate, currency and inflation risk exposures arising from corporate and project financing activities. Commodity hedges may also be used in specific cases. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps, cross-currency swaps and inflation hedges are measured at fair value.

The fair value of interest-rate and inflation swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date.

(6b) Non-derivative financial instruments

Non-derivative financial instruments consist of investments in shares and bonds, trade and other receivables, cash and cash equivalents, loans and other financing liabilities, trade payables and other payable items. These instruments are recognised initially at fair value, plus – for instruments that are not recognised at fair value when their value adjustments are recognised in the statement of profit or loss – all directly attributable transaction costs. Thereafter, the current non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. The normal purchase and sale of financial assets are accounted for on the trading date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

(7) Hedges

In principle, hedge accounting is applied to derivative financial instruments, subject to the cash flow hedging guidelines.

The Group may use derivatives to hedge its interest-rate, currency and inflation risks. Changes in the fair value of the derivatives that are classified as cash flow hedges are recognised directly as other comprehensive income that after initial recognition may be reclassified to the statement of profit or loss, to the extent that the hedge can be shown to be effective. To the extent that the effectiveness of the hedge can not be demonstrated, changes in fair value are recognised under the item Financial income and expense in the statement of profit or loss.

When the hedging instrument is sold or expires, or when the transaction no longer meets the effectiveness criterion, the cumulative gains or losses previously recognised in equity remain there. This amount is amortised over the original term, unless there is no longer an expectation that the hedged future interest and currency payments will occur. In that case, the above-mentioned cumulative gains and losses will be immediately recognised in the statement of profit or loss as a component of financial income and expense.

(8) Revenue

(8a) Sales of goods - mainly residential properties and land

Revenues from the sales of goods - mainly residential properties and land - are carried at the fair value of the payment received or due to be received. Revenues from the sales of goods are recognised in the statement of profit or loss if the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the amount receivable will be collected, the associated costs can be reliably estimated, there is no continued management involvement with the goods, and the amount of the revenues can be reliably determined.

The transfer of risks and rewards varies depending on the conditions in the associated sales contract. The sale of residential construction projects generally involves the transfer of risks and rewards when the purchase or contracting agreement is signed, and subsequently in proportion to progress with the construction work.

Revenues from these residential construction projects are recognised in the statement of profit or loss in proportion to the extent of project completion (see accounting principle 15b). Expected losses are recognised immediately in the statement of profit or loss.

(8b) Work in progress - projects

The revenue and costs agreed in relation to work in progress are recognised in the statement of profit or loss in proportion to the stage of 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. 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. Expected project losses are recognised immediately in the statement of profit or loss.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

(8c) Rental income

Rental income from an investment property is recognised in the statement of profit or loss in proportion to the term of the lease.

(8d) PPP contracts

Revenues from Public-Private Partnership (PPP) contracts concern revenues from construction and operation. Revenues from construction are recognised in the same way as revenues from work in progress (see accounting principle 8b). Revenues from operations are recognised when the related services are delivered.

(8e) Services

Revenues from services are recognised in the statement of profit or loss in proportion to the stage of completion of the transaction on the reporting date. The stage of completion is determined from assessments of the work already carried out.

(9) Other operating income

Grants

Grants that compensate the Group for expenses incurred are always recognised as revenue in the statement of profit or loss in the same period in which the corresponding expenses are recognised.

(10) Expenses

(10a) Selling expenses

Costs of sales are the costs of sales that are not charged to projects.

(10b) Administrative expenses

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

(10c) Lease payments under operating leases

Lease payments made under operating leases are recognised in the statement of profit or loss, evenly spread over the term of the lease.

(10d) Lease payments under financial leases

Lease payments made under financial leases are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense is allocated to each period during the total lease term so as to produce a constant periodic rate of interest over the remaining term of the liability.

(10e) Financial income and expense

Net financing costs comprise interest payable on borrowings and financial lease commitments, dividends on cumulative preference shares, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses, as well as gains and losses on hedging instruments that are recognised in the statement of profit or loss (see accounting principle 7).

Financing expenses that can be directly allocated to the acquisition, construction or production of an asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of a financial lease payment is recognised in the statement of profit or loss and is calculated using the effective interest method.

(11) Tax expense

Deferred tax assets and liabilities are recognised for 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 for non-deductible goodwill, assets and liabilities whose initial recognition does not affect accounting or taxable profit, or differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. 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 closing 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.

Tax expense 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 tax expense 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 tax expense 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 closing date, as well as adjustments to tax payable in respect of previous years.

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.

Additional tax expenses that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(12) Property, plant and equipment

(12a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting principle 20). 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 for 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.

If elements of an item of property, plant or equipment have different useful lives, the component method is applied.

(12b) Leased assets

Leases for which the Group takes on nearly all the risks and rewards of ownership are classified as financial leases. The leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairments (see accounting principle 20).

(12c) 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.

(12d) 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
- Machinery: 5-10 years
- Installations: 5-10 years
- Large-scale equipment and other capital assets: 3-10 years

(12e) 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 for dismantling and removing the asset and restoring the site where the asset is located. Rental income from investment property is accounted for as described in principle 8.

(13) Intangible assets

(13a) 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 (see accounting principle 20).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

(13b) Other intangible assets

The intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated depreciation and accumulated impairments.

(13c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the closing 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 principle 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5-20 years
- Order book: 4 years
- Sand quarry concession: 5-15 years
- Brand: 5-10 years

(13d) 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.

(14) Other investments

Other investments are measured at amortised cost using the effective interest method, less impairments.

(15) Inventory

(15a) Strategic land portfolio

The strategic land portfolio represents 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 portfolios that are under development are capitalised. Land holdings are measured at cost or net realisable value if lower.

(15b) Residential properties in preparation or under construction

Sold

Residential construction projects where the buyers only have limited influence on the main elements in the design of the assets are recognised under inventory. Contracts with buyers concern purchase/contracting agreements that have been formulated in a way that the land is initially bought after which the building is constructed. By accession, everything that is built on the land is the property of the purchaser. Moreover, the purchase price is fixed in advance, so that the economic risk of an increase or decrease in value is borne by the

buyer. The transfer of risks and benefits therefore occurs continually during the progress of the project. Revenue and results are thus accounted for in proportion to project progress - in accordance with IFRIC 15 - and valuation is made in the same way as for construction work in progress (see accounting principle 16). Progress is measured according to billing progress, as this is linked to previously established phases.

Unsold

Unsold residential properties are measured at cost, or at net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale. Development and construction rights are also recognised under residential properties in preparation or under construction.

(15c) Other inventory

The item Other inventory includes land and premises for sale, raw materials and consumables, inventory in production and finished products.

Inventory is measured at cost, or at net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale. The cost of inventory is based on the first in, first out (FIFO) principle, and includes expenditure incurred in acquiring the inventory, the production or conversion costs, and the other costs incurred in bringing the inventory to its current location and current condition. The cost of inventory includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and property held for sale are also recognised under inventory. This concerns land and premises that have been technically delivered as developed but which on the closing date were not sold to third parties. The inventory of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-offs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(16) Work in progress

Construction work in progress concerns projects commissioned by third parties. These are measured at cost plus profit recognised to date (see also principle 8), in proportion to the progress of the project, less expected losses and progress billings. Total expected project

losses, if any, are directly recognised as expenses in the relevant period. Cost includes all costs that relate directly to the projects.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

Interest and development costs for construction work in progress are only capitalised if the asset is under construction. If no construction activities are carried out over an extended period, the interest and development costs are no longer capitalised.

The preparation costs and the design and development costs of major projects are capitalised as work in progress if the following conditions are met:

- the costs can be separately identified;
- the costs can be reliably determined;
- it is probable that the project will be awarded; and
- there is no longer any competition as regards the awarding of the project.

If any of these requirements is not fulfilled, the costs are charged to the result for the period in which they are incurred. Costs, once expensed in the statement of profit or loss in the period in which they are incurred, are not subsequently capitalised if the project is awarded.

The profit capitalised on work in progress is based on the estimated final result, taking into account the percentage of progress on this specific work. The progress percentage is calculated as the ratio between the costs incurred to date and the total expected costs, on a project-by-project basis.

(17) Trade and other receivables

Trade and other receivables are estimated at amortised cost less impairment losses due to the risk of non-collection.

(18) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits with an original term of a maximum of three months. 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

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 be realised mainly by means of a sale transaction and not through continued use, are classified as "held for sale or distribution". 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 principles. 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 inventory, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting principles. 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.

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 adjusted as if the operation had been discontinued from the beginning of the comparative period.

(20) Impairments

The carrying amounts of the Group's assets, excluding work in progress (see accounting principle 16), inventory (see accounting principle 15) and deferred tax assets (see accounting principle 11), are reviewed each closing 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 fair value is estimated at the closing date.

An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its realisable value. Impairments are recognised in the statement of profit or loss.

Impairments 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 value

The recoverable value of an asset is equal to the higher of the fair value minus cost to sell and the 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

An impairment relating to securities held to maturity or assets measured at amortised cost is reversed if the increase in fair value subsequent to recognition of the impairment can be objectively linked to an event that occurred after the impairment was recognised.

An impairment in respect of goodwill is 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 balance 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 loans

(22a) Financing of 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. Subsequently, these are measured on an amortised cost basis. 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.

(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 closing 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 jubilee 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 closing 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 land 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 benefits that the Group expects to receive from a contract are lower than the unavoidable costs of meeting the contractual obligations. Provisions are valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract. 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 are recognised at amortised cost.

(26) Statement of cash flows

The statement of cash flows is prepared using the indirect method. The liquidity item in the statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand.

(27) 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, Residential Building, Non-Residential, and Infrastructure.

6. Segment reporting

x €1,000

6.1 Segment reporting

The Group distinguishes the following operating segments: Property Development, Residential Building, Non-Residential, and Infra, in line with the management conducted by the Executive Board. Most of the operations in Germany and Belgium are included in the Infra segment. The residential-building operations in Belgium have been included in the operating segment Residential Building. The segments are managed primarily on the basis of operational results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Summary statement of profit or loss by business segment

2015 Business segments	Property development	Residential building	Non- residential	Infra	Other	Eliminations	Total
Revenue							
Third parties	278.143	234.602	370.484	1.088.687	6.667		1.978.583
Intercompany	-	152.847	50.578	31.943	69.628	-304.996	0
Total revenue	278.143	387.449	421.062	1.120.630	76.295	-304.996	1.978.583
Operating result							
	-7.010	5.861	-1.193	-17.562	-9.089	-	-28.993
Financial income							3.691
Financial expense							-13.191
Result of joint ventures and associates	2.410		-97	5.510	304		8.127
Result before tax							-30.366
Tax result							3.108
Result after tax							-27.258

2014 Business segments	Property development	Residential building	Non- residential	Infra	Other	Eliminations	Total
Revenue							
Third parties	178.556	201.638	370.061	1.116.758	643		1.867.656
Intercompany	-	97.733	17.817	23.976	75.829	-215.355	0
Total revenue	178.556	299.371	387.878	1.140.734	76.472	-215.355	1.867.656
Operating result							
	-14.693	1.764	-16.256	-24.599	-9.765	-	-63.549
Financial income							5.903
Financial expense							-11.024
Result of joint ventures and associates	2.960		97	3.522	-53		6.526
Result before tax							-62.144
Tax result							14.851
Result after tax							-47.293

x €1,000

Summary statement of financial position and analysis by business segment

2015 Business segments	Property development	Residential building	Non- residential	Infra	Other	Eliminations	Total
Assets	393.108	135.486	121.317	577.580	774.583	-846.582	1.155.492
Not allocated							34.471
Total assets	393.108	135.486	121.317	577.580	774.583	-846.582	1.189.963
Liabilities	57.735	121.536	107.175	424.196	40.331	-28.985	721.988
Not allocated							201.978
Total liabilities	57.735	121.536	107.175	424.196	40.331	-28.985	923.966
Equity							265.997
Total equity and liabilities							1.189.963
<i>Property, plant and equipment</i>							
Depreciation	42	284	-	9.297	7.969		17.592
Investments	-	327	-	8.548	7.965		16.840
<i>Intangible assets</i>							
Amortisation	-	-	1.022	483	-		1.505
<i>Joint ventures and associates</i>							
<i>Carrying amount</i>	52.333	-	1	23.193	1.224		76.751

x €1,000

2014 Business segments	Property development	Residential building	Non- residential	Infra	Other	Eliminations	Total
Assets	404.813	113.741	161.376	557.021	769.842	-833.088	1.173.705
Not allocated							30.985
Total assets	404.813	113.741	161.376	557.021	769.842	-833.088	1.204.690
Liabilities	60.480	106.567	163.104	451.109	30.806	-23.910	788.156
Not allocated							157.258
Total liabilities	60.480	106.567	163.104	451.109	30.806	-23.910	945.414
Equity							259.276
Total equity and liabilities							1.204.690
Property, plant and equipment							
Depreciation	198	366	-	9.291	12.113		21.968
Investments	-	294	-	7.151	10.273		17.718
Intangible assets							
Amortisation	-	-	1.022	481	-		1.503
Joint ventures and associates							
<i>Carrying amount</i>	54.516	-	98	17.809	416		72.839

Transactions between business segments are conducted at 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 and other financing commitments.

By the nature of its operations, the Infra segment is highly dependent on public sector contracts.

External revenues break down by country as follows:

	2015	2014
Netherlands	1.451.041	1.387.044
Belgium	209.718	220.658
Germany	317.824	259.954
Total	1.978.583	1.867.656

Non-current assets break down by country as follows:

	2015	2014
Netherlands	297.900	283.362
Belgium	18.255	20.533
Germany	63.979	60.213
Total	380.134	364.108

x €1,000

Underlying operating result by business segment

2015 In € millions	Property development	Residential building	Non- residential	Infra	Other	Total
Underlying operating result	9,0	5,9	0,3	-11,9	-8,4	-5,1
Operating result of joint ventures	-4,2		0,0	-5,2	-0,2	-9,6
Write-downs of property	-11,6					-11,6
Reorganisation costs	-0,2		-1,5	-0,5	-0,5	-2,7
Other	0,0	0,0	0,0	0,0	0,0	0,0
Total exceptional items	-16,0	0,0	-1,5	-5,7	-0,7	-23,9
Operating result	-7,0	5,9	-1,2	-17,6	-9,1	-29,0
2014 In € millions	Property development	Residential building	Non- residential	Infra	Other	Total
Underlying operating result	4,3	1,8	-0,4	-8,8	-9,3	-12,4
Operating result of joint ventures	-5,2		-0,1	-2,9	-0,1	-8,3
Write-downs of property	-13,7					-13,7
Reorganisation costs	-0,1		-15,7	-12,9	-0,4	-29,1
Other	0,0	0,0	0,0	0,0	0,0	0,0
Total exceptional items	-19,0	0,0	-15,8	-15,8	-0,5	-51,1
Operating result	-14,7	1,8	-16,2	-24,6	-9,8	-63,5

By underlying operating result, the Group means the operating result adjusted for the operating result of joint ventures, write-downs of investment properties and strategic land portfolios and reorganisation costs, impairments of goodwill, and, if applicable, other non-operating results disclosed in the table above that the Group considers as exceptional items. The underlying operating result also applies as the basis for calculation for covenant reporting to the bank consortium.

x €1,000

6.2 Other operating income

Other operating income	2015	2014
Gain on sale of non-current assets	2.062	2.145
Miscellaneous	1.764	1.113
	3.826	3.258

The gain on the sale of non-current assets relates to the sale of machinery and equipment.

6.3 Employee expenses, depreciation, and research and development expenses

The employee expenses recognised in the statement of profit or loss break down as follows:

Employee expenses	2015	2014
Wages and salaries	-360.765	-369.651
Compulsory social insurance contributions	-68.827	-79.995
Defined contribution plans	-25.986	-27.726
Defined benefit plans and jubilee payments	-1.177	190
	-456.755	-477.182

The statement of profit or loss includes an amount of approximately €3 million (2014: €29 million), of which €2 million (2014: €25 million) relates to reorganisation provisions formed and €1 million (2014: €4 million) to items such as idle-workforce and other expenses deemed to be directly related to the reorganisation.

The number of employees at year-end 2015 was 4,946 in the Netherlands (2014: 5,255), 844 in Belgium (2014: 945) and 944 in Germany (2014: 1.006).

x €1,000

Depreciation and amortisation recognised in the income statement break down as follows:

Depreciation	2015	2014
Depreciation of property, plant and equipment	-17.592	-21.968
Amortisation of intangible assets	-1.505	-1.503
	-19.097	-23.471

Depreciation of property, plant and equipment is included in the cost of sales and administrative expenses. Amortisation of intangible assets is recognised under other operating expenses.

Costs for research and development	2015	2014
	-2.361	-2.557

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.

6.4 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses	2015	2014
Amortisation of intangible assets	-1.505	-1.503
	-1.505	-1.503

The amortisation of intangible assets includes the customer base and concessions for sand quarries.

x €1,000

6.5 Financial income and expense

Net financing costs break down as follows:

Financial income and expense	2015	2014
Interest income	3.691	2.989
Gain on sale of associate	-	2.914
Financial income	3.691	5.903
Interest expense	-14.837	-11.071
Exceptional write-down of loan	-1.250	-2.000
Capitalised financing costs	2.896	2.047
Financial expense	-13.191	-11.024
	-9.500	-5.121

The cumulative financial expense for 2015 amounts to €9.5 million, which is a €4.4 million increase compared to the €5.1 million for 2014.

The interest and development costs for land portfolios that are under development are capitalised. The interest rate used for determining the financing costs to be capitalised is 4.20% for 2015 (2014: 4.25%).

The financial expense item in 2014 and 2015 includes an exceptional write-down of a loan granted to a previously sold subsidiary.

The financial income item in 2014 includes a book profit of €3 million on the sale of the associate Brabo I.

The average interest rate in 2015 was above the rate in 2014. For a summary of the interest rates, see note 6.19.

x €1,000

6.6 Tax result

Recognised in the statement of profit or loss	2015	2014
Current tax charges or credits		
Current financial year	-3.863	-4.101
Prior financial years	176	327
Amount of the positive effect of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	484	76
	-3.203	-3.698
Deferred tax charges or credits		
Relating to temporary differences and losses recognised in the current financial year	9.319	17.755
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	-3.000	94
Relating to adjustments for prior years	-8	700
	6.311	18.549
Total tax charge/-credit in the statement of profit or loss	3.108	14.851

Analysis of the effective tax rate	2015		2014	
	%	€	%	€
Result before tax		-30.366		-62.144
Based on local tax rate	25,0%	7.591	25,0%	15.536
Effect of foreign tax rates	-3,6%	-1.079	-1,8%	-1.108
Non-deductible expenses	-5,4%	-1.638	-3,2%	-2.012
Non-taxable revenues	2,9%	875	3,4%	2.101
Losses not recognised in current financial year / write-off of losses previously recognised and other deferred tax assets and the reversals thereof	-10,7%	-3.243	-2,0%	-1.219
Effect of utilising losses available for set-off	1,4%	417	1,2%	723
Effect of losses, receivables or temporary differences not previously recognised	0,0%	0	0,7%	453
Effect of adjustments to estimates for prior years	0,6%	185	0,6%	377
Total tax rate	10,2%	3.108	23,9%	14.851

x €1,000

The effective tax rate for 2015 is 10.2% (2014: 23.9%).

The main differences between the profit calculated for financial purposes and that for tax purposes concern the non-deductible interest expenses charges relating to the cumulative preference financing shares, general limits on expense deductions in the various jurisdictions, the exempt results of participating interests, non-recognition or reversal of part of the loss in the Netherlands for 2015, and the notional deduction for interest in Belgium.

6.7 Income tax receivables and payables

Geographical segment	31 December 2015		31 December 2014	
	Receivables	Liabilities	Receivables	Liabilities
Netherlands	39	76	51	62
Belgium	11	6.168	366	3.873
Germany	421	785	638	177
	471	7.029	1.055	4.112

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 prospective and retrospective rules for the set-off of losses.

x €1,000

6.8 Property, plant and equipment

Cost	Land and buildings	Machinery, installations and large-scale equipment	Other capital assets	Operating assets under construction	Total
Balance at 1 January 2014	83.976	149.337	87.883	3.339	324.535
Investments	326	6.155	7.693	3.544	17.718
Disposals	-273	-25.828	-10.928	-	-37.029
Reclassifications	85	1.721	716	-2.522	0
Balance at 31 December 2014	84.114	131.385	85.364	4.361	305.224
Balance at 1 January 2015	84.114	131.385	85.364	4.361	305.224
Investments	1.118	3.777	7.404	4.541	16.840
Disposals	-1.027	-8.735	-6.405	0	-16.167
Reclassifications	764	3.439	-199	-4.004	0
Balance at 31 December 2015	84.969	129.866	86.164	4.898	305.897
Depreciation and impairment losses					
Balance at 1 January 2014	45.998	105.586	63.742	-	215.326
Depreciation	4.420	9.905	7.643	-	21.968
Disposals	-117	-19.878	-6.654	-	-26.649
Reclassifications	-144	297	-153	-	0
Balance at 31 December 2014	50.157	95.910	64.578	0	210.645
Balance at 1 January 2015	50.157	95.910	64.578	-	210.645
Depreciation	3.475	8.215	5.902	-	17.592
Disposals	-688	-7.929	-3.651	-	-12.268
Reclassifications	60	145	-205	-	0
Balance at 31 December 2015	53.004	96.341	66.624	0	215.969
Carrying amount					
At 1 January 2014	37.978	43.751	24.141	3.339	109.209
At 31 December 2014	33.957	35.475	20.786	4.361	94.579
At 1 January 2015	33.957	35.475	20.786	4.361	94.579
At 31 December 2015	31.965	33.525	19.540	4.898	89.928

x €1,000

Property, plant and equipment valued at €1.6 million (2014: €2.4 million) have been leased under financial lease agreements. Of this amount, €1.3 million relates to land and buildings, and €0.3 million to machinery, installations and large-scale equipment. The leased assets serve as security for the lease commitments. The future minimum lease payments amount to €0.4 million in 2016 and €1.0 million annually in 2017 to 2021 inclusive.

The carrying amount for assets under construction includes an amount of €4 million for expenditures incurred during the financial year, mainly relating to materials.

At year-end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €1.1 million.

Since the beginning of 2015, given the limited importance, investment property (property held for its rental income and/or increase in value) has been recognised as "Other capital assets", rather than as a separate item in the statement of financial position. The comparative figures for 2014 have been restated accordingly. Investment property amounted to €2 million (2014: €2 million).

The item "Machinery, installations and large-scale equipment" includes approximately €11 million in assets that were previously recognised as "Other capital assets" in connection with the reallocation of these items. The comparative figures for 2014 have been restated accordingly.

x €1,000

6.9 Intangible assets

Intangible assets consist of goodwill and identified intangible assets.

Cost	Goodwill	Identified intangible asset	Total
Balance at 1 January 2014	183.576	48.359	231.935
Investments	0	0	0
Balance at 31 December 2014	183.576	48.359	231.935
Balance at 1 January 2015	183.576	48.359	231.935
Investments	0	0	0
Balance at 31 December 2015	183.576	48.359	231.935

Impairment losses and amortisation	Goodwill	Identified intangible asset	Total
Balance at 1 January 2014	86.552	29.962	116.514
Amortisation	-	1.503	1.503
Balance at 31 December 2014	86.552	31.465	118.017
Balance at 1 January 2015	86.552	31.465	118.017
Amortisation	-	1.505	1.505
Balance at 31 December 2015	86.552	32.970	119.522

Carrying amount	Goodwill	Identified intangible asset	Total
At 1 January 2014	97.024	18.397	115.421
At 31 December 2014	97.024	16.894	113.918
At 1 January 2015	97.024	16.894	113.918
At 31 December 2015	97.024	15.389	112.413

x €1,000

The composition of the carrying amount for goodwill and other intangible assets at year-end 2015 is as follows:

Acquisition	Goodwill	Identified intangible asset
IBC (NL-2001)	21.207	-
Burgers Ergon (NL-2007)	31.107	11.276
Oevermann (DU-2007)	26.970	205
Other	17.740	3.908
Carrying amount at 31 December 2015	97.024	15.389

The item 'Other' mainly refers to the cash-generating unit Infra Netherlands (€16 million).

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 11 years.

The remaining intangible assets of the other acquisitions relate mainly to concessions for sand quarries.

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the realisable value, 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 ranged from 10% to 11% (2014: from 11% to 12%), corresponding to a discount rate after tax of 8.6% (2014: 9.1%).

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 to long-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium to long-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 growth rates not exceeding 2% (2014: 2%).

The realisable value calculated for the impairment test depends on the growth rate used and the period over which the cash flows are realised.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under "Other operating expenses".

x €1,000

The expected cash flows are discounted using a pre-tax WACC varying between 10% and 11%. If the pre-tax WACC had been 1% -point higher, this would not have resulted in an impairment. Cash flows after 5 years are extrapolated using growth rates not exceeding 2%. If this maximum were 1%-point lower, this would not result in an impairment.

The cash-flow generating unit Non-Residential – to which the goodwill and other intangible assets of Burgers Ergon and the majority of the goodwill for IBC is allocated, in total €62 million, – is sensitive to changes in the assumptions, whereby the realisable value could become lower than the carrying amount. According to the impairment test, the realisable value of the cash-flow generating unit Non-Residential is currently some €120 million higher than the carrying amount. One significant factor in this context is the change in the EBIT margin. For the test, the EBIT margin was assumed to grow to 4% of revenue in future years. If the EBIT margin were nil, the realisable value would be equal to the carrying amount. The change in the funding status of projects is another important factor.

The realisable value of the cash-flow generating unit Oevermann is now approximately €45 million higher than its carrying amount. The realisable value is sensitive to changes in the assumptions, so that it could be lower than the carrying amount. One significant factor in this context is the change in the EBIT margin. For the test, the EBIT margin was estimated to grow to approximately 2 to 3% of revenue. Another major factor is the expected settlement of debtor positions.

6.10 Joint ventures and associates

The statement of financial position item joint ventures and associates breaks down as follows:

	2015	2014
Joint ventures	73.304	69.233
Associates	3.447	3.606
	76.751	72.839

Joint ventures

Together with 3i Investments plc. (formerly Barclays Infrastructure Funds Management), Heijmans has been participating since June 2013 in the joint venture Heijmans Capital B.V. for the financing of DBFMO (design, build, finance, maintain, operate) projects. The focus of the collaboration is on sharing the risk-bearing capital and knowledge required for such projects, from the tendering phase onwards. The project for the National Military Museum was transferred to the joint venture at the time of establishment. In 2014, Heijmans Capital took on part of the funding for the projects A9-Gaasperdammerweg, RIVM-Utrecht Science Park/De Uithof and A12-Veenendaal-Ede-Grijsoord. The share of 3i Investments plc. in Heijmans Capital B.V is 80%, and Heijmans' share in the company is 20% (2014: 20%). This joint venture is of strategic importance for Heijmans, with its share being classified as a material interest.

The figures presented below were extracted from the financial statements of Heijmans Capital, prepared in accordance with the Group's accounting policies. Also shown below is the reconciliation of the Group's interest with equity.

x €1,000

	2015		2014	
Revenue	46.087		49.222	
Operating result	665		365	
Financial income	4.626		3.669	
Financial expense	-3.978		-4.369	
Result of joint ventures	435		31	
Result before tax		1.748		-304
Tax result		-184		92
Result after tax		1.564		-212
Unrealised changes in the fair value of cash flow hedges		2.147		-4.020
Comprehensive income		3.711		-4.232
20% share of result after tax		313		-42
20% share of other comprehensive income		429		-804
Non-current assets		107.545		67.881
Cash and cash equivalents	781		5.638	
Other current assets	10.354		15.885	
Total current assets		11.135		21.523
Non-current financial liabilities	109.324		67.724	
Other non-current liabilities	811		13	
Total non-current liabilities		110.135		67.737
Current financial liabilities	1.000		8.200	
Other current liabilities	1.387		14.336	
Total current liabilities		2.387		22.536
Net amount		6.158		-869
20% share of equity		1.232		-174

The Group received no dividend from Heijmans Capital in 2015 (2014: nil).

x €1,000

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, inclusive equity is shown below.

	2015	2014
Interest in the capital of Heijmans Capital	1.232	-174
Interest in the capital of Property Development joint ventures	52.330	54.291
Interest in the capital of other joint ventures	19.742	15.116
	73.304	69.233

The amounts below are the Group's shares of the results of joint ventures.

	2015	2014
Share of the net result of Heijmans Capital	313	-42
Share of the net result of Property Development joint ventures	2.410	2.979
Share of the net result of other joint ventures	4.659	2.532
	7.382	5.469

The Property joint ventures in which the group participates achieved revenue of €41 million in 2015 (2014: €30 million). In total, they have inventory of €122 million (2014: €127 million), mainly in the form of a strategic land portfolio. The aforementioned amounts relate to Heijmans' share.

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 group has undertaken commitments to joint ventures totalling €3 million (2014: €4 million relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.24, 6.25 and 6.26, the Group has no commitments or contingent liabilities relating to joint ventures.

Associates

The amounts shown below concern the interests of the Group in the equity and results of associates:

	2015	2014
Interests in the equity of associates	3.447	3.606
Interests in the net results of associates	745	1.057
Share of other comprehensive income of associates	393	-540

x €1,000

6.11 Other investments

	2015	2014
Non-current receivables	29.904	26.661
Other non-current receivables and investments	2.220	4.343
Balance at 31 December	32.124	31.004

The non-current receivables mainly concern loans granted to property development joint ventures.

6.12 Deferred tax assets and liabilities

The balance of the deferred tax assets and liabilities relating to temporary differences between the value for tax purposes and for financial reporting purposes of items on the statement of financial position, and the value of the tax loss carry-forwards can be broken down as follows:

	Receivables 31 December		Liabilities 31 December		Net value 31 December	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	1.071	1.375	-1.071	-1.375
Intangible assets	-	-	7.968	7.697	-7.968	-7.697
Land and strategic land portfolio	-	-	-	7.604	-	-7.604
Work in progress	-	-	888	65	-888	-65
Employee benefits	-	-	6.479	2.680	-6.479	-2.680
Provisions	-	-	817	172	-817	-172
Other items	1.317	-	413	1.207	904	-1.207
Value of recognised loss carry-forwards	40.756	43.004	-	-	40.756	43.004
Deferred tax assets and liabilities	42.073	43.004	17.636	20.800	24.437	22.204
Set-off of deferred tax assets and liabilities	-10.843	-15.720	-10.843	-15.720	-	-
Net deferred tax assets and liabilities	31.230	27.284	6.793	5.080	24.437	22.204

x €1,000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2015 breaks down as follows:

	Net value at 1 January 2015	Recognised in tax expense	Recognised in other comprehensive income	Included as effect of deconsolidation and consolida- tion recognised in 2015	Net value at 31 December 2015
Property, plant and equipment	-1.375	304	-	-	-1.071
Intangible assets	-7.697	-285	14	-	-7.968
Land and strategic land portfolio	-7.604	7.604	-	-	-
Work in progress	-65	-823	-	-	-888
Employee benefits	-2.680	293	-4.092	-	-6.479
Provisions	-172	-645	-	-	-817
Other items	-1.207	2.111	-	-	904
Value of recognised loss carry-forwards	43.004	-2.248	-	-	40.756
Total	22.204	6.311	-4.078	0	24.437

The movement in the statement of financial position of the deferred tax assets and liabilities in 2014 breaks down as follows:

	Net value at 1 January 2014	Recognised in tax expense	Recognised in other comprehensive income	Included as effect of deconsolidation and consolida- tion recognised in 2014	Net value at 31 December 2014
Property, plant and equipment	-1.678	287	14	2	-1.375
Intangible assets	-7.420	-277	-	-	-7.697
Land and strategic land portfolio	-7.563	-41	-	-	-7.604
Work in progress	-3.635	3.570	-	-	-65
Employee benefits	-1.980	-1.834	1.134	-	-2.680
Provisions	-172	0	-	-	-172
Other items	-290	-917	-	-	-1.207
Value of recognised loss carry-forwards	25.243	17.761	-	-	43.004
Total	2.505	18.549	1.148	2	22.204

x €1,000

Measurement of deferred tax assets

As at year-end 2015, the loss carry-forward is €40.8 million, of which €35.2 million relates to the loss carry-forward of the Dutch fiscal unity. This loss carry-forward has been set off against the fiscal unity's deferred tax liabilities. Breaking this loss down shows that €12.3 million relates to 2012, €17.0 million to 2014, and €5.9 million to 2015. In order to prevent under-utilisation of 2009 losses available for set-off (amounting to € 9.1 million) and to improve the tax position of the Heijmans NV fiscal unity, a change in the accounting policy was made in 2015 when preparing the 2013 corporate income tax return with regard to the valuation of the strategic land holdings. The value for tax purposes of these land holdings has thereby been aligned to the IFRS valuation. For the 2013 tax return, this has resulted in a one-off €30.5 million tax benefit. The resulting positive taxable amount has been used to offset all of the 2009 and 2011 tax-deductible losses and part of the 2012 tax-deductible losses. This has led to application of the loss of €4 million written down in 2014 in relation to the year 2009.

The losses of the Dutch fiscal unity are subject to a loss carry-forward period of 9 years. 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. The forecasts are based on the order book, the 2016 business plan, and the long-term forecast. These also underlie the measurement of the realisable value of goodwill (for impairment tests). For the long-term forecast, the average EBIT margin of the Dutch fiscal unity is assumed to grow to approximately 3% of revenue. The forecasts of the results before tax up to and including 2021 show that there will be sufficient profits available to set off any tax losses. The remaining settlement term of 9 years is generally longer than the period currently used until 2020. A factor inherent in the measurement of the deferred tax assets is that the utilization of losses depends on the realisation of the 2016 business plan and the long-term forecasts, which are the Group's best estimates.

The remaining loss carry-forward amounts to €5.6 million, and relates to a number of Belgian operating companies (€1.5million), to Oevermann (€2.1 million) and to Franki (€2.0 million). In principle, losses in Belgium and Germany can be set off against future profits for an indefinite period, subject in Germany to a maximum for the annual profit being used for set-off. Taxable profit of up to €1 million in any year can be used in full for set off. Of taxable profit exceeding €1 million, only 60% can be used for set off.

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 largely 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 2015, unrecognised losses of the Heijmans NV fiscal unity amounted to €16.0 million (2014: €4.0 million). At year-end 2015, the other tax losses not recognised in the statement of financial position amounted to €45.9 million (2014: €62.0 million). The larger part of this relates to a number of subsidiaries in Belgium (€42.3 million). The other unrecognised losses relate to a number of German operating companies (€3.6 million).

x €1,000

6.13 Inventory

	31 December 2015	31 December 2014
Strategic land portfolio	172.336	182.936
Residential properties in preparation or under construction	75.572	81.555
Raw materials and consumables	15.142	17.379
Finished products	2.703	6.425
Total	265.753	288.295
Carrying amount of inventory pledged as security	14.082	3.925
Inventory amount recognised as a charge in the period	320.574	252.567
Finished products measured at net realisable value	3.497	4.558

Strategic land portfolio

The strategic land portfolio comprises land holdings that are measured at cost or net realisable value if lower. Net realisable value of an individual land position can be the direct or indirect recoverable value. The net realisable value depends on the expected manner and timing of realisation. Accordingly, the value is generally derived by using an indirect method for determining the recoverable value. The indirect recoverable value is the estimated revenue in the normal course of business, less the estimated costs of completion and selling. To calculate the present value of the expected cash flows, a discount rate of 6% is often used, unless, thanks to favourable financing terms, a different percentage has been set for a joint arrangement. Setting the discount rate takes into account the expected capital structure, operating risks, and circumstances relating to Heijmans or specifically to the project.

Determining the indirect recoverable value involves the use of judgements and estimates. The strategic land portfolio is 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. For each location, the outcome is an expected trend for land and residential property prices, as well as other variables, that ultimately determine the indirect recoverable value. Twice a year, the Group carries out its own assessment of the values of all the land holdings.

In general, the risk of deviations from the judgments and estimates is greater for strategic land holdings without a site allocation plan than for those with one. Moreover, this risk keeps increasing the longer the expected delay is for the start of the development work. The net realisable value of the strategic land portfolio was calculated in 2015 and compared with the carrying amount. This led to a write-down of €11,2 million and a write-down of €0,4 million concerning a joint venture (2014: write-downs totalling € 16.5 million and a reversal of an earlier write-down of €2.8 million concerning a joint venture). 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 completed residential properties.

x €1,000

In principle, the term of the strategic land portfolio is more than 12 months after the closing date (mostly 5 to 10 years). Items in "Residential properties in preparation or under construction" usually have a term of 3 to 5 years as from the closing date. The other items in principle have a term of less than 12 months.

Residential properties in preparation or under construction

Residential properties in preparation or under construction can be analysed as follows:

	2015	2014
Unsold residential properties:		
Costs less provisions for losses and risks	61.240	74.494
Sold residential properties:		
Costs less provisions for losses and risks, plus profits based on percentage of completion	207.070	153.256
less: Progress billings	-192.738	-146.195
Total residential properties in preparation or under construction	75.572	81.555

Revenues from sales of residential properties in preparation and or under construction recognised in the reporting period amounted to €0.3 billion (2014: €0.2 billion).

Finished products

€3.5 million (2014: €3.4 million) of the inventory of unsold property (part of the inventory of finished products) is measured at its lower net realisable value.

x €1,000

6.14 Work in progress

	31 December 2015	31 December 2014
Costs less provisions for losses and risks, plus profits based on percentage of completion	1.461.903	1.616.721
less: Progress billings	-1.458.229	-1.633.713
Balance of work in progress	3.674	-16.992
Positive balance of work in progress (recognised under current assets)	151.810	167.314
Negative balance of work in progress (recognised under current liabilities)	-148.136	-184.306
Balance of work in progress	3.674	-16.992

The value of work in progress is periodically assessed for each project by the project manager and the manager of the unit concerned. The assessment is mainly based on the information in the project files, the project accounting records and the knowledge and experience of the persons involved. Estimates are an inherent feature of this process and of the project activities' valuations, as is the fact that the Group is involved in negotiations and discussions on the financial settlement of projects, such as extra work or reduced work, claims, arbitration and penalties, delivery times and the quality 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 closing date. With respect to one of its infrastructure projects, Heijmans has a difference of opinion with the client regarding payment for potential additional works. Heijmans is of the opinion that additional works fall outside the scope of the contractual agreement, however the client is of the opinion that these works are covered by the original contract amount and are for the account and risk of Heijmans. At the time of preparation of the financial statements, the parties were in consultation. The costs of these potential additional works, which have not as yet commenced, are estimated at several tens of millions of euros and have not been recognised. The Executive Board is of the opinion that it is under no obligation to perform these additional works and has concluded that it is unlikely that these costs will be for the account of Heijmans, and, if the additional works have to be performed, that Heijmans will be entitled to an additional payment.

The uncertainty surrounding the abovementioned estimates increases, for example:

- contract types involving special arrangements mean more risks for the Group. Such is the case with a DC contract, under which the Group accepts the design risk. DBMO contracts also include responsibility for maintenance and operation;
- projects are in the design stage. When producing a final design from a provisional one, significant changes may be necessary, which can require a positive or negative adjustment to the initial forecast.

Projects are also fraught with opportunities and risks during execution. Examples include additional work, claims and unforeseen circumstances that could be for the account of the Group.

x €1,000

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined. When determining the amount to be recognised, specific contractual arrangements and the legislation of the country where a project is being carried out are taken into account.

For claims and penalties imposed by contractors against Heijmans, because of construction overruns for example, these are recognised if it is likely that they will have an adverse effect.

Bonuses are recognised as revenues from work in progress if the project is far enough advanced and it is probable that the performance indicators specified will be met, 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 sufficiently probable that the bonus will be received.

The positive balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are greater than the progress billings.

The negative balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are smaller than the progress billings.

Revenues from work in progress under contracts with third parties recognised in the reporting period amounted to €1.7 billion (2014: €1.7 billion).

Work in progress generally has a term of less than 12 months.

6.15 Trade and other receivables

	31 December 2015	31 December 2014
Trade receivables	193.412	228.654
Amounts to be invoiced	28.308	37.221
Receivables from joint operations	13.030	11.251
Prepayments	8.549	13.832
Other receivables	23.104	19.173
Total trade and other receivables	266.403	310.131

Trade receivables are presented after deduction of impairment losses. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2015, a provision of €7.4 million was formed for impairment of trade receivables (2014: €7.5 million).

Trade and other receivables are mainly short-term.

x €1,000

6.16 Cash and cash equivalents

	31 December 2015	31 December 2014
Bank balances	122.955	70.688
Cash in hand	0	4
Funds in blocked accounts	2.437	3.095
Total cash and cash equivalents	125.392	73.787

Of the total cash and cash equivalents, an amount of €13 million (2013: €16 million) is held by joint ventures and is available in consultation with the joint venture partners concerned.

The bank balances include €21 million (2014: €7 million) for payments to German creditors in order to comply with local legislation for the protection of creditors.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

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.

x €1,000

6.17 Equity

Paid-up and called-up share capital In thousands of ordinary shares	2015	2014
Outstanding at 1 January	19.461	19.349
Stock dividend	0	103
Share Matching Plan	0	9
Share issue	1.946	-
Outstanding at 31 December	21.407	19.461

Refer to statement 2b for explanatory notes on the changes in equity, and to the Company financial statements for explanatory notes on the authorised share capital, the statutory reserve for participating interests, the hedging reserve, the appropriation of result, and other figures.

Share issue

On 20 May 2015, 1,946,000 new shares were issued.

Share Matching Plan

In April 2014, the Group issued 9,171 shares in connection with a conditional allocation becoming unconditional. The allocation had been made in April 2011 to members of the Executive Committee under the Share Matching Plan (see also note 6.27).

x €1,000

6.18 Earnings per share

Basic earnings per ordinary share

Basic loss per share in 2015 was -€ 1,32 (2014: loss of €2.44). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares, and on the weighted average of the number of ordinary shares that were outstanding during 2015.

Result attributable to holders of ordinary shares	2015	2014
Result attributable to holders of ordinary shares after tax	-27.258	-47.293

Weighted average number of ordinary shares In thousands of shares	2015	2014
Ordinary shares outstanding on 1 January	19.461	19.349
Effect of stock dividend 16 May 2014	-	65
Effect of share issue under the Share Matching Plan 28 April 2014	-	6
Effect of share issue 20 May 2015	1.200	-
Weighted average number of ordinary shares at 31 December	20.661	19.420

Diluted earnings per ordinary share

The calculation of the diluted earnings per share for 2015 is based on the weighted average number of ordinary shares in 2015, 20,661 thousand, plus the dilution effect of 2,289 shares allocated under the Bonus Investment Share Matching Plan (see note 6.27).

x €1,000

6.19 Interest-bearing loans and other financing liabilities

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

31 December 2015	Non-current portion	Current portion	Total
Cumulative financing preference shares B	45.100	-	45.100
Syndicated bank financing	50.000	-	50.000
Project financing	1.038	11.259	12.297
Other non-current liabilities	6.039	18.973	25.012
Financial lease commitments	1.158	455	1.613
Current account overdrafts with credit institutions	-	1.083	1.083
Total liabilities	103.335	31.770	135.105

31 December 2014	Non-current portion	Current portion	Total
Cumulative financing preference shares B	66.100	-	66.100
Syndicated bank financing	-	-	-
Project financing	866	6.292	7.158
Other non-current liabilities	26.924	600	27.524
Financial lease commitments	1.449	739	2.188
Current account overdrafts with credit institutions	-	2.180	2.180
Total liabilities	95.339	9.811	105.150

Cumulative financing preference shares B

At year-end 2015, 4,510,000 cumulative financing B preference shares were outstanding at €10 a share. The dividend on these shares is 7.9% as of 1 January 2014 and is payable annually, 14 days after the General Meeting of Shareholders. At the General meeting of Shareholders in April 2015, the shareholders voted in favour of authorising the Executive Board for a period of 18 months to repurchase up to 40% of the cumulative financing B preference shares in the Company's capital. Subsequently, the amount outstanding on these shares can be reduced by 40% by cancelling cumulative financing B preference shares. In line with the adopted resolution, Heijmans' Executive Board repurchased 2,100,000 cumulative financing preferences shares B in July 2015. The dividend will be reassessed on 1 January 2019 and every 5 years thereafter. The Group has the right to repurchase or cancel these cumulative financing preference shares B before their maturity date in case of an interest rate change or at any other time subject to payment of compensation.

x €1,000

Syndicated bank financing

Of the committed and syndicated bank facility, €231 million runs until 31 March 2016, and €212 million until 31 March 2017. This facility is provided by a bank consortium comprising Rabobank, ING Bank, ABN AMRO Bank, KBC, Van Lanschot Bankiers and Deutsche Bank. Collateral has been provided for the facility. The credit margin on this facility ranges from 1.5% to 2.0%, depending on the leverage ratio. €50 million of this facility was used at year-end 2015. The financial covenants agreed are a (recourse) leverage ratio not exceeding 3 and an interest coverage ratio of at least 3, both to be tested every six months. In principle, if the conditions are not complied with, drawings under the facility are repayable immediately on demand. The Executive Board actively monitors compliance with the conditions.

Agreement was reached with the bank consortium comprising Rabobank, ING Bank, ABN AMRO Bank and KBC on 24 February 2016 to extend the facility until 30 June 2018. As of 1 April 2016, the committed facility will be €256 million, in which a previously uncommitted overdraft facility will be included. The agreement stipulates that from 31 March 2016, the aforementioned Interest Coverage Ratio will be tested quarterly and must be at least 4 (formerly 3) as from year-end 2016. In addition, commencing mid-2017 the company will have to test for an average leverage ratio of 2.5. Additional collateral has also been provided. This extension and the amended conditions are in line with Heijmans' plans for this financing period, to structurally improve the ratio of net debt to EBITDA.

The leverage ratio is calculated as the net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation). The interest coverage ratio is calculated as the EBITDA divided by the net interest expense. The definitions of these items include several adjustments in the reported figures, as agreed upon with the bank consortium in the credit agreement. The key adjustments in relation to the accounting definition of net debt are increase by net debt from joint ventures, and reduction by the amount of outstanding cumulative financing B preference shares and the financing of certain projects that are negotiated without any recourse towards Heijmans (non-recourse). The main adjustments with respect to the EBITDA in accounting terms concern the capitalised interest, results on the sale of business units, fair value adjustments, reorganisation costs, and operating results of joint ventures. The main adjustments with respect to the net interest expense in accounting terms are removing the interest expenses from non-recourse project financing and cumulative financing B preference shares. These ratios were complied with during the reporting year. As the (recourse) net debt was negative at year-end 2015, the (recourse) leverage ratio is not relevant. Interest coverage ratio at year-end 2015 was 6.0. Given the business plan for 2016, the Group expects it can continue operating during the next financial year within the framework of the covenants. The development of EBITDA and the net debt are the relevant parameters in this respect. The development of net debt is subject to seasonal effects and fluctuations due to specific projects, which is mainly relevant for the the covenants in mid-year, when the capital requirement is higher.

x €1,000

The reconciliation between the underlying result, EBITDA, net debt and net interest expense as reported and in accordance with the definitions agreed with the bank consortium, and calculation of the ratios is shown below.

x € 1 million	Note	2015	2014
Interest-bearing debt	6.19	135,1	105,2
Less: cash and cash equivalents	6.16	125,4	73,8
Net debt		9,7	31,4
<i>Adjustments for:</i>			
Net debt of joint ventures	6.10	75,5	76,0
Non-recourse net debt for project financing		-80,8	-53,0
Cumulative financing B preference shares	6.19	-45,1	-66,1
Other		-4,0	-0,7
Covenant net debt (A)		-44,7	-12,4
Underlying result (including joint ventures)	6.1	-5,1	-12,4
Depreciation and amortisation	6.3	19,1	23,5
Underlying EBITDA		14,0	11,1
<i>Adjustments for:</i>			
Capitalised interest	6.5	2,9	2,0
EBITDA for project with non-recourse financing		-1,7	-2,4
Other		2,2	1,5
Covenant EBITDA (B)		17,4	12,2
Net interest expense	6.5	11,1	8,1
<i>Adjustments for:</i>			
Joint venture net interest expense		3,1	3,3
Interest on cumulative financing B preference shares	6.19	-4,5	-5,2
Non-recourse project financing interest expense		-3,7	-2,1
Other		-3,1	-0,6
Net covenant interest expense (C)		2,9	3,5
Leverage ratio (A/B) <3		-2,6	-1,0
Interest cover ratio (B/C) >3		6,0	3,5

x €1,000

Project financing

Project financing was negotiated for specific (real estate) projects. The repayment schedules for project financing are usually related to the projects' progress. Project financings will generally expire 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 guaranteed the repayment of principal and/or interest up to an amount of €1 million (2014: €6 million) of the total project financing. Regarding the remaining €11 million (2014: €1 million), this is therefore financed without recourse towards Heijmans N.V. or its subsidiaries.

Financial lease commitments

The financial lease commitments relate primarily to equipment in Belgium. The lease commitment is equal to the present value of the debt. The lease payments fall due as follows:

31 December 2015	< 1 year	1-5 years	> 5 years	Total
Lease payments	609	1.135	0	1.744
less: Interest portion	64	67	0	131
Lease commitment	545	1.068	0	1.613

31 December 2014	< 1 year	1-5 years	> 5 years	Total
Lease payments	789	1.507	117	2.413
less: Interest portion	94	129	2	225
Lease commitment	695	1.378	115	2.188

There were no charges recognised in the financial year for contingent lease payments.

Average interest rate	2015	2014
Cumulative financing preference shares B	7,9%	7,9%
Syndicated bank financing	4,1%	2,9%
Project financing	2,0%	2,6%
Other bank financing	2,6%	2,3%
Financial lease commitments	4,9%	5,0%
Other non-current liabilities	3,0%	3,0%

x €1,000

6.20 Employee benefits

Movement in the liability for defined benefit plans and jubilee payments

	Liability		Fair value of assets		Net liability (net asset) relating to vested pension rights and jubilee payments	
	2015	2014	2015	2014	2015	2014
Balance at 1 January	434.179	368.746	429.889	366.366	4.290	2.380
<i>Recognised in profit or loss</i>						
Service cost	525	544	-	-	525	544
Interest expense/income	8.551	11.540	8.474	11.509	77	31
Settlements and curtailments	122	-1.196	-	-	122	-1.196
Administrative and other expenses	-	-	-453	-431	453	431
<i>Recognised in other comprehensive income</i>						
Actuarial result experience	-1.220	-10.335	-	-	-1.220	-10.335
Actuarial result indexing	-337	-	-	-	-337	-
Actuarial result discount rate	-33.048	78.826	-	-	-33.048	78.826
Actuarial result return on investments	-	-	-18.433	63.737	18.433	-63.737
<i>Contributions and benefits</i>						
Employer contributions	-	-	1.770	2.654	-1.770	-2.654
Employee contributions	-	-	-	-	-	-
<i>Pension and jubilee payments</i>						
	-14.057	-13.946	-14.057	-13.946	-	-
Total at 31 December	394.715	434.179	407.190	429.889	-12.475	4.290

x €1,000

The total liability arising from defined benefit pension plans and jubilee payments is recognised in the statement of financial position as follows:

	31 December 2015	31 December 2014
Non-current employee benefits	22.032	26.731
Current employee benefits	3.181	2.043
Employee-related receivable	-37.688	-24.484
	-12.475	4.290

The employee-related receivable concerns a plan that, in accordance with the regulations for valuation in the Pensions Act as specified in the Financial Assessment Framework, is subject to a funding ratio of 103.5% (2014: 107.8%). (See "Stichting Pensioenfond's Heijmans N.V." below.) The receivable is based on the assumption that this closed plan will gradually wind down, and on the conclusion that the Group, as the employer, will eventually be the sole remaining stakeholder and therefore logically entitled to the final balance.

Liability for defined benefit plans in the Netherlands

The liability for defined benefit plans concerns the liabilities recognised for one company pension fund and approximately 15 plans placed with insurance companies.

Stichting Pensioenfond's Heijmans N.V.

For the portion of salary above the maximum for the industry pension fund, the pension accrual is placed with an insurer. This plan came into effect on 1 January 2012 for new employees. As of 1 January 2013, existing employees have also been accruing pension rights under this plan. (This concerns employees who have been with the Company since before 1 January 2012 and were accruing supplementary pension rights with Pensioenfond's Heijmans.) The plan is an average pay scheme with conditional indexation and qualifies as a defined contribution plan. No new members will be admitted to the Pensioenfond's Heijmans plan. The pension accrual of these employees (who became members of the supplementary plan before the end of 2012) remains guaranteed by Stichting Pensioenfond's Heijmans N.V. While employees stay with Heijmans, the pensions they accrued until the end of 2012 are conditionally indexed. Heijmans pays a contribution each year to cover the costs of this. Approximately 29% of the members in the new plan were members of the former plan who are still employed by Heijmans, and accordingly have a conditional right to indexation, depending on the salary increase in accordance with the collective employment agreement for the Construction Industry for a maximum of 4% per year. For the rest, 50% are former employees and 21% are pensioners. The average term of the pension liabilities is approximately 17 years. Because of the funding deficit in the former plan, Heijmans made an additional contribution of €5 million in 2012, and a further €3 million in 2013. Heijmans is under no obligation to make a subsequent contribution. The pension contributions and required buffers are calculated in accordance with the rules stated in the Pensions Act. In accordance with these rules, the contributions are cost effective, and the funding ratio set by the pension fund policy needs to be at least 104% at year-end 2015 (2014: 104%). The coverage ratio as at 31 December 2015 is 103.5%. It is expected that equity will be at the required level within the prescribed term and that no further measures will be necessary. Supervision of compliance is a responsibility of De Nederlandsche Bank (DNB), the Netherlands central bank. The Board of the fund comprises representatives of the employer, employees and pensioners.

x €1,000

Insured plans

Heijmans has some 15 insured pension plans in the form of guarantee contracts. Other than the costs of indexation, Heijmans is not liable for payments due to aggravated mortality assumptions. The risks inherent in the plan of these being necessary are largely borne by the insurers. It is a responsibility of the insurers to hold sufficient funds to pay out all benefits. Supervision of this aspect is in the hands of DNB. The indexed value is determined according to the variables set out in the insurance contract. The average term of the pension liabilities is approximately 15 years.

Industry pension funds

The majority of the pensions have been placed with industry pension funds, the main ones being the Collective Pension Fund for the Construction Industry and the Pension Fund for the Engineering, Mechanical and Electric Contracting Sector (the Bouwnijverheid pension fund and the Metaal en Techniek pension). Both these funds operate average pay plans with indexation. The funding ratio set by the policy of the Collective Pension Fund for the Construction Industry (Bouwnijverheid pension) was 110.9% at year-end 2015 (year-end 2014: 114.5%). The funding ratio set by the policy of the Pension Fund for the Engineering, Mechanical and Electric Contracting Sector (the Metaal en Techniek pensions fund) was 98.5% at year-end 2015 (year-end 2014: 103.0%). These funding ratios are calculated in line with the accounting principles used by the various industry pension funds, in accordance with the Pensions Act and the Financial Assessment Framework. With regard to these plans, Heijmans has an obligation to pay the predetermined premiums. The Group cannot be obligated to supplement any shortfalls, other than by means of future contribution adjustments. Heijmans has no claim to any surplus in the funds. As the employees bear the actual risks of the plans, they are recognised as defined contribution plans.

Liability for defined benefit plans in Germany

Pension plans apply to a number of German employees, for which plans a liability has been recognised in the statement of financial position. These plans have not been placed with outside insurance companies or funds. The pension entitlements consist primarily of fixed, income-independent monthly payments.

Pension plans in Belgium

In Belgium, most employees participate in a defined contribution pension plan provided by the employer. The Belgian Vandenbroucke Act requires that, in principle, a minimum yield of 1,75% must be earned on the amounts deposited with insurance companies. A payable, if any, to the insurance company at the end of the year will be recognised. The minimal guarantee of return might affect Heijmans' future cash flows.

Jubilee payments

The jubilee payments in the Netherlands and Belgium consist of a monthly salary, or a portion thereof, for employment periods of 25 and 40 years. In Germany, the anniversary payment is a fixed sum for an employment period of 10 years, one and a half months' salary for a period of 25 years, and two months' salary for a period of 40 years.

x €1,000

Income and expense items recognised in connection with defined benefit plans and jubilee payments	2015	2014
Service cost	-525	-544
Interest expense	-8.551	-11.540
Expected return on assets	8.474	11.509
	-602	-575
Administrative and other expenses	-453	-431
Settlements and curtailments	-122	1.196
Total defined benefit plans and jubilee payments	-1.177	190

The principal actuarial assumptions as at year-end are:

	31 December 2015	31 December 2014
Discount rate	2,50%	2,00%
Expected return on plan assets	2,50%	2,00%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future indexation	0-0,75%	0-0,75%
Staff turnover	7,0-16,0%	7,0-16,0%
Mortality table	AA Forecast Table 2014 0/0	AA Forecast Table 2014 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.

Financing liability for defined benefit plans and jubilee payments	31 December 2015	31 December 2014
Defined benefit plans:		
- Funded plans	377.530	415.014
- Unfunded plans	11.562	13.501
Jubilee payments (unfunded)	5.623	5.664
Liability for defined benefit plans and jubilee payments at 31 December	394.715	434.179

x €1,000

Breakdown of plan assets as percentage of total	31 December 2015	31 December 2014
Shares	9%	8%
Fixed-interest securities	41%	41%
Liquid assets	0%	0%
Other/insured plans	50%	51%

Stichting Pensioenfonds Heijmans N.V. assets

At Stichting Pensioenfonds Heijmans N.V., approximately 65% of the interest-rate risk associated with the liabilities is hedged using a liability-matching portfolio. Of the total plan assets, valued at €205 million, €166 million is in fixed-interest securities, €38 million in shares, and €1 million in liquid assets and current receivables. The fixed-interest securities as well as the shares are listed, and these assets are measured at list price. No investments are made in Heijmans shares.

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, with the other assumptions remaining unchanged, can affect the liabilities associated with the defined benefit plans as shown below.

x € 1 million	2015	
	Increase	Decrease
Change of 0.50 %-points in discount rate	-29,3	33,1
Change of 0.25 %-points in wage and price inflation, and in indexation	9,7	-4,2
Change of 1 year in life expectancy	13,9	-14,2

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 effect of a change in the discount rate is largely mitigated by an equal but opposite effect on the plan investments. This is because of the guarantee provided by the insurer.

Heijmans expects to contribute approximately €3 million in 2016 to the defined pension plans and approximately €30 million to the defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2016, depending as well on changes in the above-mentioned actuarial assumptions.

6.21 Provisions

General

Provisions for warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of economic benefits 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.

	1 January 2015	Reversal of unused amounts	Additions to provisions	Provisions used/ other changes	31 December 2015
Warranty obligations	11.093	-226	610	-1.781	9.696
Restructuring costs	25.621	-3.118	1.867	-15.961	8.409
Environmental risks	1.428	-327	128	-496	733
Other provisions	4.969	-1.302	433	-1.480	2.620
Total provisions	43.111	-4.973	3.038	-19.718	21.458

Duration of provisions and non-interest-bearing debt	31 December 2015	31 December 2014
Non-current portion	2.732	4.648
Current portion	18.726	38.463
Total	21.458	43.111

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 2016 and the remainder in the years 2017 and 2018. The release in 2015 relates mainly to the failure to obtain dismissal permits from the UWV.

Provision for environmental risks

This item represents possible site restoration costs. The costs have been estimated by site, based on government regulations concerning the method of restoration 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.

x €1,000

Other provisions

The other provisions include €0.4 million for legal disputes (2014: €1.6 million), €0.6 million for amounts payable to the Tax Office (2014: €1.3 million), and €0.4 million for vacant properties (2014: €0.6 million). Among the remainder is a provision for expenses that might be incurred in connection with occupational disability.

6.22 Trade and other payables

Trade and other payables	31 December 2015	31 December 2014
Suppliers and subcontractors	359.224	367.460
Invoices due for work in progress	47.495	40.844
Invoices due for work completed	46.099	45.690
Pension obligations	1.493	1.858
Employee expenses payable	25.903	27.613
VAT payable	53.051	42.512
Wage tax and social security contributions payable	16.508	14.444
Other tax payable	-	402
Administrative and costs of sales payable	11.924	11.283
Interest payable	4.869	6.135
Other liabilities	13.666	16.640
Total trade and other payables	580.232	574.881

x €1,000

6.23 Financial risks and 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 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 credit risk associated with property development is limited, as future residents can only take possession of the new property once they have met all their obligations. The creditworthiness is assessed in transactions involving the development of commercial property, building assignments and infrastructure projects, with additional collateral possibly being requested. Heijmans carries out many assignments for public authorities for which the credit risk is considered extremely limited.

The assessment of creditworthiness is part of the standard procedure. 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 part 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, and as a result credit risk is limited.

A provision for doubtful receivables is recognised following an assessment of the potential risks for each individual receivable. Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower.

x €1,000

The carrying amount of the financial assets exposed to credit risk can be specified as follows:

	31 December 2015	31 December 2014
Other investments	32.124	31.004
Cash and cash equivalents	125.392	73.787
Trade and other receivables	266.403	310.131
Total	423.919	414.922

Other investments are mainly loans granted by the Group to joint arrangements in which it participates.

The geographical distribution of the carrying amount of the trade receivables including receivables from joint operations subject to credit risk is as follows:

	31 December 2015	31 December 2014
Netherlands	118.718	146.907
Belgium	42.835	44.917
Germany	44.889	48.081
Total	206.442	239.905

Age analysis of outstanding debtors without impairment, in periods after invoice due payment date:

	31 December 2015	31 December 2014
< 30 days	13.670	23.918
30-60 days	7.368	11.223
60-90 days	1.545	1.342
> 90 days - 1 year	12.856	9.227
> 1 year	16.176	17.014
Total	51.615	62.724

x €1,000

Including debtor payments not yet due and debtors for which an impairment was recognised, the balance of trade receivables at year-end 2015 was €193 million (2014: €229 million).

The due dates of the other financial assets have not been exceeded.

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

	2015	2014
Balance at 1 January	7.471	6.805
Additions	1.028	1.665
Withdrawals	-334	-291
Release	-804	-708
Balance at 31 December	7.361	7.471

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 6.19, "Interest-bearing loans". The liquidity risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, both under normal circumstances and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

12-month rolling liquidity forecasts are used to determine whether the Group has sufficient liquidity available. 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, Heijmans has access to the following facilities:

- €45 million in cumulative financing preference shares without a repayment obligation;
- (from 1 April 2016) €256 million committed and syndicated bank financing for a term expiring end of March 2017, and €246 million for a term expiring end of June 2018;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question; and
- €10 million in overdraft facilities. These are uncommitted.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to sufficient guarantee facilities with various institutions. These facilities are uncommitted.

At year-end 2015, the guarantee facilities totalled €501 million (2014: €524 million) provided by 22 parties. The contractual maturity dates of the financial obligations, including interest payments, are as follows:

x €1,000

31 December 2015	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-45.100	-60.241	-4.452	-	-3.563	-7.126	-45.100
Syndicated bank financing	-50.000	-50.009	-	-	-50.009	-	-
Project financing	-12.297	-12.345	-186	-10.874	-267	-1.018	-
Other non-current liabilities	-25.012	-26.958	-771	-18.984	-2.910	-471	-3.822
Financial lease commitments	-1.613	-1.744	-363	-245	-489	-647	-
Current account overdrafts with credit institutions	-1.083	-1.083	-1.083	-	-	-	-
Trade and other payables	-580.232	-580.232	-580.232	-	-	-	-
Total	-715.337	-732.612	-587.087	-30.103	-57.238	-9.262	-48.922

31 December 2014	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-66.100	-92.210	-5.222	-	-5.222	-15.666	-66.100
Syndicated bank financing	-	-	-	-	-	-	0
Project financing	-7.158	-7.319	-4.285	-2.147	-278	-609	0
Other non-current liabilities	-27.524	-30.776	-1.606	-1.180	-20.589	-3.422	-3.979
Financial lease commitments	-2.188	-2.414	-544	-245	-489	-1.019	-117
Current account overdrafts with credit institutions	-2.180	-2.180	-2.180	-	-	-	-
Trade and other payables	-574.881	-574.881	-574.881	-	-	-	-
Total	-680.031	-709.780	-588.718	-3.572	-26.578	-20.716	-70.196

For the cumulative financing preference shares B, the nominal value on the liability due date and the interest revision term have been taken into account. The cumulative financing preference shares do not have a repayment obligation. In the liquidity overview, the nominal value of the loan has been included in the period > 5 years.

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.

x €1,000

Price risk

Price risk associated with the purchase of raw materials and auxiliary materials, 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.

Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the results of the Group. In addition, some of the loans have been concluded at fixed interest rates.

If the interest rate for 2015 had been 2%-points higher on average, then the result before tax based on the positions of the statement of financial position at year-end would have been approx. €2.1 million higher (2014: €1.2 million higher). The effect of a 2%-points difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been an increase of €1.6 million (2014: an increase of €0.9 million). This effect on the result before tax was mainly due to the cash balance at year-end 2015. The interest rate exposure measured on the basis of the average debt during the year would have a more limited effect on the result.

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

	Note	31 December 2015					
		Total	0-6 months	6-12 months	1-2 year	2-5 year	> 5 year
Other investments	6.11	32.124	18.784	-	11.236	860	1.244
Cash and cash equivalents	6.16	125.392	125.392	-	-	-	-
Cumulative financing preference shares B	6.19	-45.100	0	-	-	-45.100	-
Syndicated bank financing	6.19	-50.000	-50.000	-	-	-	-
Project financing	6.19	-12.297	-12.297	-	-	-	-
Other non-current liabilities	6.19	-25.012	-546	-18.933	-2.653	-	-2.880
Financial lease commitments	6.19	-1.613	-329	-216	-449	-619	-
Current account overdrafts with credit institutions	6.19	-1.083	-1.083	-	-	-	-
Total		22.411	79.921	-19.149	8.134	-44.859	-1.636

x €1,000

	Note	31 December 2014					
		Total	0-6 months	6-12 months	1-2 year	2-5 year	> 5 year
Other investments	6.11	31.004	15.508	755	5.471	8.026	1.244
Cash and cash equivalents	6.16	73.787	73.787	-	-	-	-
Cumulative financing preference shares B	6.19	-66.100	0	-	-	-66.100	-
Syndicated bank financing	6.19	-	-	-	-	-	-
Project financing	6.19	-7.158	-5.258	-1.900	0	0	0
Other non-current liabilities	6.19	-27.524	-1.375	-20.426	0	-2.843	-2.880
Financial lease commitments	6.19	-2.188	-489	-205	-426	-953	-115
Current account overdrafts with credit institutions	6.19	-2.180	-2.180	-	-	-	-
Total		-359	79.993	-21.776	5.045	-61.870	-1.751

As at the closing date, 39% (2014: 77%) of the interest-bearing debt had been negotiated at a fixed interest rate, and 61% (2014: 23%) at a floating rate. Due to seasonal effects, the average debt during the year is higher than the debt at the closing 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.

The average weighted interest term to maturity of the project financing is 0.1 years (2014: 0.2 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The measurement 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.

x €1,000

			31 December 2015		31 December 2014	
			Carrying amount	Fair value	Carrying amount	Fair value
Note	Level	Loans and receivables				
6.11	2	Other investments	32.124	33.131	31.004	32.682
6.15	*	Trade and other receivables	266.403	266.403	310.131	310.131
6.16	*	Cash and cash equivalents	125.392	125.392	73.787	73.787
6.19	*	Current account overdrafts with credit institutions	-1.083	-1.083	-2.180	-2.180
6.19	2	Cumulative financing preference shares B	-45.100	-52.946	-66.100	-77.203
6.19	2	Syndicated bank financing	-50.000	-50.000	-	-
6.19	2	Project financing	-12.297	-12.297	-7.158	-7.241
6.19	2	Other non-current liabilities	-25.012	-25.982	-27.524	-28.702
6.22	*	Trade and other payables	-580.232	-580.232	-574.881	-574.881
Other financial liabilities						
6.19	2	Financial lease commitments	-1.613	-1.691	-2.188	-2.329
			-291.418	-299.305	-265.109	-275.936

* 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 2015, plus the relevant risk mark-up.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount.

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 capital structure is based on a leverage ratio, a net interest-bearing debt after deduction of cumulative preference finance shares B plus non-recourse finance, divided by EBITDA not exceeding 3.0 and an interest cover ratio of at least 4.0 (see also note 6.19 for a description of the financial ratios in the conditions agreed with the banks).

x €1,000

6.24 Rental and operating lease contracts

	31 December 2015	31 December 2014
Rental contracts		
Instalments due within 1 year	14.872	17.195
Instalments due between 1 and 5 years	39.689	45.767
Instalments due after 5 years	9.544	12.898
Total	64.105	75.860
Lease contracts		
Instalments due within 1 year	25.001	26.962
Instalments due between 1 and 5 years	40.821	44.004
Instalments due after 5 years	912	1.336
Total	66.734	72.302

A charge of €29 million for operating leases was recognised in the statement of profit or loss for 2015 (2014: €30 million).

A charge of €16 million for rental costs was recognised in the statement of profit or loss for 2015 (2014: 17 million).

The lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings. The joint ventures in which Heijmans participates have undertaken neither rental commitments nor lease commitments.

Approximately 3,500 lease vehicles (2,550 cars, 850 vans, and 100 trucks) are leased in the Netherlands under an operating contract. In 2013, an umbrella agreement covering the cars and vans was signed with the main leasing company for a term of 4 years. The individual contracts covered by the agreement have terms varying from 12 months to 72 months. These contracts can only be dissolved after compensation is paid for the difference between the market value and the carrying amount (only if the market value is lower), and for the portion of the lease payments representing the management fee or administrative expenses and interest. For trucks, the maximum term is usually 120 months.

x €1,000

6.25 Investment commitments

	31 December 2015	31 December 2014
Contractual commitments for:		
- acquisition of property, plant and equipment	1.078	4.049
- acquisition of land	98.614	109.521
	99.692	113.570

There are no group guarantees for the capital expenditure commitments (2014: none).

Of the investment commitments, €11 million (2014: €16 million) was undertaken by joint operations in which Heijmans participates. The amount presented is Heijmans' share of the commitments undertaken by the joint operations.

The joint ventures in which Heijmans participates have undertaken investment commitments of €1 million (2014: €1 million), this amount represents Heijmans' share.

6.26 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the closing date. The liabilities are potential because the outflow of economic benefits depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, parent Group guarantees and other contingent liabilities.

Bank and Group guarantees	31 December 2015	31 December 2014
Bank guarantees relating to:		
Execution of projects	274.852	308.003
Tenders	3.074	4.105
Other	45.746	28.857
	323.672	340.965
Group guarantees relating to:		
Execution of projects	354.837	356.954
Contingent liabilities	4.071	11.798
Credit and bank guarantee facilities	124.245	120.855
	483.153	489.607
Total	806.825	830.572

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities apply to foreign subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures for a total of €21 million (2014: €21 million).

The Group guarantees issued for divested operations (Leadbitter and Heitkamp) are not included in the above table and amount to €98 million (2014: €91 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if this is possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

Other contingent liabilities

At year-end 2015, the other contingent liabilities with a significant cash impact amounted to €29 million (2014: €37 million), and with a limited cash impact to €84 million (2014: €103 million), a total of €113 million (2014: €140 million). Of the total amount, €25 million (2014: €23 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 for these commitments in 2015 (2014: none).

At year-end 2015, the joint ventures in which Heijmans participates had contingent liabilities with significant cash impact amounting to €9 million (2014: €13 million), and contingent liabilities with a limited cash impact amounting to €22 million (2014: €23 million), in total €31 million (2014: €36 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.

6.27 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), a company pension fund, 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 ventures. Significant transactions in this context are the contribution of land positions in joint ventures and/or their financing. In addition, large and complex projects are carried out in cooperation 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 6.10.

The Group's share in the revenues and total assets of the joint operations is broken down below by segment.

2015 Business segments in € millions	Property development	Residential building	Non-residential	Infra	Eliminations	Total
Revenue	24,7	9,8	5,6	75,6	-5,5	110,2
Costs	-24,2	-8,8	-5,3	-72,9	5,5	-105,7
Fixed assets	4,0	0,0	0,0	0,7	0,0	4,7
Current assets	54,3	3,2	3,9	12,7	-0,2	73,9
Total assets	58,3	3,2	3,9	13,4	-0,2	78,6
Non-current liabilities	22,9	0,0	0,0	0,0	0,0	22,9
Current liabilities	7,5	2,6	3,6	9,6	-0,2	23,1
Total liabilities	30,4	2,6	3,6	9,6	-0,2	46,0
Equity	27,9	0,6	0,3	3,8	0,0	32,6

2014 Business segments in € millions	Property development	Residential building	Non-residential	Infra	Eliminations	Total
Revenue	28,6	6,4	7,7	103,4	-5,0	141,1
Costs	-29,3	-5,7	-6,9	-99,1	5,0	-136,0
Fixed assets	4,0	0,0	0,0	0,6	0,0	4,6
Current assets	61,5	3,1	3,0	18,7	-1,2	85,1
Total assets	65,5	3,1	3,0	19,3	-1,2	89,7
Non-current liabilities	24,0	0,0	0,0	0,0	0,0	24,0
Current liabilities	10,4	2,7	2,1	18,4	-1,2	32,4
Total liabilities	34,4	2,7	2,1	18,4	-1,2	56,4
Equity	31,1	0,4	0,9	0,9	0,0	33,3

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate pension plans for Heijmans' current and former employees and retired personnel.

In 2015, some €0.5 (2014: €0.4 million) in pension contributions was paid by Heijmans to the above-mentioned company pension fund. Heijmans also made additional contributions of €5 million in 2012 and €3 million in 2013 because of a prior funding deficit. No additional contributions were made in 2014 or 2015. Heijmans is under no obligation to make a further contribution.

Remuneration of Supervisory Directors

None of the Supervisory Directors hold depositary receipts for shares in Heijmans N.V., nor have they been allocated any options or depositary receipts for shares. 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. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal benefit.

The total payments granted to Supervisory Directors in 2015 and 2014 were as follows:

in €	2015	2014
A.A. Olijslager – Chairman*	52.875	53.980
Drs. P.G. Boumeester**	37.723	37.723
Ing. R. van Gelder BA***	40.223	37.723
Drs. S. van Keulen****	42.723	42.723
R. Icke RA*****	37.723	37.723
S. Vollebregt*****	24.542	-

* Supervisory Director since 18 April 2007 and Chairman since 1 July 2008

** Supervisory Director since 28 April 2010

*** Supervisory Director since 1 July 2010

**** Supervisory Director since 18 April 2007

***** Supervisory Director since 9 April 2008

***** Supervisory Director since 15 April 2015

Remuneration of members of the Executive Board

Up to and including 2014, the notes also disclosed the remuneration of the members of the Executive Committee. As from the beginning of 2015, this body has ceased to exist, and the notes disclose the remuneration of the members of the Executive Board.

A breakdown of the gross fixed remuneration, the variable remuneration and the pension contribution per member of the Executive Board is shown below:

in €	Gross fixed remuneration		Long-term variable remuneration		Conditional short-term variable remuneration		Pension contributions	
	2015	2014	2015	2014	2015	2014	2015	2014
L.J.T. van der Els *	493.764	493.764	-	-	98.753	-	102.160	102.160
M.C. van den Biggelaar **	395.661	395.661	-	-	79.132	-	79.475	75.501
A.G.J. Hillen ***	395.661	395.661	-	-	79.132	-	111.172	118.454
Total	1.285.086	1.285.086	0	0	257.017	0	292.807	296.115

* Chairman of the Executive Board since 18 April 2012 and member of the Executive Board since 28 April 2010

*** Member of the Executive Board since 1 September 2009

*** Member of the Executive Board since 18 April 2012

The remuneration of the members of the Executive Board is as follows:

in €	2015	2014
Gross fixed remuneration	1.285.086	1.285.086
Conditional gross short-term variable remuneration	257.017	-
Bonus Investment Share Matching Plan	9.629	22.878
Pension contributions	292.807	296.115
Crisis levy	-	191.552
Expense allowance including car allowance	93.901	92.272
Total remuneration of members of the Executive Board and the Executive Committee	1.938.440	1.887.903

The members of the Executive Board have been granted conditional short-term variable remuneration for 2015 equal to 20% of their respective basic salaries. For this grant to become unconditional, the conditions stated in the remuneration policy must be met in 2016 or 2017. The long-term variable remuneration granted in 2015, amounting to €0, is for the period 2013-2015. For more information, refer to the section on remuneration in the Annual Report.

A reserve of €0,6 million has been formed for the variable remuneration to the current members of the Executive Board for the periods 2014-2016 and 2015-2017 (2014: €0.6 million for the periods 2013-2015 and 2014-2016). An amount of €246.882 has been reserved for Mr L.J.T. van der Els (2014: €246,882), €197,831 for Mr M.C. van den Biggelaar (2014: €197,831), and €197.831 for Mr A.G.J.Hillen (2014: €197.831).

The charge in 2015 for the long-term variable remuneration for members of the Executive Board was €0 (2014: €0).

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 introduced, whereby directors can decide on a voluntary basis to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2011, the members of the Executive Board purchased Heijmans shares for an amount equal to half the net short-term variable remuneration allocated for 2010. For each share purchased, one share is conditionally allocated under the Share Matching Plan. In April 2014, the allocation of 9,171 shares became unconditional, and the Group issued 9,171 shares to the Executive Board members concerned. These shares are subject to a mandatory lock-up period of two years.

In April 2014, Mr van der Els used 50% of his short-term bonus for 2013 to purchase shares in Heijmans. Similarly, Mr van den Biggelaar and Mr Hillen each used 20% of their short-term bonuses for the same purpose. For each share purchased - in total 2,289 shares - one share is conditionally allocated under the Share Matching Plan. The allocation becomes unconditional after three years, following which a mandatory lock-up period of two years comes into effect. The total expense relating to the allocation of shares is determined at the time of allocation and is recognised on a time-proportionate basis in the statement of profit or loss during the period that the allocated shares become unconditional.

The statement of profit or loss for 2015 includes a charge of €9,629 relating to the shares allocated in April 2014. In his term as Chairman of the Executive Board, Mr Van Gelder was allocated a block of 210,000 options with an exercise price of €20.07 per option. The final date for exercising options was 1 October 2015. They were not exercised.

With effect from 1 January 2015, the pension plan for Mr Van den Biggelaar is arranged through the industry pension fund and the directly insured average pay plan. Until the end of 2014, Mr Van den Biggelaar's pension plan was a defined contribution for a retirement pension payable from the age of 65, a partner pension, and an orphans' pension. The pension charge for Mr Van den Biggelaar in 2015 includes compensation of €64,533 (2014: nil) for the loss of pension accrual on salary in excess of €100,000. Mr Van der Els receives a fixed allowance for pension costs. Mr Hillen's pension is arranged through the industry pension fund and the directly insured average pay plan. He also receives annual compensation of €32,695 (2014: €31,898) which is indexed in accordance with pay increases under the collective labour agreement. Mr Hillen moreover received compensation of €61,203 (2014: nil) for the loss of pension accrual on his salary in excess of €100,000.

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

At year-end 2015, the members of the Executive Board owned a total of 139,839 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 2015 is as shown below:

Shares owned on 31 December	2015
L.J.T. van der Els - Chairman	116.130
M.C. van den Biggelaar	12.184
A.G.J. Hillen	11.525
Total	139.839

Remuneration of former members of the Executive Board

The statement of profit or loss for 2015 includes €167,000 (2014: €580,815) was recognised for the fees which Mr Witzel, a former member of the Executive Board, receives under his management agreement that came into effect on 1 November 2014. Mr Witzel's activities comprise consulting and managing large projects. The above-mentioned amount for 2014 includes the gross remuneration, benefits and pension rights granted to Mr. Witzel under the employment contract that ended on 1 October 2014.

6.28 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 6.27), the key elements of estimation uncertainty are explained below.

Measurement of projects

For more information on the key assumptions used in the measurement of projects, refer to note 6.14, "Work in progress".

Pensions

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.20.

Deferred tax assets

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.12, "Deferred tax assets and liabilities".

Strategic land portfolio

For more information on the key assumptions used in the measurement of the strategic land portfolio, refer to note 6.13, "Inventory".

Intangible assets

For the main principles used in the annual determination of the realisable value of intangible assets, refer to note 6.9, "Intangible assets".

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2015. Wholly owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven. For significant joint ventures and associates in which the Group participates, see note 6.10.

	31 December 2015
Heijmans Nederland B.V., Rosmalen	100%
Heijmans Vastgoed B.V., Rosmalen	100%
Heijmans Vastgoed Deelnemingen B.V. Rosmalen	100%
V.O.F. Gasthuiskwartier, Rosmalen	50%
V.O.F. Mondriaanlaan, Utrecht	35%
Heijmans Woningbouw B.V., Rosmalen	100%
Heijmans Huizen B.V., Huizen	100%
Heijmans Utiliteit B.V., Rosmalen	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%
Heijmans Infrastructuur B.V., Rosmalen	100%
Heijmans Infra B.V., Rosmalen	100%
Heijmans Wegen B.V., Rosmalen	100%
Heijmans Civiel B.V., Rosmalen	100%
Sander & Geraedts B.V., Koningsbosch	100%
Centrale IJkinrichting Borculo B.V., Zeewolde	100%
Brinck Amersfoort B.V., Zeewolde	100%
Brinck Meter Control Services B.V., Zeewolde	100%
Brinck Technology B.V., Zeewolde	100%
A4All V.O.F., Rotterdam	45%
Waterdunen V.O.F., Amsterdam	40%

	31 December 2015
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%
Heijmans International B.V., Rosmalen	100%
Heijmans Technology B.V., Rosmalen	100%
Heijmans (B) N.V., Schelle	100%
Heijmans Infra N.V., Schelle	100%
Van den Berg N.V., Schelle	100%
Heijmans Vastgoed N.V., Schelle	100%
Heijmans Bouw N.V., Bilzen	100%
Heijmans Deutschland B.V., Rosmalen	100%
Heijmans Oevermann GmbH, Münster	100%
Oevermann Verkehrswegebau GmbH, Münster	100%
Oevermann Hochbau GmbH, Münster	100%
Oevermann Ingenieurbau GmbH, Münster	100%
CMG Gesellschaft für Baulogistik GmbH, Münster	100%
Franki Grundbau GmbH & Co. KG., Seevetal	100%

8. Company financial statements

x €1,000

8.1 General

The company financial statements are part of the 2015 financial statements of Heijmans N.V. With reference to the company statement of profit or loss of Heijmans N.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Dutch Civil Code. 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 principles for measuring assets and liabilities and the determination of results

For determining the accounting principles 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, subsection 8 of Book 2 of the Dutch Civil Code. This means that the principles to measure assets and liabilities and the determination of results (accounting principles) applied in the separate financial statements of Heijmans N.V. are the same as those applied in the consolidated EU-IFRS financial statements. Participating interests over which significant control is exercised are recognised using the equity method.

The share in the result of participating interests consists of the share of Heijmans N.V. in the result of these participating interests. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its participating interests or between participating interests 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 6.27 to the consolidated financial statements.

8.3 Company statement of profit or loss for 2015

	2015	2014
Result from participating interests	-36.687	-58.165
Other income and expense after tax	9.429	10.872
Result after tax	-27.258	-47.293

The employee benefits for the members of the Supervisory Board, the Executive Board, the Executive Committee and the Board's Secretariat are recognised in the company financial statements (see note 6.27 to the consolidated financial statements).

x €1,000

8.4 Company statement of financial position at 31 December 2015 (before appropriation of profit)

Assets	31 December 2015	31 December 2014
Non-current assets		
Intangible assets	21.207	21.207
Financial assets	5.242	11.134
	26.449	32.341
Current assets		
Receivables	622.352	612.906
Cash and cash equivalents	20.748	28.508
	643.100	641.414
	669.549	673.755
Equity and liabilities		
Equity		
Issued capital	6.423	5.839
Share premium reserve	242.680	222.152
Hedging reserve	375	-54
Reserve for actuarial results	-14.918	-27.346
Reserve for Bonus Investment Share Matching Plan	229	219
Statutory reserve for participating interests	42.059	41.754
Retained earnings	16.407	64.005
Result after tax for the current financial year	-27.258	-47.293
	265.997	259.276
Non-current liabilities	95.100	66.100
Current liabilities	308.452	348.379
	669.549	673.755

x €1,000

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	2015	2014
Carrying amount		
Balance at 1 January	21.207	21.207
Balance at 31 December	21.207	21.207
Financial assets	2015	2014
Participating interests in Group companies		
Balance at 1 January	-99.687	-41.916
Share in result of participating interests after tax	-36.687	-58.165
Dividend received from participating interests	0	-12.755
Capital contributions	52.475	18.059
Changes in cash flow hedges	429	-804
Changes in actuarial results relating to employee-benefits	12.428	-4.106
Other changes	0	0
Balance at 31 December	-71.042	-99.687
Recognised in the provision for participating interests with a negative asset value	-76.284	-110.821
Recognised under financial assets	5.242	11.134

The "Share in result of participating interests after tax" item includes the gains on the sale of participating interests. The participating interests in Group companies are direct or indirect interests in Group companies. The principal Group companies are listed on pages 75-76.

x €1,000

Receivables	31 December 2015	31 December 2014
Group companies	590.234	597.906
Tax and social security contributions	31.462	14.711
Other receivables	656	289
	622.352	612.906

The receivables fall due within one year.

Cash and cash equivalents

Cash balances are at the free disposal of the Company.

Equity

2015	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.839	222.152	-27.346	-54	219	41.754	64.005	-47.293	259.276
Share issue	584	20.528	0	0	0	0	0	0	21.112
Reclassification	0	0	0	0	0	305	-305	0	0
Bonus Investment Share Matching Plan	0	0	0	0	10	0	0	0	10
Appropriation of result for 2014	0	0	0	0	0	0	-47.293	47.293	0
Comprehensive income	0	0	12.428	429	0	0	0	-27.258	-14.401
Stand per 31 December	6.423	242.680	-14.918	375	229	42.059	16.407	-27.258	265.997

2014	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.805	222.183	-23.240	750	192	36.415	69.060	1.857	313.022
Share issue	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	5.339	-5.339	0	0
Bonus Investment Share Matching Plan	3	0	0	0	27	0	0	0	30
Appropriation of result for 2013	31	-31	0	0	0	0	284	-1.857	-1.573
Comprehensive income	0	0	-4.106	-804	0	0	0	-47.293	-52.203
Stand per 31 December	5.839	222.152	-27.346	-54	219	41.754	64.005	-47.293	259.276

Authorised share capital

Composition of the authorised share capital is as follows:

Authorised share capital in €	31 December 2015
35,100,000 ordinary shares, each with a nominal value of €0.30	10.530.000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1.470.000
8,000,000 protective preference shares, each with a nominal value of €1.50	12.000.000
	24.000.000

As at 31 December 2015, the number of ordinary shares issued was 21,406,880. All the outstanding shares are paid up, which represents a value of €6,422,064 (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 6.19 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares.

Share premium reserve

The share premium reserve consists of the capital paid up in excess of the nominal value.

Reserve for actuarial results

The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.20 to the consolidated financial statements).

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 Bonus Investment Share Matching Plan

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.27 to the consolidated financial statements.

x €1,000

Reserve for participating interests

The statutory reserve for participating interests represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting principles, 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 participating interest individually. This reserve is not freely distributable.

Result appropriation

For the proposed appropriation of the result, please refer to "Other information" (on page xxx).

Liabilities	31 December 2015	31 December 2014
Non-current liabilities		
Financing preference shares	45.100	66.100
Syndicated bank financing	50.000	
	95.100	66.100
Current liabilities		
Group companies	227.639	211.472
Dividend payable on financing preference shares	3.563	5.222
Banks	0	20.321
Provision for participating interests with negative asset value	76.284	110.821
Other liabilities	966	543
	308.452	348.379

The provision for negative value participating interests should be considered in relation to the receivables from group companies.

x €1,000

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 December 2015	31 December 2014
Bank guarantees	323.672	340.965
Group guarantees to clients	358.908	368.752
Group guarantees to credit institutions	124.245	120.855
	806.825	830.572

For information on the guarantees, see note 6.26 to the consolidated financial statements.

Joint and several liability, and guarantees

With the exception of Heijmans Deutschland B.V. and Heijmans Technology 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 for all the Dutch wholly owned subsidiaries included in the consolidated figures.

Fiscal unity

Together with its Dutch subsidiaries, Heijmans N.V. forms a fiscal unity 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 forms part of the fiscal unity.

Share in result of participating interests

This is the company's share in the results of its participating interests, all of which are Group companies.

x €1,000

Auditor's 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	2015		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.355	-	1.355
Other audit engagements	96	-	96
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.451	0	1.451

The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2014		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.408	-	1.408
Other audit engagements	80	-	80
Tax consultancy services	-	232	232
Other non-audit services	-	-	0
	1.488	232	1.720

The costs of tax consultancy services in 2014 concern a paid success fee for delivered tax consultancy services in 2013 that have been included in the result of 2014.

Events after balance date

Until the date of signing, no significant events occurred that would influence this annual report.

Rosmalen, 26 February 2016

The members of the Executive Board

L.J.T. van der Els
M.C. van den Biggelaar
A.G.J. Hillen

The members of the Supervisory Board

A.A. Olijslager
P.G. Boumeester
R. van Gelder
R. Icke
S. van Keulen
S. Vollebregt

Result appropriation

In accordance with Article 31 of the Articles of Association, profit is distributed as follows:

1. Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to reserves as it deems necessary.
2. Insofar as the profit is not transferred to reserves, it is available to the Annual 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 owned.

Subject to approval by the Supervisory Board, it is proposed to withdraw a sum of €27.3 million from the reserves. Given the development of both the operating results and the net result in 2015, it will be proposed at the General Meeting of Shareholders that no dividend should be distributed on ordinary shares and depositary receipts for ordinary shares.

Dividend policy

Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to 40% of the profit from ordinary business operation after tax.

Independent auditor's report

To: the shareholders and the supervisory board of Heijmans N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Heijmans N.V. (also referred to as the company), Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2015, its result and its cash flows for the year then ended 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 give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2015 and its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2015.
- The following statements for 2015: the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in the equity and the consolidated statement of cash flows for the year then ended.
- The notes comprising a summary of the significant accounting policies applied and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2015.
- The company statement of profit and loss for 2015.
- The notes comprising a summary of the significant accounting policies applied and other explanatory information.

Basis for our opinion

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

We are independent of Heijmans N.V. in accordance with the Auditor Independence Regulation for Assurance Engagements (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten or ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Professional Code of Ethics for Auditors Regulation (Verordening gedrags- en beroepsregels accountants or VGBA).

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

Materiality

Materiality	€10 million
Benchmark applied	Approximately 0.5% of the revenues for the financial year.
Further information	The revenues provide a stable basis for determining the materiality and that revenues are representative of the size and performance of the company. As the Company incurs loss in the financial year, the result does not represent a suitable basis for determining the materiality.

We have also taken into account misstatements and/or possible misstatements that, in our opinion, are material for qualitative reasons to users of the financial statements.

We agreed with the supervisory board that misstatements in excess of €0.5 million, 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 group audit

Heijmans N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Heijmans N.V.

Our group audit in particular focused on the Property Development, Non-Residential and Infrastructure operating segments. We performed the majority of the audit procedures at those segments ourselves. We also used the work of other EY and non-EY auditors when auditing a number of partnerships and foreign activities. We performed specific audit procedures for several other entities, including Residential Building operating sector. In all, these audit procedures represent the group's entire revenues.

By performing the procedures mentioned above at group entities, together with additional procedures carried out at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach
Funding and covenants (see note 6.19)	
<p>Factors having a significant impact on our audit include the availability of sufficient funding to be able to meet liquidity needs, securing adequate guarantee facilities, as well as continued compliance with financing covenants. The assessment thereof is based primarily on the expectations and estimates of the board of management. Those assumptions are affected by subjective elements including the estimate of expected future cash flows based on the projected revenues, margins and other results from operating activities. The estimates are based on assumptions, including expectations concerning future economic and market developments. Another important factor is the credit facility, whose term has been extended and recently agreed with the bank consortium. The anticipated impact of the seasonal pattern will also have a bearing on compliance with the associated financing covenants each quarter.</p>	<p>In our audit, we engaged the services of a valuation expert to assess the assumptions used and the forecasts prepared by the management in its 2016 Business Plan including the Multi-Year Outlook. Specifically, we paid attention to the assumptions used in relation to future revenues and results, including the order book, in order to assess whether the company can continue to meet its liquidity requirement and financial covenants in the coming year. Our assessment also included the sensitivity analysis, the flexibility in the forecast calculations and the measures available for resolving any problems during the quarters.</p>
Valuation of goodwill and other intangible assets (see note 6.9)	
<p>The management is required to test goodwill for impairment on the basis of the accounting policies used. In addition, each year, the company assesses whether a change to the useful life is applicable and/or whether there are any indications of impairment of other intangible assets. This test and assessment are largely based on management expectations and estimates of future results of the cash-generating units of which the entities acquired in the past are part of.</p>	<p>In our audit approach, we used our internal valuation expert in evaluating the models and parameters used and set out by the board of management in the 2016 Business Plan 2016 and the multi-annual plan. We paid specific attention to the forecasts used in relation to the future revenues and result. In addition, we performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of key assumptions that have the most significant effect on the determination of the recoverable amount of goodwill, such as the discount rate used and the EBIT margin. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the assumptions disclosed and the sensitivities of the assumptions underlying the valuation.</p>
<p>The Non-Residential and Oevermann business units are the most significant given the size of the intangible assets.</p>	

Risk	Our audit approach
Valuation of deferred tax assets and deferred tax liabilities (see note 6.12)	
<p>A deferred tax asset is recognized for tax-deductible losses to the extent it is likely that sufficient taxable profit will be available in the future against which the tax losses can be offset. The assessment thereof has a significant impact on our audit considering the complexity of the estimation process and the fact that the assumptions are affected by subjective elements, such as the estimate of expected margins from operating activities and taxable results, as well as agreements with the tax authorities. These estimates are based on assumptions, including expectations concerning future economic and market developments.</p>	<p>In our audit approach, we used our internal tax expert in evaluating the assumptions used and the forecasts set-out by the board of management in the 2016 Business Plan including the multi-annual plan. We paid specific attention to assumptions in the forecasts that have the most significant effect on the taxable result, such as the EBIT margin and non-deductible or deferred items. We also used our own tax experts in assessing the tax position.</p>
Valuation of the strategic land portfolio (see note 6.13)	
<p>The valuation of strategic land portfolio is heavily influenced by market developments in the housing market in the Netherlands and other subjective elements. The land positions generally feature after a long period in development, partly due to changes in provinces and municipalities with regard to spatial planning. The valuation process involves significant estimates made by board of management. The valuation is underpinned internally with qualitative descriptions and key indicators. In addition, the calculation models for land positions are updated annually. The company tests the valuation for impairments on a semi-annual basis. That test has a significant impact on our audit given the complexity of the estimation process, the assumptions used in the estimates and the degree of subjectivity involved. The net realizable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood of a project being completed, the expected time of completion, the discount rate applied and the estimate of sale prices and construction costs.</p>	<p>We tested the internal control measures with respect to the estimation process regarding valuation. In addition, have carried out other audit procedures. These include audit procedures to establish whether the correct source data have been used in the determination of the valuation and procedures to obtain insight into the calculation models used to determine the net realizable value. We discussed the source data, risks concerning the land positions and the related estimation uncertainties with project officials and the board of management, assessing whether these have been adequately addressed. We used our own real estate valuation experts in assessing the assumptions on which the determination of the net realizable value is based. Finally, we examined the disclosures included on the assumptions that have the most significant effect on the determination of the net realizable value, such as the implementation and impact of development plans and the expected development of land and house prices.</p>

Risk**Our audit approach****Valuation of work in progress (see note 6.14)**

The valuation of work in progress is affected by subjective elements including estimated costs and projected revenue, whether or not from additional services, technical progress and (potential) claims and penalties. This is partly prompted by the nature of the operations, which may be impacted by the technological complexity of projects the degree of estimation in the tender process and developments during the realization of the project. The process of revenue and result recognition, including determining the appropriate cut-off of revenues, involves significant estimates of board of management, as well as the valuation of project-related receivables, project-related liabilities and provisions, is therefore significant to our audit.

We tested the internal control measures with respect to project management and the project estimation process for project results, as well as performing other audit procedures. These included substantive procedures relating to contractual terms and conditions, income (including income from additional or less work), cost incurred and (potential) disputes or claims. We also performed procedures with respect to project calculations and result forecasts and the board of management's assessment thereof.

In connection with this, we discussed a range of (financial) risks and ongoing claims and the associated estimation uncertainties with various project officials and the board of management, assessing whether these have been adequately addressed in the financial statements. We also performed procedures with respect to the valuation of receivables, expected additional work, (potential) claims and penalties, the completeness of liabilities resulting from projects and the required disclosures of work in progress and related estimates.

Responsibilities of the board of management and supervisory board for the financial statements

The board of management 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, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of management is responsible for such internal control as the board of management deems 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 board of management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks referred to, the board of management is required to prepare the financial statements using the going concern basis of accounting, unless it either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for oversight of the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

We performed our audit with a high, but not absolute, level of assurance, which means that we may not have detected all errors and fraud.

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

We maintained professional scepticism and exercised professional judgment where relevant throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other things:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management.
- Establishing that the board of management's use of the going concern basis of accounting is acceptable, and, based on the audit evidence obtained, establishing whether events and circumstances exist that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our auditor's report, or, if such disclosures are inadequate, to modify our auditor's report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the company no longer being able to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements fairly represent the underlying transactions and events.

Given the fact that 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 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.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.

We provide the supervisory board with a statement confirming that we have complied with the relevant ethical requirements pertaining to independence. We also communicate with the supervisory board regarding all relationships and any other matters that may reasonably be deemed to influence our independence and any related measures to safeguard our independence.

We determine the key audit matters on the basis of all matters discussed with the supervisory board. We describe these key audit matters in our auditor's report, unless this is prohibited by law or rules and regulations or in extraordinarily rare circumstances where non-disclosure is in the public interest.

Report on other legal and statutory requirements

Report on the report of the board of management and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code (regarding our responsibility to report on the report of the board of management and the other information):

- We have no deficiencies to report as a result of our examination as to whether the Report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the report of the board of management, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the supervisory board on 30 April 2014 as auditor of Heijmans N.V. with effect from the audit for the 2014 financial year, having served as the external auditor since that date.

Rotterdam, 26 February 2016

Ernst & Young Accountants LLP

/s/ W.T. Prins

Assurance report of the independent auditor

To: the shareholders and the supervisory board of Heijmans N.V.

We have reviewed the non-financial information in the chapters "Profile and business model", "Strategy: The Contours of Tomorrow", "Safety and Health", "Knowledge intensity", "Procurement and chain integration", "Sustainable business conduct and projects" and "Conduct, integrity and dilemmas", as included in the Annual Report for the year 2015 (hereinafter: the Report of Heijmans N.V., Rosmalen (hereinafter: Heijmans). The Report comprises a description of the policy, the activities, events and performance of Heijmans relating to sustainable development during the reporting year 2015.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

Heijmans reports, for the first time for Belgium and Germany, figures on the CPI's for Safety, Knowledge intensity and CO₂ emissions. For these figures also comparative figures have been disclosed in the Report, these comparative figures for Belgium and Germany are not part of our assurance engagement. Furthermore references in the Report (to www.heijmans.nl, external websites and other documents) are also outside the scope of our assurance engagement.

Management's responsibility

The managing board of Heijmans is responsible for the preparation of the Report in accordance with the Sustainability Reporting Guidelines G4 (option Core) of the Global Reporting Initiative (GRI) and the reporting criteria developed by Heijmans, including the identification of the stakeholders and the determination of material issues. The disclosures made by management with respect to the scope of the Report and the reporting criteria are included in the enclosures "Reporting system" and "CPI table".

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Dutch law, including Dutch Standard 3810N "Assurance Engagements relating to Sustainability Reports". This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the Report is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and applying analytical procedures regarding the non-financial information as included in the Report. Consequently a review engagement provides less assurance than an audit.

Procedures performed

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organization
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management
- Evaluating the application level in accordance with the Sustainability Reporting Guidelines G4 (option Core) of GRI
- Evaluating the design and implementation of the systems and processes for data gathering and processing of information as presented in the Report
- Interviewing management (or relevant staff) responsible for the sustainability strategy and policies
- Interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report
- Evaluating internal and external documentation, in addition to interviews, to determine whether the information in the Report is reliable
- Analytical review of other data and trend explanations submitted for consolidation in the Report.

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

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph "Limitations in our scope", nothing has come to our attention that causes us to conclude that the non-financial information in the Report, in all material respects, does not provide a reliable and appropriate presentation of the policy, activities, events and performance of the organization relating to sustainable development during 2015, in accordance with the Sustainability Reporting Guidelines G4 (option Core) of the GRI and reporting criteria developed by Heijmans as disclosed in the enclosures "Reporting system" and "CPI table".

Rotterdam, 25 February 2016

Ernst & Young Accountants LLP

Signed by R.T.H. Wortelboer

Heijmans Share Administration Trust

Report is given below in compliance with best-practice provision IV.2.6 in conjunction with IV.2.7 of the Corporate Governance Code.

Methodology

To emphasise the independence of the Heijmans Share Administration Trust (hereinafter referred to as the 'SA Trust'), its Board of Trustees first meets without the members of the Company's Executive Board being present. The members of the Executive Board and the Chairman of the Supervisory Board then attend the meeting.

Number of shares for which depositary receipts are 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 2015, the SA Trust had ordinary shares with a nominal value of €6,422,061.90 in administration, for which 21,406,873 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 reporting year.

Meeting of 25 March 2015

The following items were discussed at this regular Board meeting:

- The notes to the 2014 Annual Report of Heijmans N.V. and the press release of 26 February 2015;
- The agenda items for the General Meeting of Shareholders of Heijmans N.V. to be held on 15 April 2015;

- The Annual Report of the SA Trust for 2014;
- The evaluation of the Meeting of Depositary Receipt Holders of 20 November 2014.
- Appointment of a new trustee.

During the meeting, the Board of the SA Trust informed the Executive Board and the Chairman of the Supervisory Board that the following issues - whether requested or not - must be placed on the agenda for the next subsequent General Meeting of Shareholders:

- Further specification of and disclosure of the total loss suffered by the Company.
- The statement that the discussion on project and risk management that has been ongoing for a number of years is still continuing.
- Further explanation of the opinion of the Executive Board that the result for 2015 will improve. How will this be achieved, and what is the basis for confidence that the situation will improve?
- The view of the Executive Board regarding the situation of overcapacity in the Dutch market.
- The consequences of (continuing) poor margins in certain sectors of the construction industry for the Company's strategic focus.

This spring, one trustee stepped down and was not eligible for reappointment. This was the former chairman, Mr C.J. de Swart. The Meeting of Depositary Receipt Holders has not made a recommendation for the filling of this vacancy. Based on the profile prepared for this vacancy, the Board has established that Mr P.W. Moerland is prepared to accept this position. The Board has appointed Mr Moerland at this meeting as a trustee after both the Executive Board and the Supervisory Board were given the opportunity in accordance with the Articles of Association to state their views with respect to the proposed appointment. It was also decided to appoint Mr W.M. van den Goorbergh as Chairman of the Board of Trustees.

Meeting of 10 September 2015

The items discussed at this regular meeting included the following:

- The 2015 half-year figures for Heijmans N.V.;
- The resolution to hold a Meeting of Depositary Receipt Holders on 20 November 2015.
- Composition of the Board: Mr R.P. Voogd stepping down at the spring meeting in 2016 and is not eligible for reappointment.

During the meeting, the board of the SA Trust made some remarks and put some questions to the members of the Executive Board and the Chairman of the Supervisory Board on the following issues:

- What is the ratio between the number of homes sold and the order book?
- How successful is the Heijmans ONE project?
- What measures is the Executive Board taking to improve the results?
- Where does the Executive Board see opportunities, potential and resources for Heijmans in the current difficult market conditions?

Meeting of 20 November 2015

This additional meeting concerned the preparations for the Meeting of Depositary Receipt Holders on 20 November 2015.

Participation of the Board of Trustees of the SA Trust in the General Meeting of Shareholders of 15 April 2015

The Board of Trustees of the SA Trust was present during the General Meeting of Shareholders on 15 April 2015 and voted in favour of all the resolutions that were put to a vote.

The Board of the SA Trust did not put any questions at this General Meeting of Shareholders since all the relevant questions were put by attendees who were invited to speak earlier.

The SA Trust granted authorisation to holders of depositary receipts who attended the General Meeting of Shareholders in person or who allowed themselves to be represented by a third party, to vote independently on the number of depositary receipts reported for shares prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010, 2011, 2012, 2013 and 2014, in its convening notice for the General Meeting of Shareholders the board of the SA Trust offered holders of depositary receipts who were not able to attend the shareholders meeting in person the opportunity to express their view on certain issues via e-mail or otherwise in writing. The SA Trust is thus able to take these views into consideration when determining how it will cast its vote. Once again there was no response.

Votes cast at the General Meeting of Shareholders on 15 April 2015

Of the number of depositary receipts (for Heijmans shares) issued by the SA Trust as of 15 April 2015, 5,687,168 depositary receipts for shares (out of 19,460,873) and shares were registered as present at the meeting with voting rights, which is approximately 29.2% (in 2014 approximately 34.7%), including 4,191,972 depositary receipts for shares and shares for which a voting instruction was given to ABN AMRO.

Meeting of Depositary Receipt Holders on 20 November 2015

During the Meeting of Depositary Receipt Holders on 20 November 2015, the Board of Trustees of the SA Trust gave an explanation of its policy, partly based on principle IV.2 and the corresponding best-practice provisions of the Dutch Corporate Governance Code.

The three holders of depositary receipts or proxies present represented 4,948 shares/depositary receipts. As at 20 November 2015, the SA Trust had issued a total of 21,406,873 shares or depositary receipts for shares. This means that approximately 0.02% of the shares and depositary receipts for shares issued by the SA Trust were represented at this meeting (in 2014, approximately 7.72%).

Activities

The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for the SA Trust, SGG Netherlands N.V. of Amsterdam.

Costs

The costs associated with the activities of the SA Trust chiefly concern the costs of administration (which are charged by SGG) and the fees charged by the auditor EY for the audit of the financial statements. There are also expenses relating to the remuneration of the trustees (see the section Board of Trustees and Remuneration).

External advice

The Board did not take external advice in 2015.

Board of Trustees and Remuneration

The Board of Trustees of the SA Trust consists of:

Dr. W.M. van den Goorbergh (Chairman)

Dr. P.W. Moerland

Drs. J.J.G.M. Sanders

Mr. R.P. Voogd

W.M. van den Goorbergh is chairman of the supervisory board of NIBC Bank and Coöperatie DELA. Until 2002, Mr Van den Goorbergh was deputy chairman and CFO of the executive board of Rabobank Nederland.

P.W. Moerland is a supervisory director of Enexis N.V., member of the General Board of de Nederlandse Bachvereniging, chairman of Stichting Berenschot Beheer and chairman of the board of supervision of Stadhuismuseum Zierikzee. Prior to this, between 2003 and October 2013 he was a member of the executive board of Rabobank Nederland, and for the last four years as chairman. Between 1980 and 2013 he was Professor of Business Administration at the Royal University of Groningen and Professor of Business Finance and since 1999 also Professor of Corporate Governance at the University of Tilburg.

J.J.G.M. Sanders is chairman of the supervisory board of Bolsius N.V., chairman of the Stichting Evenementen Liliane Fonds, member of the board of Darling Ingredients Inc. USA, supervisory director of Greenchoice and member of the recommendation committee of Voedselbank Eindhoven. From 2010 to mid-2014, Mr Sanders was managing director of PSV N.V. and prior to this among other positions he was employed for 16 years at FrieslandCampina, for the last 7 years as chairman of the executive board. Mr Sanders was appointed as a trustee of SA Trust on 26 March 2014.

R.P. Voogd is a lawyer and consultant with NautaDutilh. His area of specialisation is corporate law with a particular focus on listed companies. His other positions include chairman of the Supervisory Board of Benovem B.V., chairman of the Supervisory Board of Fetim B.V., supervisory director of Koninklijke Verkade N.V., chairman of the board of Stichting Preferente Aandelen Wolters Kluwer, chairman of the board of Stichting Continuïteit SBM Offshore, member of the board of Stichting Preferente Aandelen Nedap, member of the board of Luchtmans (Koninklijke Brill N.V.) and chairman of the Supervisory Board of a family office. Mr Voogd previously was a civil-law notary with NautaDutilh in Rotterdam.

The remuneration of the Board of Trustees in 2015 amounted to €12,000 for the Chairman and €10,000 for each other trustee.

Contact data

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The Preference Share Trust Heijmans

The Heijmans Preference Share Trust (hereinafter 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Financial Supervision Act.

As stated in its articles of association of 3 August 2013, 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 that influences that could compromise the independence and/or continuity and/or the identity of the company, and 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, articles of association or agreement; and
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting right affiliated with the relevant shares does not transfer to the pledgee, or may otherwise encumber these shares, on the understanding that the Company's approval is necessary in order to dispose of shares.

The Trust has the right (call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares.

Furthermore, the Trust entered into a placement (put option) contract with Heijmans N.V. stipulating that the Trust will acquire preference shares as soon as Heijmans N.V. issues them. Here too, a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares applies. This placement contract increases the effectiveness of issuing preference shares as a temporary anti-takeover measure.

The Trust was granted the right of investigation in 2008.

Mr A. Westerlaken was reappointed as board member of the Trust for the period of four years at the board meeting of 1 April 2015..

The composition of the Board of Trustees is:

Prof. M.W. den Boogert (Chairman)
Dr. F.J.G.M. Cremers
Drs. H.H. Meijer
Mr. A. Westerlaken

Stakeholder meetings and interaction

Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company. The stakeholders are the groups and individuals that directly or indirectly affect – or are affected by – the company's realisation of its goals: principals/customers, employees, shareholders and other capital providers, suppliers and subcontractors, the industry, governments, knowledge and educational institutions, and social groups.

Interaction with stakeholders

The strategy and policy are tested by means of the following:

Road shows and conferences: Heijmans is in contact with its shareholders and potential shareholders on various occasions for the purpose of a dialogue with shareholders. Not only at the general meeting of shareholders and the regular meetings with major shareholders, but also through conferences at which individual discussions and meetings take place with existing and new shareholders. Six roadshows were held and ten conferences were attended during the past year.

Analyst meetings: Heijmans holds regular discussions with analysts who follow the company and its shares. An analyst meeting is held during the presentation of the annual and half year figures, and analyst calls are arranged during the trading updates in the spring and autumn. The annual and half-year meetings can be followed live via a webcast. Participants can also ask questions via a webcast. The audio files of the calls can be heard again and are available on the website. An investor relations manager is available to answer questions from analysts and investors. A project visit was arranged for analysts to projects in Pijnacker.

Project meetings for shareholders: last year Heijmans arranged a number of visits to projects with various groups of shareholders, including a visit to the St.-Jan parking garage in 's-Hertogenbosch for all interested shareholders.

Stakeholder meetings: an annual stakeholder meeting is held at each business division for its major clients, suppliers and partners at which policy aspects are discussed.

WC meetings: the directors at Heijmans hold regular discussions with the works councils of the Company. The frequency, issues discussed, requests for approval and advice are described in the section 'Corporate Governance'.

Social media: clients, stakeholders and interested parties can obtain information on Heijmans via the interactive website. All articles can be shared, and contact persons are stated for each article with whom a dialogue can be held. Heijmans is also active on Twitter, Facebook, Instagram and LinkedIn, as the company wishes in this way to appeal to a wide target group, in order to sound out the opinions and sentiment of stakeholders and engage in a dialogue with them.

Stakeholder meetings

A number of dialogues were conducted with a representative mix of stakeholder representatives in 2015. This concerned a qualitative analytical method. The following recommendations were made.

Heijmans

On 16 October, the Procurement department and the Sustainability Programme Manager welcomed a total of 14 clients and suppliers for a stakeholder dialogue during which the strategy and underlying objectives of Heijmans were explained and cooperation with partners was discussed. The aim of the meeting was to establish how the participants viewed Heijmans with respect to renewal and sustainability and how the organisational changes were perceived. The participants viewed the centralised management as positive, although they needed more guidance with respect to the new procurement organisation. Continuity and cooperation were important issues for the participants.

Residential

The stakeholder meeting on 15 July was attended by 7 different clients and suppliers and the management of Property Development and Residential. The strategy was explained and questioned at this meeting. The participants stated that in their view the chosen course of 'improve and renew' was the right one. The courage to innovate with partners in one ecosystem was seen by them as an opportunity for the future. They saw further development and increased professionalism of the commissioning process as governments decentralise as necessary and as an opportunity for the construction sector.

Non-Residential

The stakeholder meeting on 19 October was attended by 9 different clients and suppliers and the management of Non-Residential. The purpose of the meeting was the proposition that the focus in the market was more on the end users, so that buildings should not only be practical but also serve ecological and social goals. The question was whether those present endorsed this proposition and how this could be reflected by Non-Residential. The participants stated that they had also noticed this trend and expected Heijmans to take a proactive stance. The withdrawal by the government and new contract types meant that contractors could assume a much greater role and thereby introduce innovation. Heijmans could help to develop this with an ecosystem of knowledge and partners.

DMA (Disclosure on Management Approach)

Material aspects	DMA and Indicators		
	Why material	Management processes	Evaluation processes
Being financially sound	Our stakeholders indicate that delivery of a good price/quality ratio is essential. This also adds economic value, which provides for employment and continuity.	The annual report of Heijmans provides extensive details on the financial values and management processes at Heijmans with respect to financial performance.	Evaluation by internal controls, external auditing, annual reporting and reporting to the GMS.
Satisfied customers and users	The stakeholder group of customers is obviously crucial to Heijmans. The indications we have received from the discussions we have with this group is that delivering added value at a good price leads to customer satisfaction.	Customer satisfaction is measured in various ways at Heijmans, but there is no uniform overall figure available. Elements that ensure that customer satisfaction is measured are the project evaluations, the customer satisfaction surveys for residential building, the numbers of recorded complaints and the snagging lists.	Mechanisms for evaluation are implemented in the context of the ISO 9001 quality management systems.
Health and safety at work	Providing a safe working environment is one of the policy priorities for Heijmans. For the stakeholder group of employees, this is of primary importance. Moreover, many construction works are by their nature potentially dangerous due to the large scale and number of machines in use.	At Heijmans, employees are trained using the VCA methodology. In addition, subcontractors are expected to possess either VCA or equivalent certification. All sorts of physical measures are implemented at construction sites to promote safety	Evaluation is part of the VCA system. Various indicators are also measured by the specific Quality & Safety organisation. CPLs include the number of accidents, subcontractors holding VCA certification and incidence frequency (IF).
Strategy implementation	The most important issue for the stakeholder group of investors and shareholders is publishing and persevering with a strategy.	Heijmans has reported on the progress of its strategy in various places in the report, also in qualitative terms. The strategy focuses on improving the core processes and renewal and innovation, and is expressed in the reports generated by the Lean system.	The strategy is evaluated in the quarterly reports of the various business units to the PLC organisation. Progress is also monitored by the Executive Committee and in reporting to the Supervisory Board.
Sustainability of internal business conduct and Chains/Materials	The industry features heavy use of materials, and Heijmans also has a role regarding the making of choices. In addition, the construction industry produces a great deal of remaining materials, some of which can be recycled for reuse.	The Company has various initiatives to ensure that waste is separated at the construction site. Agreements are also made with suppliers regarding the sustainability of the concrete chain.	Reporting by waste processors. Embedding supplier evaluation in the quality and environmental management system.
Sustainability of internal business conduct and Chains/Energy	Energy is used in our offices, at our construction sites, at production locations and for transport. In addition, Heijmans can influence the energy performance of the buildings it produces. The most important emission is CO ₂ , which is associated with the energy used by the organisation.	The energy performance of transport is managed by means of vehicle leasing schemes. Furthermore, Heijmans calculates its footprint each year and takes action to improve its footprint (energy management plan). Heijmans has achieved the highest level (5) of the SKAO CO ₂ performance ladder.	Evaluation of energy management plan by the Executive Committee. Annual tests by a certifying institution on the basis of the CO ₂ performance ladder. Evaluation of procurement lease contract. Independent testing by a certifying institution. Assessment of the energy management plan
Sustainability of internal business conduct and Chains/Waste	The construction industry produces a great deal of residual materials, some of which can be recycled for reuse. Separation of waste on site is needed to improve recycling	The Company has various initiatives to ensure that waste is separated at the construction site. Agreements are also made with suppliers with regard to reducing the amount of packaging and the reuse of materials.	Reporting by waste processors. Embedding in the quality and environmental management system. Evaluation of suppliers.
Procurement and chain integration	Heijmans generates a large proportion of its revenue through subcontractors, suppliers and producers.	Heijmans has a procurement system which includes preferred supplier evaluation. In addition, suppliers are requested to sign a statement.	Annual evaluation in the procurement system and assessment/evaluation via the quality management system, stakeholder meetings, direct discussions with large suppliers.
Knowledge intensity	One of the most important aspects regarding the strategy and future profitability is the attainment of a higher level of knowledge intensity within the organisation.	The drive to increase knowledge intensity is reflected in the total strategic direction in the discussions with the Executive Committee and by means of regular training programmes at Heijmans.	A specific indicator has been formulated in order to monitor and evaluate this aspect. This indicator is related to the training level and the job profiles in the organisation. This forms part of the HR reporting system.

Reporting system

Scope

Heijmans operates in the Netherlands and to some extent in Belgium and Germany. Looking at the nature of the operations in the Netherlands and the operations abroad, we see no great differences. Most of the data are collected at group level. For some CPIs information is only available from the facilities in the Netherlands. The aim is that all CPIs should eventually be reported at corporate level. No comparable figures for the previous year are available from some CPIs since this is the first year for which they are reported (for instance, the CO₂ footprint in Belgium and Germany).

Information gathering and verification

Regular consultation takes place between those involved in preparing the content and form of this report during the year. A kick-off was held in October at which experiences from the previous year, targets and ambitions were shared. Agreements were made regarding content, ambition and planning that form 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 registrations of operational processes arising therefrom. Examples are Prinsys for HRM-related aspects, energy management systems, but also software such as SMILE regarding quality information and accident statistics. Information from the ERP systems of SAP and CODA among others is included, as is information originating from suppliers such as those supplying the company vehicle fleet, companies providing timber and waste processing and energy companies. The environmental reporting of the asphalt plants is verified externally and the data are submitted to the competent authority. Lastly, there are also data originating from the certified management systems ISO 14001, ISO 9001 and VCA. Although we have implemented several procedures for the reporting of incidents and we also have actually received reports of incidents, we cannot be entirely certain that every incident has been reported.

This annual reporting is based on the system of the Global Reporting Initiative (GRI). The reporting is prepared at GRI 4 'core' level. The supplement for the Construction sector has also been amended. The reporting on CO₂ emissions is based on the Greenhouse Gas Protocol (GHG). The data originate from consolidated data in business systems. The choice of performance indicators is based on a materiality analysis which includes social and inherent relevance and the degree to which the indicator can be influenced by the organisation. Where possible, we strive to use the terminology as used in ISO 26000.

We have assigned the assurance engagement to Ernst & Young Accountants LLP. Their assurance report is attached to this report.

Changes with respect to the previous year

The integrality of the annual report has been increased this year. This is expressed in the classification of the sections that follow the results of the materiality analysis. It is also visible in the description of the risk management system linked to the business model. Certain CPIs have disappeared from the report as a result of the increased integrality. These concern the energy use of developed homes and the proportion of women in the organisation. This last indicator still appears in the HR figures overview.

Specific remarks per CPI:

- Financial soundness: this includes the financial base indicators according to the definitions in the accounting manual.
- Strategy and implementation: these indicators have returned again due to their high scores in the materiality matrix and provide insight into the number of improvement processes running in the organisation, expenditure on innovation and the number of new patents applied for.

- Satisfied customers and end users: The number of complaints received at group level and the percentage of homes delivered without snagging items is an indicator of this.
- Health and safety: This concerns data on absenteeism. It includes accidents and preventive agreements with subcontractors. The safety figures measured abroad differ from the figures for the Netherlands. This is partly due to different statutory protocols in this area.
- Procurement and chain integration: This indicator is also an expression of the strategy to operate in a more integrated manner with a smaller number of suppliers.
- Sustainability of internal business conduct and projects: Components such as energy usage at offices and the proportion of energy-efficient company cars are measured as part of the total Heijmans CO₂ footprint. The target that Heijmans divisions should be FSC and PEFC certified has lapsed as this target has now been achieved. Reporting with respect to waste is according to the ENCORD methodology whereby the components of earth removal and demolition (by third parties) is not yet included. We do note there is a sharp increase in the amount of waste (in kilograms). This is due to the nature of works in progress at Infra which are producing a relatively high amount of building and demolition waste compared to the previous year. Another potential issue here is whether Heijmans is the main contractor in a combination of contractors, because in these cases only the construction waste is measured.

Disclosure and methodology for CO₂ calculation

Heijmans measures and reports its CO₂ emissions using the scopes classification of the Green House Gas (GHG) protocol.

- Scope 1 covers the emissions caused by fuels that we purchase and use ourselves (mainly gas, petrol and diesel)
- Scope 2 covers CO₂ emissions caused by electricity usage (this CO₂ is emitted by the electricity company and not by us) and commercial traffic
- Scope 3 covers CO₂ emitted by travel between home and work and public transport

The primary focus is on scope 1, with a secondary focus on scope 2. It is mainly these scopes that are affected by the taking of measures. The majority of the emissions occurs in these scopes.

Footprint in the Netherlands

CO₂ emissions in the Netherlands amounted to 55,269 tonnes in 2015, an increase of 13% compared to 2014 (48,995 tonnes). The increase in emissions was mainly due to higher use of fuels for projects at the Infra segment, emissions from company cars and air travel.

Target for 2012-2016 in the Netherlands

Heijmans has set the target of reducing its CO₂ emissions in relation to revenue by at least 6% over four years, using 2012 as the reference year for both emissions and revenue. The absolute CO₂ emissions in 2015 were lower in comparison to 2012. However, CO₂ emissions increased relative to revenue. Heijmans is taking additional measures to achieve its target reduction in 2016. The primary focus will be on emissions from projects and company cars.

Footprint in Belgium and Germany

In 2014 Heijmans started to introduce the footprint methodology at its international facilities. This is reported for the first time this year. The measurements show that the footprint for Germany is 12,186 tonnes of CO₂, and the footprint for Belgium is 13,766 tonnes of CO₂.

CPI table

Critical Performance Indicator	Scope	Score 2014	Score 2015	Target 2015	Target 2016
Revenue (x mln)	NV	1,868	1,979		
Order book (x mln)	NV	2,287	2,094		
Net result (x mln)	NV	-47	-27		
Solvency	NV	27%	26%		
Number of Lean projects	NL	94	52		
Expenditure on innovation	NV	3.6	4.2		
Number of patents applied for	NV	not measured	17		
Homes delivered with no snagging items	NL	not measured	50%	100%	100%
Complaints received at group level	NV	not measured	342		
Total sick leave	NL	3.93%	4.02%	<4%	<4%
Number of accidents: total incl. subcontractors	NL	120	106	<83	<80
Number of fatal accidents	NV	2	0	0	0
Accident frequency (IF figure)	NL	5.6	3.9	<4	<3
Procurement spend by subcontractors with valid VCA certificate	NL	97%	98%	100%	100%
Employees per training grade (4 categories), score is the ratio between categories 3/4 and total	NL	43%	45%	45%	
Procurement spend preferred suppliers ²	NL	not measured	46%	50%	50%
CO ₂ emissions scopes 1+2	NL	48,995	55,269	57,105	6% reduction compared to 2012
Total residual material ¹	NL	19,686	27,674	18,702	26,290
Separation of residual material on site	NL	64%	73%	65%	70%
Re-use of residual material after removal	NL	90%	92%	90%	90%
Procurement spend at preferred suppliers with framework contracts including signed sustainability statement	NL	95%	89%	100%	100%

Note on specific CPIs:

1: a relatively large amount of rubble was removed in 2015 due to the nature of the projects acquired. This also weighs heavily in the final figure since the reporting is in tonnes (and not volume) and rubble is relatively heavy

2: The definition of Preferred Supplier was changed in 2015, so that the number of preferred suppliers has risen significantly

Note/definition	Sources
Income from realisation of projects (in proportion to the progress of the projects) and sales of goods (mainly homes and land)	Financial Statements
Total portion of works in progress not yet completed and projects acquired but not yet in progress at closing date	Finance & control
Result after taxes	Financial Statements
Capital base (equity plus the cumulative preference share capital) compared to total assets	Financial Statements
Number of current Lean6sigma projects in the reporting year	Registration of Lean projects
Expenditure on innovation for group and business flows	Finance & control
Number of applications submitted in reporting year	Registration of AOMB & reporting of quarterly meetings innovation - involving multiple business flows
Percentage of total number homes delivered in reporting year	SMILE
Complaints received via online complaint/question form on heijmans.nl and via central Heijmans number	Central complaints registration
Number of absentee days compared to available number of calendar days. Health and Safety Service guidelines for measuring absenteeism rates*	Absenteeism registered in various countries, NL: ASC
All accidents with absenteeism occurring at Heijmans projects	IRES reporting NV level
Including subcontractors	IRES reporting NV level
Incidence Frequency (IF) according to safety expert measure: number of accidents with absenteeism of at least 1 day per million hours worked	IRES reporting NV level
Percentage of total procurement spend	Esize, SAP/ERP
Training categories junior secondary vocational, pre-vocational secondary, senior secondary vocational, higher professional and university education and equivalents in Germany and Belgium	Employee registrations in the various countries/ business segments
Percentage of total procurement spend	Esize, SAP/ERP
SKAO CO ₂ performance ladder, GHG protocol	Various business flow administrations, SAP
ENCORD Construction Waste Measurement Guide for definitions, measured in tonnes	Sum of information from service providers including SITA and Van Gansewinkel
ENCORD Construction Waste Measurement Guide for definitions, measured in tonnes Concerns only construction waste, excluding business waste	Sum of information from service providers including SITA and Van Gansewinkel
Sustainable re-use is defined as re-use as raw material or for generation of green energy. Based on waste profile of Van Gansewinkel; incl. amounts Sita and other waste processors. Based on tonnage	Sum of information from service providers SITA and Van Gansewinkel
Percentage of total procurement spend Note: sustainability statement is not the same as code of conduct	Esize, SAP/ERP

GRI G4 index

GRI G4 code	GRI G4 indicator	Stated in	Page
Strategy and analysis			
G4-1	Statement from the most senior decision-maker regarding the relevance of sustainable development for the organisation and its strategy.	AR	8
G4-2	Description of key impacts, risks and opportunities.	AR	30, 34 and 70
Organisation profile			
G4-3	Name of the organisation.	AR	1 + 8
G4-4	Primary brands, products and/or services.	AR	19 + 20
G4-5	Location of the organisation's headquarters.	Web	
G4-6	Number of countries in which the organisation operates (with relevance to sustainability issues).	AR	18
G4-7	Nature of the ownership structure and the legal form	AR	23
G4-8	Markets served (geographical breakdown, sectors served and types of customers).	AR	18 + 20
G4-9	Scale of the organisation.	AR	12
G4-10	Total workforce by employment type, employment contract and region.	AR	58
G4-11	Percentage of employees covered by a collective bargaining agreement.	AR	58
G4-12	The organisation's supply chain.	AR	18 + 65
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain.	AR	13, 19 + 66
G4-14	Application of the precautionary principle.	AR	87 + 89
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives which the organisation endorses.	AR	57 + 71
G4-16	Memberships of associations and/or national and international interest groups.	AR	62 + 63
Identified material aspects and boundaries			
G4-17	a. Overview of entities included in the consolidated financial statements of the organisation or equivalent documentation. b. Entities in the consolidated financial statements that are not included in the report.	AR	77
G4-18	Process for defining the report content.	AR	30, 215 + web
G4-19	List of all material aspects identified in the process of defining the report content.	AR	216
G4-20	The boundaries of the material aspects falling within the organisation.	AR	30
G4-21	The boundaries of the material aspects that fall outside the organisation.	AR	30
G4-22	Explanation of the effect of any amendments to the information provided in previous reports, and the reasons for these amendments.	AR	218
G4-23	Significant changes from previous reporting periods with respect to the scope and aspect boundaries.	AR	218
Stakeholder engagement			
G4-24	List of groups of stakeholders engaged by the organisation.	AR	215
G4-25	Basis for identification and selection of stakeholders.	AR	215
G4-26	Approach to stakeholder engagement.	AR	215
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded. Report the stakeholder groups that raised an important topic or concern.	AR	215 + 216
Report profile			
G4-28	Reporting period.	AR	1
G4-29	Date of most recent report.	AR	1
G4-30	Reporting cycle.	AR	1
G4-31	Contact point for questions.	AR	4
G4-32	a. The 'in accordance' option chosen by the organisation. b. GRI index for the chosen option. c. Reference to the external assurance report if the report has been externally verified.	AR	218
G4-33	Policy and current practice with regard to seeking external assurance for the report.	AR	218, 219
Governance			
G4-34	Structure of the highest governance body and the committees responsible for decision-making on economic, environmental and social impacts.	AR	102
G4-35	Process for delegating authority from the highest governance body to senior executives and other employees for economic, social and environmental topics.	AR	100+101
G4-36	Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether these officers report directly to the highest governance body.	AR	11, 62 + 71
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	AR	30+67
G4-38	The composition of the highest governance body and its committees.	AR	10, 11, 103 + 104
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	AR	11
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body and the criteria for appointing and selecting the members of the highest governance body.	AR	105 et seq.
G4-41	Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	AR	75, 101 and 108
G4-42	The role of the highest governance body and senior managers in the development, approval and updating of the mission and vision, strategies, policy and goals with respect to economic, environmental and social impacts.	AR	105 et seq.
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	AR	105 et seq.
G4-44	a. Processes for evaluating the highest governance body's own performance with respect to governance in relation to economic, environmental and social topics.	AR	105 et seq.

G4-44	b. Actions taken as a result of the evaluation of the highest governance body's performance with respect to the management of economic, environmental and social topics, including memberships and organisational changes.	AR	105 et seq.
G4-45	a. The role of the highest governance body in identifying and managing economic, environmental and social impacts, risks and opportunities. Include the role of the highest governance body in the conduct of due diligence processes. b. Are stakeholders consulted in the identification and management of economic, environmental and social impacts, risks and opportunities in support of the highest governance body.	AR	30, 67 and 105
G4-46	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	AR	87 et seq.
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	AR	94 et seq.
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that material aspects are covered.	AR	105
G4-49	The process for communicating critical concerns to the highest governance body.	AR	80
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them.	AR	80
G4-51	The remuneration of members of the highest governance body, senior managers and executives for the various types of remuneration.	AR	111 et seq.
G4-52	The process for determining remuneration.	AR	108
G4-53	How the views of stakeholders with respect to remuneration are requested and taken into account, including the results of votes on the remuneration policy and proposals, if applicable.	AR	108
G4-54	The ratio of the annual total remuneration for the organisation's highest-paid individual in each country of significant operation to the median annual total remuneration for all employees (excluding the highest-paid individual) in the same country.	Nr	
G4-55	The ratio of percentage increase in annual total remuneration for the organisation's highest-paid individual in each country of significant operation to the median percentage increase in annual total remuneration for all employees (excluding the highest-paid individual) in the same country.	Nr	
Ethics and integrity			
G4-56	The values, principles, standards and conduct standards of the organisation, such as codes of conduct and ethical codes.	AR	75, 76 and 82
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to integrity, such as help lines or advice lines.	AR	75, 76 and 82
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to integrity, such as escalation through line management, whistle-blowing mechanisms or hotlines.	AR	82
Economic performance indicators			
Economic performance			
G4-EC1	Direct economic values that are generated and distributed.	AR	39
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Nr	
G4-EC3	Coverage of the obligations related to the organisation's defined benefit plan.	AR	41
G4-EC4	Significant financial assistance received from government.	n.a.	
Market presence			
G4-EC5	Ratios of standard entry level wage and local minimum wage at significant locations of operation.	Nr	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	Nr	
Indirect economic impact			
G4-EC7	Development and impact of infrastructure investments and supporting services.	Nr	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Nr	
Procurement practices			
G4-EC9	Proportion of spending to local suppliers at significant locations of operation.	Nr	
Environmental performance indicators			
Materials			
G4-EN1	Total materials used by weight or volume.	Nr	
G4-EN2	Percentage of materials used consisting of waste from external sources.	Nr	
Energy			
G4-EN3	Energy consumption within the organisation.	AR	65
G4-EN4	Energy consumption outside the organisation.	Nr	
G4-EN5	Energy intensity ratio.	AR	65
G4-EN6	Reduction of energy consumption.	Nr	
G4-EN7	Reduction in energy requirements of products and services.	AR	65
Water			
G4-EN8	Total water withdrawal by source.	Nr	
G4-EN9	Water sources significantly affected by withdrawal of water.	Nr	
G4-EN10	Percentage and total volume of water recycled and reused.	Nr	
Biodiversity			
G4-EN11	Business locations owned, leased, managed in or adjacent to protected areas, and areas of high biodiversity value outside protected areas.	n.a.	
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Nr	
G4-EN13	Habitats protected or restored.	Nr	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Nr	
Emissions			
G4-EN15	Direct greenhouse gas emissions by weight (scope 1).	AR	
G4-EN16	Indirect greenhouse gas energy emissions by weight (scope 2).	AR	
G4-EN17	Other relevant indirect greenhouse gas emissions by weight (scope 3).	AR	33, 220 + web

G4-EN18	Greenhouse gas emissions intensity ratio.	AR	33+web
G4-EN19	Reduction of greenhouse gas emissions.	AR	33+web
G4-EN20	Emission of ozone depleting substances.	Nr	
G4-EN21	NO _x , SO _x and other significant air emissions.	Nr	
Effluents and waste			
G4-EN22	Total water discharge by quality and destination	Nr	
G4-EN23	Total weight of waste by type and disposal method.	AR	33
G4-EN24	Total number and volume of significant spills.	Nr	
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III and VIII, and percentage of transported waste shipped internationally.	Nr	
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and run-off.	Nr	
Products and services			
G4-EN27	Initiatives to compensate for environmental impacts of products and services and the extent of this compensation.	AR	69
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed, by category.	n.a.	
Compliance with legislation and regulation			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulation.	Nr	
Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	Nr	
Other			
G4-EN31	Total environmental protection expenditures and investments by type.	Nr	
Supplier environmental assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	AR	83
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain, and actions taken.	AR	65 et seq.
Environmental grievance mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.	Nr	
Labour practices and indicators for decent work			
Employment			
G4-LA1	Total number and turnover rate of the workforce by age group and gender.	AR	58
G4-LA2	Benefits provided to full-time employees that are not provided to part-time employees, by significant activity.	Nr	
G4-LA3	Return to work and retention rates after parental leave, by gender.	Nr	
Labour and management relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	AR	58
Health and safety			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and provide advice on occupational health and safety programmes.	AR	56 + 57
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by gender and region.	AR	57
G4-LA7	Workers with a high incidence or high risk of diseases related to their occupation.	Nr	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	AR	57
Training and education			
G4-LA9	Average hours of training per year per employee by gender and by employee category.	Nr	
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	AR	61
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Nr	
Diversity and equal opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group and other indicators of diversity.	AR	11, 58, 104 and 107
Equal remuneration for men and women			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and by location of operation.	Nr	
Supplier assessment for labour practices			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	AR	57 + 66
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain, and actions taken.	AR	66
Labour practices grievance mechanisms			
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	AR	57
Human rights			
Investments			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Nr	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Nr	
Non-discrimination			
G4-HR3	Total number of incidents of discrimination, and actions taken.	Nr	
Freedom of association and collective bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and the right of collective bargaining may be violated or may be at significant risk, and measures taken to support these rights.	Nr	

Child labour			
G4-HR5	Operations and suppliers identified as having a significant risk of incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	AR	57
Forced or compulsory labour			
G4-HR6	Operations and suppliers identified as having a significant risk of incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	AR	57
Security practices			
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	n.a.	
Indigenous rights			
G4-HR8	Total number of incidents of violations involving rights of indigenous people, and actions taken.	n.a.	
Assessment			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	n.a.	
Supplier assessment with regard to human rights			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	AR	57 + 66
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	AR	57 + 66
Human rights grievance mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	Nr	
Society			
Local communities			
G4-SO1	Effects of operations on the community.	AR	19
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	n.a.	
Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Nr	
G4-SO4	Communication and training on anti-corruption policies and procedures.	AR	76
G4-SO5	Confirmed incidents of corruption and actions taken.	Nr	
Public policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	n.a.	
Anti-competitive behaviour			
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	Nr	
Compliance with legislation and regulation			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Nr	
Supplier assessment for impacts on society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	AR	66
G4-SO10	Significant actual and potential negative impacts on society in the supply chain, and actions taken	AR	66
Grievance mechanisms for impacts on society			
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms.	Nr	
Consumer health and safety			
Consumer health and safety			
G4-PR1	Percentage of significant product and service categories for which the impact on health and safety are assessed for improvement.	Nr	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome.	Nr	
Product and service labelling			
G4-PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	n.a.	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome.	n.a.	
G4-PR5	Results of surveys measuring customer satisfaction.	AR	32
Marketing communications			
G4-PR6	Sale of banned or disputed products.	n.a.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome.	Nr	
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Nr	
Compliance with legislation and regulation			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Nr	
Specific standard disclosures for sector			
CRE1	Building energy intensity.	Nr	
CRE3	Greenhouse gas emissions intensity from buildings.	Nr	
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	AR	33
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations.	Nr	
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognized health and safety management system.	AR	32 + 71
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	n.a.	
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.	AR	71

Abbreviations

GMS = General Meeting of Shareholders
 DMA = Disclosure on Management Approach
 web = website Heijmans NV

AR = annual report
 nr = not reported
 n.a. = not applicable

Glossary

procurement spend	Annual expenditure to suppliers.
CO₂ emissions	Emission of CO ₂ (carbon dioxide) measured over a certain period.
Framework contract	A framework contract is an agreement between a supplier and a customer to deliver a certain product or service over a fixed period at a previously agreed price and on previously agreed conditions
Chain integration	Cooperation within and between the successive links within an organisation or business column, from suppliers up to the customer.
ERP	ERP aims to maximise the productivity of organisations, control costs and optimally satisfy the wishes of customers. An ERP system encompasses all business processes.
BrainJoint	A silent joint in roads.
LEAN	LEAN is a business methodology designed to increase efficiency. Application of the LEAN methodology mainly concerns the development of flexible working practices whereby customer demand is the primary focus and waste is as far as possible eliminated.
Bike Scout	An intelligent system integrated into the road surface that makes drivers aware of approaching and crossing bicycle traffic.
LEAN6Sigma	Six Sigma is a quality management methodology designed to improve the operating performance of an organisation by identifying shortcomings in working processes within an organisation and improving these working processes.
Fit for Cash	An improvement programme designed to improve working capital and create awareness of this.
GO!	An improvement programme designed to eliminate accidents and improve safety and awareness of safety in the organisation.
Ecosystem	A network of businesses, partners and suppliers with which the organisation collaborates.
Green deal	Green deals are agreements between organisations, citizens and governments to provide space for innovative initiatives from society to accelerate the transition to a sustainable economy.
Greenway LE	Greenway LE is an asphalt mixture produced at a lower temperature and containing a high proportion of recycled asphalt granulate.
Climate adaptive	Climate adaptation combats the effects of climate change and can contribute to the Netherlands becoming resistant to climate change. Adaptation is made possible by setting climate buffers.
Solar Noise Barrier	The Solar Noise Barrier combines the functions of noise reduction and energy generation.
Spring Agreement	The Spring Agreement is a performance agreement between the construction sector and the government to make construction more sustainable and includes agreements with respect to the energy performance of new-build homes.
VBDO benchmark	The VBDO benchmark measures the sustainable development of listed companies for their supporting investors and shareholders.
Total cost of ownership	The total costs associated with ownership of a product, from acquisition to ultimate management, maintenance and replacement.
CPI	Critical performance indicators, or CPIs for short, are variables for analysing the performance of companies

Abbreviations

3D	Three-dimensional
AEX	Amsterdam Exchange Index
AFM	Netherlands Authority for the Financial Markets
Arbo	The Dutch Working Conditions Act
AscX	Amsterdam Small Cap Index
GMS	General Meeting of Shareholders
BIM	Building Information Model
VAT	Value added tax
CAR	Contractors' All Risks Insurance
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO₂	Carbon dioxide
CWC	Central Works Council
DBMFO	Design Build Maintain Finance Operate
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
MEAT	Most Economically Advantageous Tender
EWC	European Works Council
ERP	Enterprise Resource Planning
FSC	Forest Stewardship Council
FTE	Full-time equivalent
GHG	Greenhouse Gas Protocol
GO!	Geen Ongevallen, or No Accidents
GRI	Global Reporting Initiative
HBO	Hoger beroepsonderwijs, or higher professional education
HRM	Human Resource Management
ICT	Information and communication technology
IF	Injury Frequency
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IT	Information technology
CPI	Critical Performance Indicator
MBO	Senior secondary vocational education
NEPROM	Nederlandse Vereniging van Projectontwikkeling Maatschappijen, or The Netherlands Association of Property Developers and Investors
NYSE	New York Stock Exchange
OECD	Organisation for Economic Cooperation and Development
PEFC	Programme for Endorsement of Forest Certification Schemes
PPP	Public-Private Partnership
PSU	Project start-up
ROC	Regionaal opleidingscentrum, or regional training centre
EB	Executive Board
SWK	Stichting Waarborgfonds Koopwoningen, or Owner-occupied housing guarantee fund
UWV	Uitvoeringsinstituut Werknemersverzekeringen, or the Employee Insurance Agency
VCA	Veiligheid, gezondheid en milieu Checklist aannemers, or Health, safety and environmental checklist for contractors
VON	Vrij op naam, or purchasing costs payable by vendor
WAS	Wet aanpak Schijnconstructies, or the Dutch Labour Market Fraud (Bogus Schemes) Act
Wft	Wet op het Financieel Toezicht, or the Dutch Financial Supervision Act
Wmz	Wet Melding Zeggenschap, or the Dutch Disclosure of Major Holdings in Listed Companies Act
ZZP	Zelfstandige zonder personeel, or self-employed person with no employees



Questions?

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Publication date 26 February 2016