

ANNUAL REPORT **20**
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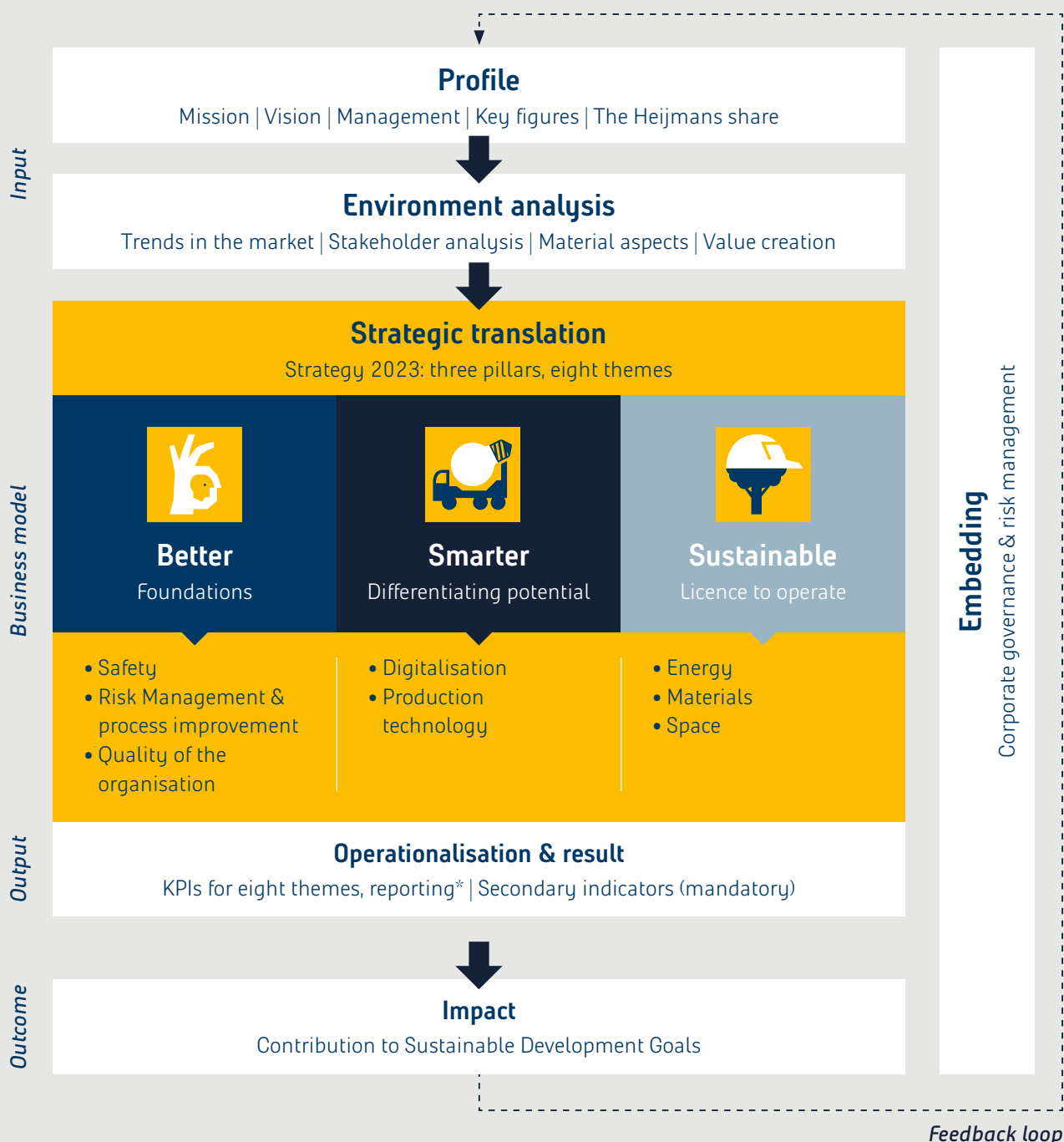




Fenix I, Rotterdam



HEIJMANS AT A GLANCE



* We have KPIs for all strategic themes; not for all strategic objectives and not all equally developed. We will continue to work on this in the years ahead.

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The Report of the Executive Board as referred to in Part 9 of Book 2 of the Dutch Civil Code comprises sections 3. The Management, 4. Key figures, 5. The Heijmans share, 8. Material aspects, 9. Value creation model, 10. Strategy, 11. The year in review per business area, 12. Financial results, 14. Corporate Governance and appendices 16.1, 16.2, 16.7.8 and 16.7.10.

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Foreword

The year 2019 was a good year for Heijmans in financial terms. We significantly exceeded our expectations. All business areas contributed to our positive result. We will propose to the forthcoming Annual General Meeting of Shareholders to resume the payment of dividends at a level of €0.28 per share. We have taken significant steps in the implementation of our strategy: 'Better, Smarter, Sustainable'. We have developed KPIs for the majority of the spearheads on our strategic agenda, to monitor and actively direct our progress.

Better

On the Improvement front, we have seen a continued increase in the predictability of our projects. The quality of our organisation is also improving, as we devote a great deal of attention to training and development. In 2019, we conducted a major employee satisfaction survey. The outcome was significantly higher than the previous measurement. We are obviously pleased with that result. After all, our mission - creating a healthy living environment - starts internally. We are working on an open culture in which people stimulate and spur each other on to constantly improve. In the coming year, we will target diversity, focusing on gender, cultural background and age. We are setting an example with two female members of the Supervisory Board, but we also want to realise greater diversity in a much broader context.

We are disappointed with our safety performance. Despite all the effort we put into our GO safety programme, we nonetheless had to report a fatal accident in 2019. We also consider the number of accidents and our IF figure (the number of accidents involving absence of at least one day per million working hours), which declined only slightly in 2019, too high. Safety therefore remains a top priority.

Smarter

We are also making solid progress on the 'Smarter' front. Digitalisation is a significant development in this respect. For example, we are working increasingly with Digital Twins: a digital version of the object to be built, which we can test extensively during development and preparation, so we can improve the physical realisation of the object. On our larger projects, we work with a digital Building Information Model: BIM. To enable us to focus on our development in working with BIM, we have developed our own methodology, with a common language and a BIM ladder as a yardstick. We use five ambition levels to determine which BIM activity or output must be delivered during the process of developing, designing, building and maintaining objects.

In addition, we are developing more and more data-driven services, such as the monitoring of locks and viaducts and the innovative tyre pressure gauge built into asphalt, as installed on the N279 road. These are new developments that continue to add to our existing portfolio with solutions such as BeSense and Bikescout.

Sustainable

With a view to increasing sustainability, we have taken significant steps in the areas of energy, materials and space. For example, we set up Heijmans Energie BV, which enables us to use energy as an integral part of our spatial planning projects. We are targeting circularity, with the reduction of material use and waste flows being one of our focal points. We have translated this into a sustainable packaging policy, which we introduced in 2019. In doing so, we are setting a new standard for the sector.

And our area developments are based on an integral plan to make areas green, sustainable, biodiverse and climate adaptive. We are also taking our social responsibility into account in this sustainable approach. It is precisely in the integrated nature of these components that we find the benefits for an area. We want to leave an area better than we found it. We demonstrate how that works in our showcases. We are now putting those ambitions into practice in the Maankwartier in Leusden and in Park Vijfsluizen in Vlaardingingen.

We are working on an open culture in which people stimulate and spur each other on to constantly improve.

The set-up of an innovation centre next to our head office in Rosmalen will give extra impetus to our innovation ambitions and integrated approach from this year onwards. We will use this Business Concept Center (BCC) to bring together the knowledge and skills of various business units. The BCC will be a place where we work on smart total solutions for tomorrow's healthy living environment.

Nitrogen, PFAS and continuity

In the year under review, the nitrogen and PFAS crisis was a major issue in the Dutch construction industry. And for Heijmans too. Although our residential building projects continued, some did run into delays due to permit issuance. We are concerned about the slow decision-making processes, which could result in stagnation in the years ahead. We believe this is particularly true in the

infrastructure sector. We are seeing a structural decline in the number of tenders; this will result in a slowdown in the progress of large-scale projects.

Initially, we questioned the decision to accelerate gas-free construction in the Netherlands. Adjusting our industrial processes in line with new demands, including changes to our Huismerk home, caused us months of delays. However, the result is that our homes no longer emit nitrogen in the usage phase, which helped us to launch housing projects expeditiously in 2019.

For the coming years, the number of homes we can build in the Netherlands is cause for concern. There are insufficient locations available, inner-city development is complex and dependence on more stakeholders is greater. We are also seeing an increase in costs and, on top of that, our industrialisation process is being hampered by ever-changing regulations. The availability and affordability of housing is under severe pressure. We need consistent regulations to be able to invest and innovate responsibly. In addition, we need to prevent skilled workers from leaving our sector as a result of work stagnation. Continuity in housing construction requires consistency and a long-term vision.

'Jongens van de bouw'

We illustrated the importance of skilled workers to the Netherlands in general and the construction sector in particular in the BNNVARA documentary 'Jongens van de bouw' (Boys of the building industry). The documentary premiered on TV on 15 December 2019. Three years ago, we gave documentary maker Geertjan Lassche permission to record the reality of every facet of the construction industry. Over the course of two years, the filmmaker had unrestricted access to our building site on Rotterdam's Bananenstraat. The result is an unpolished representation of life on a building site.

This was without embellishments, and nothing was staged, which is appropriate for the building industry. It puts us in a vulnerable position and we put a spotlight on dilemmas such as safety and sustainable employability.

The documentary shows that those working in construction deliver a top performance every day, but also that there is a lot of room for improvement. We are not always pleased with what the documentary reveals, but we are proud that we had it made. Transparency always helps when it comes to improving operating processes, working conditions and safety. The documentary provides us and the sector as a whole with opportunities to get a dialogue started. This documentary also gives us an opportunity to share our pride in what our people achieve, in this project but also in every other project. Men and women.

Proud of our projects

In November 2019, we were proud to announce that we had delivered the new head office for the European Medicines Agency (EMA) in Amsterdam. And that we had met the very ambitious deadline. This was only possible thanks to the excellent cooperation with our partner Dura Vermeer, our subcontractors and suppliers, as well as with the client, the Dutch government's Real Estate Agency (Rijksvastgoedbedrijf). Another highlight was the completion of Fenix I: 212 loft apartments, shops, galleries, restaurants and a theatre on the site of the former Fenix warehouses on the Katendrecht peninsular in Rotterdam. At the end of last year, this landmark building was proclaimed winner of the Rotterdam Architecture Prize 2019 by both the professional and public juries.

The Zuidasdok project is a mega project that includes the widening and partial tunnelling of the Amsterdam A10 ring road, plus the expansion of the public transport hub with train and metro station at Amsterdam's Zuidas business district. We are in constructive talks with the principal about the next stages of the project. Meanwhile, the Minister of State is investigating the usefulness of and need for the Zuidasdok, which they are due to report on at the end of the first or the start of the second quarter of 2020.

In the meantime, we are executing the agreed decommissioning for the expansion of the public transport hub in a controlled manner. Here too, we delivered a top performance, by completely replacing a stretch of road and rail tracks within a couple of days and re-opening them to the public after the weekend.

These are just some of the projects our people work on every day. We mention these without wanting to diminish the importance of all the smaller projects we carry out. They require just as much energy, know-how and skill, and each and every one is important to its local environment. Working together and with our clients, partners, subcontractors and suppliers, we make sure that our positive impact on the living environment continues to grow.

Ton Hillen

*Chairman of the Executive Board Heijmans N.V.
20 February 2020*



PROFILE





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Profile

Heijmans is a Dutch construction and development company, founded by Jan Heijmans in 1923. Heijmans was an innovator even back then, as it was one of the first companies to use bituminous road surfacing. In the post-war reconstruction boom, the company found plenty of opportunities for growth in the repair and laying of roads and airfields. Heijmans has been listed on the Amsterdam stock exchange since 1993. Heijmans focuses on the Dutch market in three different areas: property development, residential and non-residential building, and infrastructure. Heijmans' activities are divided into the business areas Property Development, Building & Technology and Infra.

Our mission: creating a healthy living environment

Heijmans has one ultimate goal that lies at the heart of everything we do: creating a healthy living environment. That is what we work towards and that is what we stand for. Everyone wants to breathe healthy air, live in a pleasant neighbourhood, enjoy beautiful nature, work in a good workplace, get from A to B safely and return home healthy at the end of the day. For Heijmans, a healthy living environment also means healthy and sustainable operations, with fit colleagues who work safely and with pleasure. Providing a safe working environment for our employees and partners is a fundamental requirement for Heijmans.

Our vision: it is all about the end-user

If we want to do well for our clients, we must do well for the end-user. That is why our focus is on the end-user phase and the end-user in everything we develop, build and maintain. We look very deliberately through the eyes of the user, whether they are a

resident or home buyer, an employee, a visitor, a patient, an entrepreneur or a road user. Because we are convinced that if we do well for them, we can create the greatest added value for our principals.

Our strategy: better, smarter, sustainable

As a leading party in the sector, Heijmans wants to take its responsibility as director of the construction chain. We want to lead the way by improving continuously and making full use of opportunities for process standardisation. Armed with innovative ideas, products and services, we offer smart solutions that contribute to the resolution of the major social issues of today and tomorrow. Our ultimate goal is to no longer take away from the living environment, but rather to add to it and by doing so create value.

Our methods: integrated

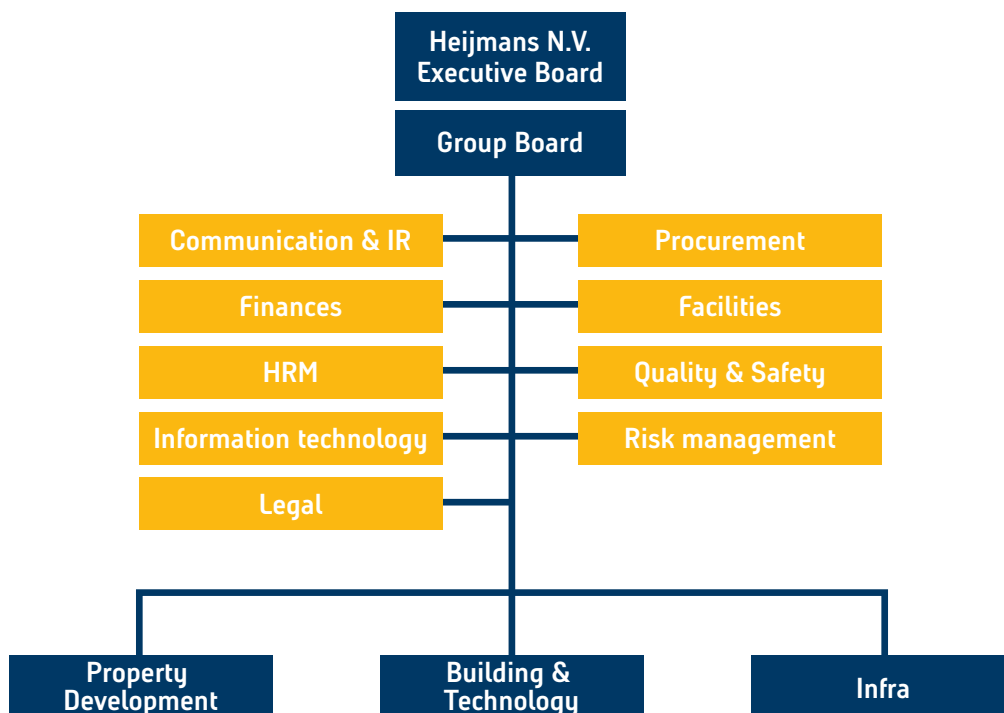
Ove the past 10 years, Heijmans' strategic course has been strongly focused on creating added value on the basis of the integrated nature of all the various business units. Heijmans differentiates itself by devising solutions in cooperation with its partners early in the design process and realising and maintaining these on the basis of integrated know-how and expertise. Heijmans offers its clients an integrated proposition by combining various specialisations, construction activities and development activities. From idea to realisation, maintenance and management, from buildings and roads to area development.

Our organisation: cooperation and direction

The creation of a healthy living environment requires an integrated view. This is why Heijmans sees collaboration and direction based on an integrated agenda as strategically important. We target a high level of integration via our two-person Executive Board and the group board. The group board is responsible for day-to-day operational management. The group board comprises the members of the Executive Board, together with the chairs of the three business areas, the Chief Risk Officer (CRO) and the Chief Human Resources Officer (CHRO).

Property Development

Heijmans Property Development focuses on area development and property development of projects in inner-city and out-of-town areas. We act as the initiator, developer and seller of residential properties and commercial property, such as shopping centres and offices. We direct these activities from three offices, a centrally managed commercial property development department and a centrally managed area development department. Heijmans' area development business responds to the need for an integrated vision for area development and transformation. Our ambition is to realise integrated total solutions together with housing corporations, local authorities, residents and companies, to arrive at integrated total solutions that give areas a sustainable quality boost and result in healthy living environments.



Building & Technology

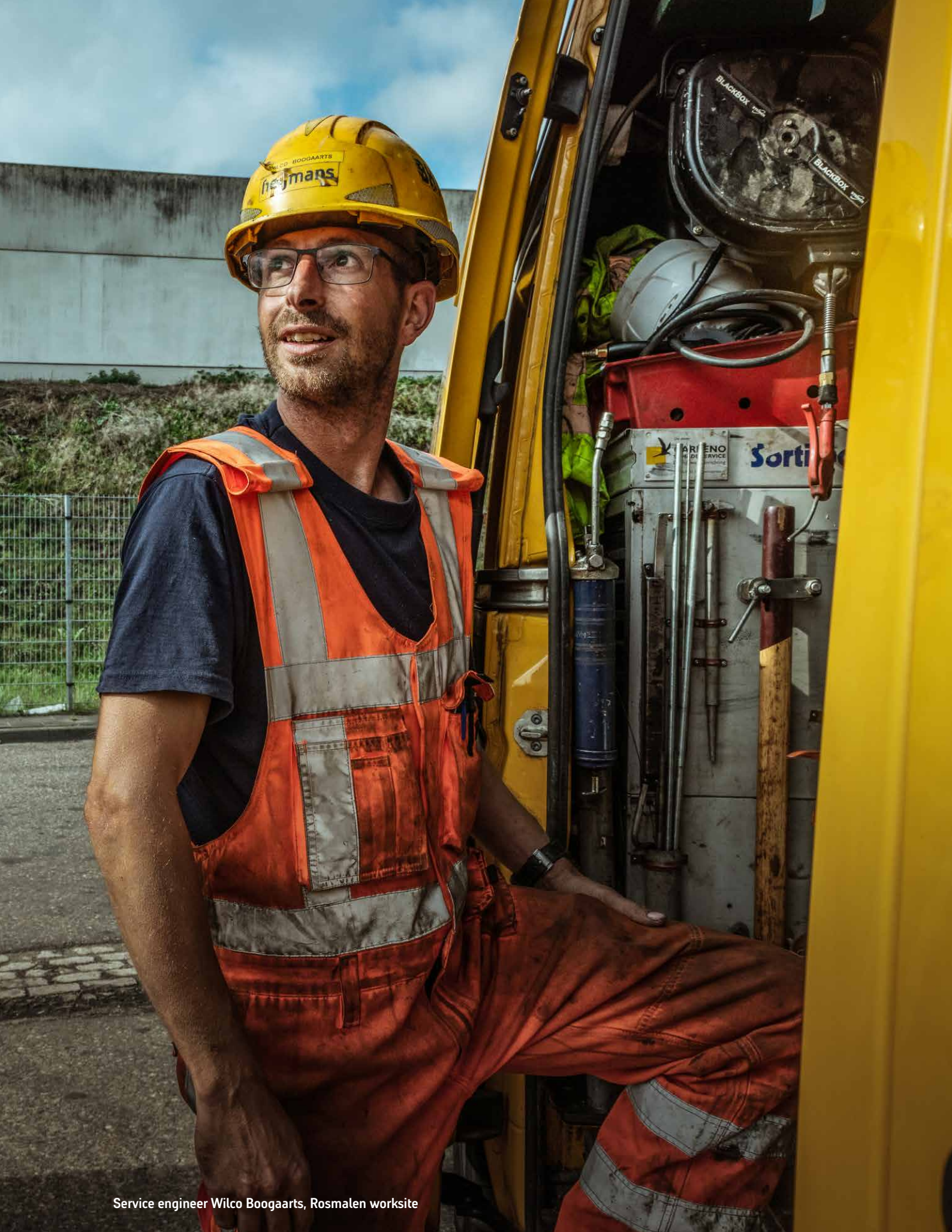
In this business area, we have combined our know-how and expertise in the fields of residential building, non-residential, multi-functional high-rise residential construction and services. The Residential Building activities consist primarily of new-build projects, but also include the redevelopment and renovation of existing homes. This includes the transformation of buildings that have been assigned a new function. We have also developed innovative residential concepts such as Heijmans ONE, Huismerk and Wenswonen. Our Residential Building business area also targets multi-functional high-rise residential construction. On this front, we focus on complex inner-city new-build projects and buildings with highly mixed functions. This activity requires a combination of expertise and specific know-how, which translates into a single nationally operating business unit with fixed teams.

Non-Residential designs, realises and maintains buildings with high-grade electro-technical and mechanical installations. In new-build projects, these are realised in an integrated fashion with an ever-greater emphasis on the connection between building and installation. This integrated approach to construction and installation technology is our unique selling point on this front.

Non-Residential focuses on the healthcare market, education sector, commercial real estate for private buyers and semi-government and government bodies, industry, data centres and the leisure sector. In addition to new-build projects, maintenance and management account for a growing part of our project portfolio. These activities are part of Services. New-build contracts are increasingly tied to long-term management and maintenance, in terms of both buildings and installations. The monitoring of buildings and data-driven services are a growing part of our activities.

Infra

Heijmans Infra's activities focus on the laying, maintenance and improvement of infrastructure, with an emphasis on mobility, water and energy. We are also active in the design and construction of public spaces (including installations and technology, such as lighting, camera and reference systems) and the realisation of civil engineering projects such as viaducts, tunnels, cables, pipelines, energy supplies, locks and water purification systems. We design, realise, manage and maintain the structures and buildings, as well as their technical installations. Also at Infra data-driven solutions and services are playing a growing role in the overall portfolio of activities.



Service engineer Wilco Boogaarts, Rosmalen worksite

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The management

Executive Board



**Mr. A.G.J. (Ton) Hillen (1961),
Chair of the Executive Board / CEO**

Dutch. Mr. Hillen was appointed as a member of the Executive Board of Heijmans N.V. on 18 April 2012, reappointed on 13 April 2016 and appointed as CEO on 1 December 2016. He has held various positions at Heijmans since 1992 and was Director of Property Development and Residential Building at Heijmans from 2008. Prior to joining Heijmans, Mr. Hillen was employed at BAM and Anton Obdeijn Projectontwikkeling.



**Mr. J.G. (Hans) Janssen (1967),
member of the Executive Board / CFO**

Dutch. Mr. Janssen was appointed as a member of the Executive Board / CFO of Heijmans N.V. on 30 October 2017. Prior to joining Heijmans, Mr. Janssen was CFO at Mediq B.V. and held various financial positions at Unilever N.V. Additional position: Member of the Supervisory Board of TIAS.

Supervisory Board



Mr. Sj.S. (Sjoerd) Vollebregt (1954) Chairman

Dutch. Mr. Vollebregt was formerly Chairman of the Executive Board of Stork B.V. and Fokker Technologies B.V. Prior to that, Mr. Vollebregt was employed at companies including Exel, Ocean, Intexo Holding and Royal Van Ommeren. He was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2015 and appointed as Chairman in 2016. He is due to step down in 2023. Principal additional positions: non-executive director of Mylan N.V. and Chairman of the Economic Board of Drechtsteden.



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

Dutch. Ms. Boumeester was formerly managing director of NS Poort. She was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2010. She was reappointed in 2014 and reappointed for an additional two years in 2018. She is due to step down in 2020. Principal additional positions: Chair of the Supervisory Board of Vebego, member of the Supervisory Board of Jaarbeurs Utrecht, non-executive director Global Via SA, Chair of Stichting Royal Haskoning, Chair of the Advisory Board of H&S Groep, member of the MerweOord Share Administration Trust.



Mr. R. (Rob) van Gelder BA (1945)

Dutch. Mr. Van Gelder was formerly Chairman of the Executive Board of Heijmans N.V. Prior to joining Heijmans, he was a board member at Royal Boskalis Westminster N.V. for 20 years, with more than 13 of these as the chairman. He was appointed as a member of the Supervisory Board of Heijmans N.V. on 1 July 2010. He was reappointed in 2014 and reappointed for an additional two years in 2018. He is due to step down in 2020. Principal additional positions: Chairman of the Supervisory Board of Atlas Services Group.



Mr. (Ron) Icke RA (1957), vice-chair, chair of the audit committee

Dutch. Mr. Icke was formerly Chairman of the Executive Board of USG People N.V. He was appointed as a member of the Supervisory Board of Heijmans N.V. in April 2008. He was reappointed in 2012 and 2016 and is due to step down in 2020. Principal additional positions: Chairman of the Supervisory Board of DPA Group N.V., Chairman of the Supervisory Board of ORMIT B.V., Chairman of the Supervisory Board of Domus Magnus Holding B.V., member of the Supervisory Board of VvAA Groep B.V., member of the Supervisory Board of Star Group B.V., board member of V.O. Zee Share Administration Trust.



Ms. M.M. (Martika) Jonk (1959)

Dutch. Ms. Jonk qualified as a lawyer in 1986. Since 1992, she has been a lawyer/partner with CMS Derks Star Busmann. She was appointed as a member of the Supervisory Board in December 2018 for a term of more than four years. She is due to step down in 2023. Principal additional positions: member of the Supervisory Board N.V. Nederlandse Gasunie, member of the Supervisory Council of Catharina hospital in Eindhoven.

We go to work singing every day

Senior site managers Bart Abels and Henri Verbruggen are working on a place that will host tens of thousands of international guests for the Eurovision Song Contest in May 2020: het Rotterdam Ahoy Convention Centre.

But they refuse to freak out about it: "We continue to work according to planning." The project plays an important role in the Hart van Zuid area development, thanks to the vibrancy the renewed event location will add to the area. Bart: "And visitors will also feel very comfortable thanks to the latest installation technologies."

Bart Abels, senior site manager W
Henri Verbruggen, senior site manager E



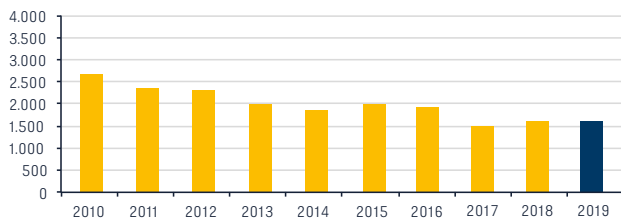
Take a look around the Rotterdam Ahoy Convention Centre
via [heijmans.nl](https://www.heijmans.nl)



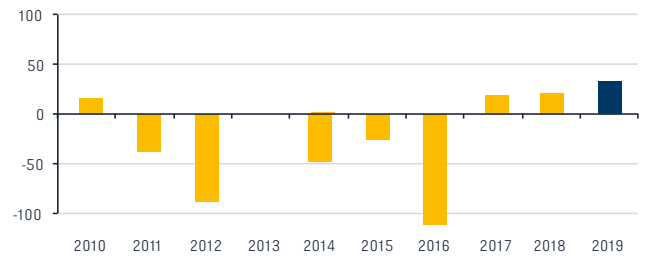
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Key figures

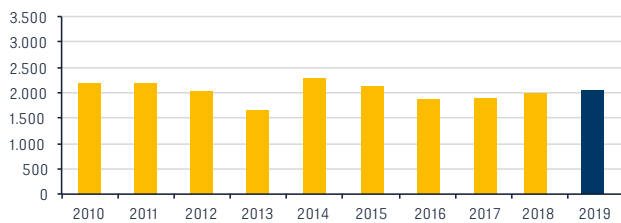
Revenue (in € x million)



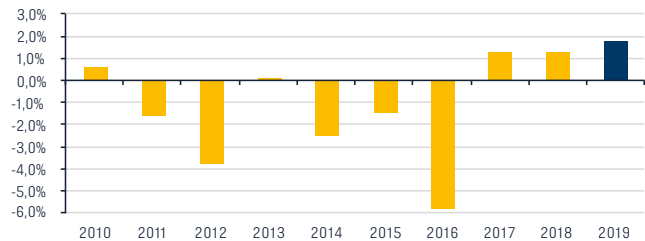
Result after tax (in € x million)



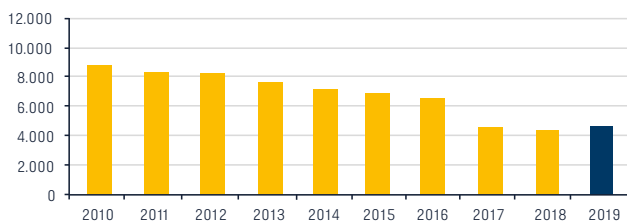
Order book (in € million)



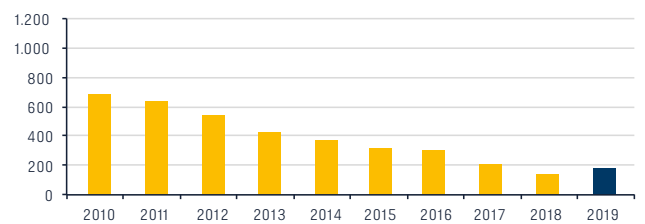
Net margin (in %)



Average number of employees



Average capital invested (in € million)



Key figures	2010	2011	2012 ²	2013 ³	2014	2015	2016 ⁴	2017	2018	2019
Result in € millions										
Revenue	2.680	2.361	2.318	2.001	1.868	1.979	1.884	1.487	1.579	1.600
Operating result	48,4	-35,7	-87,2	11,9	-63,5	-29,0	-94,0	45,3	22,6	29,0
Result after tax	15,7	-37,6	-87,7	1,9	-47,3	-27,3	-110,5	19,5	20,5	30,0
Capital in € millions										
Assets	1.600	1.554	1.366	1.203	1.205	1.190	1.056	771	776	898
Average invested capital	683	636	541	423	372	318	293	202	161	196
Equity capital	455	416	315	313	259	266	142	162	149	178
Net debt	178	103	149	66	31	10	146	-14	-31	30
Cash flow in € millions										
Operating	74	-6	-45	-10	46	10	-68	21	27	42
Investment	-34	42	-26	-3	-10	-9	-22	91	-10	4
Financing	-131	-19	8	8	-23	51	43	-116	-3	-26
Cash flow	-91	17	-63	-5	13	52	-47	-4	14	20
Ratios in %										
Return on average capital	7,1	-5,6	-16,1	2,8	-17,1	-9,1	-32,1	22,5	14,1	14,8
Result after tax:										
- as % of equity	3,5	-9,0	-27,8	0,6	-18,3	-10,2	-77,8	12,0	13,8	16,9
- as % of revenue	0,6	-1,6	-3,8	0,1	-2,5	-1,4	-5,9	1,3	1,3	1,9
Solvency rate based on guarantee capital	32,6%	31,0%	27,9%	31,5%	27,0%	26,1%	17,7%	26,9%	25,0%	24,8%
No. of shares x 1.000										
At year-end	16.851	16.956	17.328	19.349	19.461	21.407	21.407	21.409	21.409	21.409
Average	16.851	16.917	17.191	18.111	19.420	20.661	21.407	21.408	21.409	21.409
Data per share¹ x € 1										
Equity	27,00	24,53	18,32	17,28	13,34	12,87	6,63	7,57	6,96	8,31
Operating result	2,87	-2,11	-5,07	0,66	-3,27	-1,40	-4,39	2,12	1,06	1,35
Result after tax	0,93	-2,22	-5,10	0,10	-2,44	-1,32	-5,16	0,91	0,96	1,40
Dividend	0,35	0,35	0,25	0,15	-	-	-	-	-	-
Share price information x € 1										
At year-end	15,05	8,19	7,05	10,51	8,95	8,18	5,52	9,71	8,00	7,50
High price	15,25	23,90	9,68	10,78	14,20	13,36	9,20	10,87	12,92	11,52
Low price	10,70	6,58	5,25	6,85	7,83	5,77	4,59	6,02	7,44	7,12
Other data										
Order book (* in € millions)	2.188	2.192	2.026	1.643	2.287	2.094	1.863	1.898	2.014	2.124
Employees (average number of FTEs)	8.839	8.384	8.242	7.617	7.198	6.808	6.412	4.520	4.483	4.565

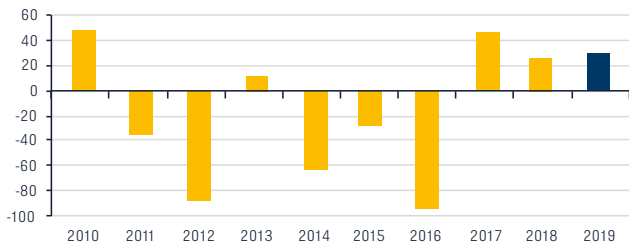
1. The data per share is expressed in terms of the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end.

2. After adjustment due to a change in accounting policy for defined benefit plans (see the financial statements).

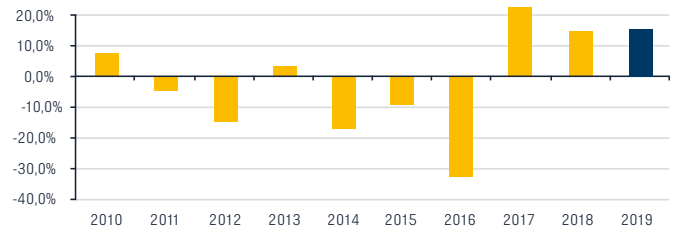
3. After adjustment due to a change in accounting policy for joint arrangements (see the financial statements).

4. The figures from the statement of profit or loss concern all activities (including discontinued operations). The figures in the statement of financial position are before the reclassification of discontinued operations to assets held for sale, with the exception of total assets. Net debt and order book are after reclassification of discontinued operations to assets held for sale.

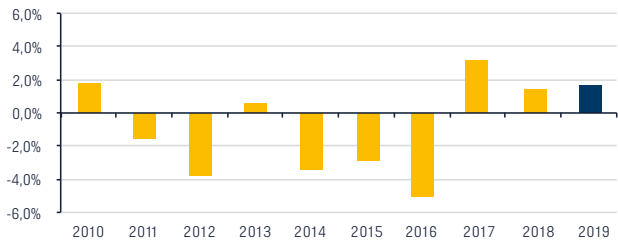
Operating result (in € million)



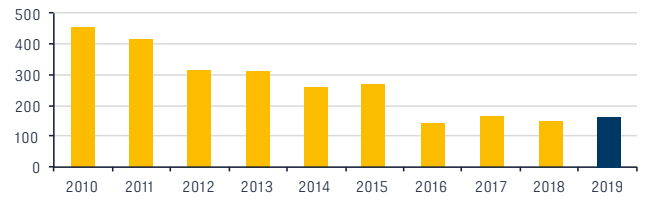
Return on average capital invested (in %)



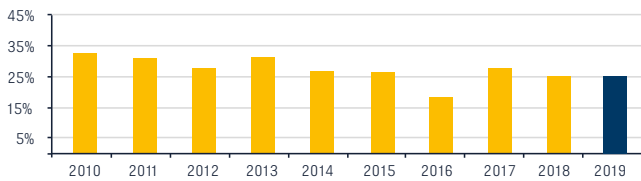
Operating margin (in %)



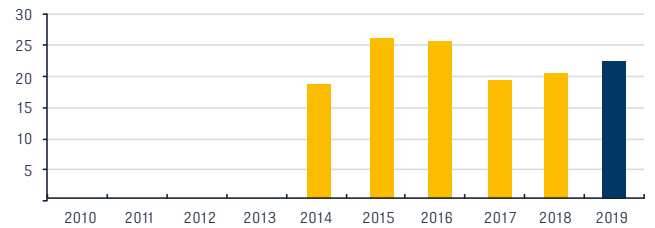
Equity (in € million)



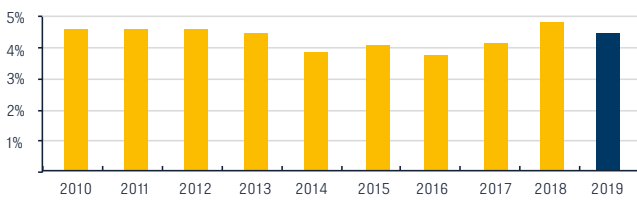
Solvency rate based on guarantee capital (in %)



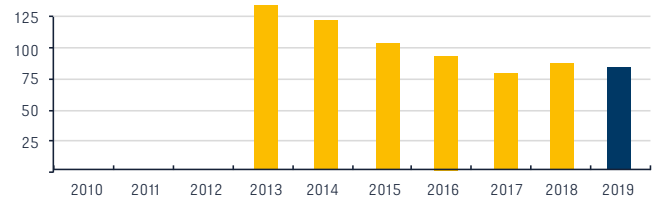
Total amount of residual material (in tonnes) *



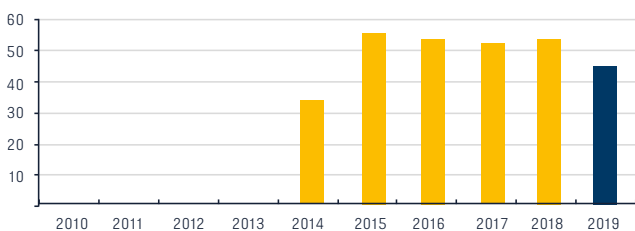
Absenteeism (in %)



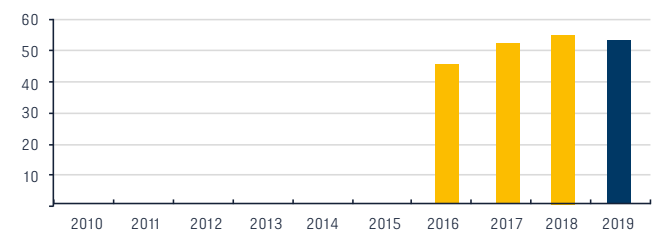
Number of accidents (incl. sub-contractors) *



CO₂-emissions scope 1 + 2 (in tonnes) *



Procurement spend preferred suppliers (in %) *



* We do not have data going back 10 years for these key figures. We are reporting these figures for the years for which data is available. Any changes in definitions in the reporting period are explained in more detail in the KPI table in the appendices.



Development manager Chakir Ahaloui, the courtyard of Ruytenburch, Vlaardingen

A worker wearing a yellow hard hat with the 'heijmans' logo and an orange high-visibility jacket is seated in the operator's cab of a yellow machine. He is looking at a control panel with a screen and various buttons. The background shows an industrial setting with other equipment.

Data supports craftsmanship

Until recently, Harry van Zon and Mario Brandwijk knew nothing about each other's professional field. Still - together with their teams - they developed the 'Geboortekaartje Asfalt' (asphalt birth-card), a web application that translates data from asphalt material into comprehensible information about the quality of the work. "Being able to target quality more effectively makes our work more sustainable."

Mario Brandwijk, process coordinator
Harry van Zon, commercial manager



Take a peek behind the scenes via
via [heijmans.nl](https://www.heijmans.nl)



5

The Heijmans share

The share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2019 was as follows:

Shares (x 1,000)	Authorised share capital		Issued capital	
	2019	2018	2019	2018
Ordinary shares	35.100	35.100	21.409	21.409
Cumulative financing preference shares B	7.000	7.000	4.510	4.510
Protective preference shares	8.000	8.000	-	-
	50.100	50.100	25.919	25.919

Ordinary shares

The shares are held by the Heijmans Share Administration Trust (SA Trust). The face value per ordinary share is € 0.30. The SA Trust had issued 21,409,162 depositary receipts for shares as at 31 December 2019, which are listed on the NYSE Euronext stock exchange in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of ordinary shares and depositary receipts for shares, together with a summary of the key figures per ordinary share/depositary receipt, are presented in the table below.

Shares (x 1,000)	2019	2018	2017	2016	2015
In issue on 1 January	21.409	21.409	21.407	21.407	19.461
Issue of share capital	-	-	-	-	1.946
Stock dividend	-	-	-	-	-
Matching shares Share Matching Plan	-	-	2	-	-
In issue on 31 December	21.409	21.409	21.409	21.407	21.407
Average in issue for the year	21.409	21.409	21.408	21.407	20.661
Earnings per share* (in €)	1,40	0,96	0,91	-5,16	-1,32
Dividend per share (in €)	0,28	-	-	-	-
Pay-out ratio %	20%	-	-	-	-

* Per average issued share

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

Heijmans market listing	2019	2018	2017	2016	2015
Closing price (in €)	7,50	8,00	9,71	5,52	8,18
High price (in €)	11,52	12,92	10,87	9,20	13,36
Low price (in €)	7,12	7,44	6,02	4,59	5,77
Dividend yield at closing price (in %)	3,7%	-	0,0%	0,0%	0,0%
Market capitalisation at year-end (in € millions)	161	171	118	118	175
Average daily turnover (in no. of shares)	122.598	138.608	171.892	171.892	161.793

Cumulative financing preference shares B

On 28 June 2002, Heijmans issued 6,610,000 cumulative financing preference shares B at a price of € 10 per share. As at 18 September 2015, there were 4,510,000 cumulative financing preference shares B outstanding. The face value per ordinary share is € 0.21. These shares are not quoted on a stock exchange and no depositary receipts are issued for them. The dividend is revised every five years, most recently as of 1 January 2019. From that moment until the next review date (1

January 2024), a dividend of 7.21% has been agreed, payable each year within 14 days after the General Meeting of Shareholders (AGM). In the interim, this yield will be reduced by 100 base points (1%) as soon as the outstanding capital in cumulative financing preference shares B is halved compared to the amount that was outstanding at year-end 2018, this being € 45,100,000. The company has the right to repurchase or cancel these financing preference shares B at any time. Redemption elements are applicable under certain circumstances during the newly agreed review period. Information about specific agreements and associated terms and conditions is available in section 6.21 of the financial statements in this annual report.

Issued share capital and equity holdings

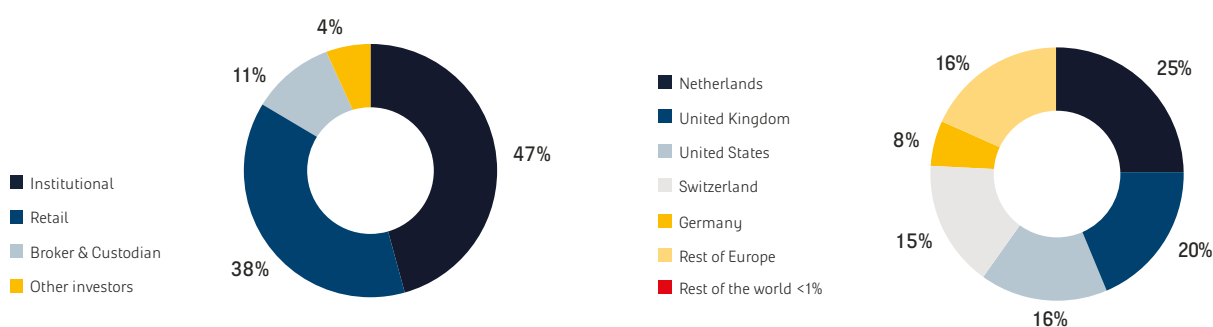
The issued share capital and associated voting rights were last changed in 2017, as a result of an issue of (depository receipts for) shares related to the granting of matching shares to the members of the Executive Board. One cumulative financing preference share B entitles the holder to 1,278 votes. Ordinary shares entitle holders to 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2019 was as follows:

	Issued capital		(Potential) Voting right (%)	
	Number	% (based on nominal value)	Number	%
Ordinary shares	21.409.169	87,1%	642.275.070	99,1%
For which depository receipts issued	21.409.162	87,1%	642.274.860	99,1%
For which no depository receipts issued	7	0,0%	210	0,0%
Depository receipts	21.409.162	87,1%	642.274.860	99,1%
Cumulative preference shares	4.510.000	12,9%	5.763.780	0,9%
Total year-end	25.919.169	100,0%	648.038.850	100,0%

To the best of the Heijmans' knowledge, and also based on the WMZ (Dutch Major Holdings in Listed Companies Disclosure Act) register maintained by the Dutch Financial Markets Authority (AFM), the following investors held an interest of 3% or more in Heijmans as at 31 December 2019:

Holdings in Heijmans	31 December 2019		31 December 2018	
	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
Kempen Capital Management N.V.	6,4%	0,4%	6,4%	0,4%
NN Group N.V.	6,4%	0,4%	6,4%	0,4%
ASR Vermogensbeheer	5,5%	6,2%	5,5%	6,2%
Quaero Capital SA	4,3%	4,9%	4,2%	4,7%
Acadian Asset Management LLC	3,5%	4,0%	<3%	<3%
Dimensional Fund Advisors LLP	3,5%	4,0%	<3%	<3%
River and Mercantile Asset Management LLP	3,4%	3,8%	3,2%	3,6%
Unionen	3,3%	3,7%	3,3%	3,7%
JP Morgan Asset Management Holdings Inc.	<3%	<3%	4,5%	5,1%
	36,3%	27,6%	33,4%	24,3%
Other holdings	63,7%	72,4%	66,6%	75,7%
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 broken down as follows:



* Figures are indicative as at August 2019

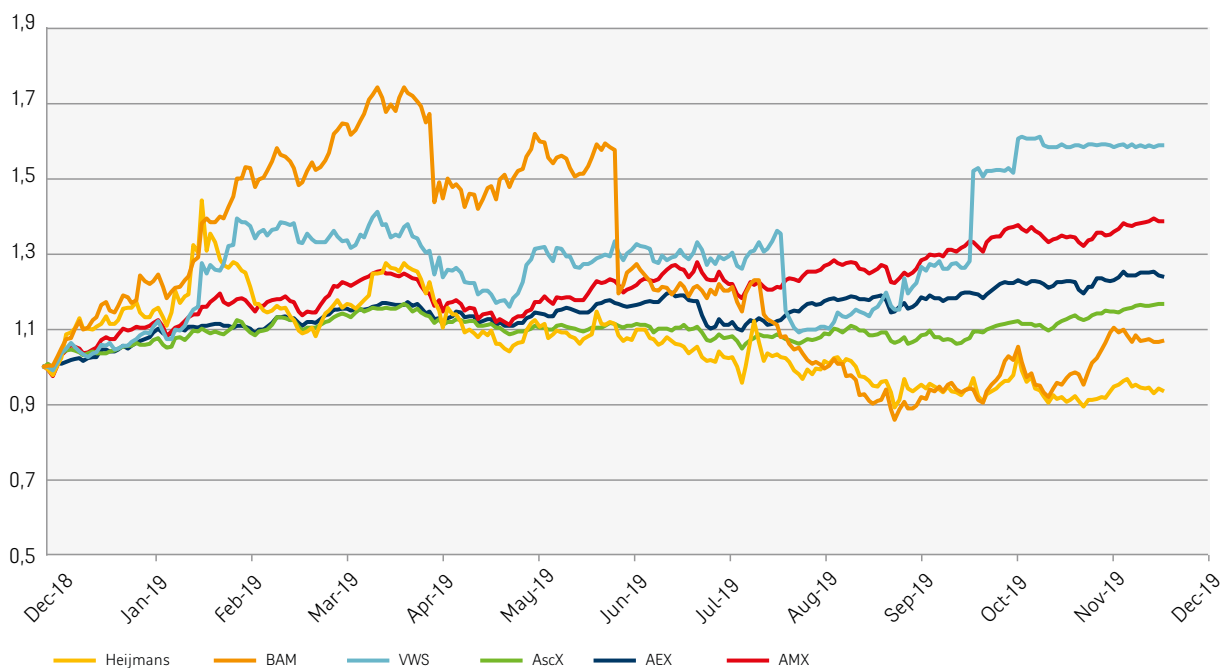
In the year under review, the (estimated) shareholdings of institutional investors probably remained stable at 47% (2018: 47%).

An estimated 25% of the depositary receipts for ordinary shares are held by institutional investors in the Netherlands. This figure is slightly higher than at year-end 2018 (24% in the Netherlands). It is estimated that the majority of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.

Share price development

The closing price for the ordinary share was € 7.50 at year-end 2019. This represents a decline of 6% compared to the closing price for the 2018 financial year (€ 8.00). This was an underperformance when compared with the AScX Index, which increased by 17% in the same period. The media coverage around PFAS and nitrogen led to uncertainty from May onwards, which caused a decline in the share price of Heijmans and its peers. The figure below shows the price movements of Heijmans shares in 2019 compared to the AScX Index, as well as compared to the other listed Dutch construction companies, BAM and Volker Wessels.

Movements in Heijmans share relative to AScX index and peers (closing price 2017 = 100%)



Financial calendar 2020

Heijmans has set the following (publication) dates for 2020:

Date	Event	Time
15 April 2020	General Meeting of Shareholders	14.00 hours
8 May 2020	Trading update	Pre-market
21 August 2020	Publication interim results 2020	Pre-market
28 October 2020	Trading update	Pre-market



Parijsch, Culemborg

Everything you want, in a place where you least expect it

Alderman Ivana Somers has dedicated herself to achieving a more balanced housing market in Vlaardingen for almost 15 years now. This is why she has embraced Heijmans' initiative to redevelop the former Shell sports complex Vijfsluizen into a green and healthy living environment.

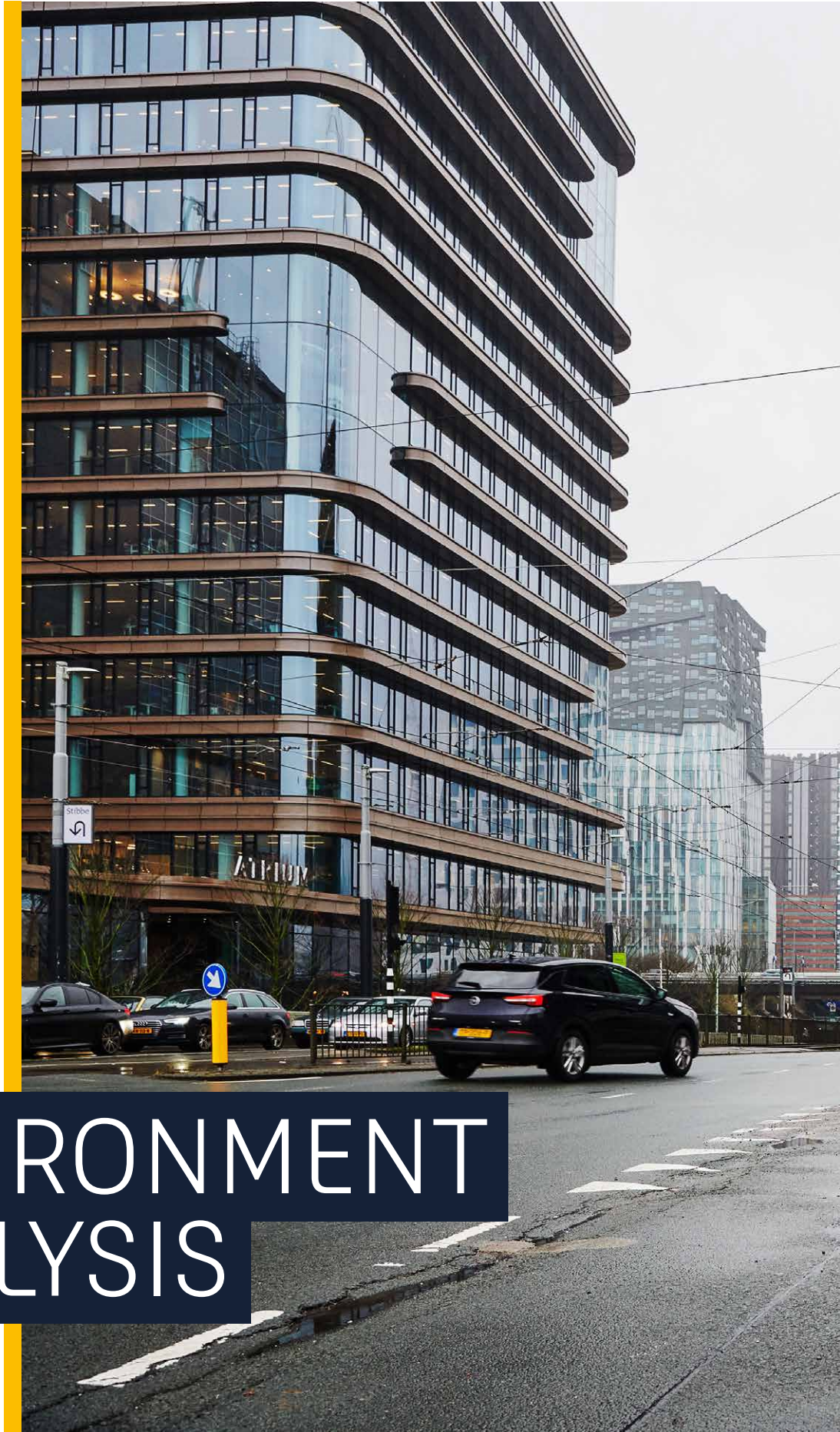
"Park Vijfsluizen will be a residential area for a target group we didn't have much to offer before: young families who prioritise nature and peace, as well communal areas. What's more, we are breathing new life into an almost forgotten place in the collective memory of Vlaardingen."

Ivana Somers
Alderman Vlaardingen



Read the full interview
via [heijmans.nl](https://www.heijmans.nl)





ENVIRONMENT ANALYSIS

New Amsterdam
Court House (NACH),
Amsterdam



Hier wordt de nieuwe rechtbank Amsterdam gerealiseerd
een optimaal werkend gebouw voor 20 jaar



NA CH
Afdeling Openbare Werken
Bouw- en Techniek
de Rechtbank
www.denieuwerechtbank.amsterdam

Hier wordt de nieuwe rechtbank Amsterdam gerealiseerd
een optimaal werkend gebouw voor 20 jaar



NA CH
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BETAALAUTOMAAT

6

Trends in the market

As a leading company in our sector, we follow what is going on in the market, so we can match our propositions as closely as possible to the needs of society. Below is a brief outline of the developments we have identified and are responding to.

Digitalisation

The world is becoming increasingly digital, something we are also seeing very clearly in the built environment. Thanks to digitalisation, we can improve and accelerate our production processes. And smart analysis of big data makes the management and maintenance of existing objects more efficient and safer. From homes to offices and from bridges to locks and tunnels. We are nowhere near the end of this development. We are increasingly working with BIM (Building Information Model: a digital model of an object to be built) and Digital Twins (a virtual version of an object to be built, which is used throughout the entire lifecycle, and which can be used to carry out extensive tests even before physical production starts). The products we deliver also contain more and more smart data. A recent example is the N279 near Helmond, where we incorporated sensors in the asphalt that measure the tyre pressure of lorries. If these detect any major deviation from the recommended tyre pressure, the system automatically draws up a report, scans the license plate of the lorry and mails the data to the company that owns the lorry. This enables us to prevent tyre blow-outs on lorries, which can damage the road surface. Not to mention that it increases road safety. Another example is BeSense, a sensor-based system for smart building management, which enables managers to make strategic, data-driven choices with regards to housing.

Pressure on the housing market persists

Demand in the housing market remains great. Demand is changing, partly as a result of the ageing of the population. Families remain the largest target group, but the number of one-person and two-person households is increasing. At the same time, supply is declining, mainly because government agencies lack sufficient planning capacity. Political dynamics are making it difficult to get new plans on the agenda at municipal level.

Direction at a national level, combined with the designation of large-scale locations, is needed to boost the housing supply. Due to the high demand and declining supply, prices are rising. Construction costs have also risen. During the crisis, 100,000 people left our sector and two-thirds of them have not returned. This enormous shortage of personnel is leading to scarcity and therefore to higher costs. The cost of land has also risen over the past year. The high demand and higher prices have made it difficult for starters to enter the housing market, which has an impact on the housing market as a whole; in the more expensive segments, too, we are seeing less movement, and this is again pushing up prices. The affordability of homes is under pressure. As a company, we would like to help increase planning capacity on a structural basis. After all, greater supply will restore balance to the market. With further standardisation and industrialisation, and if regulations remain unchanged, it should be possible to make production processes more efficient and in turn make homes more affordable. Consistent policy and regulations are a basic prerequisite for this. All in all, therefore, it will take a considerable effort to bring supply and demand back into balance. Nevertheless, the outlook for the housing market is positive and demographic developments offer enormous opportunities for our company.

New kinds of contract

In the cooperation between private parties and a number of public authorities as clients, such as Rijkswaterstaat (the Dutch Ministry of Public Works and Waterways - RWS) and water boards, the past year saw the launch of a number of significant developments that led to improvements in contracts and the distribution of risks and opportunities. Based on a study by McKinsey, Rijkswaterstaat intends to cut large-scale projects into two phases. First, there is a brief tender phase to arrive at the selection of a party. Together with the client, this party will then work out the basic principles of the project up to and including a final design. The major advantage of this working method is that the final design gives all parties involved a much better picture of the risks and costs before the contract is awarded. This reduces the chance of overruns during execution.

Another change in tender policy is the clustering of similar contracts. In the coming years, rail operator ProRail wants to get rid of all unsupervised level crossings and would prefer to make all crossings on different levels. This will require the construction of viaducts or underpasses in many places in the Netherlands. ProRail is issuing contracts for this in clusters of 10 or 15 projects. As a result, the contracted party will be able to develop specific expertise and come up with innovative solutions for the realisation. Another example is the Schiphol maintenance contract, a long-term cooperation agreement to stimulate joint innovation. The expectation is that the government will use this type of contract on a larger scale. In the short term, this will lead to some delays in the planning, due to the fact that all the parties involved will have to gain experience with this working method. However, we see this development as a significant improvement and a boost for innovation in the longer term.

Climate and environment

Due to government measures and stakeholder support for sustainable energy sources, the need to switch to sustainable energy is becoming ever more urgent. The Paris climate targets set the framework for this. In the Netherlands, the Energy Transition Progress Act has even made the gas-free development and construction of new-build homes mandatory. As of 1 January 2021, the existing standard for the energy performance of a home (the Energy Performance Coefficient: EPC) is expected to be replaced by the BENG (Nearly Energy-Neutral Building) standard. The latter outlines more stringent ambitions for new buildings. The requirements are being tightened at an accelerated pace, which is putting considerable pressure on designers and builders. One point of concern is the affordability of housing, which will come under further pressure in the short term. After all, tightening up the requirements for new construction will lead to higher production costs, and someone will have to pay for these costs. As a construction company, we develop innovative products and services to meet that demand. Over the past year, we set up Heijmans Energie B.V. to pool our knowledge and experience in this area and to develop new solutions for the decentralised generation and supply of sustainable energy. We can have the greatest impact when we move beyond object level and facilitate sustainable energy at neighbourhood and/or district level, based on an integrated area approach. And this applies not only to new-build projects, but also to existing construction projects that require large-scale renovation and restructuring. This is perhaps where the greatest challenge lies for the sustainability of the built environment.



BIM coordinator Ellen Punt-Groot, Koningsoord, Berkel-Enschot

PAS and PFAS

Public and private parties alike are working hard to make environmental impact an ever higher priority in our sector in terms of regulations and the development of construction techniques. Everyone is convinced of the need to do this. But in the past year, PAS (Nitrogen Action Programme) and the PFAS problem have also made it clear that the consequences are sometimes far-reaching and sudden. The current threshold values for PFAS will in due course - from the end of 2020 - result in major delays, particularly in infrastructure projects. The nitrogen problem also requires a structural solution. Ad hoc measures will not solve the underlying problem. The progress we need to see requires a realistic solution for the transitional periods. In the years to come, PAS and the PFAS problem will be a concern that will require a considerable effort in terms of energy and inventiveness.

Circularity

Circular construction is one of the avenues we can take to protect the climate and the environment. Preventing waste and recycling are central to this, as material flows become material cycles. This has major consequences for the construction industry. The switch to circular thinking requires change and a lot of effort. Genuine circular thinking encompasses the entire lifecycle of an object to be built. From design for reuse to life-extending maintenance and the collection and reuse of residual materials. Another trend that may also make an important contribution to circularity is the switch that an increasing number of companies are making from producer to service provider. This is no longer about selling products, but about offering products as 'as a service', where the client pays for the use of a product. We are also seeing the first signs of this turnaround in the construction sector, and we too are exploring the possibilities this creates, including the legal and financial consequences. Our moveable Heijmans ONE home is just one example of a concept that has the characteristics that will make it possible to offer the home as 'as a service' at some point in the future.

Need for mobility

Transport and mobility is a key theme for both the economy and for social purposes. There is an undiminished need for mobility in the Netherlands, which results in a constant stream of plans to resolve bottlenecks and improve overall capacity. However, we are also seeing a growing desire to fit these solutions into the environment in an appropriate way, in terms of both landscape and ecological requirements. New developments, such as mobility-related data collection and the increase in the number of electric cars, are also raising new issues, such

as the increase in the number of central charging stations and the construction of charging points in cities.

Heijmans wants to respond to this demand and play a role in the construction and exploitation of charging points via Heijmans Energie B.V. The rise of hydrogen as a fuel may also result in increased activity in the field of cables and pipelines.

Available labour

Achieving a good match between our business activities and the available labour is crucial if we are to continue to execute our projects and services effectively. This ratio is constantly changing and a construction company has to build a healthy balance between directly deployable in-house employees and a flexible shell. The nature of the work is also gradually changing. The implementation of the strategic agenda will make IT components more important and this also applies to more specialist roles, such as those in the field of energy and sustainability.

Pioneering together

The residents of Fenix 1 came together long before the construction plans for Rotterdam's Katendrecht peninsular had been finalised. They joined forces to fulfill their housing wishes and soon became a close-knit community. This development method, together with future residents, was something quite new for Heijmans. As future residents conversed, fantasised and discussed their ideas, the plans for the design and lay-out became more and more concrete. Resident Karin van Wingerden: "As pioneers, we helped Heijmans and the architect to refine the plans. This resulted in a magnificent residential building, where a lot of people now live with a great deal of pleasure."

Karin van Wingerden
Resident Fenix I, Rotterdam





7

In dialogue with stakeholders

As a construction company, we deal with a broad playing field of principals and clients, employees, shareholders and other capital providers, suppliers and subcontractors. But obviously, we also deal with the industry as a whole, public sector bodies, think tanks and educational institutions, social groups and end-users. We interact with all these groups intensively to maintain a connection with the market and to hear the views of specific stakeholders on what they consider important.

Our stakeholder interaction is a fully continuous process we conduct using a range of instruments and meetings. In 2019, the Executive Board once again took an active part in talks with various stakeholders, including the works council, shareholders, lenders, analysts, clients and suppliers. In the year under review, we organised various stakeholder meetings to discuss our strategy and a number of material issues. Examples of these include Procurement's Partner Event, consultations about the Governance Code on safety, roundtable discussions with municipalities, Rijkswaterstaat (Dutch Ministry of Public Works and Waterways) and advisors and the Climate agreement sounding board group of Dutch corporate social responsibility organisation MVO Nederland.

A common thread in all these discussions was the fact that safety and sustainability will play an ever-increasing role for Heijmans and society as a whole. It is important to contribute to the realisation of the Climate agreement. Heijmans' new policy on the reduction of packaging materials is seen as an example of a circular initiative on our part. The market has responded very positively and is eager to help boost circularity and the importance of

the environment in the construction sector. In addition, the subject of safety is becoming increasingly important in the construction sector. We play an active part in sector-wide initiatives, such as the Governance Code on safety, but also in the creation of the Generic Gate Instructions.

• ***Client contact and evaluations***

We are in constant touch with our clients in the course of our activities, from the tender stage through to delivery and after-care, and in the maintenance and management stages of our projects. We also devote considerable attention to the evaluation of our work with clients.

• ***Roadshows and conferences***

Heijmans maintains contact with its shareholders and potential shareholders at various moments throughout the year. These contacts are not confined to the General Meeting of Shareholders and regular meetings with major shareholders, as we also have individual discussions and meetings with existing and new shareholders at conferences.

• ***Analyst meetings***

Heijmans has regular meetings with the analysts who follow our share and the company. We organised analyst meetings for the presentation of the annual and interim results and held analyst calls when we published our trading updates in the spring and autumn. Those interested can follow the full-year and interim analyst meetings live and interactively via a webcast.

• ***Works Council meetings***

Heijmans Executive Board members hold regular talks with the company's works council. Employee representatives maintain a broad dialogue via a number of fixed works council committees on specific themes: Safety,

Health, Welfare and the Environment, as well as communications, social matters, strategy and finance. Any insights these meetings yield are subsequently shared with the Executive Board.

• ***Online media***

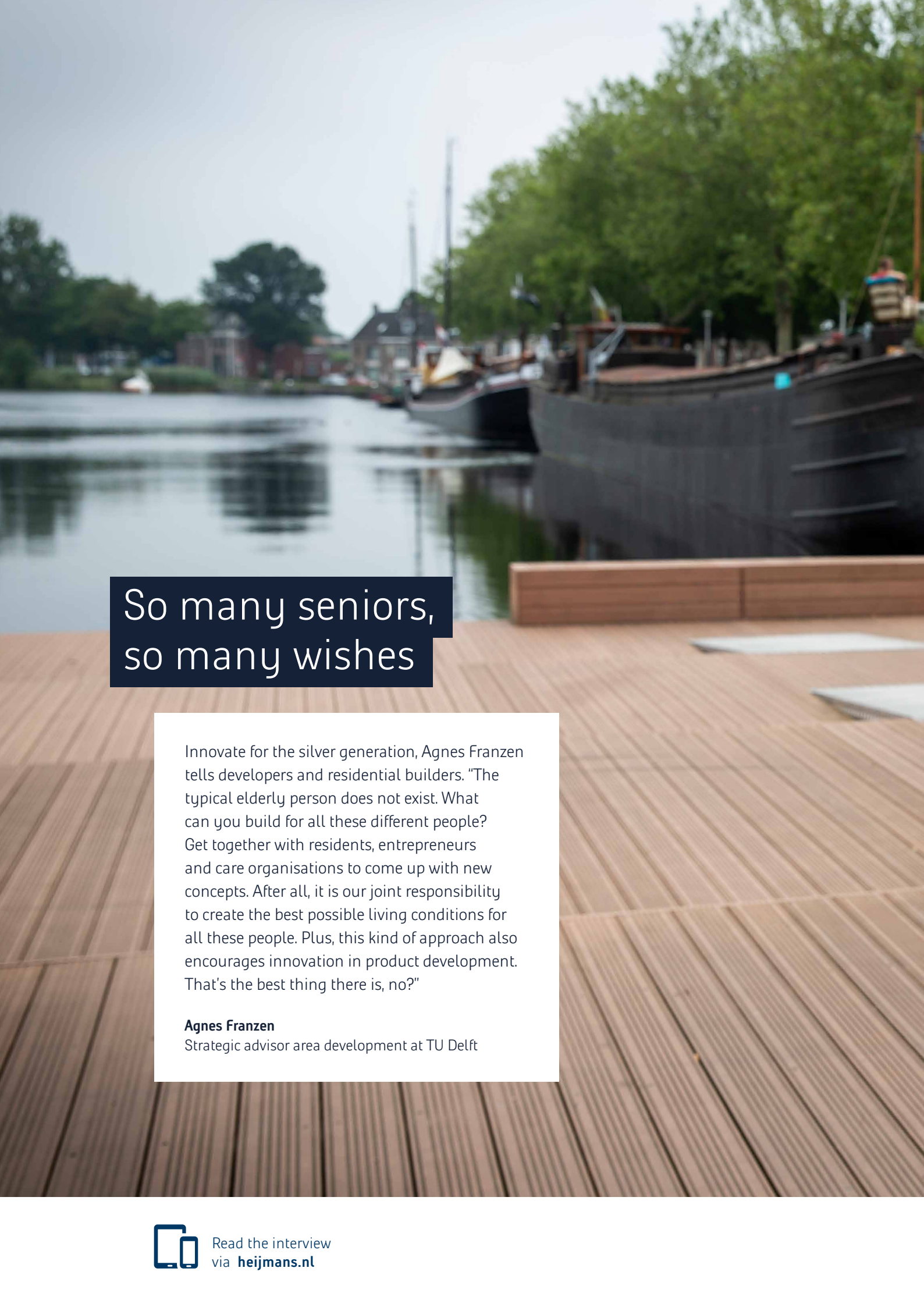
Clients, stakeholders and other interested parties can obtain information about Heijmans via the company's interactive website. This information ranges from project updates and Heijmans' view on relevant themes in society to the financial calendar and press releases. Heijmans is also active on YouTube, Twitter, Facebook, Instagram and LinkedIn, which allows us to maintain direct contacts with our followers on those channels.

• ***Capital providers and insurers***

Heijmans maintains intensive contacts with its capital providers and frequently explains the financial results to these parties. Heijmans also maintains contacts with credit insurers and guarantors.

• ***Industry bodies***

Heijmans maintains regular contacts with various construction industry organisations, such as NEPROM, Bouwend Nederland and Uneto-Vni and participates in various consultation platforms.



So many seniors, so many wishes

Innovate for the silver generation, Agnes Franzen tells developers and residential builders. "The typical elderly person does not exist. What can you build for all these different people? Get together with residents, entrepreneurs and care organisations to come up with new concepts. After all, it is our joint responsibility to create the best possible living conditions for all these people. Plus, this kind of approach also encourages innovation in product development. That's the best thing there is, no?"

Agnes Franzen

Strategic advisor area development at TU Delft



Read the interview
via heijmans.nl



8

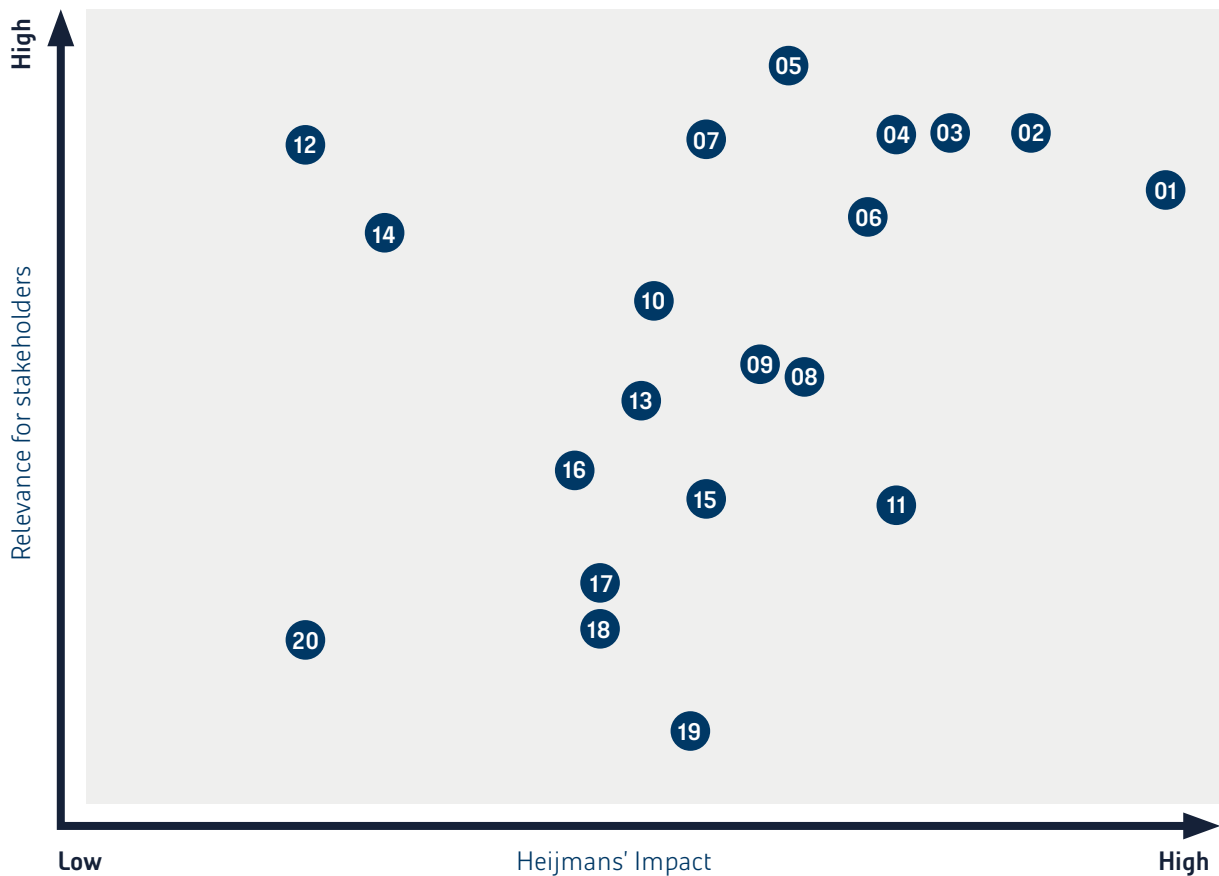
Material aspects

As part of our strategy process, we conducted a new materiality analysis in 2018. Based on desk research, we took stock of the aspects that are material to Heijmans. We took into account trends in the sector and the issues relevant to clients, investors and other players in the construction sector. We subsequently invited a number of these stakeholders to discuss these aspects in concrete terms and to score them in terms of relevance.

We also asked a larger group of external stakeholders to assign a score to these aspects via a survey. Using the same method, a group of Heijmans' in-house sustainability experts also assessed the social impact Heijmans has on these material aspects. The process was then discussed in a steering group with representatives from all Heijmans business units. Finally, the outcome of the process was adopted in the group board under the leadership of the Executive Board. The result of this analysis is shown in the materiality matrix on the next page.

In terms of the aspect 'energy-neutral solution construction', we looked at the Energy Performance Coefficient for buildings. In recent years, this standard for the energy efficiency of buildings has provided a good indication of the extent to which buildings are moving towards being energy-neutral (EPC= 0). This report also includes the average EPC of the homes built. In 2021, the government will introduce a new system for measuring the energy performance of buildings: BENG. This is not entirely comparable with the EPC. Starting next year, we will use the BENG standard as a new indicator in our report.

MATERIALITY MATRIX AND MOST MATERIAL ASPECTS



#	ASPECT
01	Work safely
02	Energy-neutral construction
03	Climate-proof building
04	Safe and healthy environment
05	Circular construction
06	Co-creation with chain partners
07	Transparent communications
08	Know-how development and retention
09	Deployment of smart technology
10	Training and development of employees

#	ASPECT
11	Being financially healthy
12	Human rights
13	Talent recruitment
14	Reduction company's own CO ₂ emissions
15	Work honestly and with integrity
16	Client-centric services
17	Privacy and cybersecurity
18	Employee engagement
19	Risk management
20	Development of local communities

The first seven items are considered the most material aspects and are included in the Management Approach in the appendices to this annual report.

The aspect 'climate-proof construction' takes many shapes at Heijmans. In some projects, such as dyke raising or water storage, climate proofing is the explicit goal of the contract. But we also pay attention to climate proofing in all other projects, for example in the rainwater drainage of buildings. We are still developing a uniform KPI for this aspect.

Based on the dialogue with our stakeholders, the aspects 'risk management' and 'financial health' do not score highly in the matrix. However, Heijmans' management is always fully aware of the crucial importance of risk management and financial control to the continuity of the company as a project-based operation. These aspects will therefore continue to be a high priority for the Executive Board and we will continue to focus closely on the related KPIs.

In this annual report, these aspects are discussed in the 'Strategy' and 'Financial results' sections. These aspects are also included in the KPI table in appendix 16.7.4 to this report.

Heijmans wants to review the materiality analysis again in 2020, so we can update the materiality matrix.

The background image shows two men standing on a metal bridge railing. They are looking towards the camera. In the background, there are several modern buildings, including one with 'Staedion' and 'abank' signs. A tunnel entrance is visible in the foreground, with a white van driving through it. The scene is set in an urban environment with greenery.

Building together digitally is faster

It is not often that you see a tunnel delivered ahead of schedule, but that is exactly what happened in The Hague, where the renovation of the Koningstunnel was completed five weeks ahead of schedule. That was partly thanks to the digital twin of the tunnel, which allowed the work to be executed far more efficiently. It took a bit of getting used to for site manager Arthur Hartman, but he is now a big fan. "This is a huge opportunity, especially for complex projects."

Arthur Hartman, site manager
Jeffrey van Korlaar, project manager



Read the full interview
via heijmans.nl

9

Value creation

Heijmans does not just create value for its stakeholders; we also focus on making a positive contribution to society as a whole. We have visualised this long-term value creation in our value creation model.

In 2019, Heijmans took the operationalisation of its strategy into the next phase. The realisation of our strategy enables us to fulfil our mission to create healthy living environments. A healthy living environment is characterised by:

- Vibrant towns and cities
- Suitable homes for everyone
- Safe, socially connected neighbourhoods
- Efficient mobility from A to B
- Good, safe connections to work and between residential areas

Measurable impact

In the year under review, we worked hard to formulate KPIs for our non-financial ambitions, so we can monitor the value we create and the progress we make towards our strategic objectives. The KPI table in appendix 16.7.4 shows how this relates to the objectives in our strategy, to our material aspects and to the United Nations' Sustainable Development Goals (SDGs) which we have selected. Two aspects from the materiality matrix are not covered by the pillars of our strategy, but do have our full attention:

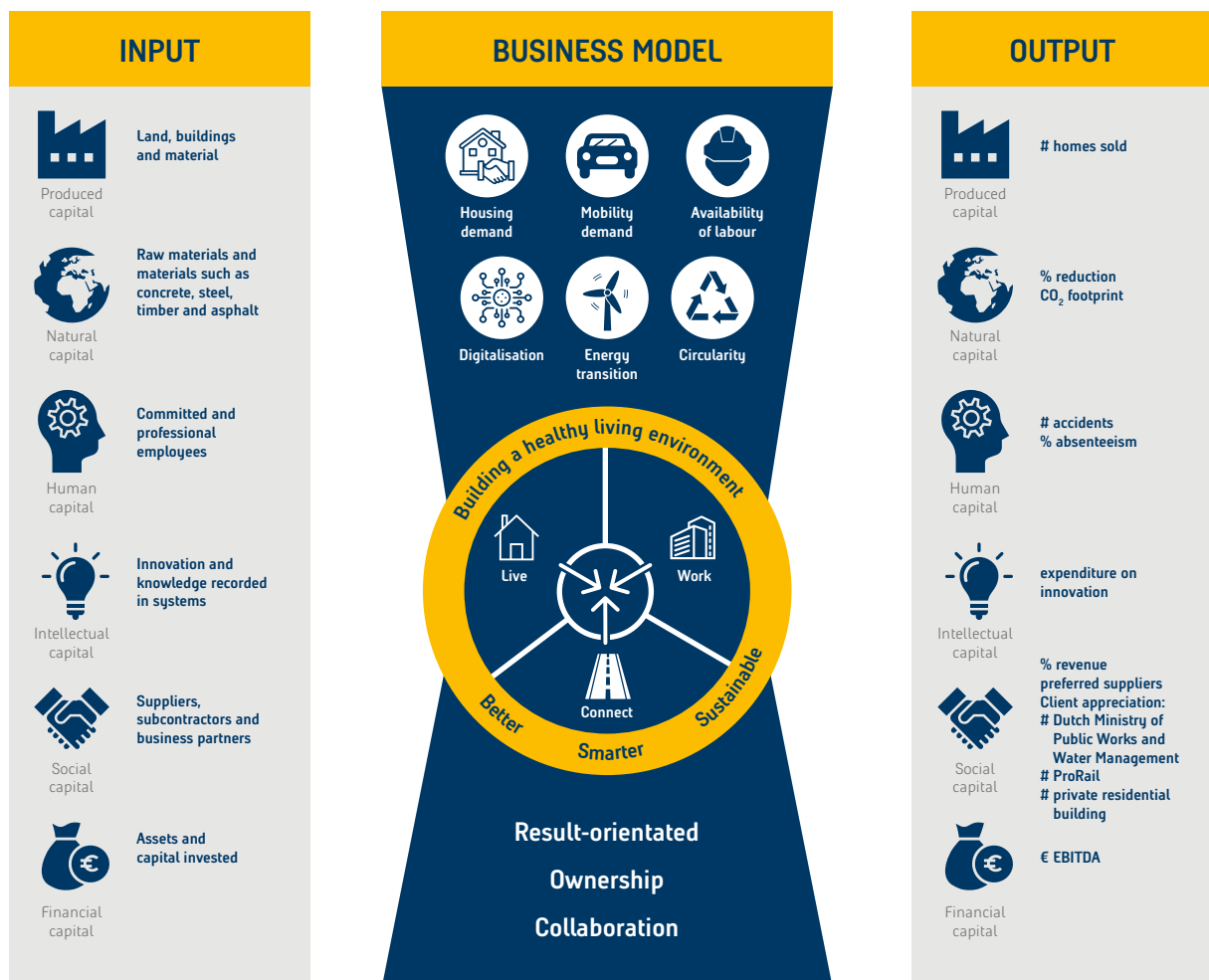
7. Transparent communications

Heijmans scored a solid 12th place in the Transparency benchmark of the Dutch Ministry of Economic Affairs and Climate. This is an annual survey of the transparency in the reporting of the 500 largest companies in the Netherlands. Our 12th place means we received the highest score in the Construction and Maritime category. It also represents Heijmans' highest ranking ever in this benchmark.

11. Being financially healthy

Financial control is crucial to the continuity of our organisation. The KPIs and explanatory notes that show that Heijmans is financially healthy can be found in chapter 12 (Financial results), chapter 15 (Financial Statements) and appendix 16.7.4 (KPI table).

VALUE CREATION MODEL







The van is my desk

The yellow Heijmans van is a key piece of equipment for our technicians. Each technician has their own ideal equipment and lay-out. Service technician Hassan Benmira describes his ideal van and how he keeps it in tip-top condition. "My van is my calling card and my home base. I use it every day to do my work. I'd be lost without it and couldn't do anything."

Hassan Benmira
technician

STRATEGIC TRANSLATION, OPERATIONALISATION & RESULT

European Medicines
Agency (EMA)
Amsterdam





10 Strategy

Heijmans wants to make a lasting contribution to a healthy living environment. Based on analyses and discussions with stakeholders, we formulated a clear strategy for the next five years (horizon 2023) in 2018, with three pillars: 'Better', 'Smarter' and 'Sustainable'. We have identified eight spearheads within this strategy. In 2019, we worked on the continued operationalisation of our strategy. We fleshed out the eight spearheads and developed KPIs to monitor our progress on these fronts.



Embedding and operationalisation

The strategic agenda and the associated ambitions in the area of 'Better, Smarter and Sustainable' apply to all our business areas. For each business area, we have developed specific priorities and propositions, aimed at their own market segments and client groups. But it is precisely the organisation-wide approach and the combination of activities and initiatives that creates synergy and added value for the built environment. By taking this integrated approach, we can make a significant contribution to a healthy living environment.



Each year, we translate the strategic agenda into concrete measures and programmes for the year ahead, including concrete targets to safeguard implementation. In addition, we have reached agreements in the area of governance. The Executive Board monitors the progress of the strategic agenda, together with the group board, which is responsible for the day-to-day operational management of the company. In addition, we have appointed officers within the organisation who are responsible for strategic spearheads.

We measure our results not only in terms of financial indicators, but also in terms of progress on strategic, non-financial objectives, such as safety and sustainability. In this chapter, we describe the steps we took in 2019; appendix 16.7.4 provides an overview of all our financial and non-financial performance indicators.

10.1 Better

As a developer and builder, with projects still the main driver of our business, we need to maintain a clear focus on risk and actively steer risk management and contract management. First and foremost, this pillar is the internal foundation for a healthy, stable company. Safety, quality and reliable processes also contribute to the predictability of our services for principals.

10.1.1 SAFETY

WE WORK SAFELY OR WE DO NOT WORK AT ALL!

Concrete goals:

- We won't be satisfied until we have 0 accidents.
- IF < 1 in 2020.

Safety is non-negotiable at Heijmans. Every accident is one too many. This is why we have a strict safety protocol: GO! (Geen Ongevallen, or No Accidents!). Safety therefore remains the top priority in all our projects, so that everyone is fully aware of the principle: 'I work safely or I do not work at all.'

	The Netherlands	
	2019	2018
Fatal accidents	1	0
IF*	3,3	3,9
# Accidents with absenteeism (including subcontractors)*	84	87

*IF: number of accidents resulting in absenteeism of at least one day per million working hours. As from 1 January 2017, the IF figure for Heijmans in the Netherlands also includes combination works. Heijmans' percentage share in the combination work is also the company's percentage share in the accidents resulting in absenteeism. No distinction is made with respect to which employee of the combination it concerns.

GO! programme

The GO! Safety programme aims to create safe working conditions and literally 'No Accidents'. Heijmans launched the programme in 2013 and it is headed by a programme manager and a team of managers, as well as a programme team of managers and line managers from across the group. After six years, the programme is firmly established and many campaigns and initiatives that originated in the programme have now been embedded in day-to-day operations. But we are not satisfied. We have noted that the earlier decline in the number of accidents has stalled. In 2019, we unfortunately had to report a fatal accident at a subcontractor, and we also consider 84 accidents too many. In addition, not everyone is aware that we require proactive conduct from everyone. That is why safety and safe working remain objectives with a high priority, and why the GO! Programme will continue to lead that effort in the years to come.

To force a breakthrough, we have developed a new Plan of Action for the period 2020-2023. The plan is aimed at making GO! part of our Heijmans identity. It focuses on two spearheads: developing proactive safety leadership and including GO! (moments) in our standard working method. In addition, we want to bind our stakeholders to our GO! ambitions.

In the coming years, we will focus our efforts on the following objectives:

1. A proactive safety culture (Heijmans on step four of the Safety ladder across the board).
2. Safety is part of the DNA of every single employee.
3. We aim for zero accidents on our building sites, and to reduce the number of accidents by 20% each year compared to the previous year.
4. We want to be leaders and trendsetters in terms of safety.

As part of being a trendsetter, we will also look for new ways to promote safety, such as virtual reality exercises in training courses.

GO! coaches

Managers are urged to make safety a priority and an important subject. The importance of safety will only get through to everyone if the subject is given structural attention. So-called 'GO! coaches' also play an important role in keeping that attention alive. They actively communicate the rules of safety-related conduct and attitude and enter into dialogues with employees. Every year, we train at least twelve colleagues to become GO! coaches. They act as ambassadors for the programme, but they also, for example, ensure that dilemmas can be openly discussed.

GO! app

Our own GO! app offers a wealth of information about working safely and is a great success. More and more colleagues are using it as a source of information and as a hotline. In the meantime, other construction companies and even organisations outside our sector are also working with this app. Over the past year, we added a section on hazardous substances, which shows users which substances they are working with and what to do or not to do with them. In addition, all the app's instructions, toolboxes and manuals have now also been translated into German and Polish. If they are using a foreign phone, employees will now immediately receive all the information in their own language. Another new component we added to the app in 2019: the GO! learning effect. If there has been an accident, we analyse what happened, how it happened and what it teaches us. We have always made these kinds of analyses and we used to send them out in newsletters. Now we put the result in the app and add another element: what did Heijmans do as a result of this accident? This shows the users that their input is being used to learn and actually implement changes.

Collaboration

The Safety in Construction Governance Code (GVGB) dates back to 2014 and at the time was signed by Heijmans and 14 other companies and organisations, both public and private. By signing the code, the companies and organisations committed to increasing safety in the sector with a joint policy aimed at a safe working and living environment, maximum safety awareness and attitude, sound collaboration and chain integration. Heijmans is also represented in the CEO vanguard group and the core group of the Safety in Construction Governance Code, where we are heading the efforts to

arrive at a uniform reporting app for the construction sector. We are also closely involved in the development and introduction of the so-called Generic Gate Instructions (Generiek Poortinstructie - GPI) and safety in tenders (Veiligheid in Aanbesteding - ViA) initiatives.

Heijmans also participates in the Safety Task Force of construction sector umbrella organisation Bouwend Nederland. In that capacity, in 2019 we were among the first signatories of the open letter to Minister of the Interior Kajsa Ollongren in response to the Dutch Safety Board (OVV) report 'Building on construction safety: lessons from the collapse of the Eindhoven Airport car park'. In this letter, the Governance Code Safety in Construction, the construction sector principals forum, Bouwend Nederland, VNconstructeurs and NLIingenieurs committed to jointly prioritising three issues with the purpose of improving attention to safety across the board in the sector, on the path to realising a strong safety culture:

1. Controlling safety in the construction process;
2. Embedding construction safety;
3. Internalising learning capabilities.

All these objectives are entirely in line with our own GO! programme.

Safety in tenders (ViA)

An increasing number of tenders and contracts in the construction sector include mandatory safety awareness. This will give safety awareness added impetus, not only among principals and contractors, but also across the entire construction chain. As of 2021, the signatories to the Governance Code Safety in Construction (GCVB) use the so-called Safety ladder to make the safety awareness of organisations measurable, transparent and comparable. Heijmans also signed the GCVB and fully supports this initiative. Heijmans already has a Safety ladder certification for its Infra activities and will seek certification for the group as a whole in 2020 in line with ViA.

Introduction new employees

Every new employee at Heijmans takes part in an introduction day. During that day, new employees are also introduced to the GO! Programme, and we discuss what this programme means for everyone. In 2019, the GO! Programme also became part of the onboarding programme for employees. This devotes even more time to safety and in particular to the aspects conduct and attitude. New employees discuss safety dilemmas with each other and consider what they can do to improve safety. This also provides us with the opportunity to learn

from new employees who come from other sectors and organisations and bring fresh, new perspectives to the table.

Boosting safety in education

Together with middle (MBO) and higher (HBO) vocational colleges, we want to make safety a fully integral part of (technical) education courses. If we can do this, future colleagues will have a sound basic knowledge of (and attitude to) safety for their future role, whether that is as a designer, planner, site manager, technician, etc. In 2019, we made contact with virtually all main MBO and HBO colleges to motivate them to integrate safety in their courses. We held guest lectures and developed teaching material in collaboration with the Civil Engineering course at HBO colleges Avans Den Bosch and Avans Tilburg. And with the Architecture course and minor in Architecture at the Rotterdam University of Applied Sciences. We also actively contributed to a new MBO safety module for professional education in construction, initiated by Bouwend Nederland. This module focuses on attitude and conduct. These are some of the steps we took to foster a real community and ensure that safety is embedded in existing education and training courses.

Procurement safety meetings

In 2019, we invited a selection of strategic suppliers/subcontractors from clusters of product groups for safety sessions. We used these sessions to discuss safety issues and develop solutions together.

Leaders in safety

To boost the GO! Leadership among senior and mid-level management, we launched a series of 'Leaders in safety' workshops in 2018 and subsequently rolled out the full programme in 2019. Around 700 mid-level and senior line managers now have the know-how they need to proactively manage safety and are building a safe culture in their own direct sphere of influence. These workshops were met with such enthusiasm that we decided to continue them in the coming year for new function groups, such as site managers, chief technicians and foremen.

Learning from accidents

We actively share major accidents with the sector in a further effort to boost learning potential. Analyses show that most accidents are still the result of the so-called 'Big Six': tripping, falling, falling objects, bumping into protruding objects, getting stuck and being hit by flying debris. Organisational measures on the building site such as order and tidiness are one way to prevent these accidents, but the main building blocks for improvements

remain attitude, conduct and calling each other out when needed. So this is where we will make an extra effort in the coming years.

10.1.2 RISK MANAGEMENT AND PROCESS IMPROVEMENT:

ALL PROJECTS ARE PREDICTABLE AND CONTRIBUTE TO PROFIT!

Concrete goals:

- We complete the implementation of GRIP in 2020
- We continue with LEAN as an improvement method

We are entrepreneurs: our work always carries a certain amount of risk. Our task is to monitor those risks closely and take targeted action to manage them. The purpose of this is to improve the predictability of our projects and consequently the predictability of our operations. In addition to the working methods and protocols we use, living up to agreements is the main prerequisite for process improvement.

In 2019, we took significant steps towards uniformity and clear risk language. For instance, we had different methods for measuring opportunities and risks in projects, and we have now introduced more uniformity on that front. We have established rules for a single, uniform method when measuring opportunities and risks. This has made it easier to compare projects, in more transparent reports and with better options for evaluation and checks.

More uniform language, categories and update criteria

As a basis for implementing a number of other improvement projects, we have worked hard over the past year to formulate and lay down a uniform risk language. We have established uniform concepts and definitions and used these consistently, and we have used this uniform risk language consistently in forms and process documents. A second step we took in 2019 was the standardisation of the project risk categories. We have defined three different categories of projects across the entire Heijmans organisation, each with its own set of agreements on the tender process, working method, responsibilities, decision-making powers and roles and tasks of all those involved. This includes the agreement as to which decisions are submitted to the Executive Board and what information is provided with these submissions. We also updated the content of the assessment criteria for these categories, so we can respond proactively to the innovation of our business. This will help us to identify and assess projects involving innovations and digitalisation at an early stage.

Company-wide improvements

Streamlining the risk language and project risk categories helps us make opportunities and risks more transparent and comparable across a wide range of different projects. Making projects more comparable also helps us to make improvements, which is why we have beefed up the existing process consultation structure. Process owners meet regularly to share knowledge and work on improvements. Uniformity helps us to look beyond the boundaries of our own business unit and work with others on company-wide improvements. At the same time, we also accept that some things are different in one business area than in another part of the company. The trick is to standardise as much as possible to optimise the benefits, but at the same time take into account the specific interpretation of a particular business area. We have also implemented this principle in our risk management tools, such as the opportunities and risks dossier.

Risk awareness and database

In 2019, we analysed a number of projects from the past with those involved. One of our risk officers used these examples to get together with project managers to look back at the opportunities and risks involved and the estimates made at the time. We also used smart methods to combine the 'lessons learned' in a risk database. This puts us in a much better position to identify recurring risks and to treat risks from the past differently on subsequent occasions. We are already using the database in the preparation of project-specific opportunity and risk overviews. In 2020, we will continue our efforts to increase risk awareness, while maintaining a healthy balance with entrepreneurship. A key instrument in this is an e-learning module that is offered to all project functions right across the company. Heijmans prepared this module in 2019 and will roll it out in 2020.

GRIP is now standard

Many of these improvements have been taken from our internal improvement programme GRIP, which, under the header 'no surprises in projects', targets project and risk management and has helped to improve the predictability of our projects. We are now reaching the point where the objectives of the programme have been incorporated in our day-to-day operations. This is particularly evident in the various process consultations according to our primary process, where the focal points of GRIP are addressed and dealt with. In this respect, we are already very close to meeting our strategic objective: 'We complete GRIP entirely'. Actually, it would be more accurate to say that GRIP can never be entirely completed, but it is now more effectively embedded in the organisation. GRIP has provided the impetus; now, it is a matter of evaluation, retention and continued improvement, as well as consistent implementation in projects. Thanks to the risk database, we can learn from experiences in shorter cycles. We add risks that materialised unexpectedly to our database and this makes it possible to include those risks in future estimates.

Process improvement

We want to make things, better, safer, faster and more efficient. We strive for operational excellence at all times. In the year under review, we used the insights from LEAN as a basis for two improvements: on the one hand, we want to make performances more measurable, to discuss same and make improvements. On the other hand, we want to embed improvements more effectively, so they become recurring improvements. Digitalisation and production technology will help us to achieve these improvements.

Conceptual building and digitalisation

The developments in the field of conceptual building are helping to broaden the mindset within our organisation and helping us to not just think in terms of projects. Conceptual thinking helps us to look for and find similarities and routines, rather than thinking and acting on the assumption that every project is unique. And because you want to be excellent in those routines, you look for recurring improvements. For example, we no longer see the construction of a new bicycle tunnel as a stand-alone project, but as an opportunity to apply and improve one of our basic designs for subsequent bicycle tunnels. Digitalisation also helps us on this front. We are now far more able to measure and visualise our performance than we were in the past, and to discuss our performance to arrive at improvements.

Embed, repeat and motivate

Another big gain is that we can make improvements more widely applicable. In the past, we found solutions and realised improvements in a host of projects and to address all kinds of challenges – often with the aid of LEAN instruments. Now, we are focusing more clearly on the question of whether every solution or improvement also has added value in other areas of our company. By introducing improvement boards or dashboards, we are actively engaging employees in the improvement targets, we are gaining greater insight and we can make adjustments immediately when this proves necessary.

We do realise in this context that employees on a building site are not motivated by abstract targets.

It is better to specify in very concrete terms what is required of everyone, whether this is about the quality of the masonry or the number of metres of asphalt laid each day. We do this via the so-called 'performance dialogue'. This motivates and stimulates the collective drive to achieve a performance target. In the coming years, we want to continue to promote this performance dialogue at every level: from abstract to concrete and thinking from the perspective of the team that has to deliver the performance.

Quality figures and client appreciation

We constantly aim for improvement and have our own criteria in that respect, but we are also assessed by our clients.

Client appreciation residential building (7.1)

Based on the customer satisfaction assessments carried out by external organisation SKB and published on the website www.klantgerichtbouwen.nl, buyers of Heijmans homes gave an average customer satisfaction rating of 7.1 in 2019, unchanged from the previous year. This was based on 139 reviews. Heijmans also registers the number of snagging items per home and aims for 'zero snagging items'. In 2019, Heijmans registered 2,396 homes as delivered and registered the snagging items at 75.5% (1,810) of these homes. Of these, 674 homes (37.2%) registered 0 snagging items.

Two major infra principals show how they assess our performance on an annual basis:

Performance assessments Rijkswaterstaat and Prorail (7.5 and 7.9)

In the performance assessments of these two major Infra principals, Rijkswaterstaat (Dutch Ministry of Public Works and Waterways) and rail operator Prorail, Heijmans scored a 7.5 and 7.9 respectively. Heijmans' own objective is to score a minimum of 8.5 in terms of client appreciation from its focus clients. This means we raised our target by 0.5 compared with 2018 (8.0). This is to illustrate that Heijmans is constantly looking to improve.

A workshop with Rijkswaterstaat is scheduled for the spring of 2020 to improve even further. It is vital that we score highly in all projects. One extreme score has an immediate impact on a high average.

10.1.3 QUALITY OF THE ORGANISATION::

WE ARE THE NUMBER ONE EMPLOYER IN OUR SECTOR!

Concrete goals:

- We reduce the number of colleagues that leave at their own request by 50% each year.
- We reduce the costs associated with absenteeism by 5% each year.
- In 2020, all managers have completed a leadership programme.
- In 2021, we have a higher employee engagement score than in 2019.

If we want to continue to be the best for our clients, we also need to recruit the best people and make those people excel. This is why we will continue to invest in the development, employability and vitality of our people. We devote special attention to sharing pride and recognition, leadership and cooperation.

Personnel numbers	2019	2018
Employees aged 24 years or less	120	133
Employees aged 25 to 39 years	1.357	1.385
Employees aged 40 to 54 years	2.111	2.056
Employees aged 55 and over	1.137	1.090
	4.725	4.664
Inflow and outflow (excl. Brabotech)	2019	2018
Inflow	487	593
Outflow	431	518
Absenteeism	2019	2018
Absenteeism	4,4%	4,9%
Diversity 2019	Man	Vrouw
Numbers of men and women	4.153	572
Total ratio men/women Heijmans	88%	12%

Almost 100% of Heijmans employees are covered by a collective labour agreement.

The focus of Heijmans' HR policy is the recruitment, engagement and retention of colleagues. We focus on the attraction of an informal atmosphere, pleasant cooperation with engaged colleagues and the exciting and impressive projects we work on every single day. We put our people centre stage and give them room to develop. Our strategic ambition - 'Builders of a healthy living environment' - also emphasises the meaningful nature of our work. We want to increase our differentiation in the labour market by expressing this identity even more explicitly and consistently. In doing so, we want to make ourselves even more attractive as an employer and recruit talented employees. The main goal of this is to become the number one employer in our sector.

Recruitment requires effort

In 2019, we saw a continuation of the scarcity in the labour market, especially for technical personnel. It is difficult to find people, but we do succeed. It takes a significant effort to find and recruit professionals/skilled workers with the right expertise. This is why we are professionalising our recruitment activities: by deploying extra recruiters and by having them focus on specific target groups. We also invest in making the sector as a whole more attractive. For instance, by being an active presence at schools and universities. We are also intensifying our own efforts in terms of providing in-house training for new professionals. One example of

these efforts is the preparation of a new in-house company academy for technicians. We have also stepped up our efforts to recruit and help young talents through an extensive trainee programme. In 2019, 60 trainees started in this programme, and they are now being trained in-house and close to the job for a position in project execution. In 2019, a total of 487 new employees joined Heijmans. To welcome them to the company and enable us to deploy them as quickly and effectively as possible, we have expanded our onboarding programme.

Retaining people through talent development

Retaining people is just as important. One of our explicit goals is career progression for talented people within our organisation. Development opportunities create perspective for motivated colleagues. It is also good for the organisation to not always have to recruit externally as positions open up. To identify talented people in our organisation, we have an annual 'fleet review' at management level. The aim is to work towards intersubjectivity in the assessment of talent and to share concrete impressions of the development of potential, and possible future career steps. These can be both vertical and horizontal. After all, the mobility of people between the various parts of the company also contributes to improved collaboration and the exchange of acquired know-how and experiences across the organisation as a whole. And that provides direct support for our strategic agenda. Managers work with HR to follow up on the assessments. The number of employees who left the company voluntarily declined by 1.8 percentage point in 2019 compared with the previous year (5.4% in 2019, from 7.2% in 2018).

Learning and leadership development

After their introduction period, Heijmans employees can continue to count on personal attention and development opportunities, as professionals and as people. We provide a broad range of programmes for professional development and personal growth via the Heijmans Academy. A total of 10,000 registrations were submitted for these programmes in the year under review. Some of these are compulsory training courses, such as those linked to the safety qualifications of our employees, but they also include individual coaching or registrations for external training courses. A total of 680 employees took part in the 'Leaders in safety' programme. As in the GO! Programme, these training courses focus increasingly on the conduct required to realise sustainable change. Driven by our ambition to train our people more strategically, we are working with managers to step up our efforts in terms of looking for interventions at team level, rather than maintaining a broad range of individual training courses. We ask: what does the organisation need? In dialogue

with the management of the various departments, we establish what is needed in those departments and then develop a targeted offering of training courses. The Excellent client management and Project development courses are good examples of this approach. Training courses and development programmes for managers focus primarily on leadership.

Reducing the cost of absenteeism by working on vitality

In 2019, the absenteeism rate declined by 0.5% to 4.4%, from 4.9% the previous year. This means we have returned to an average level. Our ambition is to reduce this rate even further. The targets for the reduction of the cost of absenteeism have resulted in increased movement, contacts and cooperation between the management and line-managers to devote attention to the reduction of absenteeism in cooperation with employees, our occupational health service Arbo Service Centrum (ASC) and providers (such as an occupational health service). We are devoting increasing attention to vitality – and therefore in fact to prevention – everywhere around us and that also applies to our own organisation. People are devoting more attention to their lifestyle, exercise and nutrition. We support and facilitate initiatives in this field that start in the business areas and departments. For instance, in 2019, the Works Council and Residential Building both organised two-day workshops on the subject of healthy living and lifestyle. We also organised inspirational sessions and exchanged information about nutrition – what food suits which kind of work at which time of the day. The Infra professional days also deal extensively with the subject of vitality.

The centralised digital platform for all HR processes, Workday, which we introduced in 2018, was rolled out across the board in 2019. We added an absenteeism signal component to the platform for absenteeism guidance. Linking data enables us to generate more accurate absenteeism analyses and continue to improve our approach to the subject.

Employee engagement: solid improvement

In 2019, we had an engagement scan conducted at all our business units. The results were generally positive and the scores were higher than in previous scans. Engagement at the business units where this was measured previously increased by between 10% and 20%. Also notable was the strong positive change in the loyalty measured compared with the previous survey. Employees in various places in the organisation said they see particular potential for improvement in reciprocal

collaboration and the exchange of know-how. This is entirely in line with the ambitions expressed in our strategy. We have shared the results with managers, so they can reach agreements with their teams on further improvements. The following scan has been scheduled for 2021.

Diversity

In 2019, Heijmans signed the Diversity Charter of the Dutch Labour Foundation (Stichting van de Arbeid), stating in effect that Heijmans 'promotes the application of the principles of equal opportunities at every level of the organisation'. Our approach combines increasing diversity with improving inclusion. The former focuses on attracting all the talent that is available, including from groups that are currently under-represented in our workforce. The second focuses on appreciating and making the most of differences. We have formulated objectives to increase three types of diversity: gender, age and ethno-cultural background. We have opted for an approach that starts small with very measurable, clearly defined results per sub-area. We believe this will enable us to recognise patterns and mechanisms that we can then scale up to have a greater impact. In terms of gender diversity, in 2019, 12% of Heijmans employees were female. We want to increase that percentage by at least 10% in the coming year, to 13.2%. In terms of age diversity, we note that the under-thirties age group is strongly under-represented. The average age at Heijmans is 45. We are therefore devoting a great deal of attention to the inflow and progression of students and school-leavers. In 2020, we will recruit 60 new trainees, and our ambition is to increase the mid-level vocational college (MBO) student workforce by 30% to 90. In terms of ethno-cultural diversity, we aim to hire 15 immigrant residence permit holders in 2020 and gain experience in training and onboarding this target group.

10.2 Smarter

We want to use innovative ideas, products and services, to offer smart solutions that help society respond to the important issues of today and tomorrow. The built environment is becoming more and more interactive due to the use of intelligent, data-generating systems. This information helps us to continue to improve our services to our clients. But we believe the building process itself, throughout the entire chain, can also be made smarter: by thinking more on the basis of standard solutions and industrialised processes. Heijmans' ambition is to continue to play a leading role in the design, realisation and management of the built environment, and we therefore want to help shape the chain.

10.2.1 DIGITALISATION:

DIGITAL BUILDING IS AS IMPORTANT TO US AS PHYSICAL BUILDING!

Concrete goals:

- All projects we work on have a digital twin in 2023.
- In 2020, we will have successfully launched at least 10 data-driven services on the market.

Digitalisation is fundamentally changing the construction sector. We document everything we build in a single digital model. We can subsequently use this model to monitor and manage the use of the object. This means that every object we design, realise and maintain will have a digital twin, and that there will be an increasing convergence between the physical and digital worlds. This development will generate new data and opportunities but will also create new revenue models. We have already taken steps in the right direction with innovations such as SlimWonen, BikeScout and BeSense. In the future, we will collect even more data from the built environment and translate that data into new insights, products and services.

We took a number of significant steps in our digital transformation in 2019. Not only in terms of technology itself, but also in terms of how we can optimise the development of digitalisation concepts and, more importantly, what that means in terms of letting go of analogue concepts. The business areas are focusing primarily on the development of new opportunities in the market. Our IT professionals are observing, advising and facilitating on the basis of a shared agenda and an integrated approach on this front.

In 2019, we implemented a data platform to combine the storage of all Heijmans data. In addition, the DevOps platform, where we develop and maintain the software for these new concepts, is now operational.

Over the past few years, we have replaced numerous systems in our organisation with more modern cloud alternatives, which has helped us to improve our operating processes. These alternatives include Workday for HR processes and Salesforce to facilitate a fully digital client journey for our clients. Cyber security and privacy were focal points in this drive. Technology is now no longer an obstacle; the greatest challenge we face remains the human factor: know-how exchange and collaboration. Together, we are developing a new way of working, which is something we need to do to arrive at innovative products and services: agile and DevOps, with short sprints that yield quick results; and across the boundaries of individual departments, with teams that combine various areas of expertise.

We still have some major steps to take to achieve our digital twin ambition. In 2019, we took a joint decision on the steps we need to take and how we are going to take them to achieve our goal for 2023. To this end, we developed a measurement methodology, with a common language and the BIM ladder as a yardstick, with specific ambitions for the various business units and projects. The BIM ladder has five ambition levels (A through E), which indicate the extent to which the Building Information Model is used integrally and as management information during the development, design, construction and maintenance processes of an object. We use sub-categories based on stars within each level. These sub-categories define which BIM activity or output must be delivered, appropriate to the desired level of ambition, and does so in concrete terms.

We have used this system to formulate a 2020 target for each business unit that is in line with the current status and the ambition level on the digitalisation front, as well as the demand in the market. This target is focused on the percentage of projects that meet the ambition level and the number of stars set as the norm. This means that we have an appropriate standard for every business unit. And for Heijmans as a whole, we use the sum of the business units to determine the percentage of all projects that perform at least in line with the target standard.

A more detailed explanation of this system is available in appendix 16.7.12 to this report. As of 2020, we will introduce this figure as a new KPI in our reporting about digitalisation, as well as in our annual report.

A selection of data-driven solutions we worked on in the year under review:

Warning drivers

The road surface of the N279 road near Erp contains a smart tyre pressure gauge, which provides lorry drivers with information about their tyre pressure. This is important, as four out of 10 accidents involving lorries are related to low tyre pressure. The system is an initiative of SmartwayZ.NL and Heijmans. As the lorry drives over the sensor, the driver immediately sees information on their tyre pressure via a digital sign by the side of the road. We are currently working on also making this information available via the onboard computer in the cabin.

Monitoring buildings

Together with cleaning company CSU and sensor manufacturer Clicky, Heijmans has developed BeSense. This is a smart system that provides insight into the occupancy, utilisation and comfort values of all the rooms in a building. The sensors measure functionalities such as CO₂ levels, temperature, light intensity and humidity. This multitude of data allows building managers to make the management of their buildings smarter and more efficient. In addition, the information the system obtains is linked to the cleaning services. The BeSense cleaning app provides the cleaner with information about the cleanliness of various rooms, sanitary areas and desks. And based on that information, they receive a proposal for tasks, planning and walking routes.

Asphalt birth card

A software specialist and an asphalt specialist from Heijmans teamed up to develop a system that improves the quality and sustainability of asphalt processing. 'Geboortekaartje Asphalt' (Asphalt birth card) is a web application that converts data from asphalt machines into comprehensible information about the quality of the work. The asphalt roller operator's screen displays a range of information, including the temperature of the asphalt and the number of times the roller has driven over the newly applied layer of asphalt. This information is crucial to fine-tuning the work and delivering even better quality. Documenting a digital track record of all raw materials and operations also gives us a valuable document that helps safeguard quality for the entire life-cycle of the road, from construction and compaction to wear and tear and maintenance.

Technicians with superpowers

Together with SAP and Microsoft, in 2019, Heijmans launched an innovation project to enable Infra's service technicians to use digital technology to carry out maintenance in a smarter fashion, and thus faster and more efficiently. For this purpose, we installed a temporary mobile innovation lab in Rosmalen, where a



Project manager Raw materials Bas van de Pol
and innovation manager Gerbert van Bochove,
asphalt plant Den Bosch

multi-disciplinary team worked on a new software solution. The team also incorporated ideas from the business and the group of technicians. The result is a prototype for an app that gives a technician options such as resolving error reports remotely. And while in the field, the technician gets extra support by having all the available data on a tablet, plus assistance from a specialist at the office who can see what the technician sees via a VR headset. We will continue to develop this app in the coming period. The ultimate goal is to provide our professionals with the best possible equipment to help us achieve our ambition to become a smart city operator.

Monitoring infra objects and detecting drones

Data processing and data analysis are now part of Infra's core activities. We have developed advanced IT systems for the remote monitoring of waterways, bridges and tunnels, and our services already stretch beyond that. Infra's specialist System Integration & Technology division has developed a system for the Ministry of Defence that uses microphones and GPS to detect drones and accurately determine their position. This is a completely new concept, but based on the same technology that Infra already uses to monitor objects.

Safer crossings

Heijmans installed the first Crosscover in the Netherlands in front of the Aegon head office in The Hague. This is a highly visible zebra crossing that lights up in the dark when in use. The crossing uses flashing LED lights to warn motorists of approaching pedestrians and cyclists. Thanks to the brightly coloured patterns, the crossing also stands out quite clearly during the day. This is a solution for extra safety. We will analyse the results of this pilot to continue developing the concept in the future.

Manage your home

With its SmartLiving (SlimWonen) concept, Heijmans has developed a practical system for the management and monitoring of the entire home, from lighting to sunscreens and from heating to security. The system is integrated and offered as a standard feature in the WensWonen residential concept.

Marketplace for raw materials

Heijmans has developed the 'Matching Materials' platform to stimulate the reuse of raw materials and building materials. The principle is simple. Companies can use Matching Materials to offer raw materials and building materials that become available at projects. Projects in the same area where these materials are needed can find them via the same platform. By matching supply with demand, we avoid the need to extract new raw materials, limit unnecessary transport movements and reduce interim storage. Heijmans came up with the concept in 2019, and the marketplace is already operating within Heijmans. We now have plans to market the concept more widely. The more parties that participate, the more efficient the system will become. The system currently focuses solely on raw materials, but Heijmans aims to add other materials to the marketplace in the future.

10.2.2 PRODUCTION TECHNOLOGY:

WE WILL WORK MORE FREQUENTLY ON THE BASIS OF STANDARDISED PROCESSES AND PRODUCTS!

Concrete goals:

- In 2023, 50% of our construction is conceptual.

We are moving from thinking in terms of unique projects to standardising processes (conceptual building), modular building and the use of smart logistics and technologies on and around our building sites.

Under the header 'production technology', Heijmans is taking major steps towards working increasingly on the basis of standardised processes and products. From thinking in terms of unique projects, we are moving towards standardised, modular and conceptual construction, and increasing the use of smart logistics and technology on and around our building sites. This is safer, faster and more efficient, and more predictable than traditional construction. What is more, it significantly reduces the time we have to spend on site, which is a major bonus, certainly in inner city projects.

Concept homes

Heijmans develops and realises concept homes with a high degree of standardisation and in cooperation with regular co-makers. In 2019, Heijmans completed a total of 738 homes according to the Heijmans Woonconcept (housing concept), compared with 821 homes in 2018. This brings the total number of completed homes in this residential concept to well over 2,900. In 2019, more than 53% of all houses and more than 31% of all homes we built were concept homes. There are two formats in the Heijmans Woonconcept: Heijmans Huismerk is for the rental market, while Wenswonen is for private home buyers. Prefabricated components are manufactured under ideal conditions using an industrialised process. The components are put together at the construction site. We have now built thousands of homes using these concepts. We use the experience we gain to constantly improve the basic design. So far, we have focused our concept homes only on houses. In 2020, we will move to conceptual construction for apartment buildings.

Prefab components

We are also increasingly working with components that have been manufactured via an industrial process and are processed on the building site in other building processes, too. Not only in housing, but also in our non-residential and infrastructure activities. Examples of projects that made significant use of prefabricated components in the construction process are the European Medicines Agency (EMA) office building and the AMC hospital, both in Amsterdam. Others include the construction of an apartment complex and a hotel on Oostenburgereiland, also in Amsterdam, and the De Cobana residential complex on the Katendrecht peninsular in Rotterdam. And we use prefabricated concrete piles to lay foundations in our infrastructure activities.

Smart logistics

Building is a complex logistics process that offers many opportunities for improvement. We can reduce the number of transport movements, reduce inconvenience and significantly reduce CO₂ and nitrogen emissions by organising the logistics flows in a smarter fashion and using sustainable materials. We have developed Smart City Logistics to improve the logistics around our projects and the buildings and sites we manage. From a logistics hub, we use electric transport to serve our clients and their inner-city buildings. We are already using this concept at Schiphol Airport and the Hanzehogeschool college in the city of Groningen, but we will certainly be applying it more often, also in cooperation with partners. For instance, in 2019, we signed an agreement with PostNL for this purpose.

10.3 Sustainable

As a trendsetting party in the construction sector, we want to play a leading role in improving the sustainability of our living environment. We can make a difference by making our designs sustainable, with a view to alternative and decentralised energy generation, efficient use or reuse of resources and optimum user comfort and experience. The ultimate goal is to no longer withdraw energy, materials and space, but instead to add to the living environment and by doing so create value.

10.3.1 ENERGY:

OUR PRODUCTION IS CO₂-NEUTRAL AND WE CREATE ENERGY-NEUTRAL SOLUTIONS FOR OUR CLIENTS!

Concrete goals:

- From 2023, Heijmans is CO₂-neutral*. We offset any remaining emissions.
- In 2023, we can deliver 100% energy-neutral solutions for our clients.

We ensure that the energy performance of the built environment is in line with the targets of the Paris climate agreement. We prefer to look at effective solutions at area level, because that is where we can make affordable changes with the maximum impact. At the same time, we want to be able to serve individual clients looking for an energy-neutral home, office or overpass. This will enable us to seize every opportunity for energy transition in the built environment. In addition, we are working on the structural reduction of our own footprint, beginning with our own CO₂ emissions. We will offset the remainder of our CO₂ emissions after 2023 to boost this effort. This will create an internal price for CO₂, which will serve as an added incentive to make every investment required in the coming years truly fossil-fuel free.

* Scope 1 + 2

Reduction CO₂ emissions

In 2019, the scope 1 and 2 CO₂ emissions declined by 15% compared to the previous year, on slightly higher revenue. This decline was due to a reduction in the direct execution activities in the period under review. The main decline was in the fuel consumption at projects (27%) and reduced asphalt production at the asphalt plants (22%). The scope 1 and 2 emissions totalled 45,543 tonnes in 2019, compared with 53,781 tonnes in 2018. We report additional information under the Carbon Disclosure Project (CDP).

Scope 1: Fuel

The vast majority of emissions at Heijmans are generated by lease cars, the execution of projects and in our asphalt plants. The emissions from our vehicle fleet make the largest contribution, despite the use of electric cars (7%). The 15% reduction in CO₂ emissions (compared to 2018) was mainly due to changes in 'fuel projects' and 'asphalt plants'. The decline in emissions from projects runs parallel to the lower asphalt production in 2019. The change is mainly due to the fact that we completed a number of large projects at Infra and we currently have fewer projects in progress. We are seeing a slight decline in emissions from our vehicle fleet, a trend that is continuing as a result of the growing number of electric vehicles.

Scope 2: Electricity and business kilometres

CO₂ emissions as a result of electricity consumption and business travel account for two percent of our total CO₂ emissions. This is slightly higher than in 2018, because we use Dutch green electricity generated from biomass and, under new standards, we are no longer allowed to use the conversion factor "zero". For the asphalt plants, we continue to use green wind energy and can therefore use the zero conversion factor.

We want to be CO₂ neutral as of 2023. To realise this ambition, we have drawn up an energy management plan for the period 2019-2023. We want to drastically reduce our emissions in four years by saving energy, generating sustainable energy and offsetting any emissions. Approximately 38% of our emissions are currently generated by the use of lease cars, approximately 30% comes from projects (diggers, generators, etc.) and approximately 25% is from our asphalt plants.

Mobility

As of January 2020, our employees have the option of choosing a mobility budget as an alternative to the lease car. The key to the plan is giving employees more freedom of choice. They can drive a car, but they can also

opt for train, bicycle or other modes of transport. We expect that more conscious choices will lead to greater sustainability. Furthermore, by 2023 at the latest, all newly ordered lease cars and vans will be electrically powered.

Equipment

To make our equipment more sustainable, we have drawn up a roadmap that targets electrification (or hybrid) for all machines where possible. And where this is not an option, we will transition to alternative fuels such as biogas or hydrogen. Our aim is to implement the roadmap in phases (on the basis of replacement), but the nitrogen issue means we may have to accelerate the implementation of these measures.

Asphalt plants

We are planning to transfer our asphalt production plants to an independent asphalt company in which we will participate with fellow construction firm BAM. Making the asphalt chain more sustainable is part of the new company's strategic agenda. Competition watchdog the Netherlands Authority for Consumers and Markets (ACM) has assessed the plans for this new company, and recently issued a permit for the proposed creation of a joint asphalt company. In 2020, we will work out the details of the structure and implementation of the new company. Once the new independent asphalt company is set up, Heijmans will become a client (in the so-called scope 3 of CO₂ emissions) and will need to establish and monitor purchasing terms and conditions.

Solar panel noise barrier

In various projects, we develop innovative concepts and products that reduce energy consumption or generate sustainable energy. One example of this is our involvement in the unique Solar Highways project: the world's largest pilot set-up of a solar panel noise barrier, along the A50 motorway near Uden. The barrier incorporates bifacial solar panels. The pilot structure covers some 400 metres. If it proves a success, the concept can be scaled up to hundreds of kilometres.

Heijmans Energie BV

Energy is an increasingly important component of all the projects we undertake. More and more frequently, it is a theme we can use to set ourselves apart in tenders and in the perception of end-users. In fact, it is no longer possible to see our products as separate from the subject of energy. To ensure we can offer smart solutions, we are developing our own integrated vision for the incorporation of the energy demand. Energy is becoming an integrated part of our solutions, particularly in area

developments in which we have overall control. This is why we have decided to set up a new entity in which we will combine all existing relevant know-how and disciplines within Heijmans. We launched Heijmans Energie BV in January 2019, and this company will focus on the development, realisation and exploitation of sustainable energy systems in the broadest terms. The ultimate goal is to design smart cities and realise energy-neutral areas. We already have a large number of the disciplines necessary to realise that ambition. We already build infrastructure for heating and electricity; we build heating networks; and we also already generate some sustainable energy ourselves. The new entity will collate, safeguard and take charge of the development of all our in-house know-how and expertise.

Heijmans Energie BV cooperates with all business units across the entire Heijmans group, but also acquires its own contracts, such as the contract for Noorderhaven in Zutphen, for a sustainable climate control system for the apartment building using collective geothermal energy and individual heat pumps. In the Park Vijfsluizen development in Vlaardingen, the company is studying the possibilities for a collective heating supply for the entire area. Our intention is to collate and develop know-how rapidly and possibly enter into joint ventures with external partners in sub-areas, so we can put integrated smart grids in the market and design and set up smart cities within the next few years.

10.3.2 MATERIALS:

WE ARE TARGETING 100% CIRCULAR CONSTRUCTION IN 2023!

Concrete goals:

- In all our quotes, we calculate the environmental performance, the so-called LCA score. In 2023, we will include that as standard in all our quotes to clients.
- In 2021, all packaging in our construction projects will be 100% reusable or recyclable, and as of 2023, the disposal and processing will also be circular.
- In 2023, all the houses we deliver to our customers will be 100% circular. In 2030, this will also apply to apartment buildings.
- In 2023, we will use circular asphalt and concrete; in 2030, we will build 100% of our projects using these materials.

We want to meet the requirements of our clients with solutions that have the minimum impact on the environment. That means that we think about the materials we use and reuse, about the optimum life of our building works, and about renovation rather than new-build. And that starts at the drawing board. We are helping to increase awareness on this front, but we are also taking concrete steps to minimise impact. For instance, we will make our standard products, including our concept homes, circular. But we also want to continuously reduce the burden of pollutants – such as asphalt, concrete and steel – and eventually replace these with cleaner alternatives, and we will use our influence in the chain to achieve this ambition. For instance, by rejecting packaging or making it recyclable, and by choosing logistical solutions that prevent unnecessary transport movements.

Raw materials are becoming ever more scarce. The continued extraction of natural resources is putting enormous pressure on the earth's long-term perspective. This has created a real sense of urgency in terms of developing alternatives. Preventing waste and making systems circular are among the key solutions on this front. This can be done to a variety of degrees. Heijmans uses the Value Hill tool to structure opportunities for circular business models, to enable us to develop a strategy. This provides us with insight into existing material flows, to break these flows open where necessary and discover new opportunities and possibilities. The greatest added value for Heijmans lies in the 'pre-realisation' stage: by coming up with smart designs and working with partners to develop plans that are based on the longest possible lifecycle and that facilitate renewed use of objects, parts of those objects or raw materials.

Procurement is also a key driver behind making our operations more sustainable. We have an impact on the road to circularity by setting clear demands for our suppliers. For each strategic goal we have defined for ourselves, a multi-disciplinary group of staff at Heijmans has started work on analysing the problem and drawing up solutions and plans that stimulate the realisation of our objective. We outline the current status in terms of these themes below:

Packaging

We made great progress on the packaging front in 2019, with the introduction of a sustainable packaging policy. We require all our suppliers to supply us with fully recyclable packaging. First and foremost, we focus on the creation of so-called mono-flows of reusable materials. This means, for example, that packaging that contains different materials is no longer permitted on building sites where Heijmans is active.

In 2020, we will include the requirement of fully recyclable packaging in all our contracts. In 2021, we will actively execute this policy, and in 2023, we will have made sure that all packaging is disposed of in a circular manner. This sets an example and a new standard for the industry. Acceptance of our requirement in the supplier market has exceeded our expectations. Our waste processors Renewi and Suez are also engaging with our policy and are already drawing up plans for an annual improvement.

Tooling and methods

We have a task force to look at how we can calculate circularity in a clear and uniform manner and which tooling we use for which key figures. One key prerequisite is reaching agreements with third parties and making circularity transparent, measurable and demonstrable. We are participating in this drive via the CB23 (Circular Construction 23) platform, together with the government, major principals, consultants and other construction companies. For homes, we use the CPG (Building Circularity Performance) value. For Infra, for example, we work with the Dubocalc environmental impact measuring tool developed by Rijkswaterstaat. The LCA (Life Cycle Analysis) value is the starting point for these and other measurement methods.

Asphalt

We have stated that we will be able to supply circular asphalt in 2023 and that we will use that circular asphalt for all our contracts in 2030. We are already a long way towards making our asphalt more sustainable and are running up against the limits of our technical capabilities at the moment. The fact that relatively little material is released from existing projects also plays a role in this, because the infrastructure sector has been able to significantly extend the lifespan of the roads under construction in recent years. For Heijmans, therefore, the launch of the new joint venture with BAM is a significant step. It creates opportunities to combine expertise and investment and thus opportunities for greater sustainability. The Netherlands Authority for Consumers and markets (ACM) has issued a permit for the plans for the new company. In 2020, we will work

out the details of the structure and the implementation of the new company.

Smart combinations

In early 2019, Heijmans, together with two other construction companies, won first prize in the Sustainable Asphalt competition organised by the Dutch Ministry for Public Works and Waterways (Rijkswaterstaat). The prize was for our efforts to reduce CO₂ emissions and increase circularity by adjusting the asphalt mixture for ZOAB (highly porous asphalt concrete) top layers. We combined two techniques to increase the reuse of ZOAB asphalt granulate in DZOAB (sustainable highly porous asphalt concrete). We used a bio-based rejuvenating agent, while at the same time developing a pre-treatment for the ZOAB granulate, which makes it easier to extract stone aggregate from the re-used asphalt.

Concrete

Since we buy concrete and do not make it ourselves, we depend on the market for any sustainability efforts. In this context, it is important that we start asking different questions. To this end, we entered into discussions with our preferred suppliers in 2019 in order to gain more insight into the manufacturing process and the mixtures. We are also investigating alternatives to concrete, such as wood and rock wool, and we are researching application opportunities in materials made from naturally occurring biological substances, such as fungi. However, these solutions will not be marketable in the short term.

Sustainable timber

Heijmans used around 12,700 m³ of timber in its projects in the year under review. Around 99.3% of the timber comes from certified, sustainably managed forests and around 82% of this has been FSC certified. This means Heijmans has almost achieved its goal of using 100% sustainable timber. Timber is also seen as a bio-based material that can make a substantial contribution to the greater circularity of buildings. Using a greater amount of certified timber contributes to forest preservation, biodiversity and helps counter climate change. In sustainably produced timber, there is a guarantee that the forest it comes from is managed sustainably and that social, ecological and economic aspects are taken into consideration.

Homes

Heijmans has developed concept homes that are already largely circular and that already have a CPG (Building Circularity Performance) score close to an eight. We aim

to score a nine in this next year and a 10 in 2023. In order to achieve a CPG score of nine, we are working on increasing the sustainability of the façades, the installations and the energy supply. We are also focusing our efforts on the cooperation with our partners in our Woonconcept (housing concept) business. They too will make a contribution on this front.

Hazardous substances

In the context of safety and sustainability, it is very important that the use of hazardous substances is avoided as much as possible and that active research is carried out to find alternatives. In view of the success of our approach on the circular packaging front, we decided to use the same approach for the reduction and elimination of hazardous substances. We are going to change the requirements for our suppliers and subcontractors. To this end, we defined a new target at the end of 2019: Heijmans CMR-free from 2023 onwards. From 2020, Heijmans will reject CMR (carcinogenic, mutagenic or reprotoxic) substances as much as possible by making that a requirement in our purchasing terms and conditions and actively seeking alternatives in the supply chain. Although we specifically cite CMR substances, our approach focuses on hazardous substances in a broader sense.

Waste flows, reduction and separation

The best way to prevent waste is to ensure that it is not created. As part of its contribution to circularity, Heijmans has drawn up a plan of action to reduce packaging materials. The next significant step is separating waste as much as possible at the source, the construction sites. In 2019, Heijmans separated approximately 75% of the waste at its construction sites into groups that are easier to process and re-use by the waste processing companies.

The ability to separate waste also depends on factors such as the space available on the construction site and the nature of the waste material released. This is in part why we also see different percentages in the various business areas (from approximately 58% in Non-residential projects to approximately 85% in Infra projects). Finally, we have reached agreements with waste processors on the provision of information on the reuse of the material flows disposed of. This shows that reuse takes place at various levels and that ultimately 3% actually goes to landfill. According to these data, the processing results in a reduction of waste equivalent to approximately 10,100 tonnes of CO₂.

10.3.3 SPACE:

OUR DEVELOPMENTS ARE BLUE, GREEN AND SAFE!

Concrete goals:

- In 2023, all our area developments are awarded a Greenlabel A rating.
- In 2023, all our interventions in the built environment result in an improvement in local biodiversity, climate adaptation and safety.
- We will develop showcases in Leusden, Vlaardingem and Feyenoord City by creating super-healthy living spaces in those areas.

Building while simultaneously improving the quality of the natural environment: it is possible and we have already proven this in numerous locations. That is exactly why we want to use our expertise and experience in the field of ecology and water management at all the locations where we develop and build. Because we are very much aware that we have to protect the Netherlands against water, heat and drought. Clean air, green and blue are essential if we are to create a healthy living environment. In principle, a healthy living environment is also a safe environment, both in physical and in social terms, which is why we continue to develop smart solutions for safe traffic and safe neighbourhoods.

For each new area development that we win, we set the requirement that the area has to achieve the Greenlabel A status. And even in the case of existing developments, we examine whether we can still achieve this retroactively. This means that in a few years' time, we will therefore only deliver areas that have been awarded the Greenlabel A status. Each area has its own challenges in that respect, so we always start with an extensive analysis of the challenges and possibilities of the area.

Based on that analysis, we develop an appropriate plan with a wide range of measures that together make the area green, sustainable, biodiverse and climate-adaptive. It is not only biodiversity and climate adaptation that play a role in the built

environment. Sometimes water storage is the biggest challenge, but just as often it is the social structure of an existing neighbourhood. And the integrality of all these components is exactly what benefits the area. That is why it is important to bring all wishes and ideas together at a very early stage and from there develop an integrated design and an area-oriented approach.

We are developing showcases in three locations across the country, where we demonstrate – and experience – how we create healthy living environments that are energy-neutral, sustainable and safe. We provide a description of these projects below.

Maanwijk, Leusden

In 2019, the Leusden municipality and Heijmans closed an anterior contract for the Maanwijk new-build project. The project consists of the area development for the development and realisation of 120 sustainable owner-occupier and rental homes and for a variety of target groups. In this nature-inclusive project, Heijmans aims to create a healthy living environment. Public spaces will be designed in such a way as to provide ample space for pedestrians and cyclists, for children to play safely and for residents to socialise. Heijmans is also using innovative concepts to increase living comfort and safety and reduce energy consumption.

The location where Maanwijk is being built used to be agricultural land, in other words a monoculture. So here, we will pay special attention to the promotion of biodiversity. But the greatest challenge lies in the social aspects. In order to keep aging inhabitants engaged in their environment and with each other, we are creating a lot of common outdoor space where it is easy to meet each other. And we are adding a digital component: an online platform that promotes contact, but also facilitates the electric shared mobility in the neighbourhood, for example. In this way, we are creating a new style of community in which all generations feel at home, with a lot of living comfort and a great deal of attention for nature.

Park Vijfsluizen, Vlaardingen

The Vlaardingen municipality and Heijmans have signed a letter of intent for the transformation of former sports park Vijfsluizen into a new area development. Heijmans will develop and realise 300 to 400 homes in this location. This will be an entirely new neighbourhood for Vlaardingen. Heijmans is planning to transform the former sports park into a sustainable and future-proof district with primarily houses and apartments. The old Shell sports building on the site will remain in place and

Heijmans will give it a new function. There are also plans for a sustainable energy supply based on a collective source. A conscious decision has been made not to allocate all the land to housing; this creates space for more public greenery and water. We will safeguard water collection and boost biodiversity thanks to carefully considered landscape design, including a green noise barrier. This will make this neighbourhood a place that combines tranquillity and space with a central location and all the advantages of urban living.

Feyenoord City, Rotterdam

The Rotterdam mayor and aldermen have responded positively to the Feyenoord City Master Plan and submitted it to the council for their adoption.

The Master Plan has been developed by the foundation for area development on the Maas and contains the complete description of the unique and far-reaching area development in Rotterdam-South. Heijmans is a member of this foundation, which is developing the area around the stadium (but not the new stadium itself). The plan brings together Feyenoord's ambitions with those of the municipality. The new stadium will be a driving force for the (re)development of this part of Rotterdam-South. Feyenoord City will be an attractive, versatile and lively area that will give a boost to the surrounding neighbourhoods.

The multitude of functions in the area will make it an attractive neighbourhood to live in, but it does present the developers with a complex challenge. For example, we are devising smart solutions for mobility in the neighbourhood during the 40 events that are held in the stadium every year. And how can we create sufficient space for nature and tranquillity in an environment that will be used so intensively? A large part of the public space will also be managed privately. This is where we will be able to apply our knowledge and experience with integrated area approaches in an optimum manner. Everything is interrelated: from energy solutions to bars and restaurants and from sports and leisure time on the water to connecting the surrounding neighbourhoods. We want to build a Smart City in every sense of the word. A smart city full of vitality, with an eye for people's needs and social cohesion.

Use the strength of Young Heijmans

If youth has the future, Young Heijmans has the people who will build a healthy living environment in the future. They do this by seeking each other out via network activities, but also by joining managers to debate Heijmans' strategy and management.

Chairman Joost Ruiterkamp and active member Valeska Heideveld agree: "The idea is that you bring a fresh perspective to issues and that we realise change through cooperation."

Joost Ruiterkamp, developer

Valeska Heideveld, commercial employee





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The year in review per business area

We look back on the year 2019 with satisfaction. There is generally sufficient work in the markets in which we are active, but making the right choices in terms of order intake remains crucial. We recorded slightly higher revenue and improved results, which was due in part to our selective acquisition policy.

The Council of State ruling on the nitrogen action programme (PAS) and the standards for poly and perfluorinatedalkyl substances (PFAS) has hit the construction industry hard. Although the impact of these developments on revenue and results for 2019 was limited, if no clear concrete measures on nitrogen and PFAS materialise in the short term, we will certainly see the consequences in the coming years. We are working on a healthy living environment and greater sustainability in our sector, but in order to prevent further delays in the construction and infrastructure sectors, we need more clarity in the short term, as well as sufficient time to respond adequately to the tightening of rules.

Property development

Demand for housing remained high in 2019, while supply is under pressure as a result of limited planning capacity in the public sector and scarcity in the market. The accelerated introduction of gas-free building also had an impact on the type of supply in 2019. Many existing plans had to go back to the drawing board and were therefore delayed coming on to the market. The pressure on supply and affordability is not expected to diminish in the coming period due to PAS and PFAS, the introduction of BENG (almost energy-neutral buildings) standards and the Dutch quality assurance act (Wkb). At the same time, we

acquired some excellent area developments in 2019, where we can make optimum use of our integrated know-how and expertise. These range from demolition/new-build and renovation to area transformation, including revitalisation and social cohesion measures. Two major projects where we will have an opportunity to realise our integrated approach are Feyenoord City and The Hague South-West.

Feyenoord City

The first stage of Feyenoord City comprises more than 3,200 homes, 41,750 m² of hotel, leisure, offices and other commercial property, the new stadium and facilities for some 2,250 parking spots. We expect to see the first construction activities in 2021. The consortium Heijmans, Provast and Syntrus Achmea has been selected for the area development around the stadium. Heijmans subsequently took a seat in the Area development on the Maas Foundation on behalf of the consortium. This foundation was set up for the land exploitation and the issuance of plots, including those for homes, a hotel and other commercial functions.

The Hague South-West

Together with the municipality of The Hague, Heijmans and housing corporation Staedion are developing an urban planning vision for The Hague South-West. This project involves the restructuring and redevelopment of the districts of Zichten, Dreven and De Gaarden. The plan is to make the neighbourhoods more diverse, climate and future-proof and to improve the connection to the city. The number of social housing units will remain at least the same as the approximately 1,200 currently available. In addition, a minimum of 3,000 owner-occupier and free market rental properties will be built. Social cohesion is a focal point in the redevelopment of the neighbourhoods, and there are plans to redesign public spaces and expand educational and other social, cultural and commercial facilities.

Almere

Heijmans, in cooperation with the municipality of Almere, Syntrus Achmea and housing association De Alliantie, will develop the unique residential neighbourhood Europakwartier Oost in Almere (1,400 homes). The area will be realised in four phases, and Heijmans will develop and build around 250 owner-occupier homes. Our involvement in this project will enable us to contribute to the creation of a healthy living environment for various age and target groups. The plan includes the construction of raised streets, making it possible for mature trees to grow. The project also devotes a great deal of attention to the quality of the living environment and

the enclosed gardens. Heijmans has developed a diverse range of housing models that differ from each other in terms of lay-out, levels and architecture. Furthermore, the public space will be designed in such a way that there will be ample play space for children, ample space for cyclists and opportunities for residents to socialise.

Cooperation with healthcare organisation

Heijmans and geriatric healthcare organisation De Wever are working together on the phased development of around 220 owner-occupier and rental homes in response to the growing demand for suitable housing for the elderly in the Berkel-Enschot and Tilburg area. A number of the apartments will be suitable for elderly people who require nursing home care. Heijmans is contributing to the creation of a healthy living environment for this target group. Focal points include designing indoor and outdoor areas for communal use, where residents can meet up. The Berkel-Enschot development will include a new apartment complex with 52 apartments for intramural care, located adjacent to the new town centre, Koningsoord. An additional 60 elderly care apartments will be built near the Piushaven in Tilburg, together with around 80 owner-occupier and rental apartments and 30 houses. We expect construction on the care apartments in Berkel-Enschot to start in the autumn of 2020; the new-build homes on Piushaven in Tilburg will follow once these are complete.

Heijmans very recently acquired a new contract for the area development Nieuw Kralingen in Rotterdam, where, together with ERA Contour, we will develop a maximum of 800 homes on the western side of the Kralingse Bos recreational area. This is the largest residential expansion inside the Rotterdam ring road in many years, and it will dedicate considerable space to greenery and appropriate connectivity for the area. We also acquired the Bellevue project, for the development and realisation of 144 owner-occupier homes in Leidsche Rijn Centrum (Utrecht).

Building & Technology

The business area Building & Technology comprises four core activities: Residential Building (new-build, restoration and renovation), Services (maintenance and management), Non-residential projects (integrated approach to construction and installation technology), Multi-functional high-rise residential construction (complex inner-city new-build projects and buildings with a highly mixed range of functionalities).

Residential Building

Residential Building works closely with Property Development and is involved in all the above-mentioned

projects. Over the past year, we continued to work on making homes more sustainable, often in cooperation with Property Development. In an area development, we look at the integrated aspect and at individual homes to see how we can achieve the highest possible level of sustainability. On the apartment building front, we have also developed a concept to make homes more sustainable on the basis of photovoltaic (PV) cells. This means no more PV panels on the roof; instead, the roof itself is a PV cell. We gained our first practical experience with this concept in 2019, in cooperation with one of our clients, housing corporation ZoWonen. We will monitor these pilots and expect to be able to expand this concept in the future.

We also continue to work on improving the sustainability of our concept homes: Heijmans Huismerk for rental homes (institutional investors and housing corporations) and Heijmans Wenswonen for private home buyers. As a result, we have risen sharply on the circularity ladder over the past year. Under the standards of this system, these serial-built concept homes are now 73% circular. The Heijmans ONE house also scores well on circularity, thanks to easily recyclable materials and the fact that they are designed for disassembly. The home is also highly circular, because after use in one location, it can be moved in its entirety to another location, which means we can actively respond to the need for temporary use. Heijmans is targeting even greater prefabrication and industrialisation for the production of homes. This will also have a positive impact on the affordability of homes. Consistency in terms of policy and regulations is a prerequisite to making targeted investments and making those investments profitable.

Services

At Services, we aim for long-term connections with our clients. We are increasingly monitoring existing objects via a multitude of data. Not only does this enable us to structure management and maintenance in an increasingly smart and efficient manner; most importantly, it improves the performance of buildings for the client. That improvement really comes into its own in longer-term, intensive collaborations. For instance, in 2019, we won a contract from Schiphol for the preventative, corrective and replacement maintenance of the Terminal 1 and 2 parcel, including small-scale renovations, and for a duration of a maximum of nine years. And the Hanzehogeschool Groningen has awarded us the contract for the integrated maintenance of all the college's buildings for a maximum of 15 years.

We developed Smart City Logistics to improve the

logistics of maintenance projects. We use a logistics hub to serve our clients and their inner city buildings using electric vehicles. This is both more sustainable and more efficient than traditional methods. We are already using this concept at Schiphol and the Hanzehogeschool, but we will certainly be using it more often, also in collaboration with our partners. For instance, in 2019, we signed a similar contract with PostNL. In the year under review, we also significantly expanded our BeSense activities. BeSense began as a platform for sensors in the buildings we maintain, but it has since grown into a powerful concept for data-driven services. The data the sensors collect enables us to put together information that has value for the client. This gives clients insight into the use of their building and enables them to make strategic choices in terms of their accommodation. We now support 45 clients with this innovation, and we have four in-house data scientists working daily on the continued development of these services and applications. In 2019, we also signed a cooperation agreement with the Jheronimus Academy of Data Science (JADS) in Den Bosch to use data science in a more targeted manner to make the built environment smarter and thus help create a healthy living environment.

Non-residential projects

We are proud of the offices of the European Medicines Agency (EMA) in Amsterdam, which we delivered in November. The excellent cooperation with the principal and with our partner Dura Vermeer resulted in an exceptional achievement, with state-of-the-art technical solutions and delivery within the extremely challenging schedule.

For the AMC teaching hospital (now part of the UMC) in Amsterdam, we are building what is effectively an entirely new hospital in the existing location and inside the existing concrete shell. The definitive agreement was signed in the spring of 2019. We will be working on location for four and a half years, while the hospital continues to operate as normal. Since we are working in close proximity to patients and professionals, we are introducing numerous measures to reduce the nuisance caused by the work. We will be using our own modular construction concepts to reduce the nuisance and will build as much as possible from onsite to offsite (prefabrication). Reducing the amount of work that has to be done on location also helps us reduce the amount of nuisance caused. And based on that same idea, we have developed a smart way to keep departments accessible, and we will use new technical methods, such as a drilling robot that creates less noise nuisance.



Green wall European Medicines Agency (EMA), Amsterdam

We are also targeting the construction and maintenance of datacentres via our Non-residential projects business. We will continue to expand our activities in that area in the years to come. Our cooperation with trendsetting global players in the field of internet connectivity and data centres adds continuity to the realisation of that ambition.

Multi-functional high-rise residential construction

We are realising an increasing number of contracts for buildings with mixed functions. One example of this is the transformation of the former Fenix warehouses in Rotterdam into multi-functional hotspots, complete with homes, bars and restaurants and cultural facilities, which we delivered successfully in late 2019. A professional jury awarded the project the Rotterdam Architecture award 2019, and the project also won the public jury award.

In Amsterdam at the end of 2019, we started the preparatory work for the first phase of Vertical. This development, with a varied range of housing in both high-rise and low-rise buildings, is part of the transformation of the area around Amsterdam Sloterdijk Station, which the municipality of Amsterdam wants to transform into a mixed working and residential area.

Over the past year, we have put a lot of energy into the continued development of our high-rise concept for inner-city solutions. Here, too, the question is how to move from onsite building to offsite building. This reduces construction time and the pre-financing period for new residents, while also reducing the inconvenience for the surrounding area. In 2019, we developed and prepared a modular solution for multi-storey residential construction, with a view to applying this solution in the first projects in 2020.

Infra

In 2019, in addition to new-build projects, we also received a growing number of enquiries from the market related to the renewal and renovation of existing infrastructure and making existing infrastructure smarter. This is perfectly in line with our strategy. For instance, municipalities are approaching us to ask about improvements to the air quality in the city, or improvements to the mobility to safeguard smoother traffic flows through the city. The only effective response to these requirements is digitalising the monitoring and control of the infrastructure. Heijmans develops and realises these platforms, making us more and more an infra provider, as well as an infra builder.

Heijmans has been a valued partner of Schiphol airport for many years, which in 2019 translated into an agreement to maintain the existing infrastructure of the take-off and landing sites for a maximum of nine years. In the spring, we carried out major maintenance on the Zwanenburg runway, including the replacement of the asphalt, markings, lighting and cabling. At the end of 2019, in addition to the maintenance contract, we received an order from Schiphol for the doubling of the Quebec runway system.

In 2019, we also worked with many other clients to make a significant contribution to an efficient infrastructure that does the maximum to facilitate the mobility of people and the relocation of goods, materials and energy. We did this both in larger national or regional projects and in smaller local projects. Examples include the expansion of the Apeldoorn - Azelo section of the A1 motorway, the maintenance and modernisation of medium-voltage facilities for energy grid manager Liander and the second phase of the Eindhoven Northwest road infrastructure to provide access to the city and the airport.

Turning to the Zuidasdok project, the consortium, in which Heijmans has a 15% interest, is in constructive talks with the principal. As agreed, in 2019, the consortium carried out work related to the public transport terminal (OVT) at the Amsterdam Zuid station.

Digital infra applications

As we become more and more of an infrastructure provider, our work is becoming increasingly digital. The Delfzijl to Lemmer waterway is an excellent example. This is a water connection with numerous locks, bridges and viaducts, for which we carry out maintenance and renovation. We combine the monitoring of all objects and collect data in a single, digital system. This data gives us the information we need for the early detection of deviations that could point to possible problems. The data we collect also means we can carry out preventative and efficient maintenance: predictive maintenance. Since we know exactly when each component may require replacement or maintenance, we can combine work and carry it out exactly on time.

The delivery of the third lock chamber of the Beatrix locks in early 2019 was also in line with our ambition to be an infra provider. The 27-year maintenance period has now started. We are keeping the lock chamber in top condition via a monitoring dashboard for the maintenance, management and exploitation of the locks, including a data subscription contract for our principal.


Another example is the Koningstunnel beneath the Central Station in The Hague. This tunnel needed renovation and all the installations needed replacing. To minimise the amount of disruption time (closure of the tunnel), we and our partner Siemens first designed the entire project digitally and tested it using a digital twin, using the real cameras and sensors. This enabled us to obtain a permit from the fire brigade and approval from the traffic safety authorities before the actual physical work began. We did not encounter anything out of the ordinary or unexpected in the actual construction, and we delivered the project five weeks ahead of schedule, at the end of August 2019.

In many construction projects, our work starts with a soil assessment. It is quite striking just how often we find undetonated explosives in all kinds of places, and certainly in the vicinity of bridges. During work on the A1 motorway near Deventer, we even found part of a V1 flying bomb. And we are still finding items from the Second World War at Schiphol, too, so we are very pleased with a new system for explosives detection that we took into use in 2019. This system enables us to provide the principal with information about the possible presence of undetonated explosives before the work starts and without any digging.

Energy transition and energy grid

The transition from fossil to sustainable energy requires a lot from the energy grid. For example, more electricity will be consumed and the demand for natural gas will decline in the future. As a result, the energy grids will have to be adapted in many places in the coming years to keep the available capacity at the required levels. We can use our expertise to make a valuable contribution on this front. For instance, in 2019, Heijmans won a contract to carry out work on the energy grid in Amsterdam Centre and Amsterdam North for grid manager Liander. This makes Heijmans an important partner for Liander in the energy transition in the capital. For a four-year period, we are responsible for issues such as the design and execution of work on the main grid and the home connections for gas and electricity in Amsterdam North and Amsterdam Centre.





To work in a circular fashion, you have to think differently

Vlieggkamp Valkenburg, the airbase that was, for many years, home to the airplanes and helicopters of the naval air service, is set to be transformed into a residential and office location. To start with, Heijmans had a major clear-out. Project manager Guido Bosman and his team not only removed things; they also made sure that as much as possible was reused. From concrete granulate to asphalt and from sewage pipes to silex: waste materials were given a new life. 'It would be amazing if you could think about how to reuse objects and materials in the future, and do it as early as in the design phase. Put on your sustainability cap first.'

Guido Bosman
Project manager

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Financial results

Summary

The net result for the full year 2019 came in at € 30 million, a strong increase of 50% compared to the € 20 million reported in 2018. Revenue at € 1,600 million was slightly higher than the previous year (2018: € 1,579 million), with the most notable rise in the final months of the year. This was partly due to a number of large, integrated projects such as the A1 motorway near Azelo and the European Medicines Agency office building, which had high production volumes and were not hampered by weather conditions. On the other hand, the service activities of Building & Technology also continued to show clear growth. The non-residential activities (Services and the non-residential projects business) recorded the strongest growth. Infra and Property Development reported a decline for the full year compared with 2018, but volumes in both business areas were higher in the second half of 2019 than in the first half of the year.

Financial performance business areas in brief

The housing market is marked by scarcity and rising costs. The continued lack of sufficient new development locations and the complexity of inner-city construction projects have created an imbalance between supply and demand. The problems associated with nitrogen and PFAS were added to that in the course of 2019. At Property Development, revenue declined to € 459 million in 2019, from € 503 million, while the number of homes sold declined by some 5% to 2,218 (2018: 2,237). This was due to a drop in the number of homes in transactions with housing corporations and investors. Sales to private buyers remained stable. Due to the fact that scarcity pushed up sales prices, Property Development was able

to maintain its margin at 5.7%. New order intake (for projects where the start of construction has been approved) and the pipeline show that the market is by no means grinding to a halt, but at the same time it will take some time before the housing shortages can be resolved. The access to our own land bank, combined with large-scale development rights in locations such as Rotterdam Zuid, Feenoord City and Nieuw Kralingen in Rotterdam, The Hague South-West and Almere, are evidence that our prospects for the coming years remain positive.

Healthy volumes at Building & Technology led to positive results on projects and also to healthy contribution margins, which had a positive impact on the overall margin. The result was driven by continued, controlled growth and margin improvements in Services. In the projects business, we recorded an excellent achievement by delivering the European Medicines Agency office building within the original, tight planning.

At Infra, we took a number of major steps in project management. Driven by tighter risk management and a more selective acquisition policy, the composition of the order book is now more balanced. This is reflected in a more balanced composition of the portfolio (less dependence on large, integrated projects), a more cautious approach to calculating opportunities in projects and a tighter focus on core competencies. Savings in operational costs also had a positive impact on the Infra result. The EBITDA margin of 2.7% is a clear step in the right direction towards the target margin of 3 to 4%. We expect the outcome of the contract discussions around Zuidasdok to become clear in 2020. With regard to the Wintrack II case, we do not expect the arbitration to lead to a ruling before 2021.

Result and dividend

The net result was accompanied by a good cash flow development during the year. Net debt declined by more than € 25 million in 2019. As a result, we made only limited use of the syndicated loan during the year. Heijmans' solvency has improved in recent years, despite the introduction of IFRS 15, IFRS 16 and the reinsurance of the pension fund, and came in at 25% in 2019. Without these effects, solvency would have been 8% higher. The company is in robust shape in terms of financing, with the extension of all material financing facilities in the last three years, including the dividend review for the cumulative preference shares B. The most prominent factor in the recovery of the balance sheet ratios was the restoration of predictability and profitability, with the underlying result in particular showing clear progress towards our target margins for the third year in a row. At the same time, it is only prudent to maintain some caution, as margins in the construction sector remain relatively low and the future impact of the current nitrogen issue remains difficult to quantify. In that context, Heijmans will continue to focus on strengthening its balance sheet in the form of retained earnings. However, based on the progress made in profitability and balance sheet ratios, Heijmans is planning to resume dividend payments at € 0.28 per share, which amounts to approximately 20% of the realised net profit. Heijmans aims to resume its dividend policy of 40% in due course. Heijmans will evaluate the actual allocation of net results annually on the basis of the company's own performance and market developments.

Revenue

The composition of income divided per sector in 2019 was as follows:

Revenue in € mln.	2019		2018 excl. IFRS 16	Difference
	incl. IFRS 16	excl. IFRS 16		
Property Development	459	459	503	-9%
<i>Residential Building</i>	<i>447</i>	<i>447</i>	<i>441</i>	<i>2%</i>
<i>Non-residential</i>	<i>370</i>	<i>370</i>	<i>285</i>	<i>29%</i>
Building & Technology	817	817	726	
Infra	619	619	654	-5%
Elimination	-295	-295	-304	
Total revenue	1.600	1.600	1.579	

Revenue came in slightly higher at € 1,600 million in 2019 (2018: € 1,579 million). In the interim results, we reported a decline in revenue compared with the first half of 2018 (€ 730 million versus € 780 million in H1 2018), but we turned this into a slight incline in the fourth quarter of the year. This was largely due to higher revenue in the non-residential activities of Building & Technology.

Property Development recorded a decline in revenue. In the first half of 2019, the limited availability of new locations played a particularly strong role in this decline, as did the increasing complexity in inner-city developments with a challenging playing field of numerous stakeholders. In the second half of the year, we were unable to compensate for that decline due to the nitrogen and PFAS issues and delays in building permit procedures. Maintaining the stock of homes for sale remains the biggest challenge, as the sales climate for owner-occupier homes remains generally strong. It is becoming increasingly important to make targeted investments in new land positions, as this would enable us to respond to the additional growth prospects in the market. Many positions from the existing land bank have been developed in recent years and this process will continue in the years ahead. In that context, it is important to already start thinking about revenue in the slightly longer term.

The average price of homes for private buyers, including purchasing costs payable by the vendor (excl. VAT), was € 352,000 in 2019 (2018: € 341,000). Of the total number of 2,128 homes sold, 58% were sold to private buyers and 42% to investors and social housing corporations (2018: 54% to private buyers and 46% to investors).

Revenue from residential building activities was slightly higher in 2019, compared with the previous year. We saw a notable increase in the apartment / stapled buildings segment. This was due to the relatively high proportion of inner-city high-rise developments we are realising, including De Schoone Ley in The Hague, Fenix I and De Cobana in Katendrecht, Rotterdam.

In the non-residential activities, Services, which focuses on technical management and maintenance (of installations), recorded growth of more than 12% to € 221 million, from € 196 million in 2018, continuing the growth pattern seen in previous years. The Projects business also recorded an increase in volumes on the back of high revenues, in particular on the European Medicines Agency project. The Projects business accounted for around 45% of the revenue of the non-residential activities.

Infra recorded a decline in revenue for the full year 2019, but this decline was smaller than budgeted when taking into account the impact of our more selective acquisition policy in previous years, which reduced the revenue from large-scale integrated projects. The proportion of Infra's overall revenue that comes from these large-scale projects with a higher risk profile has gradually declined in recent years. The current proportion in the revenue mix is in line with our ambition for the coming years. Infra's risk profile has declined on the back of this more balanced portfolio. Heijmans will continue to be active in large-scale integrated projects, while remaining selective in terms of risk profile and earnings potential.

Underlying EBITDA

Underlying EBITDA is the operating result before depreciation, including EBITDA from joint ventures and excluding any adjustments to the valuation of real estate and land holdings, restructuring costs and other exceptional items. In 2019, underlying EBITDA came in at € 54 million (2018: € 43 million). The breakdown per sector is as follows:

Underlying EBITDA in € million	2019		2018
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16
Property Development	26	26	28
<i>Residential Building</i>	16	12	11
<i>Non-residential</i>	14	9	5
Building & Technology	30	21	16
Infra	30	17	8
Group	-8	-9	-9
TOTAL UNDERLYING EBITDA*	78	54	43

* Due to rounding up, the amounts per sector do not add up to the total.

Property Development and the Residential Building activities together made the biggest contribution to Heijmans' underlying EBITDA in 2019, as they did in the previous year. Revenue from Property Development declined slightly compared with the previous year, but Heijmans was able to maintain its margin in this segment. Residential Building recorded a stable year in terms of volume, with a slight improvement in the result. Availability and affordability of suppliers and labour are a key point of attention in the current market conditions. Effective work preparation and timely procurement are necessary to maintain results during the execution phase, as is making clear agreements on price indexation in contracts with third parties. Pressure on the procurement market improved slightly last year, but scarcity of materials and labour persists in certain segments and geographical areas. This scarcity translates into pricing to customers. For residential consumers, this will result in additional pressure on the affordability of homes. We are responding to this by maintaining our focus on efficiency, increased prefabrication and standardisation, failure cost reduction and quality.

Building & Technology's non-residential activities and Infra accounted for the growth in underlying EBITDA in 2019. The margin improvement in non-residential activities was notable in both Projects and Services. While the project results remained at an excellent level, the margin growth - in addition to positive project results - was primarily the result of a substantial improvement in the coverage results on the back of the growth in revenue. In recent years, both Infra and Building & Technology have focused heavily on internal improvement programmes, aimed at improving the financial performance and predictability of projects. Getting large, integrated projects more 'in control' has been a clear spearhead in recent years, and those efforts are now starting to pay off. In 2019 the margin at Infra and Building & Technology increased to 2-3%. Heijmans is therefore well on its way to its target margin of 3-4%.

Tightened risk management has resulted in a more selective acquisition policy. This in turn has resulted in a changed revenue mix, with a stronger focus on regional activities and management & maintenance / asset management contracts. Design and build contracts remain one of Heijmans' core activities, provided that these contracts fit within our core competencies, the risks are controllable and they offer earnings potential. The construction industry remains a sector where the overall margin potential is largely determined by operational excellence, i.e. the absence of material project losses.

NB.

The introduction of IFRS 16 'Leases' has resulted in a shift in the operating result (reported EBITDA) from operating expenses to depreciation. In addition, part of our operating costs has been reclassified to financial expenses. This results in an increase in underlying EBITDA. At EBIT level, these effects are barely visible (see also section 5.3 of the financial statements).

Operating result

The operating result (EBIT) came in at € 29 million in 2019 (2018: € 23 million). The operating result was impacted by limited restructuring costs, the write-down of several real estate and land holdings and a non-recurring gain as a result of the sale of several gravel pits of Sanders & Geraedts B.V. The operating result can be broken down as follows:

Operating result in € million	2019		2018
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16
Underlying EBITDA	78	54	43
Correction EBITDA result of joint ventures	-8	-8	-6
Write-down of real estate and land holdings	-5	-5	-6
Restructuring costs	-3	-3	-1
Soil remediation	-1	-1	-
Result divestments	1	1	0
Release pensions indexation	-	-	5
EBITDA	62	38	35
Depreciation / amortisation	-33	-10	-12
Operating result	29	28	23

Value adjustment

Heijmans regularly evaluates its real estate and land holdings based on the applicable reporting guidelines. In 2019, this resulted in a value adjustment of € 5 million.

Restructuring costs

Following some limited adjustments to the organisation, the restructuring costs came in at € 3 million in 2019 (2018: € 1 million). These costs primarily related to Building & Technology, where qualitative adjustments were made, and to Infra, where the costs related primarily to the decline in revenue.

Book result sales

In 2019, Heijmans Infra sold off the gravel pits that were part of subsidiary Sanders & Geraedts in sections, because Heijmans no longer considers these part of its core activities. The total revenue was €4 million, and the book profit on this was more than € 1 million. This was offset by a charge of a comparable size related to the soil clean-up of previously sold industrial sites.

Financial income and expenses

The financial income and expenses can be broken down as follows:

Financial income and expenses in € million	2019		2018	Difference
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16	
<i>Interest income</i>	1	1	1	
Financial income	1	1	1	0
<i>Other interest expense</i>	-8	-6	-11	
Interest expense	-8	-6	-11	5
Balance	-7	-5	-10	5
Capitalised interest	2	2	2	0
Financial income and expenses	-5	-3	-8	5

The balance of financial income and expenses improved to € 5 million negative in 2019 (2018: € 8 million negative) and was mainly due to lower interest expenses. This in turn was the result of the improved financing conditions from previous years, in combination with substantially lower debt utilisation. For example, the interest margin on the syndicated loan improved to 2.25% from 3.00%, based on an improved score on the financial covenants, while the dividend review on the cumulative preference shares resulted in an improved coupon of 7.21%, from 7.90%. The average utilisation of the syndicated loan also declined, to € 14 million from € 45 million. This reduction was partly the result of improved results and partly due to efficient working capital management. In that context, the decline in cash balances in combinations also played a role, as this enabled Heijmans to use the available cash more efficiently and, as a result, a lower utilisation of financing facilities. In 2019, Heijmans fully amortised the refinancing costs related to the financial restructuring in 2016 / 2017. This reduced the item depreciation costs in capitalised financing costs substantially to €0.3 million, from € 3.9 million.

The 2019 figures also include interest expenses for lease liabilities as a result of the application of IFRS 16 Leases. For more information on the impact of IFRS 16, we refer to section 3.1 in chapter 5 'Accounting principles' of the financial statements.

Income tax

The effective tax rate for 2019 was 13.8% (2018: 0%). The non-deductible interest expenses on the cumulative financing preference shares B and the non-deductible mixed costs had a negative impact on the effective tax rate. The exempted participation results and the use of unrecognised losses had a positive impact on the effective tax rate.

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 € million	2019		2018	Difference
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16	
Non-current assets	330	245	253	-8
Working capital	-93	-93	-98	5
Invested capital	237	152	155	-3
Equity	178	179	149	30
Provisions	29	29	37	-8
Net interest-bearing debt	30	-56	-31	-25
Financing	237	152	155	-3

Capital invested: non-current assets

The non-current assets can be broken down broadly as follows:

Non-current assets in € million	2019		2018	Difference
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16	
Property, plant and equipment	42	42	44	-2
Usage rights leased assets	85	-	-	-
Intangible assets	76	76	78	-2
Other non-current assets	127	127	131	-4
Book value non-current assets	330	245	253	-8

The item 'Property, plant and equipment' consists primarily of company land and buildings, machinery, installations, large equipment and other non-current assets. Investments in the year under review amounted to € 11 million (2018: € 8 million). The other non-current assets mainly relate to participation values of joint ventures in which Heijmans participates. Following the introduction of IFRS 16, the non-current assets increased, as the rights-of-use component of leases have to be recognised in the statement of financial position as of 1 January 2019. More information on this subject is available in the accounting principles in section 5.3 of the financial statements.

Capital invested: working capital

Working capital came in at -/- € 93 million at the end of 2019 (2018: -/- € 98 million). The composition of the working capital can be broadly broken down as follows:

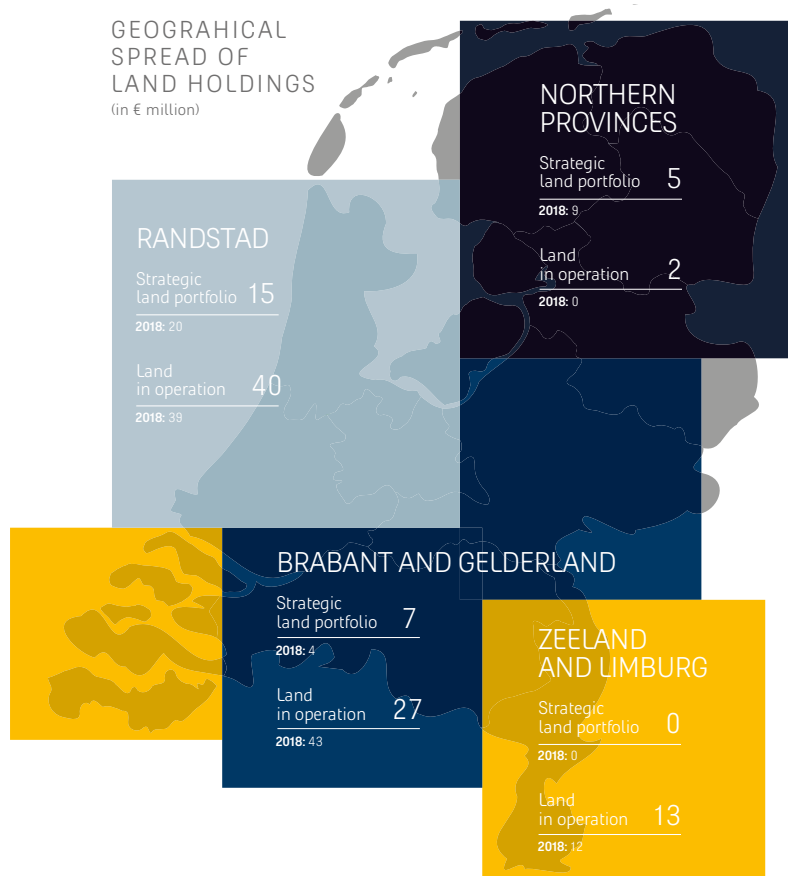
Working capital in € million	2019		2018	Difference
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16	
Strategic land holdings	110	110	127	-17
Residential properties in preparation and under construction	85	85	69	16
Other inventory	10	10	11	-1
Work in progress	-100	-100	-91	-8
Accounts receivable	185	185	176	9
Payables	-383	-383	-390	6
Working capital	-93	-93	-98	5

The working capital fluctuates significantly over the course of the year, although in recent years Heijmans has succeeded in making its activities and the associated impact on working capital less sensitive to seasonal influences. The working capital requirement is highly project-specific and related to the payment schemes of principals. The construction sector has a seasonal pattern with higher levels of activity in the second and fourth quarters, as well as a raised level of notarial transfers and claim settlements/supplementary work settlements prior to reporting dates. Higher working capital requirements in the course of the year result in a greater capital utilisation, which Heijmans primarily finances through the use of a revolving credit facility, which was unused at year-end 2019. Unlike in previous years, this facility also remained unused at various times throughout the year, and we expect this to also be the case in 2020.

Inventory position Property Development

Inventories at Property Development increased slightly in 2019 due to an increase in the item 'Residential properties under construction' to € 45 million, from € 24 million. The strategic land holdings declined slightly to € 28 million, from € 32 million. We also saw a continued decline in land in operation, to € 82 million from € 94 million. In addition to the inventories, Property Development has also added various land development rights, or new land holdings, to its portfolio, which can be divided into conditional and unconditional obligations. As a result of the transfer of various positions to the item Residential properties under construction, this item declined to € 144 million in 2019, from € 159 million in 2018, with € 26 million of these in unconditional obligations. The vast majority of conditional obligations will have only a limited cash impact upon realisation. This pertains primarily to obligations to purchase land at the moment a building permit has been granted and/or a sales percentage has been realised. In the course of 2019, we exercised and took into development various land development rights from previous years. Duineveld in Noordwijkerhout and Energiekwartier in The Hague are key positions in this respect.

Land holdings per type of holding can be broken down as follows:



Financing: equity

Equity increased by € 29 million in the year under review. A total of € 30 million in net profit was added to the reserves, while equity declined by a total of € 1 million as a result of limited adjustments of hedge valuations and actuarial results booked directly through equity. The movements in equity can be broadly broken down as follows:

Changes in equity in € million	2019	2018	Difference
	incl. IFRS 16	excl. IFRS 16	
Result after tax	30	20	10
Changes in pension valuation	-2	-37	35
Tax effect of results recognised in equity	1	6	-5
Correction IFRS 15	0	-2	2
Changes in equity	29	-13	42

Solvency on the basis of the guaranteed capital, defined as the equity plus outstanding cumulative preference shares B, stood at 25% at year-end 2019 (2018 on the basis of comparable figures: 22.7%). The movement in guaranteed capital was the same as the movement in equity, due to the fact that the outstanding capital in cumulative preference shares B was unchanged. The balance sheet total increased to € 898 million, of which € 85 million was related to capitalised leases recognised in line with IFRS 16. The introduction of IFRS 16 had a significant impact on the balance sheet, since agreements previously recognised as operational leases and rentals had an off balance sheet character. The item 'Rights-of-use leases' appears on the asset side of the balance sheet, and an item 'Lease liabilities' of a similar size appears on the liability side. Since these items are significant, they are shown separately on the balance sheet. In the operating result, there has been a shift from operating expenses to depreciation. In addition, some operating costs were reclassified as financial expenses. At year-end 2019, the introduction of IFRS 16 resulted in an increase of € 85 million in the balance sheet, which in turn had an impact of more than 2% on solvency.

In previous years, Heijmans made a conscious effort to improve the balance sheet ratios, as a result of which we decided to allocate the result in full to the reserves. For 2019, Heijmans proposes to pay € 0.28 per share of the profit in the form of an optional dividend. This means that we have resumed dividend payments at a pay-out ratio of approximately 20%.*

Amounts in € million	2019		2018 excl. IFRS 16	Difference
	incl. IFRS 16	excl. IFRS 16		
Equity	178	179	149	29
Cumulative preference shares	45	45	45	0
Guaranteed capital	223	223	194	29
Total assets	898	813	776	
Solvency	25%	27%	25%	

Financing: net interest-bearing debt

The net cash position (excl. IFRS 16) was € 56 million at year-end 2019 (2018: € 31 million). After application of IFRS 16, the net debt amounted to €30 million (2018: €49 million). Apart from the cumulative preference shares B and a few project financing agreements, Heijmans had virtually no loans outstanding at year-end 2019.

The so-called recourse net cash position (see section 6.21 of the financial statements for an explanation), which is also the basis for Heijmans' agreements with its banks, stood at € 123 million at year-end 2019 (2018: € 88 million). This increase of € 35 million was higher than the improvement in the net cash position due to the fact that the cash balances of non-consolidated joint ventures (which are included in the calculations for the covenants) were relatively high.

Interest-bearing debt in € million.	2019		2018 excl. IFRS 16	Difference
	incl. IFRS 16	excl. IFRS 16		
Non-current	115	50	52	-2
Current	24	3	6	-3
Gross debt	139	53	58	-5
Cash and cash equivalents	-109	-109	-89	-20
Net debt	30	-56	-31	-25

Syndicated loan

The terms of the syndicated loan remained unchanged in 2019. The agreements with the syndicate of banks, ABN Amro, ING and Rabobank, include the following terms:

- The agreement has a tenor until mid-2022.
- The total commitment of the facility is € 121 million.
- The interest margin depends on the performance in terms of the financial covenants and currently stands at 2.25%, and is expected to remain unchanged throughout 2020 - at 2.25%. Based on additional performance agreements, this can improve to 1.65%.
- Heijmans has agreed a security package with the banks. This includes a pledge of the bank accounts (100%), intellectual property rights, receivables, materials, a pledge of the proceeds from the sale of the divestments, as well as a first right of mortgage on land holdings with a total carrying amount of around € 55 million at year-end 2019.

In terms of financial covenants, the following agreements apply:

- The Interest Cover Ratio must be measured every quarter at a minimum level of 4.
- The Leverage Ratio must be measured every six months at a maximum level of 3.
- The Average Leverage Ratio must be measured every quarter at a maximum level of 1.
- The Solvency Ratio is measured at the end of each year. The Guaranteed capital must be at least 20% of the balance sheet total in 2019 and at least 22.5% in subsequent years. These calculations may be adjusted for the recent impact of IFRS 15 and 16.

Heijmans operated well within the bandwidth of these covenants in 2019. For a detailed breakdown of the calculation of the covenants, we refer to section 6.21, including comparable figures.

Cumulative preference shares B

In its financing structure, Heijmans N.V. uses € 45.1 million in cumulative preference financing shares B, placed with the investment fund De Zonnewijser and Nationale Nederlanden Levensverzekering Maatschappij N.V.

The agreement with the holders of the cumulative preference shares B stipulates a review of the dividend coupon every five years. As of 1 January 2019, the annual dividend, payable upon adoption by the Annual General Meeting, stands at 7.21% of the principal amount.

There is no contractual repayment obligation attached to the cumulative preference financing shares B, except in the following instances:

- As soon as Heijmans resumes dividend payments on ordinary shares, half the amount paid out on ordinary shares will be paid as a repayment of the share premium reserve on the cumulative preference financing shares B;
- Heijmans will ask the General Meeting of Shareholders each year to authorise Heijmans' Executive Board to issue a maximum of 10% of the outstanding (ordinary) share capital. Using this mandate, Heijmans will pay out the newly-agreed dividend coupon on cumulative preference shares B in the form of ordinary shares at market price, with the resultant cash saving to be used to repay the outstanding capital of the cumulative preference shares B. The repayment element will therefore not impact the guaranteed capital and will have no net cash impact. For example, if shares were issued at the 2019 closing share price of € 7.50, this would result in the issuance of 2% of the share capital in 2020.
- As soon as the solvency based on the guaranteed capital exceeds 30% (as reported in the annual report in each future year) and Heijmans elects to pay a dividend in respect of the relevant year, Heijmans will make an additional repayment in the form of a repayment of share premium reserve on the cumulative preference shares B in the amount of the dividend coupon payable from the previous year.

In the event that the total repayments exceed 50% of the current issued capital of the cumulative preference shares B (i.e. the issued capital is reduced to below € 22,550,000), an automatic discount of 100 bps will apply to the dividend coupon. In other words, the annual dividend coupon will be reduced to 6.21%.

In the event of the above-mentioned repayments, each year on 30 June, the voting rights of the cumulative preference shares B will be adjusted to reflect the pro rata impact on capital ratios.



Renovation of Vinkhuizen neighborhood, Groningen

Based on the above and conditional on the AGM approving the dividend proposal and the issue mandate, Heijmans expects the cumulative preference shares B to decline by € 6.3 million, with €3.3 million of the decline the result of the repayment ensuing from the issue mandate and €3.0 million the result of 50% of the dividend proposal of €0.28 per share.

Cash flow

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

Cash flow in € million	2019		2018	Difference
	incl. IFRS 16	excl. IFRS 16	excl. IFRS 16	
EBITDA – underlying	78	54	43	
Restructuring expense	-3	-3	-3	
Interest paid/received	-7	-5	-5	
Income tax	-	-	-	
Movement in working capital and other	-26	-25	-8	
Cash flow from operations	42	21	27	
Investments in property, plant and equipment	-11	-11	-8	
Investments in intangible assets	0	0	-1	
Proceeds from sale of property, plant and equipment	8	8	1	
Capital issued/repaid and loans granted to joint ventures and associates	7	7	-2	
Investment cash flow	4	4	-10	
Dividend paid	0	0	0	
Correction IFRS 16	-107	0	0	
Movement in net debt	-61	25	17	8

Order book

The order book for Heijmans as a whole stood at € 2,124 million at year-end 2019, compared with € 2,014 million a year earlier. The order book remained stable in the fourth quarter. Given the selective acquisition policy in recent years and the impact of the nitrogen and PFAS issues on current tender volumes, Heijmans' current order book puts the company in a good position for 2020. As we move towards 2021, we expect to see increased uncertainty as a result of nitrogen and PFAS. This means that political decisions on new guidelines and recovery measures on this front are necessary in the short term. Nor should regional and central government authorities experience any further delays in the start-up of new projects. Without efficient decision-making processes, it is entirely possible that new projects may slow down, and this carries the risk of underutilisation, particularly for Infra.

Order book in € million	31-12-2019	30-06-2019	31-12-2018
Property Development	454	451	435
<i>Residential Building</i>	<i>506</i>	<i>493</i>	<i>508</i>
<i>Non-residential</i>	<i>762</i>	<i>731</i>	<i>694</i>
Building & Technology	1.268	1.224	1.202
Infra	791	773	766
Eliminations	-389	-357	-389
Order book	2.124	2.091	2.014

We expect limited delays in our housing market-related activities as a result of delays in permits in the context of the nitrogen and PFAS problem. However, in some instances, this problem has resulted in minor adjustments to the design or the selected building method, but the order book nonetheless remained at a healthy level. The order book at Property Development therefore showed slight growth in the second half of the year. At Building & Technology, we also saw continued growth in both residential building and non-residential activities. The order book at Infra remained virtually unchanged compared with the previous year.

Outlook

Heijmans expects revenue and the underlying result for 2020 to come in at a comparable level to 2019. We expect revenue to stabilise in 2020. On the one hand, the order book is well filled, while on the other hand, we have the continued uncertainty regarding the impact of the nitrogen emissions problem, in particular on the infra market. If there is a lag in tenders on the infra market, Heijmans believes this could have an impact on its infra activities in the run up to 2021. Despite this uncertainty, Heijmans is looking forward to 2020 with confidence. Given the huge task of making the property sector more sustainable, and the ever-increasing shortage of homes, combined with macro-economic factors such as historically low interest rate levels and low unemployment, the fundamentals of our sector remain strong. We therefore remain positive on the long-term perspective.

IMPACT



De Hooge Riet,
Ermelo



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Sustainable Development Goals

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs) and 169 sub-goals, aimed at ending poverty, inequality and climate change in 2023. Together, these goals constitute the international agenda for sustainable development and are promoted as such by governments, companies, NGOs and knowledge institutions. We are contributing to the realisation of these goals and various sub-goals through our mission and our activities.

In 2018, we conducted an SDG impact analysis to determine which of these SDGs are the most relevant for our organisation and to enable us to subsequently focus on these specific goals. We conducted the impact analysis on both the 17 SDGs and the 169 sub-goals. In this analysis, we looked at two criteria:


- **Contribution:** does Heijmans make a (positive or negative) contribution to the realisation of this sub-goal through its operations, activities and/or investments?
- **Potential:** does Heijmans have a lot of potential, average potential or little or no potential to have an impact on the realisation of this sub-goal?

We discussed and scored the various goals and subsequently put the outcome to a panel of experts and senior management in the organisation. The next step in the process is to clarify the link between the sub-goals and Heijmans' results and thus show the company's impact on the SDGs.



The top SDGs for Heijmans in order of importance:

1. SDG 9. Industry, innovation and infrastructure
2. SDG 12. Responsible consumption and production
3. SDG 8. Decent work and economic growth
4. SDG 11. Sustainable cities and communities
5. SDG 7. Affordable and sustainable energy



Affordable homes for everyone

It is becoming virtually impossible for starters and middle-income earners to find an affordable home in the city. Heijmans has teamed up with real estate investor Vesteda to meet that challenge head on. In Kanaleneiland in Utrecht, the two companies recently delivered De Staatsmannen, four apartment buildings with homes in the liberalised rental sector. These include 55 so-called friends' homes. "These provide newcomers on the housing market and elderly people with a pleasant place to live. That is how you create diversity," says Pieter. "And that is how you build a nice neighbourhood," Oscar adds.

Pieter Knauff, director Acquisitions at Vesteda
Oscar Higler, developer at Heijmans





EMBEDDING

Fort Prins Frederik,
Ooltgensplaat



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Corporate governance

14.1 Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2019 financial year. The financial statements have been audited by EY (Ernst & Young Accountants LLP) and the latter issued an unqualified auditor's report on 20 February 2020. The auditor's report is included in the appendices to the financial statements. We recommend that the General Meeting of Shareholders adopt the 2019 financial statements and discharge the members of the Executive Board for their management of the company. We approve the proposal by the Executive Board to pay out a dividend for 2019 of € 0.28 on (depository receipts for) ordinary shares.

Position and key developments in 2019

Role and powers of the Supervisory Board

The Supervisory Board supervises the policy of the Executive Board and the general course of business at the Company and its affiliated enterprise and advises the Executive Board. The Supervisory Board also focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of financial reporting. In the performance of its duties, the Supervisory Board acts in the interests of the Company and its affiliated companies and in doing so takes into account the legitimate interests of the Company's stakeholders. The Supervisory Board also takes into account the social aspects of business operations that are relevant to the Company. The Articles of Association

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

Specific areas of supervision

The Supervisory Board's supervision of the Executive Board includes aspects such as how the Executive Board executes the strategy with a view to value creation, the realisation of objectives, the risks associated with business activities, the structure and operation of the internal risk management and control systems, the process of financial reporting, compliance with legislation and regulations, shareholder relations (see, for example, chapter 14, section 14.2 'Corporate Governance' of this annual report), the activities of the Executive board with respect to the culture within the company, the operation of the reporting procedures related to abuses and irregularities and the social aspects of business operations that are relevant to the Company.

Accents and activities in 2019

Development of the results

In 2019, the Executive Board continued to build on the foundations it created in previous years for debt reduction and the improvement of capital ratios. The Supervisory Board monitored and supported the efforts of the Executive Board. The Supervisory Board also continued to devote constant attention to the 'focus, discipline and excellence' programme. The 'margin over volume' policy, the constant efforts to further increase the professionalisation of the organisation and the improvement of the internal processes were all also discussed extensively in the meetings of the board. The Executive Board also frequently consulted the Supervisory Board regarding the reduction of the risk profile of a number of large-scale projects.

Financing

In May 2018, Heijmans successfully extended the existing financing agreement through to 1 July 2022. The facility was reduced to € 144 million and will be gradually reduced to € 121 million. The interest rate and a number of covenants were amended in a manner favourable to Heijmans. The Supervisory Board and Executive Board frequently discussed the progress on the results front in relation to the requirements laid down in the financing agreement.

Strategy

In 2018, Heijmans reviewed its strategy and the Executive Board worked intensively with the Supervisory Board on a review in which the company defined a vision for the coming five years. This vision was defined on the basis of three pillars: 'Better, Smarter, Sustainable', which comprise eight strategic thrusts. In 2019, work continued on the operationalisation of the strategy and the continued development of the strategic thrusts, as well as KPIs to monitor the progress on these fronts. The Supervisory Board monitors the implementation of the strategy and discusses the various aspects of the strategy in every meeting with the Executive Board.

The Supervisory Board also took note of the progress in areas including safety, compliance & risk, renewal and innovation, in part via presentations by knowledge owners during joint meetings with the Supervisory Board and Executive Board.

Corporate governance

The Supervisory Board was kept abreast of the developments in the field of Corporate Governance, including the Corporate Governance Code and relevant legislation, such as the Revised Shareholder Rights Directive (SRD II). For more information, we refer to chapter 14, section 14.2 'Corporate Governance' of this annual report.

Frequency of meetings and attendance

In 2019, the Supervisory Board held seven scheduled meetings in the presence of the Executive Board. A number of these meetings were preceded by internal consultations within the Supervisory Board. In addition, the Board held three meetings in the form of conference calls. Ms. Boumeester was absent from two of the meetings. She used the opportunity available to discuss the items on the agenda with the Chair prior to the meeting and was given the opportunity to express her views. All members of the Remuneration committee and the Selection and Appointments committee attended all meetings of said committees or there were prior telephone consultations. The members of the Audit committee attended all meetings of said committee.

The Supervisory Board visited the EMA (European Medicines Agency) in Amsterdam during its meeting in June 2019. Prior to the meeting, the project management provided a detailed presentation on the project. In November 2019, the Supervisory board, together with the Executive Board and the members of the board of the Heijmans Share Administration Trust and the Heijmans Preference Share Trust, visited the HAGA project in The Hague. Prior to the tour of the building site, the management provided a detailed explanation of the project.

Members of the Supervisory Board also made a number of individual project visits to the NACH (New Amsterdam Court House) and EMA projects.

The Company's external auditor attended the meeting in which the financial statements for 2018 were discussed. In 2019, the Supervisory Board was represented at several consultation meetings of the Works Council. Members of the Supervisory Board regularly consult with members of the Executive Board, depending on their specific tasks. This is particularly true for the Chair of the Supervisory Board and the Chairs of the Board's committees, i.e. the Selection and Appointments committee, the Audit committee and the Remuneration committee.

Resolutions

The important resolutions of the Supervisory Board in 2019 included the following:

- Approval of the strategy;
- Approval of the decisions of the Executive Board to adopt and change the operational and financial objectives of the Company;
- Approval of the 2018 business plan and budget of Heijmans N.V., which outlines the parameters of the strategic principles of the policy;
- Approval of the proposal of the Executive Board with respect to the appropriation of the results of Heijmans N.V. for the financial year 2018;
- Approval of the specification of the criteria for the short-term and long-term variable bonuses of the members of the Executive Board;
- The decision to review the remuneration policy for the Executive Board, also in light of the Revised Shareholder Rights Directive;
- The decision to nominate Mrs J.W.M Knape-Vosmer as a member of the Supervisory Board at the General Meeting of Shareholders on 15 April 2020;
- Adoption of the Profile for the Supervisory Board after consulting the General Meeting of Shareholders.

Executive Board

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

- Mr. A.G.J. (Ton) Hillen, CEO: General affairs, Property Development, Building & Technology, Infra, Sustainability, HR & Management Development, Procurement and Innovation;
- Mr. J.G. (Hans) Janssen, CFO: Finance & Tax, Risk office, Investor relations, IT, Legal Affairs, PR & Communications, Pensions and Facilities.

Self-assessment Supervisory Board

One of the principles of the Dutch Corporate Governance code is that supervisory boards are collectively responsible for their own performance, with self-assessment being defined as a best practice. In 2018, the Supervisory Board, with support from an external party, assessed the improvement measures defined in 2017. At the time, the Supervisory Board concluded that the improvements have been implemented effectively and that these are now firmly embedded in the interactions between the Supervisory Board and the Executive Board. In 2019, the Supervisory Board, together with the Executive Board, devoted considerable attention to ensuring the improvement measures remained effective. In its evaluation of 2019, the Supervisory Board noted with satisfaction that this has been the case.

Diversity

The composition of the Heijmans Supervisory Board is diverse in terms of gender, background and experience. Pursuant to the Dutch Management and Supervision Act, larger companies are obliged to strive for a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are filled by natural persons. Two of the five members of the current Heijmans Supervisory Board are female, representing 40% of the total. For further background information about the members of the Supervisory Board, see chapter 3 'Management' of this annual report. The diversity Policy applicable to the Executive Board and Supervisory Board is included in the Corporate Governance statement, which is referred to in chapter 14, section 14.2 of this annual report.

Committees

The Supervisory Board has appointed three committees: the Audit committee, the Selection and Appointments committee and the Remuneration committee. The Board has drawn up Regulations for each committee, establishing the role of the committee in question, its composition and how it carries out its tasks. These regulations are only available in Dutch on the Dutch Heijmans website in the

section 'Corporate Governance: Codes, statuten en reglementen'.

Audit committee

The Audit committee comprises three members of the Supervisory Board and its tasks cover 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 subjects include the interim report, the financial statements, the budget, the reports of the external auditor, other financial reporting, the functioning of internal risk and control systems, the relationship with and the evaluation of the external auditor, the pension plans and the development of the financing requirements and debt position, as well as the relationship with the company's financiers.

The Audit committee also discussed the valuation of land holdings, the re-insurance of the supplementary company pension fund, the functioning of the SAP ERP system, the company's tax position, future amendments to IFRS standards, and the issue list. The committee also discussed integrity and compliance, Risk & Audit Management and the reports provided by the Risk & Audit Manager, cybersecurity and privacy/implementation GDPR.

The members of the Audit committee are Mr. R. Icke (Chair), Mr. R. van Gelder, and Mr. M.M. Jonk. The committee met with the Executive Board on four occasions in 2019. The external auditor also attended a number of meetings. The committee also consulted the auditor in the absence of the Executive Board.

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

Selection and Appointments committee

The Selection and Appointments committee establishes, among other things, the selection criteria and appointment procedure for Supervisory Board members and the members of the Executive Board. At least once a year, the committee also evaluates the performance of the members of the Executive Board. To that end, the committee 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 in the year under review. The members also consulted with each other regularly during the year. With a view to the vacancies that will arise in the Board in the coming years, the committee has drawn up a number of search profiles. In 2019, the search began for the positions with the profiles 'Human Capital' and 'Construction' in view of the retirement of Mrs. P.G. Bouwmeester and Mr. R. van Gelder respectively at the end of the General Meeting of Shareholders on 15 April 2020. In mid-2019, the Committee commissioned an external party to search for candidates that fit these profiles. Following an extensive and careful selection procedure, the committee found a very suitable candidate for the 'Human Capital' profile in Mrs. J.W.M. Knape-Vosmer, and the Supervisory Board unanimously decided to nominate her as a new member of the Supervisory Board for a term of four years at the General Meeting of Shareholders of 15 April 2020. Following a thorough selection procedure, the Supervisory Board also decided unanimously to nominate Mr. G.A. Witzel to fill the vacancy with the 'Construction' profile, for which the Supervisory Board considers him highly suited due to his extensive know-how and experience in the construction sector. The Supervisory Board also unanimously decided to nominate Mr. R. Icke for reappointment for a two-year term. This is an exception to the Dutch Corporate Governance Code. The Supervisory Board has in the past indicated to the General Meeting of Shareholders that it wants to both safeguard the continuity in the Supervisory Board and arrive at a more balanced retirement schedule. In view of the fact that two Supervisory Board members are set to retire in April 2020 and a third member has been appointed relatively recently, the Supervisory Board believes that a new two-year term for Mr. Icke is in line with the desire to safeguard continuity and realise a more balanced retirement schedule. In this context, the Supervisory Board obviously takes into consideration that Mr. Icke has fulfilled his role in an exceptional way, both as Vice Chair of the Board and as Chair of the Audit committee.

This committee comprises Mrs. P.G. Boumeester (chair), Mrs. M.M. Jonk and Mr. R. van Gelder.

Remuneration committee

The Remuneration committee, which comprises Mrs. P.G. Boumeester, Mrs. M.M. Jonk and Mr. R. van Gelder (chair), carries out preparatory work for the Supervisory Board with respect to the remuneration of the members of the Executive Board. In the financial year 2019, this was based on the remuneration policy in effect since 1 January 2010 for members of the Executive Board, as adopted by the General Meeting of Shareholders on 28 April 2010.

The remuneration of the members of Heijmans' Executive Board in 2019 was in line with the aforementioned remuneration policy, details of which are available in the remuneration report 2019, appendix 16.6 Remuneration report of this annual report.

The Remuneration committee held two scheduled meetings in 2019, in which the usual annual items such as the remuneration of the members of the Executive Board, the targets for the variable remuneration, the variable remuneration itself, and the Bonus Investment Share Matching Plan were discussed. The committee's members also consulted with each other on several occasions in the course of 2019. The committee also met three times in the context of the review of the remuneration policy for the Executive Board and Supervisory Board to be submitted for approval to the General Meeting of Shareholders on 15 April 2020. The review was partly inspired by the introduction of the Revised Shareholder Rights Directive, which came into force in 2019.

Composition Supervisory Board

The Supervisory Board currently has five members. In accordance with the retirement schedule, Mr. S.J.S. Vollebregt, chairman of the board, and Mr. S. van Keulen were due to retire in 2019. Mr. S.J.S. Vollebregt was reappointed for a second four-year term at the General Meeting of Shareholders of 10 April 2019. Mr. S. van Keulen had reached the end of this third four-year term and was not eligible for reappointment. This was anticipated at the end of 2018, with the nomination of Mrs. M.M. Jonk to fill the vacancy with the profile 'risk, legal & compliance'. Mrs. Jonk was appointed at the Extraordinary Meeting of Shareholders of 6 December 2018. You will find the current composition of the Supervisory Board, together with the particulars of the members and principal and other positions they hold in chapter 3, Management, of this annual report. All Supervisory Board members qualify as independent as meant in Article 2.1.8 of the Dutch Corporate Governance Code.

In conclusion

In 2019, Heijmans once again worked hard on the realisation of a structural recovery. The focus of both the Supervisory Board and the Executive Board in this remained firmly on the strategic goals and on a strict contract selection policy, optimum cost structure, safety and the strengthening of the company's capital ratios. In short: on the improvement of the company's results. In 2019, the company once again faced new challenges as a result of the nitrogen and PFAS issues. This has resulted in considerable demands being made on the company's flexibility and innovative potential. The foundation for structural success lies in a solid organisational structure and skilled employees. The Supervisory Board and the Executive Board therefore devoted extensive attention in 2019 to the continued development of the HR policy, which is focused on developing every aspect of human capital.

Both the Supervisory Board and the Executive Board are aware that Heijmans' recovery makes major demands of all employees within the firm in terms of both effort and engagement. The Supervisory Board wishes to express its gratitude to the Works Council, all employees and the Heijmans Executive Board for their significant contributions in the year under review.

Rosmalen, 20 February 2020

Mr. Sjoerd S. Vollebregt, chair

Mr. Ron Icke, vice chair

Ms. Pamela G. Boumeester

Mr. Rob van Gelder

Ms. Martika M. Jonk

14.2 Corporate governance

Generally speaking, corporate governance is about sound management of a company, supervision of that management and how the execution of the strategy is reported to all the company's stakeholders. These stakeholders include shareholders, employees, clients and society in general. Factors that play a role in this include the strategy and the achievement of the company's business objectives, the corporate culture and how the company meets its reporting and transparency obligations.

Open corporate culture

A disciplined and unified corporate culture is a prerequisite for the success of our strategy 'Better, Smarter, Sustainable'. Continuous improvement remains of vital importance to Heijmans to maintain a sound basis and, in doing so, we continue to build on the principles of the previous strategic programme 'Focus, Discipline and Excellence'. We recognise the importance of good corporate governance and a code of conduct for the achievement of our business objectives and the realisation of the related corporate culture. To this end, we continue to focus on communicating the core values that are vital to the realisation of this strategy. These core values are ownership, result-orientation and collaboration. A more detailed explanation of our corporate culture programmes is available in the section 'Non-financial results'.

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

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

Organisation of the corporate governance

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

Shares

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

Employee representation

Employees are represented at Heijmans via the Works Council. Heijmans has a single Works Council at the level of Heijmans Nederland B.V. There are also a number of committees, each with its own focus area, such as finance, social policy and communications, comprising both members and non-members of the Works Council. In 2019, the Works Council held 10 works council meetings, five of which were consultative meetings. The latter are meetings at which the chairman of the Executive Board is present. One of the consultative meetings was attended by a member of the Supervisory Board. In the course of 2019, the Works Council dealt with 12 requests for approval and five requests for advice.

Implementation Corporate Governance Code 2016: compliance and deviations from the code

Heijmans endorses the underlying principles of the Dutch Corporate Governance Code and has incorporated these principles as such in the company's corporate governance structure. To this end, we have also amended the regulations of the Executive Board, of the Supervisory Board and of the committees of the Supervisory Board.

In the year under review, we deviated from the recommendation of the code with respect to one best practice: best practice 4.4.3 stipulates that a director may be appointed to the board of the SA Trust for two four-year terms, after which they may be appointed for two terms of two years

each. Reappointment after a term of eight years must be justified in the report of the board of the SA Trust.

The Articles of Association of the SA Trust in effect until 9 July 2018 included a provision that stated that members of the SA Trust board were appointed for a maximum term of four years, and could be re-appointed twice for a further term of four years, therefore taking the total to 12 years. It also provided the option of deviating from this maximum in exceptional circumstances. In accordance with said Articles of Association, in March 2017, Mr. W.M. van den Goorbergh was appointed for a period of four years for the fourth time. This decision took into account the importance of continuity within the board, partly in view of the terms of the other board members and in relation to the phase Heijmans was in at the time. The Articles of Association of the SA Trust have since been amended and brought into line with the Code.

Corporate Governance Statement

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

Special aspects

Dividend policy

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

Heijmans Preference Share Trust

The Heijmans Preference Share Trust has been given a call option, which gives the Trust the right to obtain preference shares in the capital of Heijmans N.V. The purpose of the Trust is to protect the interests of the company and all its stakeholders. The Trust also aims to limit any impact that may impede the independence and/or continuity and/or identity and/or strategy of the

company. The purpose of taking protective preference shares is to provide the company with the opportunity and the time to effect the protection of the above-mentioned interests in the event that the company finds itself in a potentially undesirable situation.

Powers of the shareholders meeting and the rights of the shareholders

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

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

Limitation on the transfer of shares

There is no limitation in the Articles of Association or contractually on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the block on transfer and delivery of financing preference shares B laid down in the Articles of Association. Article 11 of the Company's Articles of Association stipulates that the Company's Executive Board must approve any transfer of financing preference shares B.

Substantial shareholdings in Heijmans

Holders of shares and depositary receipts for shares that, as far as the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2019, according to the Register of Substantial Shareholdings of the Dutch Financial Markets Authority (AFM), are listed in the section entitled 'The Heijmans Share'.

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

- The shares into which the authorised share capital of the Company is divided do not endow the holders with any special controlling rights.
- The Company does not have any employee participation plan or employee share option plan.
- There are no limitations of voting rights attached to ordinary shares or the depositary receipts for ordinary shares.
- The number of votes conferred by a financing preference share B with a face value of €0.21 is contractually restricted to 1,278 votes.
- The Company's Articles of Association include the usual provisions related to registration as a recognised party entitled to attend and to vote at a shareholders meeting.
- Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as the body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is determined by the General Meeting of Shareholders.

Agreements with shareholders that may limit the transfer of (depositary receipts for) shares or limit voting rights. The Company is not aware of any agreement involving a shareholder that may result in:

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

Amendment of the articles of Association

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

the votes, regardless of the capital represented.

Authorisation of the Executive Board with respect to the issuance of shares and the acquisition of shares

In accordance with the Articles of Association, on 10 April 2019, the General Meeting of Shareholders designated the Executive Board, with the approval of the Supervisory Board and for a period of 18 months commencing on 10 April 2019, as the body authorised to::

- issue shares and/or grant rights to acquire shares. The mandate to issue ordinary shares is limited to 10% of the issued share capital on 10 April 2019, plus an additional 10% if the issue takes place as part of a merger or takeover, or in the context of forging a strategic alliance;
- to limit or exclude the pre-emptive right to ordinary shares in the event that these shares are issued making use of the above-mentioned right to acquire shares.

Furthermore, the General Meeting of Shareholders of 10 April 2019 gave the Executive Board the authority - for a period of 18 months commencing on 10 April 2019 and 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 purchasing same in the market or by other means. This authorisation is limited to 10% of the issued share capital and the company may only purchase the treasury shares at a price between their face value and 110% of the average closing prices over the last five trading days prior to the date the ordinary shares are purchased, and between the face value and 110% of the issue price for financing preference shares B.

Consequences of a public bid for important contracts

The agreement with the banking consortium includes a change-of-control clause with respect to the facility of € 121 million (at year-end 2019). This clause states that the consortium must be informed of any change of control, and must then be given the option to demand early repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

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

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

14.3 Conduct, integrity and dilemmas

Culture and structure

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

At the end of 2016, Heijmans formulated new core values, which are being disseminated right across the organisation and which fleshed out Heijmans' strategic programme at the time: 'Focus, discipline and excellence'. These values are ownership, result-orientation and collaboration. Heijmans implemented this programme in the course of 2017 under the header "IKI". These core values remain fully in force within the parameters of Heijmans' new strategy.

Compliance officer

Heijmans has appointed a compliance officer who acts as the central contact and reporting point for integrity issues. The system safeguards the anonymity of any reports, and the compliance officer reviews the action necessary in each individual case, taking into account the applicable rules. In many cases, issues are resolved on the shop floor, for instance in consultation between the employee and their supervisor.

Integrity Committee

The task of the Integrity Committee is to advise the Executive Board on integrity-related matters. The Integrity Committee discusses integrity-related issues, dilemmas and themes and all related matters. On the basis of these discussions, the committee then issues policy recommendations, such as the need to initiate training courses. The Executive Board establishes the policy and decides which actions are to be taken in this context. The committee is chaired by the CEO. The other core members of the Committee are the Compliance Officer, the Procurement Director, the HRM Director, the IT Security Officer, and the Chair of the Works Council. The committee discussed a range of topics on various occasions in the year under review, such as how to keep the subject of integrity permanently top of mind for all employees and if and how it might be possible to improve

the reporting structure at Heijmans. Heijmans attaches great importance to its employees operating with integrity and to a culture in which employees feel safe to report abuses. We will therefore once again bring the subject of integrity and conduct to the attention of our employees by means of dialogue sessions.

Dilemmas and conduct

Heijmans is convinced that how we behave has a significant impact on the quality of the company's work and financial performance. One example is the impact of conduct in the field of safety, which can make a huge difference in the construction industry.

Heijmans continues to face integrity and conduct issues. Not everyone has the same opinion of what is and is not acceptable. A considerable proportion of the reported issues is related to the following dilemmas:

Should you call someone to account or not

Calling each other to account in the event of unacceptable behaviour, in line with the standards we strive to maintain, actively encourages more openness and, in the end, more acceptable conduct. Calling each other to account is a form of ownership and taking responsibility. Examples include the wearing of safety clothing, the separation of waste at building sites, or the deliberate submission of incorrect expense sheets, the use of company property for personal purposes and unacceptable behaviour towards third parties. To make it easier for employees to call each other to account in cases of unacceptable behaviour, we organise dilemma discussion groups, where employees can discuss certain issues openly and freely.

Acceptable versus unacceptable behaviour

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

Self-determined rules versus applicable rules

Not everyone complies with the rules laid down in our code of conduct. This could apply to the likes of submitting expense sheets, payments or the use of company equipment. It can be difficult for (new) employees to go against the flow and to remind colleagues of the actual rules.

Compliance

In 2019, 14 integrity issues were reported to the compliance officer and/or confidential counsellors, a slight increase compared with the previous year. The anonymous tip line was not used. Heijmans encourages its employees to report suspected or actual abuses and has several options available for them to do so. The Executive Board and Compliance Officer also take an active approach on this front. The Compliance Officer regularly sends out requests to management and HRM for reports. The Executive Board believes it is important that employees feel free to file reports and know that reports will be taken seriously.

The reports in 2019 included the theft of company property and surplus materials, not following internal procedures and unacceptable and/or unprofessional conduct on the part of employees in various positions. The first consideration in each case was the seriousness of the incident, and this was then followed by an investigation into the facts in all cases. The reports led to written (final) warnings, or dismissal in a few cases. All reports were also discussed at Executive Board meetings and subsequently evaluated by management with those involved. These issues are also reported to and discussed in the audit committee.

Integrity and conduct

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

- *Integrity-sensitive positions:* Heijmans has a 'Procedure for integrity-sensitive positions'. Integrity-sensitive positions include members of the Executive Board, directors of business areas, project directors, directors of staff services, property developers, development managers and other managers, company lawyers and procurement managers. A screening is mandatory for these functions. Employees in integrity-sensitive positions and applicants applying for such positions are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Good Conduct.
- *Reviews:* the Executive Board discusses integrity issues and shares these, anonymously, with the management teams. In consultation with the Integrity Committee, the Executive Board makes sure that reports and issues are translated into appropriate policy.
- *The 'kr8 van Heijmans' code of conduct:* Under the motto "A question of character", the Heijmans Code of Conduct lays down what Heijmans considers desirable conduct. This Code deals with matters such as safety, integrity and competition and requires Heijmans

employees to act and behave in accordance with its provisions. The Code of Conduct is linked to a sanctions policy. Managers are asked to set an example through their personal conduct. The Code of Conduct is an integral part of the employment contract with permanent and temporary personnel, and also applies to any self-employed contractors with whom Heijmans works. We translate the rules laid down in the code of conduct into everyday practice with the IK! Core values programme, with concrete examples related to the three core values of result-orientation, ownership and collaboration.

- Integrity is a fixed item in job interviews and onboarding programmes.
- To encourage integrity in its project development activities, Heijmans Property Development has a *Transaction Register* in accordance with the NEPROM Code of Conduct, in addition to its quality management system and the Heijmans Code of Conduct. The Transaction Register is used to investigate, record and document the relevant details of every business-to-business property transaction in advance, making it possible to check transactions for correctness, integrity and lawfulness after the fact. This is also endorsed and incorporated in Heijmans' procurement policy.
- *Procurement:* New suppliers are asked to sign a sustainability statement, which includes rules with respect to improving social aspects, working conditions, health & safety and the environment.

Fighting corruption and bribery

The trust our clients and partners, as well as our shareholders and employees, have in the company is crucial to our licence to operate. That trust will be damaged if Heijmans or its employees are found guilty of corruption and/or bribery. Fighting corruption and bribery is therefore an integral part of Heijmans' general compliance programme. The 'kr8 van Heijmans' code of conduct applies to the employment contract of every employee. It states that Heijmans expects employees to avoid all actual or apparent conflicts of interest between personal and business interests. Employees are not allowed to accept or offer any gifts or invitations that call into question the independence of either Heijmans or the purported recipient of said gifts or invitations. Heijmans and its employees must strictly abide by all legal rules and generally accepted norms applicable to business operations and that are expressed in Heijmans' own guidelines, such as the Transaction register used within Heijmans Property Development. We impose the application of our code of conduct or an equivalent code on the subcontractors and partners with whom we do business.

If an employee can, by the nature of his or her position, find themselves in a situation where they may encounter corruption or bribery, the company will devote specific attention to this situation, for instance by organising special training. This applies to Procurement in particular. Heijmans has taken measures at this department to minimise the risk of bribery and corruption. For instance, the department is centrally organised, which increases the level of direct supervision. Preferred suppliers are also chosen centrally and very carefully. Procurement has a clearly defined segregation of tasks and procedures that are subject to the 'four eyes principle'. The department uses standard contracts that are exchanged digitally. In early 2018, Heijmans introduced a transparent evaluation system for suppliers. This ensures that suppliers who fail to comply with Heijmans' standards are excluded from our list of preferred suppliers. This approach has proven highly successful. The indicators related to this theme are 'Procurement spend with preferred suppliers' and 'Procurement spend with preferred suppliers with framework contract with signed sustainability statement', as included in the KPI table in the appendices.

Compliance

We have appointed a number of confidential counsellors for the business areas and at holding company level. These confidential counsellors can give advice on dilemmas encountered by employees in the course of their daily activities. Heijmans requires its suppliers and subcontractors to endorse the Heijmans Code of Conduct, the Bouwend Nederland (Dutch construction industry employers' group) and NEPROM codes of conduct or their own (industry) code. Heijmans' subsidiaries are included in the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, we file a report with the SBIB on any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with said breaches.

Additional and separate regulations

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

- *Dossier statement*

The Heijmans Code of Conduct has also been defined in more detail in the so-called dossier statement. This statement is required with every bid issued with a value of € 100,000 or more. It consists of an explicit statement by the responsible management that preparation of the bid did not involve any anti-competition practices.

- *Internal reporting procedure*

For those situations in which it is difficult to find a solution within the scope of daily workplace activities, some time ago Heijmans introduced an internal reporting procedure, which defines 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 this. This internal reporting procedure offers employees the opportunity to report an abuse orally or in writing to the central reporting point (the compliance officer) or a confidential counsellor, without endangering their legal position under employment law. Employees can also report abuses anonymously via the SpeakUp system.

- *Insider Trading Regulations Heijmans N.V.*

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

- *Private investments regulations*

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

Dutch Human Environment & Transport Inspectorate

In early 2014, Heijmans was the first contractor to sign a declaration of intent with the Dutch Human Environment & Transport Inspectorate (IL&T) as a preliminary to a compliance covenant related to the enforcement of the (extremely extensive) set of regulations that fall within the remit of the Inspectorate. The IL&T supervises enforcement of the regulations in several so-called domains, including soil, transport and hazardous substances. Heijmans already has such a covenant in place with regard to the Dutch Driving Times Decree. An enforcement covenant introduces horizontal supervision, on the basis of which Heijmans is expected to report deviations on its own initiative, and to take preventative measures and report annually to the IL&T. Within Heijmans, the IL&T domains primarily cover the activities of Infra. The covenant signed for a two-year period on 26 June 2015 was extended for a five-year period at the end of 2017 and will be reviewed annually. Both Heijmans and the IL&T are pleased with how the agreements are being executed. The IL&T reported in mid-2019 that the covenant with Heijmans will be terminated as of 31 December 2021, as a result of policy changes on the basis of which the IL&T's inspection capacity will be used in higher-risk areas.

14.4 Risk management

In 2019, Heijmans continued on the path it took in 2017. Profitability has improved once again, average debt declined once more and the balance sheet is now more robust. Effective cash management has further reduced the use of financing facilities. The corporate financing facilities all have a minimum term to mid-2022 and we are operating well within the conditions/covenants. Continued attention for risk management remains vital. We have embedded the role of the Chief Risk Officer (CRO) even more firmly in the organisation and added competencies from all business areas to the team. In 2019, new risks appeared, which neither Heijmans nor the rest of the sector could have seen coming. This was the result of the ruling from the Council of State pertaining to nitrogen emissions and the new PFAS standards. We discuss the possible consequences of this for Heijmans and the measures we have taken in this context in the risk matrix in appendix 16.3.

This section of the annual report describes the risk profile and risk management of the company, the associated risk factors, the actions taken to mitigate these risks and the risk management priorities for 2020.

Heijmans' main risks are:

- Strategic risks
 - economic downturn
 - price risks (particularly procurement prices)
 - macro-economic and political risks such as PAS and PFAS
- Market risks
 - availability of labour, services and materials
 - availability and potential for development of land holdings
 - affordability of homes
- Operational risks, the most relevant to Heijmans being:
 - control of project risks in acquisition and execution
 - control of corporate risks such as continuity in the order book, personnel and exploitation contracts
 - safety
 - retention and recruitment of personnel
- Financial risks, the most relevant to Heijmans are:
 - insufficient liquidity
 - capital ratios that hinder the execution of the strategy
 - insufficient capacity bank guarantees
 - insufficient financial health of partners
- Legal and compliance risks:
 - new forms of cooperation and contracts
 - increasing importance of other (legal) aspects such as cyber security and GDPR
 - disputes and legal proceedings

This risk section also describes the main items of attention in the management letter from the external auditor. Before exploring the specific risks and mitigating measures, we will first describe the company's risk profile and general risk management measures.

Risk profile and risk appetite

Heijmans is active in construction and infrastructure projects, including management, maintenance and/or services, and additionally 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.

Digitalisation means we create data-driven services, and software is therefore part of our products and services. Clients set specific requirements for cyber security in buildings. The distinction between construction and infrastructure, property development (and PPS projects) and the increasing level of digitalisation has an impact on the risk profile.

Construction and infra projects

Target margin: EBITDA of 3-4%. Moderate risk profile focused on a profitable business model and low invested capital.

The construction and infrastructure projects, including services, are based on contracts that Heijmans executes, with a large part of the work to be executed outsourced to third parties. These activities are marked by relatively low operating profit margins. Heijmans targets operating profit margins of 3-4% for these activities. The business model for these types of activity is profitable when projects involve – on average - negative working capital, which effectively results in little or no investment of capital. Infra activities generally involve slightly less negative working capital than construction or installation projects, partly due to the greater use of the company's own equipment. This makes it essential to devote a great deal of attention to the management of downside risks. After all, if these do indeed materialise, these risks can quickly result in unprofitable activities when working with low operating profit margins. The flip side to avoiding these risks is that Heijmans may sometimes have to deliberately turn down potential upside opportunities. To achieve a profitable business model, Heijmans therefore strives for a moderate risk profile on this front.

Property development

Target margin: EBITDA of 6-8%.

Moderate risk profile focused on stimulating the turnover rate of capital.

The property development activities require a higher level of invested capital, which in turn requires higher returns. The capital employed depends to a great extent on the terms at which Heijmans can acquire and sell development positions. Strategic development positions can have a long investment horizon, while exercising development rights acquired may have a short investment horizon. In these markets, Heijmans aims to achieve an operating profit margin of 6-8%. The time factor is an important component of the risk profile for these activities. For instance, capital is frequently utilised for longer periods of time to generate higher returns. Heijmans invests only in new real estate and land holdings if these can be developed within the next five years. Heijmans has shifted the focus in this context from land ownership to development rights.

Risk appetite

When Heijmans revised its risk appetite, it also categorised the project risks in more detail. In this process, Heijmans looked at items such as the annual revenue from a project in relation to the company's revenue, the type of contract, the client, the competency fit and the risk profile of the chosen solution. This process is used as a basis to assign each project a risk category (1 to 3) as a function of revenue versus risk label. This classification is based on: the higher the risk profile, the higher the authorisation in the organisation, the higher the return requirements and the more frequent the project monitoring.

In addition, Heijmans is aiming for a better revenue mix in all business areas. At Infra, the ratio of large projects on the one hand and regional projects, specialist activities and asset management on the other is shifting in favour of the second category of activities. At Building & Technology, we strive for a balanced ratio between non-residential projects, residential building, multi-functional high-rise construction and service activities. In Property Development, we focus on the balance between the development of our own land holdings, tenders/quote requests and direct awards. Our preference is development on the basis of our own land holdings and direct awards, while tenders are used as a residual item to fill the portfolio. Furthermore, we are seeing that new revenue models are emerging, such as data-driven services.

End products

The risk profile of end products such as asphalt is primarily determined by the scale of the necessary production capacity.

This capacity is effectively aligned with the demand from Heijmans' own projects, as well as deliveries to third parties. In addition, Heijmans intends to cooperate with BAM by integrating the existing asphalt plants in the Netherlands in a new, joint asphalt company. The foundation of a new asphalt company offers the parties the opportunity to combine their know-how, expertise and investments in innovations of both companies. A key target on this front is increasing the sustainability of the asphalt chain, from reducing CO₂ emissions to circularity and the reuse of raw materials and semi-finished products. Joining forces also creates opportunities to optimise the operations in the field of asphalt.

Data-driven services, software development and technology in our products and services

Digitalisation means we create data-driven services and increasingly use software development and technology as part of our products and services. In addition, a growing number of principals include explicit cyber security requirements in projects. This has an impact on our risk profile. These risks include aspects such as:

- Disputes relating to intellectual property ownership of software and algorithms.
- Quality and liability of digital products and services:
 - Functional operation, maintainability and digital security.
 - Safety impact if the technology has a direct impact on the physical world.
- Fines and liability in the area of GDPR, if the data includes personal information.
- Certifications: missing out on contracts due to a lack of the correct certifications, such as ISO 27001.
- Missing out on revenue and possible claims as a result of unclear ownership of data and rights of third parties (database rights).

Heijmans has a vision in which cyber security is integrated in our business operations, products, projects and project results. Heijmans wants to achieve this by seeking cooperation in the chain, both internally and externally, and by focusing on the responsibility of each party in that chain, or those chains. On the one hand, Heijmans chooses measures that have added value and, on the other hand, we weigh risks on the basis of transparency and ownership of data and systems. Heijmans is solution-oriented and seeks a balance between investments in technical solutions and employee awareness and knowledge. This is translated into a multi-year cyber

security roadmap "Secure@Heijmans", which we review annually.

General risk management measures

The premise of Heijmans' approach to risk management is the structural, integrated and timely identification and monitoring of key opportunities and risks based on the above-mentioned risk profile. The objective is to effectively anticipate and mitigate uncertainties and threats, but also to take advantage of any opportunities. Heijmans has designed its risk management in line with the principles of the COSO-ERM framework, assigning a prominent role to the risk management of projects. The activities in the control model have been divided into 1st, 2nd and 3rd lines of defence.

The 1st line is the operation responsible for the execution and compliance with agreed procedures and the management of the associated risks, both in the business operations and specific project risks.

The 2nd line of defence includes the Risk Office, Legal and Compliance, and analyses and assesses the risk profile in terms of substance, develops and improves management measures and ensures these are implemented in the first line.

The 3rd line (Audit) uses an Audit programme to monitor the correct compliance and effectiveness of the management measures and reports periodically to the Group Board and the Audit committee.

Risk management is embedded in a management model marked by centrally organised business areas with short lines of communication to the Executive Board. In addition, the execution of the strategy is effected via a number of improvement processes aimed at the optimisation of the company's operational core processes and the promotion of a culture that, in addition to openness and transparency, also incorporates taking responsibility and ownership. For more information on this, see chapters 10 'Strategy' and 14 'Corporate Governance' of this annual report.

Procedural measures

Key aspects within the control framework are:

- Management regulations and instructions for the management of operating companies/business units related to authorities, the acquisition of projects, entering into investment commitments, and reporting and accountability obligations.
- Conduct-related instruments such as the Heijmans Code of Conduct and the IK! programme - see chapter

- 14 'Corporate Governance' for more information on this.
- An accounting manual with rules for internal and external financial reporting and related procedures.
- Business process systems for the primary and secondary processes of the infra, construction and property development operations, including risk management systems, with the aim of achieving uniform processes across the group. This includes a uniform SAP/ERP system across the entire organisation and the new HR system (Workday) implemented in 2019.
- A register of statements as an extra safeguard for the integrity of senior management and specific positions. This includes the Certificate of Good Conduct and Personal Statement of Judicial Records.

Heijmans' control mechanisms include:

- A planning and control cycle, with monthly reporting by operational management on matters such as the trends in relevant markets, opportunities & risks, the financial situation relative to the budget, the financial and operational status of projects and safety.
- Tender guidelines, tender board, GO/NO GO procedures and gate reviews for tenders, with all category 3 tenders requiring the approval of the Executive Board. For each category 3 tender, the CRO supervises the production of an independent risk review, which is reported to the Executive Board.
- Regular project reviews: all projects are divided into various risk categories (1, 2 and 3). The Executive Board discusses risk category 3 projects at least once each quarter.
- Monthly Status Update Projects, in which projects recently taken into development and/or projects with a higher risk profile are discussed with the Executive Board and the CRO.
- Regular review meetings between the Executive Board and the business areas.
- The daily monitoring of movements in the liquidity position of business units and specific projects in relation to weekly updated liquidity forecasts.
- Audit programme aimed at compliance with control measures in the context of project-specific risks, and the control of group-wide operating process risks. In 2019, Heijmans conducted some 100 risk audits.

The control framework consists of various formal procedural and organisational measures that are applied right across the group. Heijmans' culture, in which ownership plays a prominent role, also makes a major contribution to the management of risks.

In addition, Heijmans uses a number of control mechanisms, including the planning and control cycle, reviews and reporting, which are embedded in the organisation. These control mechanisms are explained below.

Organisation and CRO

The Executive Board determines Heijmans' strategy and its related risk appetite. Heijmans has an organisational structure under which the business areas are managed centrally with short lines of communication to the Executive Board. The central management teams of the business areas, the Executive Board and the staff departments are located in the head office in Rosmalen. This promotes an open and informal culture, which in turn makes the exchange of information both swift and efficient. The aim of the Chief Risk Officer (CRO) is to take risk management and a risk-aware culture to a higher level sustainably, at every level and across the entire breadth of the organisation. The Risk Office department, which operates under the CRO, provides the 2nd line of risk management within the organisation. Risk Officers are senior staff members with a background based in the three business areas (Property Development Building & Technology and Infra), control and legal affairs.

Risk Officers are involved in the categorisation of projects for pre-qualification and project selection. They issue an independent opinion on the risk profile of all category 3 tenders. They are deployed in both the substantive shaping of the 2nd line of risk management and the substantive execution of independent risk reviews of tenders and projects in realisation. The effectiveness of our primary operating processes is also assessed.

In 2019, we implemented integrated CRO reporting across the entire Heijmans group. This report is drawn up every quarter with the aim of monitoring how Heijmans' risk profile is developing. In this context, we assess our project portfolio, legal claims, the development of our real estate and land holdings, and other internal and external risks that may have an impact on the company. This provides us with an impression of the impact, should these risks materialise.

In terms of digitalisation / data analysis for risk awareness, we implemented a number of measures in 2019:

- We have a risk database incorporating both standard risks and specific risks, based on the lessons learned from problematic projects in the past.
- We use specific tooling to produce quarterly analyses of the financial SAP data relating to both maximum

values and expectation values of the opportunities and risks, the project risk provisions, quality or order intake, etc.

- The third measure is enriching all historical financial data of category 3 projects with various project characteristics such as, for instance, the required competencies, principal, type of contract, to use characteristics to gain quick insight into future project risk profiles.
- In 2019, based on the GRIP improvement programme, we further boosted improvements in the processes in the field of risk management and controls that overarch the business areas. The GRIP 2020 programme will focus on the continued implementation of improvements and structural embedding of the improvement cycle in process consultations that overarch the business areas. Process-targeted improvement aspects are items on the agenda of the various process consultations.
- Process improvements are discussed with the correct stakeholders (process owners), both within the business units and across Heijmans as a whole.
- Boosting the exchange of know-how within Heijmans.

Culture

Heijmans believes that the culture of the organisation is a significant factor in the management of risks.

Due to the risks inherent in projects, they entail a certain level of unpredictability, and this cannot be mitigated entirely with guidelines and procedures. These require a certain level of flexibility and an open and action-oriented culture, in which people display sufficient ownership to solve any problems that may arise. The example set by the management is crucial to this, as is the willingness to call each other to account in the event of a failure to honour agreements, but also to point out items that have gone well. The use of conduct-related instruments, such as the Heijmans Code of Conduct and the IK! Programme - see the 'Corporate Governance' chapter for more information - provides employees with practical guidance on what Heijmans expects from them in terms of behaviour and what behaviour is deemed unacceptable.

Internal guidelines and procedures

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

Rules for internal and external reporting are laid down in the Accounting Manual, including related procedures, such as the procedure for investments. The operating process system includes descriptions of the primary and secondary processes of the construction and property development operations, including risk management systems used to monitor and control project-related risks. This increases the uniformity of the process for the entire group. The Heijmans-wide SAP-based ERP platform is increasingly contributing to this uniformity. Heijmans has also designed procedures related to the tender process that prevent the company from taking on any projects with irresponsible levels of risk. Tenders are divided into three categories based on the risk profile, which depends on, among other things, the scope, the type of contract, complexity and type of client. Rules for authorisation and escalation have been laid down for each category, and the final decision on whether or not to submit a quote for projects in the highest risk category rests with the Executive Board. The procedure includes a number of phases that need to be completed with a decision as to whether to proceed with a tender (GO/NO GO). The standard documents that are recorded in each phase are registered in a system developed for that purpose, which is also used to record the GO/NO GO decision. Both several months after a category 3 project has been awarded, and during the execution and maintenance of same, the Executive Board conducts a Project Status Update (PSU) review, to determine, among other things, whether the premises used during the tender phase are still applicable or whether these need to be adjusted. The CRO is responsible for the preparation and execution of the PSU. The CRO also plays an important role, from project leads, to entering into combinations for joint tenders for projects, as well as in the tender process and the realisation process.

Planning and control cycle

The Executive Board consults with the management of the business areas and project managers on a regular basis and on an ad hoc basis if this is deemed necessary. In these meetings, the Executive Board and the management review matters such as the developments in relevant markets, the financial situation in relation to the budget, the financial and operational status of projects and safety on the basis of monthly and quarterly reports. Projects in progress with a high risk profile (primarily category 3 projects) are subject to separate regular project reviews with the Executive Board and the CRO, in the presence of the project manager in charge of the project. The monitoring of actual and estimated future liquidity movements is based on three reporting lines:

- Net debt is reported on a daily basis, such on a consolidated basis and per business area. This pertains to an overview of both all bank balances and the (project) financing facilities. The movement is then compared with the forecast. Inadequate liquidity is a key early warning criterion and is discussed immediately with the management in question.
- A liquidity forecast for the next thirteen weeks is drawn up on a weekly basis. Every two weeks, the management of the business areas are interviewed to discuss these forecasts and the potential impact of individual projects on said forecasts. This reporting line is used to, among other things, gain a better understanding of the current liquidity movements and to gain advance insight into the sensitivities in said liquidity movements.
- A liquidity forecast for the next 12 months is drawn up each year. This is then used to assess whether the available financing facilities will be sufficient to meet the company's cash requirements. This forecast is also used to allocate each business area its own limit on in-house bank funding.

Statements from management

The management responsible for a tender has to sign a dossier statement for every quote submitted. In this statement, they declare that the preparation of the quote did not involve any anti-competition practices. When joining the company, members of the senior management team and employees in specific positions are asked to provide a Personal Statement of Judicial Records and a Certificate of Good Conduct (verklaring omtrent gedrag - VOG) issued by their local council, as an extra safeguard for integrity. The submission of these statements is recorded in a register. The statements are also saved in the personnel file of the employee in question. The employees in question provide a new personal statement every three years. Upon the publication of the interim and annual results, the management of the business areas submit a confirmation letter, in which they affirm, among other things, that all relevant information is accurate and has been incorporated in full in the figures, and that it has been explained in sufficient detail in the reports of the operating company.

Audits

Heijmans has appointed an internal risk and audit manager, whose primary task is to initiate and conduct sufficient operationally focused audits, including clear feedback reporting to the management in question. In 2019, the risk and audit manager oversaw around 100 risk audits. The key findings of these audits were shared with

the Group Board and the Supervisory Board's Audit committee on a quarterly basis. Any suggested improvements as a result of these audits are recorded in improvement registers. These registers are used to monitor the follow-up on the improvement measures. In 2019, extra attention was devoted to the improvement process and the monitoring of the follow-up on improvement measures. For the coming year, the risk and audit manager has identified a number of focal points for the audit programme in consultation with the Executive Board. The focus of the audit programme in 2020 will be on items that are vital to (financially) successful projects: the tender process, cyber security, personal registration by means of Heijmans Project ID, learning potential and the GDPR. Heijmans' external auditor EY will audit the annual financial statements. With respect to combinations in which Heijmans operates, in some instances EY relies on information from other public auditors.

Risks and mitigating measures

Strategic risks have an impact in the medium to long term or the long term. Generally, these risks manifest gradually over time. Heijmans sees the main risks in this category as failing to respond effectively enough to the need to create differentiating potential, failing to operate sustainably and failing to be innovative. In addition to these risks, there is also the question of whether the company's scale in a particular market segment is appropriate and offers sufficient perspective. Important considerations in this respect are having the knowledge and expertise required, and ensuring the correct deployment of people and equipment.

In principle, the Executive Board monitors strategic risks. The Executive Board continuously analyses and evaluates the development of the operational activities in relation to the attractiveness and development of markets and market segments. The board also initiates actions with the aim of turning identified risks into opportunities. In 2019, Heijmans continued to implement its strategy, which in addition to continuous improvement defines 'smart' and 'sustainable' as strategic pillars (see also chapter 10 'Strategy').

The appendices to this annual report include a more detailed overview of the strategic, operational, financial, legal and compliance risks and associated mitigating measures. In this overview, we indicate whether the risk is high, moderate or low for Heijmans and how it is developing by indicating whether the risk has become smaller, greater or stayed the same compared to the previous year.

Risk statement

In 2019, Heijmans focused on the implementation of additional risk-mitigating measures. These included:

- New guidelines for entering into combinations.
- More uniform and cautious measurement of opportunities and risks in projects.
- The appointment of process owners, responsible for continuous process optimisations and embedding same in the organisation.
- GRC (Governance-Risk-Compliance) model in line with the COSO model.

Partly in view of the above, the Executive Board can state that, given the current situation, it was justified to prepare the financial statements on the assumption that Heijmans will continue as a going concern and that the risk and control systems generally functioned properly. With respect to financial reporting risks, Heijmans' internal risk and control systems provide a reasonable level of certainty that the financial reporting as shown in the financial statements for 2019 (pages 127 through 211) do not to our knowledge contain any material misstatements.

However, it is not possible to provide absolute certainty. Heijmans can therefore not guarantee the absence of material errors, fraud or the violation of legal regulations. This annual report includes an explanation of the material risks and uncertainties relevant to the expectation that the Company will continue as a going concern for a period of twelve months after this report was drawn up.

The optimisation and monitoring of the functioning of the internal risk management and control systems remains a key priority for the Executive Board. In the year under review, the Executive Board and the audit committee, as well as the entire Supervisory Board, discussed the structure and operation of the internal risk management and control systems intensively and frequently. In the year under review, there were no integrity issues that had an impact on the company's risk profile.



FINANCIAL STATEMENTS

Town hall,
Rotterdam



Financial statements 2019

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1. Consolidated statement of profit or loss

x € 1.000

		2019	2018
6.2	Revenue	1.600.235	1.579.132
	Cost of sales	-1.425.337	-1.434.707
Gross profit		174.898	144.425
6.3	Other operating income	3.807	1.167
	Selling expenses	-38.753	-34.099
6.4	Administrative expenses	-109.744	-87.331
6.5	Other operating expenses	-1.030	-1.555
Operating result		29.178	22.607
6.6	Finance income	1.472	1.659
6.6	Finance expense ¹	-6.163	-9.504
6.12	Results of joint ventures and associates	10.368	5.802
Result before tax		34.855	20.564
6.7	Income tax	-4.799	-75
Result after tax		30.056	20.489
The entire result after tax is attributable to the shareholders of the parent company			
Earnings per share (in €)			
6.20	Earnings per ordinary share after tax	1,40	0,96
6.20	Earnings per ordinary share after tax and dilution effects	1,40	0,96
	Dividend distributed per ordinary share in the financial year	0,00	0,00

¹ The finance expense in 2019 includes the interest on lease liabilities following the application of IFRS 16 Leases. This involves a transfer from the operating result (effect €2.4 million). For further explanation of the consequences of IFRS 16, see paragraph 3.1 in section 5. Accounting principles.

2a. Consolidated statement of comprehensive income

x € 1.000

	2019	2018
1. Result after tax	30.056	20.489
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	-452	-374
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined benefit plans	-2.238	-37.134
Tax effect on changes in actuarial results on defined benefit plans	556	9.281
Tax effect relating to defined benefit pension plans in connection with rate change	901	-3.751
Other comprehensive income (after tax)	-1.233	-31.978
Comprehensive income	28.823	-11.489

The entire comprehensive income is fully attributable to the shareholders of the parent company.

2b. Consolidated statement of changes in equity

x € 1.000

	2019	2018
Balance at 31 December in the previous year	149.097	160.575
Result after tax	30.056	20.489
Other comprehensive income	-1.233	-31.978
Total realised and unrealised results for the reporting period:	28.823	-11.489
Transactions with owners of the group:		
Bonus Investment Share Matching Plan	44	11
Balance at 31 December	177.964	149.097

See section 8. Company financial statements for the breakdown of equity into the separate reserves and the movements concerned.

3. Consolidated statement of financial position

x € 1.000

ASSETS		31 december 2019	31 december 2018
Non-current assets			
6.9	Property, plant and equipment	41.966	43.962
6.10	Right-of-use assets ¹	85.059	-
6.11	Intangible assets	75.631	78.662
6.12	Joint ventures and associates	64.254	71.997
6.13	Loans granted to joint ventures	31.296	22.636
6.14	Deferred tax assets	31.991	35.882
		330.197	253.139
Current assets			
6.15	Strategic land portfolio	110.028	127.351
6.15	Other inventories	94.543	79.584
6.16	Work in progress debit	68.802	51.415
6.8	Income tax assets	0	0
6.17	Trade and other receivables	185.453	175.685
6.18	Cash and cash equivalents	109.372	88.932
		568.198	522.967
Total assets		898.395	776.106

x € 1.000

EQUITY AND LIABILITIES		31 december 2019	31 december 2018
Equity			
2b	Issued capital	6.423	6.423
2b	Share premium reserve	242.680	242.680
2b	Reserves	-13.379	-7.190
2b	Retained earnings from prior financial years	-87.816	-113.305
1	Result for the year after tax	30.056	20.489
		177.964	149.097
Non-current liabilities			
6.21	Interest-bearing loans and other financing liabilities ²	49.947	52.413
6.10	Lease liabilities ¹	65.403	-
6.22	Employee benefits	16.514	15.451
6.23	Provisions	12.205	20.596
6.14	Deferred tax liabilities	0	549
		144.069	89.009
Current liabilities			
6.21	Interest-bearing loans and other current financing liabilities	3.300	5.866
6.10	Lease liabilities ¹	21.199	-
6.24	Trade and other payables	359.314	368.436
6.16	Work in progress credit	168.766	142.389
6.8	Income tax liabilities	334	149
6.22	Employee benefits	1.657	1.611
6.23	Provisions	21.792	19.549
		576.362	538.000
Total equity and liabilities		898.395	776.106

¹ The application of IFRS 16 Leases has led to the inclusion of the items 'Right-of-use assets' and 'Lease liabilities' on the balance sheet. For further explanation of the consequences of IFRS 16, see paragraph 3.1 in section 5. Accounting principles.

² The interest-bearing loans include cumulative financing shares B amounting to €45.1 million (2018: €45.1 million).

4. Consolidated statement of cash flows - indirect method

x € 1.000

		2019	2018
Operating result		29.178	22.607
Adjustments for:			
6.3	Gain on sale of non-current assets and property investments	-1.835	-243
6.9	Depreciation of property, plant and equipment	9.241	10.078
6.10	Depreciation of right-of-use assets	22.487	-
6.11	Amortisation of intangible assets	1.030	1.555
6.15	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	5.400	6.400
	Change in working capital and long-term provisions	-17.016	-8.375
	Operating result after adjustments	48.485	32.022
	Interest paid	-7.888	-7.132
	Interest received	1.472	1.659
	Income tax paid	0	0
Cash flow from operating activities		42.069	26.549
6.9	Investments in property, plant, and equipment	-11.008	-8.206
6.11	Investments in intangible assets	0	-510
6.9/6.11	Sale of property, plant and equipment and intangible assets	7.599	984
	Capital contributions from/repayments to joint ventures and associates	6.829	-12.466
	Dividends received from joint ventures and associates	9.629	3.636
	Loans granted to joint ventures and associates	-10.814	-2.966
	Loans repaid by joint ventures and associates	2.154	9.961
Cash flow from investing activities		4.389	-9.567
6.10	Principal portion of lease payments ¹	-20.986	-
6.21	Interest-bearing loans drawn down	1.022	4.243
6.21	Interest-bearing loans repaid	-6.054	-6.730
Cash flow from financing activities		-26.018	-2.487
Net cash flow in the period		20.440	14.495
6.18	Cash and cash equivalents at 1 January	88.932	74.437
6.18	Cash and cash equivalents at 31 December	109.372	88.932

¹ The application of IFRS 16 Leases with effect from 1 January 2019 means that the lease instalments paid (principal portion) relating to the lease liabilities are included in the cash flow from financing activities. For further explanation of the consequences of IFRS 16, see paragraph 3.1 in section 5. Accounting principles.

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 2019 financial year include the Company and its subsidiaries (collectively referred to as the 'Group') and the Group's investments in associates and interests in jointly controlled entities.

The Executive Board prepared the financial statements on 20 February 2020. These will be submitted for approval to the General Meeting of Shareholders on 15 April 2020.

(1) Statement of Compliance

The consolidated financial statements for 2019 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 EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.29, 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 consolidated financial statements and to all entities in the Group, apart from the changes explained in (3).

(3) Implications of new standards

The Group has adopted IFRS 16 Leases, including the resultant amendments to other standards, with 1 January 2019 as date of initial application (see 3.1):

The amendments to IFRS 9, IAS 19, IAS 28 and IFRIC 23 and the Annual Improvements to IFRS Standards 2015–2017 Cycle adopted by the EU and applicable to accounting periods commencing on or after 1 January 2019 do not have any material effect on the consolidated financial statements.

There are no new standards that are not yet mandatory which have a material effect upon the consolidated financial statements.

(3.1) IFRS 16 Leases

IFRS 16 Leases, is applicable to accounting periods commencing on or after 1 January 2019. IFRS 16 replaces the standards IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

IFRS 16 has particularly significant implications for the statement of financial position because arrangements previously treated as operating leases and rentals now have to be included in the balance sheet and the presentation of operating leases and rentals in the statement of profit or loss also changes. On the assets side of the balance sheet is the item 'Right-of-use assets', with matching 'Lease liabilities' on the liabilities side. Since these items are of material significance, they are presented separately on the balance sheet. Within the operating result, there is a transfer from operating expenses to depreciation. A proportion of the operating expenses is also transferred to finance expense. The various effects are explained in greater detail, with figures, in paragraph 3.4.

(3.2) Modified retrospective approach used with effect from 1 January 2019, with a number of practical expedients

The Group has applied IFRS 16 with effect from 1 January 2019, taking the modified retrospective approach.

Amongst other things, this means that the comparative figures for 2018 have not been restated but that the effects of IFRS 16 have been taken into account in the 2019 opening balance sheet. In so doing, the Group has used the following practical expedients, as permitted under IFRS 16:

- On initial application, the Group has not reassessed whether a contract is or contains a lease. Instead, IFRS 16 has been:
 - applied to contracts that previously were treated as leases in accordance with IAS 17 and IFRIC 4;
 - not applied to contracts that previously were not treated as leases in accordance with IAS 17 and IFRIC 4.
- On initial application, all lease liabilities have been calculated using the applicable incremental borrowing rate as at 1 January 2019. This incremental borrowing rate has been arrived at on a portfolio basis for leases with similar features. The incremental borrowing rate used ranges from 2% to 4%, depending on the period of use and nature of the asset corresponding to a right of use.
- On initial application, the carrying amounts of the right-of-use assets have been taken as being equal to the liabilities conferring the rights of use.
- Leases other than those concerning the lease/rental of office premises or cars and of which the remaining period of initial application was less than 12 months have not been included.

(3.3) Basis of measurement of leases

(3.3.1) Right-of-use assets

On the commencement date (the date on which the asset concerned becomes available for use), the Group recognises a corresponding right-of-use asset. The right-of-use asset is measured at cost less depreciation and impairment, adjusted for any revaluation of the lease liability. The cost is made up of the recognised amount of the lease liability, initial direct costs and lease instalments paid prior to the commencement date, less lease incentives received. Unless the Group is reasonably certain that it will acquire ownership of the underlying asset at the end of the lease period, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the following two dates: the end of the period of use or the end of the lease period. Right-of-use assets are subject to impairment testing.

(3.3.2) Lease liabilities

On the commencement date of the lease, the Group measures the liability at the net present value of the fixed lease payments that have not yet been made as at that date. These include lease payments (including in-substance fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or rate and amounts expected to be payable under residual value guarantees. The lease payments also include the purchase option price if it is reasonably certain that the Group will exercise this option. The lease payments also include the penalties for termination of the lease if the lease period reflects the exercise by the Group of an option to terminate the lease. Variable lease payments not depending on an index or rate are expensed in the period in which the event or circumstance giving rise to these payments occurs.

In calculating the net present value of the lease payments, the Group makes use of the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the liability is increased in respect of interest and reduced by the lease payments made. The Group re-measures the liability in the event of a change in the lease agreement, an adjustment of the lease period, a review of an in-substance fixed lease payment or a change in the assessment thereof or use is made of a purchase option.

(3.3.2) Non-lease components are not recognised if readily determined and material

Non-lease components, specifically amounts for maintenance and fuel that are included in the lease instalments, are not recognised if these amounts are readily determined and are material. In practice, this applies to the non-lease payments for cars. For the other leases, use is made of the practical expedient of treating the non-lease components in the same manner as lease components.

(3.3.3) Short-term leases and leases for which the underlying asset is of low value are not recognised

The Group makes use of the practical expedient of not recognising short-term leases (lease period of less than 12 months and no purchase option) and the same applies to leases where the new value of the underlying asset is low (less than €5,000). The lease instalments for such leases are accounted for in the operating expenses over the period concerned.

(3.3.4) Lease period

The lease period relates to the non-cancellable period of the lease together with the periods covered by a renewal option if it is reasonably certain that the Group will exercise this option and periods covered by a termination

option if it is reasonably certain that the Group will not exercise this option.

In assessing the extent to which it is reasonably certain that a renewal option will be exercised, the Group takes all relevant factors contributing to an economic benefit into account.

(3.4) Implications for statement of financial position, statement of profit or loss and cash flow statement

The effects of applying IFRS 16 on the statement of financial position as at 1 January 2019 are essentially as follows:

x € 1 miljoen			
ASSETS	31 December 2018	IFRS 16 adjustment	1 January 2019
Non-current assets			
Property, plant and equipment	44		44
Right-of-use assets	-	81	81
Intangible assets	79		79
Investments in joint ventures and associates	72		72
Other non-current assets	58		58
	253	81	334
Current assets	523		523
Total assets	776	81	857

EQUITY AND LIABILITIES	31 December 2018	IFRS 16 adjustment	1 January 2019
Equity	149		149
Non-current liabilities			
Interest-bearing ¹	52		52
Lease liabilities	-	60	60
Long-term provisions	37		37
	89	60	149
Current liabilities			
Interest-bearing loans and other current financing liabilities	6		6
Lease liabilities	-	21	21
Trade and other payables	367		367
Work in progress	142		142
Provisions	23		23
	538	21	559
Total equity and liabilities	776	81	857
Solvency based on guarantee capital ²	25%	-2%	23%

1. The long-term interest-bearing liabilities include €45 million cumulative financing preference shares B.
2. Guarantee capital is defined as equity plus cumulative financing preference shares B.

The effects of applying IFRS 16 on the statement of profit or loss for 2019 are essentially as follows:

x €1 million	2019		
	Excluding IFRS 16	IFRS 16 adjustment	Including IFRS 16
Revenue	1.600		1.600
Gross profit	175		175
Operating result	28	1	29
Finance income and expense	-3	-2	-5
Results of joint ventures and associates	11		11
Result before tax	36	-1	35
Income tax	-5	0	-5
Result after tax	31	-1	30

The effects of applying IFRS 16 on the cash flow statement for 2019 are essentially as follows:

x €1 million	2019		
	Excluding IFRS 16	IFRS 16 adjustment	Including IFRS 16
Operating result	28	1	29
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	9		9
Depreciation of right-of-use assets	-	22	22
Amortisation of intangible assets	1		1
Change in working capital	-13		-13
Cash flow from operating activities before interest and tax	25	23	48
Interest paid on leases	-	-2	-2
Other interest paid/received	-4		-4
Income tax paid	0		0
Cash flow from operating activities	21	21	42
Cash flow from investing activities	4		4
Cash flow from financing activities	-5	-21	-26
Net cash flow in the period	20	0	20
Cash and cash equivalents 1 January	89		89
Cash and cash equivalents year-end	109		109

(3.5) Reconciliation of the off-balance-sheet liabilities as at year-end 2018 with the recognised liabilities as at 1 January 2019

The reconciliation of the off-balance-sheet liabilities that were disclosed in the notes to the consolidated financial statements for 2018 in respect of rental and operating lease agreements with the liabilities recognised in accordance with IFRS 16 as at 1 January 2019 is as follows:

x €1 million	
Off-balance-sheet liabilities in respect of rental and operating lease agreements as at year-end 2018	112
Discontinuation of liability	-9
Non-recognition of non-lease components	-22
Recognised liability as at 1 January 2019	81

The weighted average incremental borrowing rate that has been used in determining the amount of the liability as at 1 January 2019 is 3%.

(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. Instead, 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 principles. 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 down 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) 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.

(6) Revenue from contracts with customers

Revenue is recognised if the Group has entered into a contract with a customer in which the performance

obligations can be identified and the terms of the transaction are clear and where the contract is of undeniable economic importance. It must also be probable that the customer will pay. Revenue is recognised on each individual contract. Revenue from portfolios of contracts with similar features is recognised on a portfolio basis if the result is not materially different from the revenue measured on an individual basis.

If a contract involves several performance obligations, revenue is separately attributed to the performance obligations concerned based on relatively stand-alone selling prices. Revenue is recognised at the time when the customer takes control of the fulfilled performances. Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur.

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the attributable costs of the contract (see also 24d concerning onerous contracts).

(6a) Sales of goods - mainly land

Revenue from the sale of goods - mainly land - is recognised at the agreed consideration or attributed consideration where the transfer of title to the land forms part of a combined purchase/construction contract in the case of residential projects. The revenue from the land is recognised at the time of legal conveyance.

(6b) Work in progress - projects

The revenue relating to work in progress is recognised in the statement of profit or loss when control is transferred to the client. Since the Group executes projects on land owned by the client, the client obtains control by accession according to progress made in completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs to the extent that the costs incurred are representative of the progress made in the transfer of goods/services to the client. Inefficiencies are disregarded in determining the stage of completion.

(6c) Services

Revenue from the provision of services - mainly servicing and maintenance activities - is recognised in the statement of profit or loss in proportion to the work performed, since the client receives the benefits from and has use of the services at the same rate. The stage of completion is determined from assessments of the work already carried out.

(7) Other operating income

Book profits on the sale of assets and entities disposed of are accounted for as other operating income.

(8) Costs

(8a) Cost of sales

The cost of sales is made up of the carrying amount of goods sold and the costs allocated to the fulfilled performance obligations, including the expected losses on projects that are recognised immediately in the statement of profit or loss in accordance with 24d.

(8b) Selling expenses

Selling expenses are the costs of sales activities that are not charged to projects.

(8c) Administrative expenses

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

(8d) Finance income and expense

Net financing costs comprise interest payable on borrowings and lease commitments, dividends on cumulative financing shares B and interest receivable on funds invested.

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

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

(9) Income tax

Deferred tax assets and liabilities are recognised in respect of available tax loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised 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.

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case, the relevant portion of the income tax is recognised in other comprehensive income.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the 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 income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

(10) Property, plant and equipment

(10a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting policy 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 of dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

(10b) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the statement of profit or loss when these are incurred.

(10c) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows

- Buildings: main building structures and roofs: 30 year
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3 - 10 years
- Machines: 5 - 10 years
- Installations: 5 - 10 years

- Large-scale equipment and other capital assets: 3 - 10 years

(10d) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs of dismantling and removing the asset and restoring the site where the asset is located.

(11) Right-of-use assets

On the commencement date (the date on which the asset concerned becomes available for use), the Group recognises a corresponding right-of-use asset. The right-of-use asset is measured at cost less depreciation and impairment, adjusted for any revaluation of the lease liability. The cost is made up of the recognised amount of the lease liability, initial direct costs and lease instalments paid prior to the commencement date, less lease incentives received. Unless the Group is reasonably certain that it will acquire ownership of the underlying asset at the end of the lease period, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the following two dates: the end of the period of use or the end of the lease period. Improvements made to leased assets are depreciated over a period that is shorter than or the same as the period used for the leased asset concerned. Right-of-use assets are subject to impairment testing.

Non-lease components, specifically amounts for maintenance and fuel that are included in the lease instalments, are not recognised if these amounts are readily determined and are material. In practice, this applies to the non-lease payments for cars. For the other leases, use is made of the practical expedient of treating the non-lease components in the same manner as lease components.

The Group makes use of the practical expedient of not recognising short-term leases (lease period of less than 12 months and no purchase option) and the same applies to leases where the new value of the underlying asset is low (less than €5,000). The lease instalments for such leases

are accounted for in the operating expenses over the period concerned.

The lease period relates to the non-cancellable period of the lease together with the periods covered by a renewal option if it is reasonably certain that the Group will exercise this option and periods covered by a termination option if it is reasonably certain that the Group will not exercise this option.

(12) Intangible assets

(12a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see accounting policy 20).

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

(12b) 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.

(12c) 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 policy 20). The estimated useful lives of the intangible asset categories are as follows:

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

(12d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

(13) Financial instruments

A financial instrument is a contract that leads to a financial asset or financial liability for the Group.

(13a) Financial assets

The Group's main financial assets are:

- Loans granted (see 14)
- Trade and other receivables (see 17)
- Cash and cash equivalents (see 18)

Financial assets are classified as assets that are:

- carried at amortised cost after initial recognition, or
- carried at fair value with gains and losses included in the other components of comprehensive income, or
- carried at fair value with gains and losses accounted for in profit or loss.

This classification is based on the Group's business model for the management of the financial assets and the features of the contractual cash flows from the financial asset. The financial assets are to be carried at amortised cost (a) if both of the following conditions are satisfied:

- the financial asset is held as part of a business model aimed at holding financial assets for the purpose of receiving contractual cash flows, and
- the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount.

Both conditions are satisfied in the case of the above financial assets. The financial assets are carried at amortised cost. On initial recognition, the amount of financial assets carried at amortised cost is measured using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset matures, is settled, is revised or is subject to impairment.

The financial assets are recognised less a provision for expected credit losses. The amount of this provision is measured as the amount of the expected credit losses over the coming 12 months, based on the credit rating of the client. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, the simplified approach permitted by IFRS, involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses, has been used.

(13b) Financial liabilities

The Group has the following financial liabilities:

- Cumulative financing preference shares (see accounting policy 22a)
- Interest-bearing loans (see accounting policy 22b)
- Trade and other payables (see accounting policy 25)

These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Swapping of debt instruments involving the same lender on substantially different terms is treated as a settlement of the original financial liability and recognition of a new financial liability. The same applies when the terms of an existing financial liability are substantially altered.

The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

(13c) Netting of financial assets and liabilities

Financial assets and financial liabilities are netted off and presented as a net amount in the balance sheet if:

- the Group has a legally enforceable right to net the amounts off, and
- the Group intends to settle the liability on a net basis or to realise the asset simultaneously with the settlement of the liability.

(14) Loans granted

Loans granted forms part of the financial assets (see 13). Loans granted that do not meet both conditions cited in 13 are carried at fair value with gains and losses accounted for in profit or loss. Loans granted that meet both conditions referred to are measured at amortised cost using the effective interest method, less impairments.

(15) Inventories

(15a) Strategic land 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. The land holdings are measured at the lower of cost and net realisable value.

(15b) Other inventories

Other inventories includes unsold residential property in preparation and under construction, planning and building consents, land and premises for sale, raw materials and consumables, inventories in production and finished products.

Inventories is measured at cost, or at net realisable value if lower. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition. The cost of inventories includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses. For fungible inventories the first-in, first-out (FIFO) principle applies.

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

(16) Work in progress debit

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. In practical terms, the item is made up of the revenue (see also 6) in proportion to the progress in fulfilling the performance obligation less invoiced instalments. Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also 24d).

(17) Trade and other receivables

Trade and other receivables forms part of the financial assets (see 13). Trade and other receivables are carried at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, use is made of the simplified approach involving consistent recognition of an allowance at an amount equal to lifetime expected credit losses. Amounts still to be invoiced on concluded projects are recognised

under trade and other receivables.

(18) Cash and cash equivalents

Cash and cash equivalents forms part of the financial assets (see 13). Cash and cash equivalents comprises 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 probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as held for sale (or held for distribution), after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting 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 inventories, 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 have been restated as if the operation had been discontinued from the beginning of the comparative period.

(20) Impairments

The carrying amounts of the Group's non-financial assets, excluding work in progress debit (see accounting policy 16), inventories (see accounting policy 15) and deferred tax assets (see accounting policy 9), 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 recoverable amount is estimated at the closing date.

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

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(20a) Determination of recoverable amount

The recoverable amount of an asset is equal to the higher of its net selling price and its value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

(20b) Reversal of impairments

An impairment loss 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 loss can be objectively linked to an event that occurred after the impairment loss was recognised.

Impairment losses in respect of goodwill are never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(21) Share capital

(21a) Costs of issuing ordinary shares

Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects

(21b) Repurchase of own shares

If shares representing capital that is recognised as equity in the balance sheet are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(21c) Dividend

Dividends are recognised as a liability in the period in which these are declared.

(22) Interest-bearing liabilities

Interest-bearing loans forms part of the financial liabilities (see 13), except for the lease liabilities (see 22c).

(22a) Financing preference share capital

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

(22b) Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

(22c) Lease liabilities

On the commencement date of the lease, the Group measures the liability at the net present value of the fixed lease payments that have not yet been made as at that date. These include lease payments (including in-substance fixed lease payments) less lease incentives still to be received, variable lease payments depending on an index or rate and amounts expected to be payable under residual value guarantees. The lease payments also include the purchase option price if it is reasonably certain that the Group will exercise this option. The lease payments also include the penalties for termination of the lease if the lease period reflects the exercise by the Group of an option to terminate the lease. Variable lease payments not depending on an index or rate are expensed in the period in which the event or circumstance giving rise to these payments occurs.

In calculating the net present value of the lease payments, the Group makes use of the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the liability is increased in respect of interest and reduced by the lease payments made. The Group re-measures the liability in the event of a change in the lease agreement, an adjustment of the lease period, a review of an in-substance fixed lease payment or a change in the assessment thereof or use is made of a purchase option.

(23) Employee benefits**(23a) Defined contribution plans**

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

(23b) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the 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 long-service payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the 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 economic benefits (i.e. the probable revenues) that the Group expects to receive from a contract are lower than the costs of meeting the contractual obligations, unless the net costs of terminating the contract are lower. For contracts concerning the execution of works, these costs are the costs attributable to the outstanding performance obligations. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

(25) Trade and other payables

Trade and other payables forms part of the financial liabilities (see 13). Trade and other payables are recognised at amortised cost.

(26) Work in progress credit

Work in progress liabilities relates to work yet to be performed for clients on projects for which the Group has received a consideration from the client (or the client owes an amount). In practical terms, the item comprises the invoiced instalments less the revenue in proportion to the progress in fulfilling the performance obligation (see also 6). Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also 24d).

(27) Cash flow statement

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.

(28) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infra. Residential and Non-Residential Building have been brought under unified control and integrated in the course of 2018 into a new segment of Building & Technology (Dutch name: Bouw & Techniek).

6. Notes related to the consolidated financial statements

x € 1.000

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Building & Technology and Infrastructure, in line with the management conducted by the Executive Board. Residential and Non-Residential Building have been integrated and brought under unified control in the course of 2018 into the new segment of Building & Technology. The segments are managed primarily on the basis of operating results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Condensed statement of profit or loss by business segment

2019 Business segments	Property Development	Residential Building	Non- Residential	Eliminations	Building & Technology	Other / Infra	Eliminations	Total
Revenue								
Third parties	459.131	167.783	365.340		533.123	607.370	611	1.600.235
Intercompany	-	279.813	4.254	-73	283.994	11.254	-295.248	0
Total revenue	459.131	447.596	369.594	-73	817.117	618.624	-294.637	1.600.235
Operating result	16.386	12.610	9.680		22.290	6.048	-15.546	29.178
Finance income								1.472
Finance expense								-6.163
Results of joint ventures and associates	2.942	0	-2.213		-2.213	7.910	1.729	10.368
Result before tax								34.855
Income tax								-4.799
Result after tax								30.056

2018 Business segments	Property Development	Residential Building	Non- Residential	Eliminations	Building & Technology	Other / Infra	Eliminations	Total
Revenue								
Third parties	502.535	162.974	280.558		443.532	632.144	921	1.579.132
Intercompany	-	277.529	4.803	-237	282.095	21.759	-303.854	0
Total revenue	502.535	440.503	285.361	-237	725.627	653.903	-302.933	1.579.132
Operating result	17.652	10.778	2.718		13.496	1.813	-10.354	22.607
Finance income								1.659
Finance expense								-9.504
Results of joint ventures and associates	2.371	0	445		445	2.419	567	5.802
Result before tax								20.564
Income tax								-75
Result after tax								20.489

x € 1.000

x € 1.000

Condensed statement of financial position and analysis by business segment

2019 Business segments	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Other	Eliminations	Total
Assets	385.348	152.460	196.447	348.907	273.049	257.433	-399.782	864.955
Not allocated								33.440
Total assets	385.348	152.460	196.447	348.907	273.049	257.433	-399.782	898.395
Liabilities	320.449	139.962	175.750	315.712	240.453	140.536	-399.781	617.369
Not allocated								103.062
Total liabilities	320.449	139.962	175.750	315.712	240.453	140.536	-399.781	720.431
Equity								177.964
Total equity and liabilities								898.395
<i>Property, plant and equipment</i>								
Depreciation	92	283	-	283	4.148	4.718	-	9.241
Investments	-	1.260	-	1.260	6.876	2.872	-	11.008
<i>Right-of-use assets</i>								
Depreciation	810	4.859	2.929	7.788	12.453	1.436	-	22.487
<i>Intangible assets</i>								
Amortisation	-	-	1.021	1.021	9	-	-	1.030
<i>Joint ventures and associates</i>								
Carrying amount	57.499	-	-	-	4.073	2.682	-	64.254

x € 1.000

2018 Business segments	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Other	Eliminations	Total
Assets	329.802	141.741	166.794	308.535	205.862	321.288	-426.834	738.653
Not allocated								37.453
Total assets	329.802	141.741	166.794	308.535	205.862	321.288	-426.834	776.106
Liabilities	284.255	136.554	155.634	292.188	187.319	190.353	-426.834	527.281
Not allocated								99.728
Total liabilities	284.255	136.554	155.634	292.188	187.319	190.353	-426.834	627.009
Equity								149.097
Total equity and liabilities								776.106
Property, plant and equipment								
Depreciation	67	34	-	34	4.054	5.923	-	10.078
Investments	47	806	-	806	5.095	2.258	-	8.206
Intangible assets								
Amortisation	-	-	1.021	1.021	534	-	-	1.555
Joint ventures and associates								
Carrying amount	61.394	-	915	915	7.910	1.778	-	71.997

The assets and liabilities increased in 2019, mainly as a result of the implementation of IFRS 16 Leases (impact of approximately €87 million). These assets and liabilities are divided over the sectors in a similar proportion to the IFRS 16 impact on the underlying EBITDA (see table on the next page).

Transactions between business segments are conducted on arm's length terms that are comparable to those for transactions with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest-bearing loans and other financing commitments.

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

Revenue in 2019 and in 2018 was generated entirely in the Netherlands.

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

x € 1.000

Underlying EBITDA by business segment

2019 In € million	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Other	Total
Underlying EBITDA (excluding the impact of IFRS 16)	25,6	12,6	8,8	21,4	16,6	-9,2	54,4
Effects of IFRS 16*	0,9	3,5	4,7	8,2	13,2	1,6	23,9
Underlying EBITDA (including impact of IFRS 16)	26,5	16,1	13,5	29,6	29,8	-7,6	78,3
EBITDA of joint ventures	-3,7		3,0	3,0	-7,5	0,3	-7,9
Write-down on property assets	-5,4			0,0			-5,4
Restructuring costs	-0,1		-1,2	-1,2	-1,2	-0,5	-3,0
Soil remediation**						-1,4	-1,4
Settlement sold subsidiaries					1,5	-0,1	1,4
Total exceptional items	-9,2	0,0	1,8	1,8	-7,2	-1,7	-16,3
EBITDA	17,3	16,1	15,3	31,4	22,6	-9,3	62,0
Depreciation and amortisation	-0,9	-3,5	-5,6	-9,1	-16,6	-6,2	-32,8
Operating result	16,4	12,6	9,7	22,3	6,0	-15,5	29,2

* For a further explanation of the implications of applying IFRS 16 Leases, see paragraph 3.1 of section 5. Accounting Principles.

** The soil remediation item relates to sites sold off in connection with restructuring.

2018 In € million	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Other	Total
Underlying EBITDA (excluding the impact of IFRS 16)	27,7	10,8	4,9	15,7	8,3	-8,5	43,2
EBITDA of joint ventures	-3,6		-0,7	-0,7	-1,5		-5,8
Write-down on property assets	-6,4						-6,4
Restructuring costs			-0,5	-0,5	-0,4	-0,2	-1,1
Soil remediation						-1,0	-1,0
Gains on sale of subsidiaries						5,3	5,3
Total exceptional items	-10,0	0,0	-1,2	-1,2	-1,9	4,1	-9,0
EBITDA	17,7	10,8	3,7	14,5	6,4	-4,4	34,2
Depreciation and amortisation	-0,1		-1,0	-1,0	-4,6	-5,9	-11,6
Operating result	17,6	10,8	2,7	13,5	1,8	-10,3	22,6

With underlying EBITDA, the Group is referring to earnings before tax, interest, depreciation and amortisation (equal to the operating result before depreciation/amortisation) including EBITDA joint ventures, adjusted for IFRS 16 'Leases' property

x € 1.000

write-down, reorganisation costs, book results on the sale of subsidiaries, impairment losses on goodwill, release pension indexation and other non-operating results considered exceptional by the Group that are relevant in the above statement. The underlying EBITDA is also used as the basis for calculation for covenant reporting to the bank consortium.

6.2 Revenue

The disaggregation of revenue into categories that depict the way in which the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors runs along the lines of the segment information by sector:

Revenue	2019	2018
Property Development	459.131	502.535
Building & Technology	817.117	725.627
Infra	618.624	653.903
Eliminations	-294.637	-302.933
	1.600.235	1.579.132

Property Development revenue mainly relates to revenue from residential and investment property projects developed by Heijmans for private buyers, of €283 million (approx. €296 million in 2018), and for property investors and housing associations together, of approximately €176 million (approx. €207 million in 2018), in general involving the delivery of both the land and the buildings. The projects for private buyers are usually not started until at least 70% has been sold. Invoicing of private buyers is according to the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen - Owner-Occupied Housing Guarantee Fund) that is linked to predefined stages. The first instalment is invoiced when title to the land is transferred. Construction work on projects for property investors and housing associations does not start before the sale has been completed. The invoicing schedule is agreed with each client and, as in the case of private buyers, is generally linked to the completion of stages, the first instalment being invoiced upon conveyance of the land. The revenue from the land is recognised at the time of legal conveyance whereas the revenue from the buildings is recognised during the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of housing and non-residential buildings and related installation work on behalf of clients in the private sector and the public or semi-public sector, amounting to approximately €596 million (approx. €530 million in 2018). Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service activities on clients' buildings and installations. Revenue from these activities, of approximately €221 million (approx. €196 million in 2018), is recognised as and when this service and maintenance work takes place. A major client for the construction of residential property is Heijmans Property Development, representing internal sales that are eliminated. Construction only commences when orders have been confirmed.

x € 1.000

The revenue generated by Infra mainly relates to the construction of roads and other civil engineering works on behalf of public authorities, of approximately €576 million (approx. €601 million in 2018). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service and maintenance activities on pieces of infrastructure. Revenue from these activities, of approximately €39 million (approx. €48 million in 2018), is recognised as and when this service work takes place. Supplies of asphalt are also made to third parties, the revenue from which, of approximately €4 million (€5 million in 2018), is recognised at the time of delivery.

In 2019, revenue totalling €142 million (2018: €117 million) was recognised and this amount was included in work in progress liabilities as at 1 January.

In 2019, revenue totalling €1 million (2018: €1 million) was recognised relating to performance obligations fulfilled in earlier periods.

The amount of the transaction price that has been attributed to performance obligations that have not been fulfilled (in whole or in part) is approximately €1.9 billion (2018: €1.9 billion). Of this, approximately 54% will be fulfilled in 2020, 25% in the period 2021 and 2022 and 21% in 2023 and beyond (2018: approximately 52% in 2019, 25% in the period 2020 and 2021 and 23% in 2022 and beyond). The disclosed amounts concern contracted revenue and do not include any revenue that is not highly probable. Revenue generated by contracts for which the unit price has been agreed but not the volumes has not been included in the disclosed amounts. The Group has not made use of the practical expedient of not disclosing performance obligations forming part of a contract with an originally expected completion date of 12 months or less.

The Group has not adjusted revenue for significant financing components partly because the period between fulfilment of the performance obligations and payment by the client is less than one year.

6.3 Other operating income

Other operating income	2019	2018
Gain on sale of non-current assets	1.835	243
Miscellaneous	1.972	924
	3.807	1.167

The gain on the sale of non-current assets relates to the sale of machinery and equipment. The miscellaneous income includes the book profits on the disposal of entities.

x € 1.000

6.4 Staff costs, depreciation, and research and development expenses

Staff costs included in the statement of profit or loss are broken down as follows:

Staff costs	2019	2018
Wages and salaries	-297.140	-281.050
Compulsory social insurance contributions	-44.550	-42.297
Defined contribution plans	-31.649	-30.211
Defined benefit plans and long-service payments	-1.425	4.510
	-374.764	-349.048

The statement of profit or loss includes an amount of approximately €3 million (2018 €1 million) relating to reorganisation provisions. The number of employees at year-end 2019 was 4,725 (2018: 4,664).

The staff costs are included in the cost of sales and administrative expenses.

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

Depreciation and amortisation	2019	2018
Depreciation of property, plant and equipment	-9.241	-10.078
Depreciation of right-of-use assets	-22.487	-
Amortisation of intangible assets	-1.030	-1.555
	-32.758	-11.633

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

The costs for research and development recognised in the statement of profit or loss are:

Research & development costs	2019	2018
	-5.831	-3.037

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.

x € 1.000

6.5 Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses	2019	2018
Amortisation of intangible assets	-1.030	-1.555
Other operating expenses	-1.030	-1.555

The amortisation of intangible assets mainly concerns the amortisation of the customer base.

6.6 Finance income and expense

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

Finance income and expense	2019	2018
Interest income	1.472	1.659
Finance income	1.472	1.659
Interest expense	-5.501	-11.021
Interest expense on lease liabilities	-2.357	-
Capitalised financing costs	1.695	1.517
Finance expense	-6.163	-9.504
Net financing income and expense	-4.691	-7.845

The net finance expense for 2019 amounts to €4.7 million, which is €3.1 million lower than the €7.8 million for 2018.

The costs of the syndicated loan were lower, owing to a reduction in the interest margin and reduction in the average use of the syndicated loan. Additionally, the refinancing costs connected with the 2016/2017 financial restructuring were written down entirely in 2018.

For a summary of the interest rates, see note 6.21.

Additionally, in 2019, interest expense on lease liabilities has been included in connection with the application of IFRS 16 Leases. For further explanation of the consequences of IFRS 16, see paragraph 3.1 in section 5. Accounting principles.

The interest and development costs for land portfolios that are under development are capitalised. The applicable interest rate that is used for capitalisation is 3.0% for 2019 (2018: 5.0%).

x € 1.000

6.7 Income tax

Recognised in profit or loss	2019	2018
Current tax charges or credits		
Current financial year	0	-133
Prior financial years	0	0
	0	-133
Deferred tax charges or credits		
Relating to temporary differences	-207	1.682
Relating to tax loss carryforwards	-4.592	0
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	0	-1.624
	-4.799	58
Total tax charge in the statement of profit or loss	-4.799	-75

The tax charges by country are as follows:

	2019	2018
Netherlands	-5.087	-7
Belgium	-	-
Germany	288	-68
	-4.799	-75

x € 1.000

Analysis of the effective tax rate	2019		2018	
	%	€	%	€
Result before tax		34.855		20.564
Based on local tax rate	25,0%	-8.714	25,0%	-5.140
Non-deductible interest	2,3%	-813	4,3%	-891
Non-deductible expenses, other	1,2%	-435	1,4%	-278
Non-taxable revenue in results of investees	-5,1%	1.773	-4,2%	862
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	1,1%	-374	3,2%	-648
Effect of changes in the tax rate	-3,6%	1.251	1,4%	-294
Effect of recognising previously unrecognised losses	-7,5%	2.597	-30,8%	6.334
Effect of foreign tax rates/ miscellaneous	0,2%	-84	0,1%	-20
Overall tax burden	13,8%	-4.799	0,4%	-75

The effective tax rate for 2019 is 13.8% (2018: 0.4%).

The main differences between the effective tax burden and the local tax rate in the Netherlands concern the non-deductible interest expense relating to the cumulative preference financing shares B, the general restrictions on the deductibility of expenses in the various jurisdictions, the tax exempt results from investees and the non-recognition of current-year losses (chiefly outside the Netherlands) coupled with the recognition of previously unrecognised losses of the Dutch tax group.

6.8 Income tax receivables and payables

Geographical segment	31 december 2019		31 december 2018	
	Receivables	Payables	Receivables	Payables
Netherlands	0	0	0	3
Belgium	0	225	0	0
Germany	-	109	-	146
	0	334	0	149

Income tax assets 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 liabilities relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of applicable loss relief rules.

x € 1.000

6.9 Property, plant and equipment

Cost	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2018	55.822	73.788	41.923	838	172.371
Investments	113	3.485	3.208	1.400	8.206
Disposals	-1.605	-3.002	-1.735	0	-6.342
Reclassifications	0	287	27	-314	0
Balance at 31 December 2018	54.330	74.558	43.423	1.924	174.235
Balance at 1 January 2019	54.330	74.558	43.423	1.924	174.235
Investments	2.127	5.363	3.050	468	11.008
Disposals	-1.993	-6.979	-2.697	0	-11.669
Reclassifications	0	131	405	-536	0
Balance at 31 December 2019	54.464	73.073	44.181	1.856	173.574

Depreciation and impairment losses	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2018	37.895	58.858	29.043	0	125.796
Depreciation	2.022	3.236	4.820	-	10.078
Disposals	-1.590	-2.290	-1.721	-	-5.601
Balance at 31 December 2018	38.327	59.804	32.142	0	130.273
Balance at 1 January 2019	38.327	59.804	32.142	-	130.273
Depreciation	1.775	3.318	4.148	-	9.241
Disposals	-482	-6.323	-1.101	-	-7.906
Balance at 31 December 2019	39.620	56.799	35.189	0	131.608

Carrying amount					
At 1 January 2018	17.927	14.930	12.880	838	46.575
At 31 December 2018	16.003	14.754	11.281	1.924	43.962
At 1 January 2019	16.003	14.754	11.281	1.924	43.962
At 31 December 2019	14.844	16.274	8.992	1.856	41.966

x € 1.000

As at year end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €2.2 million.

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 carrying amount of investment property was €0.4 million at year end 2019 (2018: €2.0 million).

6.10 Leases

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

	1 January 2019	Depreciation	Additions	Changes in lease period and other changes	31 December 2019
Office buildings	53.198	-8.885	1.337	7.654	53.304
Vehicle fleet	22.239	-9.901	12.729	-180	24.887
Other equipment	5.226	-3.701	5.156	187	6.868
Total	80.663	-22.487	19.222	7.661	85.059

The amounts in the column headed 'Changes in lease period and other changes' are connected with lease renewals and rent increases.

As at 31 December 2019, the maturity of the lease liabilities (based on due dates of the lease instalments) per category of underlying asset can be analysed as follows:

	Total lease instalments payable	< 1 year	1-5 year	> 5 year
Office buildings	62.518	9.587	30.856	22.075
Vehicle fleet	26.207	9.501	16.620	86
Other equipment	7.161	3.921	3.056	184
Total	95.886	23.009	50.532	22.345

The interest expense on the lease liabilities in 2019 amounted to €2.4 million.

The cost in 2019 of short-term leases for which right-of-use assets have not been recognised amounted to €98 million. This largely concerns short-term equipment rental on projects.

x € 1.000

The cost in 2019 relating to variable lease payments not included in the amount of the lease liabilities was €1 million.

The total cash outflow relating to leases amounted to €122 million in 2019. This includes the aforementioned short-term rental of equipment on projects.

The weighted average incremental borrowing rate that has been used in determining the amount of the liability in 2019 is 3%. As at year-end 2019, this figure was also 3%.

6.11 Intangible assets

Intangible assets consist of goodwill and other identifiable intangible assets.

Cost	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2018	156.606	47.859	204.465
Investments	365	145	510
Balance at 31 December 2018	156.971	48.004	204.975
Balance at 1 January 2019	156.971	48.004	204.975
Disposals		-2.001	-2.001
Balance at 31 December 2019	156.971	46.003	202.974

Impairment losses and amortisation	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2018	88.581	36.177	124.758
Amortisation	-	1.555	1.555
Balance at 31 December 2018	88.581	37.732	126.313
Balance at 1 January 2019	88.581	37.732	126.313
Amortisation	-	1.030	1.030
Balance at 31 December 2019	88.581	38.762	127.343

x € 1.000

Carrying amount	Identifiable intangible assets		Total
	Goodwill		
At 1 January 2018	68.025	11.682	79.707
At 31 December 2018	68.390	10.272	78.662
At 1 January 2019	68.390	10.272	78.662
At 31 December 2019	68.390	7.241	75.631

The composition of the carrying amount for goodwill and other intangible assets at year-end 2019 is as follows:

Acquisition	2019		2017	
	Goodwill	Identifiable intangible assets	Goodwill	Identifiable intangible assets
IBC (NI-2001)	21.207	-	21.207	-
Burgers Ergon (NI-2007)	31.107	7.241	31.107	8.213
Other	16.076	-	16.076	2.059
Carrying amount at 31 December	68.390	7.241	68.390	10.272

Other mainly refers to the cash-generating unit Infrastructure (€13 million).

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 7 years.

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

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the recoverable amount, reference is made to the accounting principles.

The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation amounts to 11.4% (2018: 11.7%), corresponding to a discount rate after tax of 8.8% (2018: 9.3%). Reliable market data for calculating the WACC to include the effects of IFRS 16 Leases are not yet available. The WACC figure used has therefore been arrived at in the same way as it was prior to IFRS 16. The cash flows are unaffected by IFRS 16. In calculating the carrying amount of the cash-generating unit, IFRS 16 has likewise been disregarded.

x € 1.000

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium-term planning for the relevant cash-flow generating unit is used. The assumptions underlying the medium-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of 5 years. Cash flows after 5 years are extrapolated using a growth rate of 1.5% (2018: 1.5%).

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

The expected cash flows are discounted using a pre-tax WACC of 11.4%. If the pre-tax WACC were 1 percentage point higher, this would not result in an impairment. Cash flows after five years are extrapolated using growth rates not exceeding 1.5%. If this maximum were 1 percentage 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, totalling €57 million (2018: €58 million) - is sensitive to changes in the assumptions, with the possibility that the recoverable amount could become lower than the carrying amount. According to the impairment test, the recoverable amount of the cash-flow generating unit Non-Residential is currently some €58 million (2018: €38 million) higher than the carrying amount. One significant factor in this context is the change in the EBIT (earnings before interest and tax) margin. For the purposes of the test, revenue has been assumed to rise to a level of around €467 million in 2024 (2019: €345 million actual revenue), partly on the back of developments providing multi-functional high-rise residential construction. A key assumption is that the EBIT margin grows to 2.8% (2018: 1.8%) of revenue (in 2019, the figure was 2.6%). If the EBIT margin is only 0.9% (2018: 1.0%), the recoverable amount is equal to the carrying amount.

x € 1.000

6.12 Joint ventures and associates

The interests in joint ventures and investments in associates included in the statement of financial position breaks down as follows:

	2019	2018
Joint ventures	60.069	67.577
Associates	4.185	4.420
	64.254	71.997

Joint ventures

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

	2019	2018
Interest in the capital of Property Development joint ventures	57.500	61.394
Interest in the capital of other joint ventures	-2.330	3.728
	55.170	65.122
Negative asset values recognised in other provisions	4.899	2.455
	60.069	67.577

The amounts presented below are the Group's shares in the results of joint ventures:

	2019	2018
Share of the net result of Property Development joint ventures	2.952	2.391
Share of the net result of other joint ventures	6.917	2.523
	9.869	4.914

The property development joint ventures in which the Group participates achieved revenue of €36 million in 2019 (2018: €34 million). In total, they have inventories of €98 million (2018: €98 million), mainly in the form of a strategic land portfolio. The aforementioned amounts relate to the Group's share.

Included in the 'other joint ventures' are projects carried out on a consortium basis.

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.

x € 1.000

The group has undertaken commitments to joint ventures totalling €3 million (2018: €3 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.26, 6.27 and 6.28, 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:

	2019	2018
Interests in the equity of associates	4.185	4.420
Interests in the net results of associates	499	888

6.13 Loans granted to joint ventures

	2019	2018
Loans granted to joint ventures	30.986	22.512
Other long-term lending	310	124
Balance at 31 December	31.296	22.636

An amount of €3 million (2018: €1 million) of the loans granted falls due within 1 year, €7 million between 1 and 5 years (2018: nil) and €21 million maturing after more than 5 years, including those with indefinite maturity (2018: €18 million). The weighted average interest rate is approximately 2.6% (2018: 3.2%). The loans are repayable and are secured by pledged assets and by cash flows from projects being carried on by the joint ventures concerned. An appraisal has been made of the expected credit losses on the loans granted. There were no implications for the carrying amounts.

x € 1.000

6.14 Deferred tax assets and liabilities

The net amount of the deferred tax assets and liabilities relating to temporary differences between the carrying amounts for tax purposes and for reporting purposes of items on the statement of financial position, together with recognised tax-loss carryforwards, can be broken down as follows:

	Receivables 31 december		Payables 31 december		Net amount 31 december	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	267	-	0	146	267	-146
Right-of-use assets	19.376	-	19.036	-	340	-
Intangible assets	-	-	1.594	1.829	-1.594	-1.829
Employee benefits	3.370	2.973	0	0	3.370	2.973
Provisions	315	445	-	-	315	445
Recognised tax-loss carryforwards	29.293	33.890	-	-	29.293	33.890
Deferred tax assets and liabilities	52.621	37.308	20.630	1.975	31.991	35.333
Set-off of deferred tax assets and liabilities	-20.630	-1.426	-20.630	-1.426	-	-
Net deferred tax assets and liabilities	31.991	35.882	0	549	31.991	35.333

The movement in the statement of financial position of the deferred tax assets and liabilities in 2019 breaks down as follows:

	Net amount at 31 December 2018	Recognised in income tax	Recognised in other comprehensive income	Net amount at 31 December 2019
Property, plant and equipment	-146	413	-	267
Right-of-use assets/lease liabilities	0	340	-	340
Intangible assets	-1.829	235	-	-1.594
Employee benefits	2.973	-1.060	1.457	3.370
Other items	445	-130	-	315
Recognised tax-loss carryforwards	33.890	-4.597	-	29.293
Total	35.333	-4.799	1.457	31.991

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2018 breaks down as follows:

	Net amount at 1 January 2018	IFRS 15 adjustment	Recognised in income tax	Recognised in other comprehen- sive income	Net amount at 31 December 2018
Property, plant and equipment	-259	-	113	-	-146
Intangible assets	-2.987	-	1.158	-	-1.829
Employee benefits	-3.206	-	649	5.530	2.973
Provisions	33	-	-33	-	0
Other items	0	535	-90	-	445
Recognised tax-loss carryforwards	35.629	-	-1.739	-	33.890
Total	29.210	535	58	5.530	35.333

Measurement of deferred tax assets

At year-end 2019, the recognised loss carry forward was €29 million (2018: €34 million), which relates to the loss carryforward of the Dutch tax group.

The Dutch tax group's currently recognised tax losses from prior years are subject to a loss carryforward 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 losses in 2016 and prior years relate to a relatively small number of large, problem projects. Measures have been taken to prevent such losses. Most of the activities perform according to plan. The forecasts are based on the order book, the 2020 business plan, and the long-term forecast. These also underlie the measurement of the recoverable amount of goodwill (for impairment tests). For the long-term forecast, the average EBIT margin of the Dutch tax group is assumed to grow to approximately 3% of revenue (2018: approx. 3%). The remaining settlement term of 9 years is longer than the period currently used until 2022. A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2020 business plan and the long-term forecasts, which are the Group's best estimates. Based on the projected results for the years 2020-2022 and the current and future tax rates of 25% for 2020, and 21.7% for 2021 and ensuing years, there will be sufficient taxable profits over the next few years to enable the tax asset recognised as at 31 December 2019 to be realised.

x € 1.000

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 2019, the tax-deductible losses of the Heijmans NV tax group amounted to €220.5 million (2018: €257.2 million). €59.5 million relates to 2014, €43.1 million to 2015, and €117.9 million to 2016. Out of the total, €88.8 million (2018: €103.1 million) has not been recognised. At year-end 2019, the other tax losses not recognised in the statement of financial position amounted to €41.6 million (2018: €41.2 million). This relates to one German and two Belgian subsidiaries that conduct no operations.

x € 1.000

6.15 Inventories

	31 december 2019	31 december 2018
Strategic land portfolio	110.028	127.351
Residential property in preparation and under construction	84.620	69.295
Raw materials and consumables	8.735	8.919
Finished products	1.188	1.370
Total	204.571	206.935
Carrying amount of inventories pledged as security	66.494	80.295

Strategic land portfolio

The strategic land portfolio comprises land holdings that are measured at cost or net realisable value if lower. The net realisable value of these holdings may be either the direct realisable value or the indirect realisable value. The recognised net realisable value depends on the expected manner and time horizon of realisation and in most cases, therefore, is measured using an indirect realisable value method. The indirect realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, the expected cash flows usually being discounted to net present value using a discount rate of 6% unless a different rate has been agreed, for example on the basis of favourable financing arrangements available within a joint undertaking. In fixing the discount rate, account is taken of the expected capital structure, operational risks and specific circumstances affecting Heijmans or the project concerned.

Determining the indirect realisable value involves the use of judgements and estimates. The strategic land 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. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. The Group makes a comprehensive internal assessment of the value of its land holdings twice a year.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without planning permission than for those with. Moreover, this risk keeps increasing the longer the expected delay is before the start of development.

The net realisable value of the strategic land portfolio was calculated in 2019 and compared with the carrying amount. This led to a write-down of €5.4 million (2018: write-downs totalling €6.4 million). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of homes completed.

x € 1.000

In principle, the strategic land portfolio and the residential property in preparation and under construction have terms of more than 12 months after the closing date (mostly 2 to 10 years). The other items in principle have a term of less than 12 months.

For more information on the pledging of land portfolios in connection with the financing agreements, refer to note 6.21.

6.16 Work in progress

	31 december 2019	31 december 2018
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	2.730.966	2.635.681
less: Invoiced instalments	-2.830.930	-2.726.655
Balance of work in progress	-99.964	-90.974
Work in progress assets (positive balance of work in progress)	68.802	51.415
Work in progress liabilities (negative balance of work in progress)	-168.766	-142.389
Balance of work in progress	-99.964	-90.974

A periodical assessment of the carrying amount of work in progress is made for each project by the project owner and the management of the unit concerned. This assessment is essentially performed on the basis of the figures in the project files, the project accounts and the knowledge and experience of those involved. Inherent in this process and the project-related activities is that estimates have to be made and that the Group is involved in negotiations and discussions concerning the financial progress of projects, such as contract savings or extras, claims, incentives and penalties, completion dates and the quality standard of the work. It may turn out at a later stage that actual results differ from the estimates. This will be so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the closing date. For further details on a number of specific projects, refer to note 6.29.

x € 1.000

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

- types of contract and associated specific agreements involve increased risks for the Group. In a DC contract, for example, the Group assumes the design risk (as well as construction). DBMO contracts also include responsibility for maintenance and operation;
- projects are still at the design stage. It is possible for substantial changes to occur in the process of turning a provisional design into the final design, leading to adjustments both up and down compared with the initial projection.

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

Variable consideration is only recognised if it is highly probable that a significant revenue reversal will not occur.

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

Bonuses are recognised as revenue from work in progress if the project is far enough advanced and it is highly probable that the performance indicators specified will be met (and it is highly probable that no significant reversal will occur), and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is highly probable that the bonus will be received (and it is highly probable that no significant reversal will occur).

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. As at year-end 2019, this item amounted to €68 million (2018: €51 million).

Work in progress liabilities concerns the obligation to carry out work on projects for clients for which the Group has received a consideration from the client (or the client owes that amount). This means that in practice the invoiced instalments run ahead of the project costs, so on balance the work is funded in advance by the client. As at year-end 2019, this item amounted to €168 million (2018: €142 million). The increase is mainly due to the fact that the level of this advance funding was relatively high on a number of projects as at year-end 2019.

Work in progress assets and liabilities generally have a term of less than 12 months.

Work in progress assets and liabilities do not include any items of a material nature relating to marginal costs for securing or fulfilling a contract.

x € 1.000

6.17 Trade and other receivables

	31 december 2019	31 december 2018
Trade receivables	138.861	132.425
Amounts still to be invoiced on concluded projects	12.715	7.579
Receivables from joint operations	13.111	12.534
Prepayments	4.260	9.070
Other receivables	16.506	14.077
Total trade and other receivables	185.453	175.685

Trade receivables are presented after deduction of impairment losses. On the amounts still to be invoiced on concluded projects no impairment losses have been deducted. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2019, a provision of €2.7 million was formed for impairment of trade receivables (2018: €3.2 million). For an analysis of the movements in this provision, see note 6.25 'Financial risks and risk management'.

Trade and other receivables are mainly short-term.

x € 1.000

6.18 Cash and cash equivalents

	31 december 2019	31 december 2018
Bank balances	106.674	86.836
Cash in hand	0	0
Funds in blocked accounts	2.698	2.096
Total cash and cash equivalents	109.372	88.932

Of the total cash and cash equivalents, €35 million (2018: €36 million) is held by joint ventures. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

The funds in blocked accounts 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.

6.19 Equity

Paid-up and called-up share capital		
In thousands of ordinary shares	2019	2018
Outstanding at 1 January	21.409	21.409
Outstanding at 31 December	21.409	21.409

Refer to statement 2b for disclosures on the changes in equity, and to the Company financial statements for disclosures on the authorised share capital, the statutory reserve for investees, the hedging reserve, the appropriation of results and other figures.

x € 1.000

6.20 Earnings per share

Basic earnings per ordinary share

The basic earnings per share in 2019 amounted to €1.40 (2018: €0.96). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and the weighted average number of ordinary shares that were outstanding during 2019.

Result attributable to holders of ordinary shares (all operations)	2019	2018
Result attributable to holders of ordinary shares after tax	30.056	20.489
Weighted average number of ordinary shares		
In thousands of shares	2019	2018
Ordinary shares outstanding on 1 January	21.409	21.409
Weighted average number of ordinary shares at 31 December	21.409	21.409

Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2019 is based on the weighted average number of ordinary shares during the year, which was 21,409 thousand. In the calculation of the dilution effect, the dilution is related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.28).

x € 1.000

6.21 Interest-bearing loans and other financing liabilities

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

31 December 2019	Non-current portion	Current portion	Total
Cumulative financing preference shares B	41.800	3.300	45.100
Syndicated bank financing	-	-	-
Project financing	5.197	-	5.197
Other non-current liabilities	2.950	-	2.950
Current account overdrafts with credit institutions	-	-	0
Total liabilities	49.947	3.300	53.247

31 December 2018	Non-current portion	Current portion	Total
Cumulative financing preference shares B	45.100	-	45.100
Syndicated bank financing	-	-	-
Project financing	4.245	0	4.245
Other non-current liabilities	3.068	4.701	7.769
Current account overdrafts with credit institutions	-	1.165	1.165
Total liabilities	52.413	5.866	58.279

x € 1.000

Cumulative financing preference shares B

At year-end 2019, 4,510,000 cumulative financing preference shares B were outstanding at €10 a share. This share capital, totalling €45.1 million, has been issued to Beleggingsfonds De Zonnewijser and Nationale Nederlanden Levensverzekering Maatschappij N.V. The Group has the right to repurchase or cancel these preference shares before their maturity date in case of an interest rate change or at any other time subject to payment of compensation. Under the agreement with the holders of the cumulative preference shares, the annual coupon rate is reviewed every five years. With effect from 1 January 2019, the rate is 7.21%. The coupon payment becomes payable each year 14 days after the AGM.

Repayment of the cumulative financing preference shares B only becomes applicable in the following cases:

- As and when Heijmans resumes dividend payments on ordinary shares, half of the amount that is paid on ordinary shares will be repaid on the cumulative preference shares B by way of repayment of share premium.
- As in recent years, Heijmans will ask the AGM each year to authorise the Heijmans Executive Board to issue shares up to a maximum of 10% of the outstanding ordinary share capital. Using this mandate, Heijmans will pay out the dividend coupon owed in the form of ordinary shares at market price, with the resultant cash saving used to repay the outstanding capital of the cumulative preference shares B.

This repayment element will therefore not reduce the capital base and will have no net cash impact. For example, if shares were issued at the 2019 closing share price of €7.50, this would result in the issue of 2% (rounded) of the share capital in 2020.

- As soon as the solvency ratio in terms of the capital base exceeds 30%, as reported in the annual report for each future year, and Heijmans elects to pay a dividend in respect of the relevant year, an extra repayment will be made in the form of a repayment of the share premium originally paid in on the cumulative preference shares B equal to the amount of the dividend payable for the preceding year.

In the event that the total repayments result in a halving of the outstanding share capital of the cumulative preference shares B (reduction to less than €22,550,000), there will be an automatic reduction of 100 basis points in the coupon rate, i.e. to 6.21%.

In the event of the above-mentioned repayments, on 30 June each year, the voting rights conferred by the cumulative preference shares B will be adjusted to reflect the pro rata impact on capital ratios.

Based on the above and provided the AGM approves the dividend proposal and share issue mandate, it is expected that the amount of the cumulative preference shares B will decline by €6.3 million, with €3.3 million being repaid in the form of ordinary shares and €3.0 million from 50% of the proposed dividend of €0.28 per share.

Syndicated bank financing

The syndicated bank facility amounted to €121.4 million as at year-end 2019. There was no change in the amount of the facility or in the other terms and conditions during the year. This amount is fully committed up to 30 June 2022 and is made up of an overdraft facility of €25 million with ING and a revolving credit facility of €96.4 million with ABN AMRO, ING and Rabobank.

The amount of the interest margin depends on the performance agreements, and lies in the range 1.65% to 3%. Based on the average debt/equity ratio, the rate over the whole of 2019 works out at 2.25%, and this rate is also expected to apply for the year ahead.

x € 1.000

Collateral security has been provided for the facility. This is predominantly in the form of pledging of trade receivables and bank balances as well as a first mortgage on land holdings recognised at a combined carrying amount of approximately €50 million.

The syndicated facility is subject to financial covenants. If these covenants are not met, the facility is in default. A solvency ratio of 20% as at year-end 2019 and 22.5% as at year-end 2020 and subsequent years is required. This ratio is measured only once a year and the effects on the balance sheet resulting from IFRS 15 and from IFRS 16 (together approximately 4 percentage points) have to be eliminated for the purposes of the calculation. The solvency ratio calculation involves dividing the capital base by total assets, the capital base being made up of equity plus the cumulative financing preference shares B.

An interest cover ratio also applies, calculated at the end of each quarter, the minimum value being 4. In addition, a leverage ratio is to be calculated twice a year (30 June and 31 December), which must not exceed 3, and a maximum average leverage ratio of 1.0 calculated quarterly. Satisfying the covenants is actively monitored within Heijmans. Based on the 2020 business plan, together with the already achieved quarterly figures during 2019, the Group expects to be able to continue operating within the covenants in the year ahead, the key parameters here being the development in EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, behind which lie seasonal effects and fluctuations due to specific projects in particular. During the course of the year, the working capital requirement is traditionally higher than at year-end, leading to an increase in net debt by as much as €50-100 million. The syndicated loan, which was not drawn on at all as at year-end 2019, is available to fund fluctuations in working capital.

The interest cover ratio is calculated as EBITDA divided by net interest expense. The leverage ratio is obtained by dividing net debt by EBITDA (earnings before interest, tax, depreciation and amortisation). The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. The main adjustments compared with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and a decrease in respect of the outstanding amount of the cumulative financing preference shares B and certain specific project financing arrangements where there is no recourse against Heijmans. The main adjustments compared with the accounting EBITDA concern the capitalised interest, results relating to business units that have been sold off, fair value adjustments, reorganisation costs, EBITDA results from joint ventures and the depreciation of right-of-use assets. The main adjustments to the reported net interest expense concern the exclusion of interest expense on non-recourse project financing, cumulative financing preference shares B and interest expense on the lease liabilities. Heijmans operated within the agreed covenants throughout the year.

Reconciliation between the underlying results, EBITDA, net debt and net interest expense as reported and in accordance with the definitions agreed with the bank consortium, and the calculation of the 2019 ratios, is presented below.

x € 1.000

Amounts x €1 million	note	2019	2018
Interest-bearing debt	6.21	53,2	58,3
Lease liabilities (IFRS 16 Leases)	2.	86,6	-
Cash and cash equivalents	6.18	-109,4	-88,9
Net debt		30,4	-30,6
<i>Adjustments for:</i>			
IFRS 16 Leases		-86,6	-
Net debt of joint ventures		51,3	78,1
Non-recourse net debt for project financing		-79,6	-92,4
Cumulative financing preference shares B	6.21	-45,1	-45,1
Other		2,7	2,1
Covenant net debt (A)		-126,9	-87,9
Reported EBITDA	6.1	62,0	34,2
EBITDA of joint ventures	6.1	7,9	5,8
Adjustment for IFRS 16 Leases		-23,9	
Exceptional items	6.1	8,4	3,2
Underlying EBITDA		54,4	43,2
<i>Adjustments for:</i>			
Capitalised interest	6.6	1,7	1,5
EBITDA for project with non-recourse financing		-1,4	-4,2
Other		-2,2	-1,3
Covenant EBITDA (B) - Interest Cover		52,5	39,2
EBITDA attributable to disposals		-	-
Covenant EBITDA (C) - leverage Ratio		52,5	39,2
Net interest expense		6,4	9,4
<i>Adjustments for:</i>			
Joint venture net interest expense		0,8	1,1
Adjustment for IFRS 16 Leases		-2,4	
Non-recourse project financing interest expense		-2,5	-2,8
Interest on cumulative financing preference shares B	6.21	-3,3	-3,6
Other		-0,3	-3,9
Net covenant interest expense (D)		-1,3	0,2
Equity	2.	178,0	149,1
Cumulative financing preference shares B	6.21	45,1	45,1
Capital base		223,1	194,2
<i>Adjustments for:</i>			
IFRS 15 adjustments		0,9	1,3
Capital base covenants (E)		224,0	195,5
Total assets		898,4	776,1
<i>Adjustments for:</i>			
IFRS 16 Leases		-86,6	-
IFRS 15 adjustments		-36,3	-40,4
Total assets covenants (F)		775,5	735,7
Leverage ratio (A/C) <3		-2,4	-2,3
Interest cover ratio (B/D) >4 (if interest charges are negative, not applicable)		n.v.t.	180,3
Average net debt covenants <1.5		-0,9	-0,3
Solvency ratio (E/F) >20%		28,9%	26,6%

x € 1.000

Project financing

Project financing arrangements have been entered into in connection with specific real estate and other projects. The project financing repayment schedules are usually related to the progress on projects. Project financing generally expires no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. Heijmans N.V. has guaranteed the repayment of principal and/or payment of interest up to an amount of €5.2 million (2018: €4.2 million) of the total project financing.

Other liabilities

The other liabilities concern financing arrangements provided by related parties in a number of specific investments in land. As security for these financing arrangements, amounting to €3.0 million (2018: €7.8 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

Average interest rate	2019	2018
Cumulative financing preference shares B	7,2%	7,9%
Syndicated bank financing*	2,5%	3,7%
Project financing	0,9%	1,1%
Other bank financing	3,4%	3,3%
Other non-current liabilities	3,5%	3,0%

* The disclosed percentage is exclusive of amortised refinancing costs and fees. Including fees, the figure is 7.8% (2018: 6.1%) and, including amortised refinancing costs, the figure is 10.0% (2018: 15.2%).

Movements in interest-bearing liabilities

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

	2019	2018
Opening balance	58.279	60.766
Recognised liabilities	1.022	4.243
Liabilities redeemed	-6.054	-6.730
Closing balance	53.247	58.279

x € 1.000

6.22 Employee benefits

Movement in the liability for defined benefit plans and long-service payments

	Liability		Fair value of assets		Net liabilities relating to defined benefit rights and long-service payments	
	2019	2018	2019	2018	2019	2018
Balance at 1 January	414.574	417.170	397.512	429.999	17.062	-12.829
<i>Recognised in profit or loss</i>						
Service cost	272	264	-	-	272	264
Interest expense/income	6.327	7.531	6.055	7.507	272	24
Settlements and curtailments	-	-5.951	-	-	-	-5.951
Actuarial result on long-service payment liabilities	551	243	-	-	551	243
Administrative and other expenses	-	-	-330	-910	330	910
<i>Recognised in other comprehensive income</i>						
Actuarial result, experience	-2.044	301	-	-	-2.044	301
Actuarial result, life expectancy	-	-3.921	-	-	-	-3.921
Actuarial result, indexing	-	7.407	-	-	-	7.407
Actuarial result, discount rate	74.894	6.218	-	-	74.894	6.218
Actuarial result, return on investments	-	-	70.612	-27.122	-70.612	27.122
<i>Contributions and benefits</i>						
Employer contributions	-	-	2.554	2.726	-2.554	-2.726
Pension and long-service payments	-13.995	-14.688	-13.995	-14.688	-	-
Heijmans Pension Fund settlement	-223.944	-	-223.944	-	0	-
Total at 31 December	256.635	414.574	238.464	397.512	18.171	17.062

The pension and long-service payments in 2020 will amount to approximately €10 million. Over the next few years, this amount should not change significantly.

x € 1.000

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

	31 december 2019	31 december 2018
Non-current employee benefits	16.514	15.451
Current employee benefits	1.657	1.611
	18.171	17.062

Liability for defined benefit plans in the Netherlands

Stichting Pensioenfonds Heijmans N.V.

Stichting Pensioenfonds Heijmans N.V. has been a closed pension fund since 1 January 2012. Since that date, pension rights have been accrued with a pension provider based on contributions calculated on that portion of salary that exceeds the maximum salary threshold of the industry-wide pension fund.

The pension accrual of employees who became members of the supplementary plan before the end of 2012 remained guaranteed by Stichting Pensioenfonds Heijmans N.V. On 1 October 2019, the collective liabilities towards the pension scheme members were transferred to an insurer and the pension fund was wound up. Consequently, the Group no longer bears this liability and the pension scheme no longer qualifies as a defined benefit plan. The transfer did not affect the result at all.

Insured plans

The Group has some 15 insured pension plans in the form of guarantee contracts. The Group is only required to meet the costs of indexation, not for funding increased liabilities due to adverse changes in life expectancy, so the pension plan risk is largely borne by the insurers. Responsibility for holding sufficient funds to pay out all benefits rests with the insurers. Regulatory responsibility lies with DNB. The amount of the additional contribution required to meet annual increases is calculated on the basis of the assumptions contained in the insurance contract. The average term of the pension liabilities is approximately 15 years.

Industry-wide pension funds

The majority of the pensions have been placed with industry-wide pension funds, the main ones being the Pension Fund for the Construction Industry (Bouwnijverheid) and the Pension Fund for the Engineering, Mechanical and Electrical Contracting Sector (Metaal en Techniek). Both these funds operate average pay plans with annual increases. The funding ratio set by the policy of the Construction Industry pension fund was 112.4% at year-end 2019 (year-end 2018: 118.3%). The policy funding ratio for the Engineering, Mechanical and Electrical Contracting Sector stood at 97.6% at year-end 2019 (year-end 2018: 102.3%). These funding ratios have been calculated on the basis of the actuarial assumptions used by the various industry-wide pension funds, in accordance with the Pensions Act and the Financial Assessment Framework. Since their funding ratios have a marginal effect on the contribution adjustments, these plans qualify as defined benefit pension plans. Despite this, they are treated as defined contribution plans because the administration of the industry pension funds is not designed to supply the required information. With regard to these plans, the Group is only required to pay the predetermined contributions.

x € 1.000

The Group has no obligation to make up any deficit, other than through future contribution adjustments. The Group has no claim to any surplus in the funds.

Long-service payments

The long-service payments are a month's salary, or a portion thereof, for employment periods of 25 and 40 years.

Income and expense items recognised in connection with defined benefit plans and long-service payments	2019	2018
Service cost	-272	-264
Interest expense	-6.327	-7.531
Expected return on assets	6.055	7.507
	-544	-288
Administrative and other expenses	-330	-910
Settlements and curtailments	-	5.951
Actuarial result on long-service payment liabilities	-551	-243
Total expense and income for defined benefit plans and long-service payments	-1.425	4.510

The principal actuarial assumptions as at year-end are:

	31 december 2019	31 december 2018
Discount rate	0,85%	1,75%
Expected return on plan assets	0,85%	1,75%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future annual increase	0-1,00%	0-1,00%
Staff turnover	7,0-16,0%	7,0-16,0%
Life expectancy	AG Prognosetafel 2018 0/0	AG Prognosetafel 2018 0/0

The discount rate is based on high-quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

The future annual increase is based on the increase that is expected to be granted by the industry-wide pension fund for the Construction Industry (Bouwnijverheid).

x € 1.000

Financing liability for defined benefit plans and long-service payments	31 december 2019	31 december 2018
Fully funded defined benefit plans	251.307	409.556
Long-service payments (unfunded)	5.328	5.018
Liability for defined benefit plans and long-service payments at 31 December	256.635	414.574

Breakdown of plan assets as a percentage of the total	31 december 2019	31 december 2018
Equities	0%	0%
Fixed-income securities	0%	0%
Liquid assets	0%	1%
Other/insured plans	100%	99%

Reasonably possible changes in one of the relevant actuarial assumptions on the reporting date, with the other assumptions remaining unchanged, could potentially affect the liabilities associated with the vested pension rights to the extent shown below.

x €1 million	2019		2018	
	Increase	Decrease	Increase	Decrease
Change of 0.5%-points in the discount rate	-19,7	22,4	-30,5	34,4
Change of 0.25%-points in wage and price inflation and rate of annual increase	10,9	-3,9	8,9	-3,3
Change of 1 year in life expectancy	12,2	-12,2	16,5	-16,6

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities and not to the fair value of the investments. For a plan in the form of an insurance contract, the guarantee provided by the insurer means that the effects of these changes are largely mitigated by an equal effect on the plan assets.

The Group expects to contribute approximately €2 million to its defined pension plans in 2020 and approximately €35 million to defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2020, depending on changes in the above-mentioned actuarial assumptions and other factors.

x € 1.000

6.23 Provisions

General

Provisions for such things as losses on work in progress, warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of resources will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	31 december 2018	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2019
Work in progress losses	26.206	-222	9.533	-16.001	19.516
Warranty obligations	3.393	-35	2.133	-1.715	3.776
Restructuring costs	1.387	-21	3.093	-3.456	1.003
Environmental risks	1.677	0	1.350	-76	2.951
Provision for loss-making interests	2.455	0	2.749	-305	4.899
Other provisions	5.027	-1.099	1.088	-3.164	1.852
Total provisions	40.145	-1.377	19.946	-24.717	33.997

Ageing of provisions	31 december 2019	31 december 2018
Non-current portion	12.205	20.596
Current portion	21.792	19.549
Total	33.997	40.145

Work in progress losses

If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions on the balance sheet. The projects to which these losses relate will be completed within two years.

Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2020.

x € 1.000

Provision for environmental risks

This item represents possible site reinstatement costs. The costs have been estimated by site, based on government regulations concerning the clean-up method and soil investigation. The periods within which restoration needs to take place vary by site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Provision for loss-making interests

The provision for loss-making interests relates to joint ventures in which the Group's share is negative.

Other provisions

The other provisions as at year-end 2019 were largely made up of a provision for year-two sick pay.

x € 1.000

6.24 Trade and other payables

Trade and other payables	31 december 2019	31 december 2018
Suppliers and subcontractors	189.689	220.466
Invoices due for work in progress	17.365	24.965
Invoices due for work completed	33.405	25.990
Pension obligations	2.452	2.172
Staff costs payable	19.873	16.666
VAT payable	49.480	40.751
Wage tax and social security contributions payable	13.686	14.093
Administrative expenses and costs of sales payable	8.979	5.503
Interest payable	4.701	5.249
Payables to partnerships	14.285	4.989
Other liabilities	5.399	7.592
Total trade and other payables	359.314	368.436

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

For comparison purposes, a portion of the other liabilities as at 31 December 2018 has been reclassified as payables to partnerships and administrative expenses and costs of sales payable.

x € 1.000

6.25 Financial risks and risk management

General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks. This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks and the policy and procedures for measuring and managing them, as well as the management of capital.

The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits. The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit 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 residential property development is limited, as future residents can only take possession of the new home once they have met all their obligations and there is pre-financing during the construction stage. The creditworthiness is assessed in transactions involving the development of commercial property, construction contracts and infrastructure projects, with additional collateral possibly being requested. Additional forms of security are particularly important in the case of turnkey projects (paid for on completion), although normally there is pre-financing of transactions in the 'business to business' segment as well. Especially within Infra and Non-Residential Building, Heijmans carries out many assignments for public authorities, for which the credit risk is considered extremely limited. In these areas of the business, Heijmans will be part of consortiums working on various large-scale, integrated projects. The more specific the expertise of a consortium partner, the greater the importance that is attached to the creditworthiness of that partner. In such cases, a poor credit rating is grounds for not entering into partnership, since financial guarantees are not worth anything if essential know-how is lost.

The assessment of creditworthiness is part of the standard procedure, and involves using company-specific reports produced by rating agencies. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk.

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. The credit risk is further mitigated by concentrating the cash as far as possible in cash pools, the cumulative balance of which is predominantly negative over the year.

x € 1.000

Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower

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

	31 december 2019	31 december 2018
Loans granted to joint ventures	31.296	22.636
Cash and cash equivalents	109.372	88.932
Trade and other receivables	185.453	175.685
Total	326.121	287.253

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

Age analysis of outstanding trade receivables without impairment, from due date:

	31 december 2019	31 december 2018
< 30 days	9.737	13.661
30-60 days	575	1.161
60-90 days	193	888
> 90 days – ≤ 1 year	2.331	2.191
> 1 year	4.173	5.262
Total	17.009	23.163

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables at year-end 2019 was €139 million (2018: €132 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:

x € 1.000

	2019	2018
Balance at 1 January	3.211	2.033
Additions	271	2.279
Withdrawals	-236	-769
Release	-505	-332
Balance at 31 December	2.741	3.211

The course of 2018 has been adjusted for comparability.

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

Weekly 3-month rolling and monthly 12-month rolling liquidity forecasts are among the tools used to determine whether the Group has sufficient liquidity available. In addition, the availability of credit, including in the form of headroom available from credit insurers or providers of guarantees, is continuously monitored by regularly making projections of the score in relation to financial covenants and engaging in an active dialogue with all financial stakeholders. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term, Heijmans has access to the following facilities:

- €45 million in cumulative financing preference shares B;
- (year-end 2019) €121 million committed syndicated bank financing, €25 million of which is in the form of a committed overdraft facility linked to a cash pool;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question; and
- operational leases.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to guarantee facilities with various institutions. These facilities are uncommitted. Every month, a projection is made of the use of the available bank guarantee facilities, based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on these projections, Heijmans believes that the present size of the facilities is adequate.

At year-end 2019, the bank guarantee facilities totalled €293 million (2018: €291 million) provided by a total of 10 parties. As at year-end 2019, almost €1 million in guarantees was outstanding relating to the international activities that were disposed of in 2017, with the rest exclusively concerning guarantees for projects associated with operations in the Netherlands.

x € 1.000

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 december 2019	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 year
Cumulative financing preference shares B	-45.100	-61.360	-3.252	-	-3.252	-9.756	-45.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-5.197	-5.266	-4	-4	-8	-25	-5.225
Other non-current liabilities	-2.950	-3.370	-72	-	-72	-216	-3.010
Current account overdrafts with credit institutions	0	0	0	-	-	-	-
Trade and other payables	-359.314	-359.314	-359.314	-	-	-	-
Total	-412.561	-429.310	-362.642	-4	-3.332	-9.997	-53.335

31 december 2018	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 year
Cumulative financing preference shares B	-45.100	-61.671	-3.563	-	-3.252	-9.756	-45.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-4.245	-4.245	-	-	-	-	-4.245
Other non-current liabilities	-7.769	-9.025	-5.046	-	-157	-471	-3.351
Current account overdrafts with credit institutions	-1.165	-1.165	-1.165	-	-	-	-
Trade and other payables	-368.436	-368.436	-368.436	-	-	-	-
Total	-426.715	-444.542	-378.210	0	-3.409	-10.227	-52.696

For the cumulative financing preference shares B, the nominal value has been taken into account on the maturity date and on the dividend review date. The cumulative financing preference shares B do not have a repayment obligation. In the liquidity analysis, the nominal value of the loan has been included in the period > 5 years. The above table does not include the €6.3 million expected decline resulting from the conversion and repayment in 2020. See note 6.21 for a further explanation of this decline and the agreements regarding repayment.

Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns. To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken. Transactions of this nature are carried out within established guidelines. As at year-end 2019, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2018: none).

x € 1.000

Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials.

Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the Group's results. For the majority of the project financing arrangements, fixed interest rates are preferred, giving greater certainty with respect to results on the various projects. Where the syndicated loan is used, financing is at a floating rate. Since this involves financing of working capital, which is generally not required at the end of the year, Heijmans currently sees no benefits for fixing interest rates for longer periods. The present negative Euribor rate is another factor here. This policy is subject to constant evaluation.

If the interest rate for 2019 had been 2 percentage points higher on average, the result before tax based on the average level of debt would have been approximately the same (2018: nil). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been almost nil (2018: nil).

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

	Note	31 december 2019					
		Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Loans granted	6.13	31.296	22.317	0	0	2.587	6.392
Cash and cash equivalents	6.18	109.372	109.372	-	-	-	-
Cumulative financing preference shares B	6.21	-45.100	-	-	-	-45.100	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-5.197	-5.197	-	-	-	-
Other non-current liabilities	6.21	-2.950	-	-70	-	-	-2.880
Current account overdrafts with credit institutions	6.21	-	-	-	-	-	-
Total		87.421	126.492	-70	0	-42.513	3.512

x € 1.000

	Note	Total	31 december 2018				
			0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Loans granted	6.13	22.636	6.681	3.419	11.232	60	1.244
Cash and cash equivalents	6.18	88.932	88.932	-	-	-	-
Cumulative financing preference shares B	6.21	-45.100	-45.100	-	-	-	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-4.245	-4.245	-	-	-	-
Other non-current liabilities	6.21	-7.769	-4.889	-	-	-	-2.880
Current account overdrafts with credit institutions	6.21	-1.165	-1.165	-	-	-	-
Total		53.289	40.214	3.419	11.232	60	-1.636

As at the closing date, 90% (2018: 83%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 10% (2018: 17%) 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 term to maturity of the project financing is 0.2 years (2018: 0.2 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The carrying amount of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchases and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

- Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.
- Level 2: input that is not a quoted market price at level 1 but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).
- Level 3: input for the asset or liability not based on data available in a market (unobservable input).

x € 1.000

Heijmans has no financial assets or liabilities measured at fair value.

			31 december 2019		31 december 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
Note	Level	Loans and receivables				
6.13	2	Loans granted	31.296	32.807	22.636	23.261
6.17	*	Trade and other receivables	185.453	185.453	175.685	175.685
6.18	*	Cash and cash equivalents	109.372	109.372	88.932	88.932
6.21	*	Current account overdrafts with credit institutions	-	-	-1.165	-1.165
6.21	2	Cumulative financing preference shares B	-45.100	-45.100	-45.100	-45.100
6.21	2	Syndicated bank financing	-	-	-	-
6.21	2	Project financing	-5.197	-5.197	-4.245	-4.245
6.21	2	Other non-current liabilities	-2.950	-3.074	-7.769	-8.294
6.24	*	Trade and other payables	-359.314	-359.314	-368.436	-368.436
			-86.440	-85.053	-139.462	-139.362

* 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 2019, plus the relevant risk mark-up. Because of the agreed change in the interest rate on the cumulative financing preference shares B coming into effect on 1 January 2019 (see the 'Financial developments' section of the report for further details), the fair value has been taken as equal to the carrying amount.

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 long-term capital structure is based on operating with sufficient headroom within the limits of the covenants, in particular the leverage ratio. This means net interest-bearing debt after deduction of cumulative financing preference shares B plus non-recourse finance divided by EBITDA not exceeding 3.0, an average leverage ratio not exceeding 1.0 and an interest cover ratio of at least 4.0 (see also note 6.21 for a description of the financial ratios in the conditions agreed with the banks).

x € 1.000

6.26 Investment commitments

	31 december 2019	31 december 2018
Contractual commitments for:		
- acquisition of property, plant and equipment	2.199	2.003
- acquisition of land	16.897	36.590
	19.096	38.593

There are no Group guarantees for the capital expenditure commitments (2018: none).
In general, the contractual commitments to purchase land will materialise in 1 to 10 years.

Of the investment commitments, €1 million (2018: €8 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 €9 million (2018: €5 million), this amount being Heijmans' portion.

6.27 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 resources 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 2019	31 december 2018
Bank guarantees relating to:		
Execution of projects	131.200	177.337
Tenders	250	490
Other	11.246	6.412
	142.696	184.239
Group guarantees relating to:		
Execution of projects	320.956	383.360
Contingent liabilities	0	0
Credit and bank guarantee facilities	23.788	23.788
	344.744	407.148
Total	487.440	591.387

x € 1.000

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities applying to subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures, which amounts to €24 million (2018: €24 million).

The Group guarantees issued for divested operations (Leadbitter) are not included in the above table. They amount to €42 million (2018: €59 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

Other contingent liabilities

The other contingent liabilities with a significant cash impact as at year-end 2019 amount to €28 million (2018: €37 million) and those with a limited cash impact €87 million (2018: €70 million), making a total of €115 million (2018: €107 million). Of the total amount, €12 million (2018: €14 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued in respect of this in 2019 (2018: none).

At year-end 2019, the joint ventures in which Heijmans participates had contingent liabilities with significant cash impact amounting to €1 million (2018: €3 million), and with a limited cash impact amounting to €14 million (2018: €17 million), making a total of €15 million (2018: €20 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.

6.28 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 arrangements. Significant transactions in this context are the contribution of land holdings to joint arrangements and/or their financing. In addition, large and complex projects are carried out in partnership with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.12.

x € 1.000

The Group's share in the revenue and total assets of joint operations is analysed by segment below:

2019 Business segments In € million	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Eliminations	Total
Revenue	35,5	31,1	106,9	138,0	61,0	-33,6	200,9
Costs	-32,5	-28,3	-100,1	-128,4	-57,7	33,6	-185,0
Non-current assets	3,9	0,0		0,0	0,2		4,1
Current assets	46,9	17,4	22,3	39,7	21,7		108,3
Total assets	50,8	17,4	22,3	39,7	21,9	0,0	112,4
Non-current liabilities	5,2	0,0		0,0			5,2
Current liabilities	12,1	16,8	19,8	36,6	17,1		65,8
Total liabilities	17,3	16,8	19,8	36,6	17,1	0,0	71,0
Equity	33,5	0,6	2,5	3,1	4,8	0,0	41,4

2018 Business segments In € million	Property Development	Residential Building	Non- Residential	Building & Technology	Infra	Eliminations	Total
Revenue	48,9	34,0	55,2	89,2	119,5	-35,6	222,0
Costs	-46,4	-31,6	-54,0	-85,6	-115,3	35,6	-211,7
Non-current assets	3,9	0,0	0,0	0,0	0,4		4,3
Current assets	49,3	18,8	21,0	39,8	19,8		108,9
Total assets	53,2	18,8	21,0	39,8	20,2	0,0	113,2
Non-current liabilities	4,2	0,0		0,0			4,2
Current liabilities	7,2	17,6	20,7	38,3	17,1		62,6
Total liabilities	11,4	17,6	20,7	38,3	17,1	0,0	66,8
Equity	41,8	1,2	0,3	1,5	3,1	0,0	46,4

Company pension fund

Up to the end of September 2019, the Group was associated with Stichting Pensioenfonds Heijmans N.V. In 2019, approximately €0.5 million (2018: approximately €1.8 million) was paid to this pension fund in the form of pension contributions. At the beginning of October 2019, the liabilities towards the members were collectively transferred to an insurer and the pension fund was wound up. The Group will have no pension contribution liability in future years.

x € 1.000

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. As at year-end 2019, the members of the Supervisory Board owned a total of 12,500 depositary receipts for Heijmans shares. All of these shares are held by Mr Vollebregt. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal gain.

The total payments granted to Supervisory Directors in 2019 and 2018 were as follows:

in €	2019	2018
Sj.S. Vollebregt – Chair*	60.000	60.000
Drs. PG. Boumeester**	46.750	46.000
Mr. M.M. Jonk***	49.000	3.333
Ing. R. van Gelder BA****	52.750	52.000
Drs. S. van Keulen*****	13.500	54.000
R. Icke RA*****	53.000	53.000
Total	275.000	268.333

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

** Supervisory Director since 28 April 2010

*** Supervisory Director since 6 December 2018

**** Supervisory Director since 1 July 2010

***** Supervisory Director from 18 April 2007 to 10 April 2019

***** Supervisory Director since 9 April 2008

x € 1.000

Remuneration of members of the Executive Board

Fixed and variable remuneration paid to members of the Executive Board

The amounts paid out in 2018 and 2019 and the amounts payable in 2020 in respect of fixed and variable remuneration for the members of the Executive Board are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2020	Paid in 2019	Paid in 2018	Payable in 2020	Paid in 2019	Paid in 2018	Payable in 2020	Paid in 2019	Paid in 2018
A.G.J. Hillen	500.000	500.000	500.000	498.461	437.500	425.000	998.461	937.500	925.000
J.G. Janssen	425.000	425.000	425.000	423.692	212.500	-	848.692	637.500	425.000
	925.000	925.000	925.000	922.153	650.000	425.000	1.847.153	1.575.000	1.350.000

The variable remuneration payable in 2020 includes the long-term variable remuneration for the period 2017-2019 (see below). The variable remuneration paid to Mr Janssen in 2019 did not include any long-term remuneration in respect of the period 2016-2018 since he did not join the Board until the end of October 2017.

Charges recognised in the statement of profit or loss relating to the remuneration of the members of the Executive Board

The composition of the remuneration paid to each member of the Executive Board is as follows:

in €		Gross fixed remuneration	Short term variable remuneration	Long-term variable remuneration	Pension contributions	Expense allowances including reimbursement of car expenses, compulsory social insurance contributions and costs of the Share Matching Plan	Total
A.G.J. Hillen*	2019	500.000	242.211	256.250	202.052	79.117	1.279.630
	2018	500.000	250.000	437.500	201.141	57.252	1.445.893
J.G. Janssen**	2019	425.000	205.879	217.813	88.000	70.037	1.006.729
	2018	425.000	212.500	212.500	88.000	48801	986.801
Totaal	2019	925.000	448.090	474.063	290.052	149.154	2.286.359
	2018	925.000	462.500	650.000	289.141	106.053	2.432.694

* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012

** Member of the Executive Board since 30 October 2017

The members of the Executive Board were awarded a short-term variable bonus for 2019 of 48% of the basic salary due to the targets realised in 2019. For the period 2017-2019, long-term variable remuneration of 51% of basic pay was awarded, following achievement of the targets for this period. For more information, refer to the section on remuneration in the directors' report.

x € 1.000

Heijmans has set aside a reservation of €462,500 for the current members of the Executive Board for variable remuneration relating to the periods 2018-2020 and 2019-2021 (2018: €462,500 for the periods 2017-2019 and 2018-2020); and has reserved €250,000 for Mr. Hillen (2018: €250,000) and reserved €212,500 for Mr. Janssen (2018: €212,500).

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been applicable under which directors can opt to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2018, Mr. Hillen acquired 5,000 (depository receipts for) Heijmans shares for 12% of the awarded short-term bonus for 2017. In the context of the Share Matching Plan, a conditional share was granted for each share acquired. The shares granted conditionally are vested after 3 years, after which they are subject to a mandatory lock-up period of two years. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2019, Heijmans recognised an amount of €16,375 (2018: €10,917) as a charge related to the shares granted in April 2018.

In April 2019, Mr Hillen and Mr Janssen, exercising 30% and 23%, respectively, of the short-term bonus awards for 2018, purchased 7,500 and 5,000 depository receipts for Heijmans shares. In the context of the Share Matching Plan, a conditional share was granted for each share acquired. These conditionally granted depository receipts for shares become vested after three years. The total charge associated with the granting of the shares is calculated at the time the shares are awarded and is recognised on a time-weighted basis in the statement of profit or loss during the period in which the awarded shares are vested. In the statement of profit or loss for 2019, Heijmans recognised an amount of €27,639 (2018: nil) as a charge related to the shares granted in April 2019.

The pension scheme for Mr Hillen pertains to the pension scheme of the industry-wide pension fund and a defined contribution plan. Mr. Hillen also receives an annual compensation of €36,134 (2018: €35,082), adjusted for possible collective labour agreement salary increases, for the lapse of the early retirement pension scheme. Mr. Hillen also received compensation of €96,140 in 2019 (2018: €96,757) for the loss of pension accrual on his salary over and above €100,000, plus a compensation of €50,232 (2018: €50,232) for the loss of the indexation in the Delta Lloyd average salary scheme. Mr Janssen receives a fixed amount in the form of pension contributions of €88,000 in 2019 (in 2018: €88,000).

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

As at year-end 2019, the members of the Executive Board owned a total of 29,471 depository 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 depository receipts for Heijmans shares by the individual members of the Executive Board at year-end 2019 is as shown below:

x € 1.000

Shares owned on 31 December	2019
A.G.J. Hillen - Chair	24.471
J.G. Janssen	5.000
Total	29.471

Remuneration of former members of the Executive Board

An amount of €283,000 has been recognised in the statement of profit or loss for 2019 (2018: €238,500) in respect of the fees that Mr Witzel, a former member of the Executive Board, receives under his management agreement that came into effect on 1 November 2014. The duties of Mr Witzel involve consultancy work and the management of major projects. Also recognised in the statement of profit or loss for 2019 is an amount of nil (2018: €98,038) in respect of the remuneration received by Mr Majenburg, who was a member of the Executive Board until 26 October 2017. At the request of the Executive Board, Mr Majenburg performed consultancy activities until 1 March 2018.

6.29 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 principles (section 5) and the explanatory notes (6.1 to 6.28), 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 6.16, Work in progress. A higher estimation uncertainty applies in the case of the Wintrack project. The contract, with an agreed price of €250 million, concerned the construction of pylons on two new high-voltage transmission lines, Eemshaven-Vierverlaten and Borssele-Rilland, to be carried out by a consortium made up of Heijmans (60%) and Eurocoles (40%). Early September 2018 the client TenneT has dissolved ('ontbonden') or alternatively terminated ('opgezegd') the agreements.

The various parties have filed considerable claims and counterclaims with regard to the agreed price. The Group has commenced arbitration proceedings. The Group has not recognised a provision because, based on detailed analysis and supported by external legal advice, it believes it unlikely that the matter will lead to an outflow of resources. If a decision goes against the Group, there may well be a considerable outflow of resources.

The Group has not recognised an asset in respect of its claim because the criteria for doing so are not satisfied in view of the

x € 1.000

complexity of the case. In 2018, the Group has written off approximately €10 million, mainly in respect of unpaid invoices and costs incurred, as well as the settlement of obligations to which it is already committed. As a consequence, the Group has not recognised any amounts relating to this cancelled project on the face of the statement of financial position.

Financing

Note 6.21 discloses the conditions attached to the financing in greater detail. An important condition involves satisfying the banking covenant ratios, specifically the interest cover ratio, the leverage ratio, the average leverage ratio and the solvency ratio. Proper management of project risks (see above) is crucial to meeting the ratios. The same applies to the achievement of the 2020 business plan and longer-term projection.

Pensions

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.22.

Deferred tax assets

For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.14 '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 6.15 'Inventories'.

Intangible assets

For the main principles used in the annual determination of the recoverable amount of intangible assets, refer to note 6.11 'Intangible assets'.

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2019. 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.

	31 december 2019	31 december 2018
Heijmans Nederland B.V., Rosmalen	100%	100%
Heijmans Vastgoed B.V., Rosmalen	100%	100%
Heijmans Vastgoed Deelnemingen B.V. Rosmalen	100%	100%
V.O.F. Oosterlinge 2	50%	50%
Veldmolen C.V.	100%	100%
Westergouwe V.O.F.	50%	50%
Heijmans Woningbouw B.V., Rosmalen	100%	100%
Bouwcombinatie Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Heijmans Huizen B.V., Huizen	100%	100%
Bouwcombinatie Westergouwe V.O.F., Rosmalen	50%	50%
Bouwcombinatie HoogDalem V.O.F., Rosmalen	50%	50%
Heijmans Utiliteit B.V., Rosmalen	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F., Nieuwegein	50%	50%
Bouwcombinatie EMA V.O.F., Cruquius	50%	50%
Heijmans Infrastructuur B.V., Rosmalen	100%	100%
Heijmans Infra B.V., Rosmalen	100%	100%
3Angle EPCM V.O.F., Hoofddorp	50%	50%
Sas van Vreeswijk V.O.F., Barendrecht	33%	33%
ZuidPlus V.O.F., Amstelveen	15%	15%
De Stichtse Kraan V.O.F., Rosmalen	67%	67%
Combinatie Heijmans - Gebroeders Pol - Van Voskuilen Woudenberg V.O.F., Rosmalen	50%	50%
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%

8. Company financial statements

x € 1.000

8.1 General

The company financial statements are part of the 2019 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

8.2 Accounting 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 basis for measuring 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. Investees over which significant control is exercised are recognised using the equity method. Any impairment of the receivables from group companies relating to expected credit losses is eliminated in the recognised amounts and consequently does not affect the statement of profit or loss or the statement of financial position in any way. Heijmans N.V. is registered with the Chamber of Commerce under number 16004309.

The share in the result of 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 investees or between investees themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.28 to the consolidated financial statements.

x € 1.000

8.3 Company statement of profit or loss for 2019

	2019	2018
Administrative expenses	-2.847	-2.525
Operating result	-2.847	-2.525
Finance income	77	27.262
Finance expense	-4.867	-10.915
Result before tax	-7.637	13.822
Income tax	6.660	-1.849
Share in profit or loss of investees	31.033	8.516
Result after tax	30.056	20.489

The course of 2018 has been adjusted for comparability.

The employee benefits for the members of the Supervisory Board, the Executive Board and the Board's Secretariat are recognised in the company financial statements (see note 6.28 to the consolidated financial statements).

x € 1.000

8.4 Company statement of financial position at 31 December 2019 (before appropriation of result)

Assets	31 december 2019	31 december 2018
Non-current assets		
Intangible assets	21.207	21.207
Financial assets	38.406	38.755
Deferred tax asset	29.293	34.023
	88.906	93.985
Current assets		
Receivables	466.331	393.384
Cash and cash equivalents	0	26.969
	466.331	420.353
	555.237	514.338
Equity and liabilities		
Equity		
Issued capital	6.423	6.423
Share premium	242.680	242.680
Hedging reserve	-666	-214
Reserve for actuarial results	-59.969	-59.188
Reserve for Bonus Investment Share Matching Plan	297	253
Statutory reserve for investees	46.959	51.959
Retained earnings	-87.816	-113.305
Result after tax for the current financial year	30.056	20.489
	177.964	149.097
Non-current liabilities	41.800	45.100
Current liabilities	335.473	320.141
	555.237	514.338

x € 1.000

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	2019	2018
Carrying amount		
Balance at 1 January	21.207	21.207
Balance at 31 December	21.207	21.207
Financial assets	2019	2018
Investments in Group companies		
Balance at 1 January	-78.312	-51.574
Share in results of investees after tax	31.033	8.516
Dividends received from investees	0	-10.698
Capital contributions	0	7.422
Changes in cash flow hedges	-452	-374
Changes in actuarial results relating to employee-benefits	-781	-31.604
Balance at 31 December	-48.512	-78.312
Set off against receivables from Group companies	-86.918	-117.067
Recognised under financial assets	38.406	38.755

The share in results of investees after tax includes the gains on the sale of investees. The investments in Group companies are direct or indirect interests in them. The principal Group companies are listed on page 202.

x € 1.000

Receivables	31 december 2019	31 december 2018
Group companies	465.768	392.669
Other receivables	563	715
	466.331	393.384

The receivables are due within one year.

Cash and cash equivalents

Cash balances are at the free disposal of the Company..

Equity

2019	Issued capital	Share premium	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-59.188	-214	253	51.959	-113.305	20.489	149.097
Reclassification	0	0	0	0	0	-5.000	5.000	0	0
Bonus Investment Share Matching Plan	0	0	0	0	44	0	0	0	44
Appropriation of result for 2018	0	0	0	0	0	0	20.489	-20.489	0
Comprehensive income	0	0	-781	-452	0	0	0	30.056	28.823
Balance at 31 December	6.423	242.680	-59.969	-666	297	46.959	-87.816	30.056	177.964

2018	Issued capital	Share premium	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-27.584	160	242	64.559	-145.447	19.542	160.575
Reclassification	0	0	0	0	0	-12.600	12.600	0	0
Bonus Investment Share Matching Plan	0	0	0	0	11	0	0	0	11
Appropriation of result for 2017	0	0	0	0	0	0	19.542	-19.542	0
Comprehensive income	0	0	-31.604	-374	0	0	0	20.489	-11.489
Balance at 31 December	6.423	242.680	-59.188	-214	253	51.959	-113.305	20.489	149.097

x € 1.000

Authorised share capital

Composition of the authorised share capital is as follows:

Authorised share capital in €	31 december 2019
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 2019, the number of ordinary shares issued was 21,409,169. All the outstanding shares are paid up, which represents a value of €6,422,751 (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 6.21 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares B.

Share premium

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 6.22 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 6.28 to the consolidated financial statements.

x € 1.000

Reserve for investees

The statutory reserve for investees represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting 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 investee individually. This reserve is not freely distributable.

Result appropriation

It is proposed to distribute 20% of the result after tax as dividend on (certificates of) ordinary shares and to add the remainder, of approximately €30 million, to the reserves, as stated in the 'Appropriation of result' section of the report.

Payables		31 december 2018
Non-current liabilities		
Financing preference shares	41.800	45.100
Syndicated bank financing	0	0
	41.800	45.100
Current liabilities		
Group companies	253.216	315.621
Dividend payable on financing preference shares	3.252	3.522
Banks	74.954	0
Syndicated bank financing	0	0
Financing preference shares	3.300	
Other liabilities	751	998
	335.473	320.141

x € 1.000

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 december 2019	31 december 2018
Bank guarantees	142.696	184.239
Group guarantees to clients	320.956	383.360
Group guarantees to credit institutions	23.788	23.788
	487.440	591.387

For information on the guarantees, see note 6.27 to the consolidated financial statements.

Joint and several liability and guarantees

With the exception of Heijmans Deutschland B.V., Heijmans Technology B.V., Brabotech Metselwerken B.V., Heijmans Management Deelnemingen B.V., Heijmans Management Gebiedsontwikkeling a/d Maas B.V., Heijmans Infra A27/A1 B.V., Heijmans Energy B.V. and Matching Materials 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.

Tax group

Together with its Dutch subsidiaries, Heijmans N.V. forms a tax group for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that is part of the tax group.

Share in results of investees

This is the company's share in the results of its investees, all of which are Group companies.

Auditors' fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1.000

x € 1.000	2019		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.695	0	1.695
Other audit engagements	99	9	108
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.794	9	1.803

In addition to performing the audit of the financial statements required by law, Ernst & Young Accountants LLP provided the following permitted services: assurance report relating to the sustainability information contained in the directors' report, in particular agreed activities with respect to the 'Compliance Certificate' for the banking group and various specific declarations concerning revenue, key figures and projects. The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2018		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.795	-	1.795
Other audit engagements	102	9	111
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.897	9	1.906

Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements other than those explained in the consolidated financial statements.

Rosmalen, 20 February 2020

the members of the Executive Board

A.G.J. Hillen
J.G. Janssen

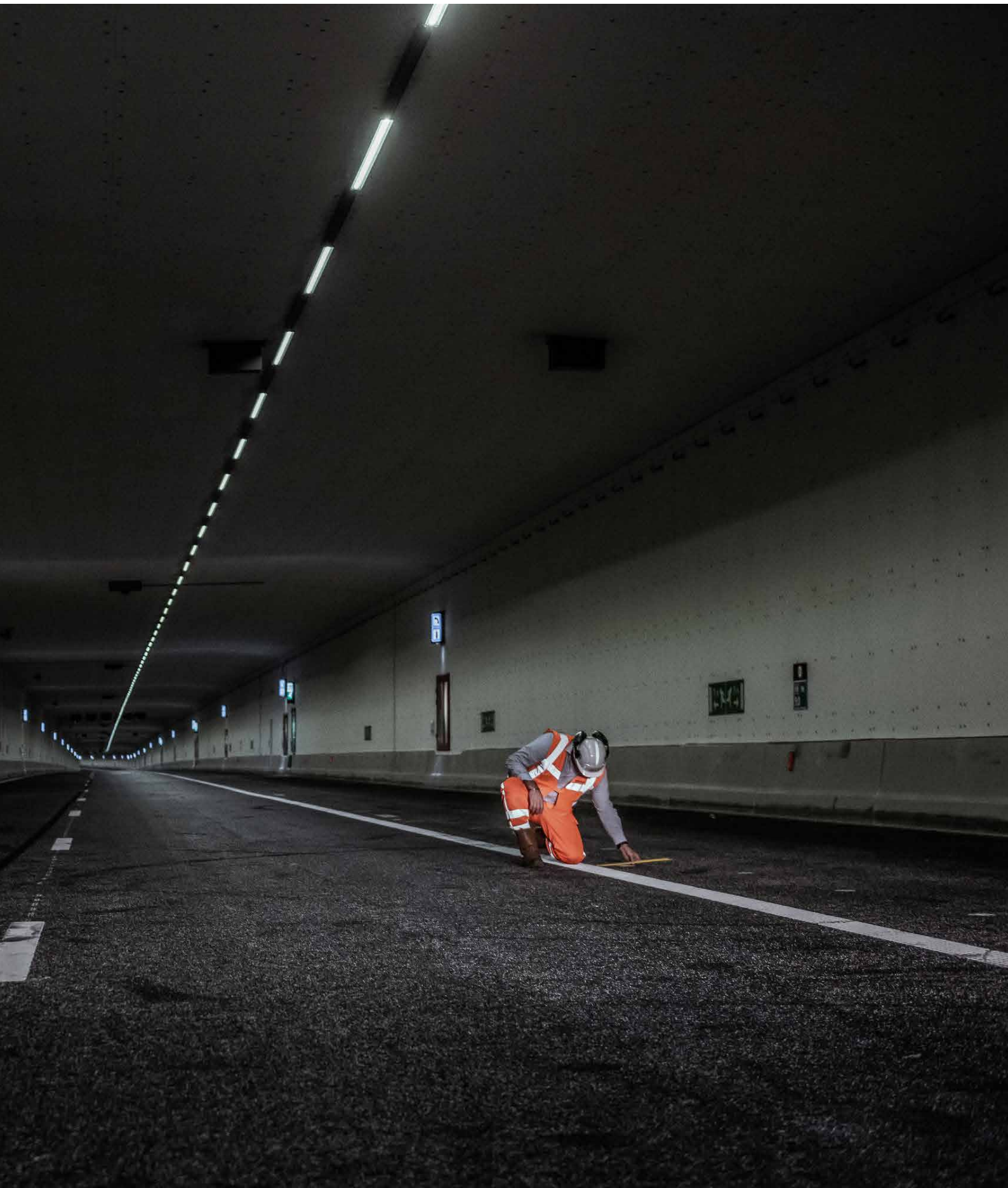
the members of the Supervisory Board

Sj.S. Vollebregt
P.G. Boumeester
M.M. Jonk
R. van Gelder
R. Icke



APPENDICES

Gaasperdammertunnel,
Amsterdam



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16.1 Result appropriation

In accordance with Article 31 of the Articles of Association, profit is distributed as follows:

- subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to the reserves as it deems necessary;
- in so far as the profit is not transferred to the reserves, it is available to the General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares held.

Subject to approval by the Supervisory Board, the Executive Board has decided to pay out 20% of the result after tax, amounting to € 30 million, as dividend on the (depository receipts for) ordinary shares and to add the remainder to the reserves.

Dividend policy

Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to 40% of the profit from ordinary business operations after tax.

16.2 Statement by the Executive Board

To fulfil their legal obligation pursuant to Section 2:101(2) of the Dutch Civil Code and Section 5: 25c(2)(c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of their knowledge:

- the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the Company and the companies included in the consolidation,

and;

- the annual report provides a true and fair view of the situation as at 31 December 2019 and the developments at the Company and its affiliated companies during the 2019 financial year, and of the data presented in its financial statements, and that the annual report describes the material risks the issuing institution faces.

Supplementary to the above, each member of the Executive Board states that, to the best of their knowledge:

- the report provides sufficient insight into any deficiencies in the effectiveness of the Company's risk management and control systems (see chapter 14.4 Risk management and appendix 16.3 Risk matrix);
- the above-mentioned systems provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies (see chapter 14.4 Risk management and appendix 16.3 Risk matrix);
- that on the basis of the current state of affairs it is justified that the financial reporting was prepared on the basis of a going concern (see chapter 15. Financial statements – explanatory notes),

and;

- the report cites the material risks and uncertainties that are relevant in terms of the expectations regarding the continuity of the Company for the period of twelve months after the preparation of the report (see chapter 6. Trends in the market, chapter 12. Financial results – Outlook, chapter 14.4 Risk management and appendix 16.3 Risk matrix).

Rosmalen, 20 February 2020

A.G.J. Hillen
J.G. Janssen

16.3 Risk matrix

Risk matrix legend

Risk impact on key figures

H	High risk
M	Medium risk
L	Low risk

Trend compared with 2018

↑	Improved
↓	Verslechterd
=	Gelijk

Strategic risks	Impact	Risk	Trend	Control measures
Economic downturn	H	↓	<p>Heijmans' property development and construction activities are subject to economic cycles. Economic upturns result in rising input and output prices and economic downturns result in less demand and declining input prices. The infra activities are less cyclical, as they are largely dependent on government spending and may in exceptional circumstances offset the impact of an economic downturn due to government stimulus measures.</p> <p>On the other hand, issues like PAS and PFAS, which emerged in 2019, can have a considerable impact.</p>	<ul style="list-style-type: none"> The construction of property development projects only starts if pre-sale targets have been met. Heijmans aims for a healthy balance between home sales to private buyers and home sales to the likes of housing corporations and investors. Maintaining room in financing facilities to absorb rising working capital requirements in the event of a downturn. Maintaining a balanced portfolio of large and small projects in both new-build and management activities within Infra and Building. Proactive search for innovative solutions. Impact analyses and control measures at project level. <p>Additional measures 2020:</p> <ul style="list-style-type: none"> Positive contribution to mitigating solutions for PAS/PFAS problem via industry organisations. Investing in sustainable materials.
<p>Availability</p> <p>Insufficient availability of materials, services and workers, resulting, among other things, in the hiring of foreign professionals.</p> <p>Insufficient availability of secondary raw materials and other materials, necessary to achieve sustainability goals and meet market demand.</p> <p>Insufficient insight into supply and demand for such secondary raw materials and other materials.</p>	H	=	<p>Threat to the continuity and throughput time of projects, rising prices and declining margins on projects.</p> <p>Risks in the deployment of foreign workers related to employment conditions, labour law, safety and working methods.</p> <p>Risks related to the availability of raw materials and other materials due to extreme weather conditions and climate change (e.g. low water levels).</p> <p>Risks in the acquisition of projects.</p>	<ul style="list-style-type: none"> Early involvement and contracting of suppliers, advisers and subcontractors, (early supplier involvement), with the aim of laying down quality and availability requirements in agreements at the earliest possible stage. Lean planning sessions with the subcontractors and suppliers involved in the project. Framework agreements with preferred suppliers to enable the company to adapt quickly in projects within the parameters of conditions agreed in advance. Procurement project strategy for projects in risk categories 2 and 3. Availability of the right market and pricing information for calculation departments. Close contact between category buyers, project buyers and calculation departments. Working with a single quote platform to align the supply and demand of goods and services. Implementation of subcontracting-related legislation and measures in the supply chain (including the Dutch Sham Employment Arrangements Act (WAS) and the Dutch Employment of Foreign Nationals Act (WAV)) and GDPR, including a control protocol and audit plan. Ensuring continued compliance with regard to HR-related risks by virtue of the Dutch Sham Employment Arrangements Act (WAS), the Dutch Chain Responsibility Act (WKA), regulations related to freelancers, foreign workers and the protection of personal data. <p>Additional focus 2020:</p> <ul style="list-style-type: none"> Good balance between own employees and flexible shell. Attention for a good regional distribution of own workforce to enable to serve relevant project areas. Control measures for foreign workers. Deployment of Matching Materials.

Strategic risks	Impact	Risk	Trend	Control measures
General Insufficient availability of the right quality in the supply chain in terms of working methods, sustainability, required certification, new regulations, etc.	M	=	Inability to meet requirements of and commitments to clients, missing contracts, as well as higher prices, as costs are incurred in the supply chain to meet those requirements, including extra measures with respect to PAS and PFAS.	<ul style="list-style-type: none"> Working with selected preferred suppliers and subcontractors. Supplier development, acting in unison with these preferred suppliers and subcontractors to meet certification requirements in the chain. Evaluations to improve the performance of suppliers and subcontractors. Heijmans implemented a supplier performance tool for this purpose in 2018. In the case of strategic 'production' activities, ensure sufficient 'own' resources.
Environmental and health risks	L	↓	Heijmans works with hazardous substances and produces industrial waste in the normal course of its business operations. In addition, these operations may result in environmental emissions, such as nitrogen, PFAS or dust particles.	<ul style="list-style-type: none"> Heijmans has an ISO 14.001 certified environmental management system that identifies and assesses environmental risks and ensures that measures are taken to prevent or limit the impact of these risks. SCC certification Measures vary from physical interventions (containment tanks, filters) to organisational measures (procedures, inspections, audits, training courses). Use of Toxic for the registration of hazardous substances. Heijmans sets requirements for the use of hazardous substances by subcontractors and the deliveries from suppliers. Heijmans actively searches for less hazardous/non-hazardous and more sustainable alternatives. Additional focus 2020: <ul style="list-style-type: none"> Migration from EPC to BENG indicators. Private Quality Control.
Climate risks	L	=	Due to accelerating climate change, the impact of storms will increase. In addition, there will be more extremely hot summers and this may restrict the transshipment of raw materials by water.	<ul style="list-style-type: none"> Measures at building sites to prevent damage as a result of weather conditions (cover). Heat protocol and the inclusion of heat-resistant clothing in the clothing package. Adjustment of working hours and planning. The development of climate-neutral buildings and the design of buildings with adequate water drainage. When selecting subcontractors, taking into account their transport methods for raw materials and other materials to reduce the risk of any loss in continuity.
Real estate and land holdings Risk of deviations from assessments and estimates.	M	=	This risk is generally greater for land holdings without a zoning plan than land holdings with a zoning plan. Local policies with respect to PAS and PFAS interpretations, which make it more difficult to estimate the development potential of land holdings.	<ul style="list-style-type: none"> Heijmans manages risks arising from investments in land holdings or from entering into long-term commitments via strict procedures, with explicit approval from the Executive Board required for all larger investments. In accordance with the policy on this front, Heijmans now only invests in land holdings that can be developed within five years. Any determination of the indirect revenue value takes into account uncertainties related to strategic land holdings, such as demographic developments, location, the design and specification of development plans and management decision-making, and as location-specific as possible. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. Heijmans conducts twice-yearly internal assessments of the valuation of its entire portfolio of land holdings.
Residential Building Residential supply lags demand – tight market and capacity shortage	M	↓	Not possible to achieve planned production, due to the lack of availability of locations or the unaffordability of homes.	<ul style="list-style-type: none"> More efficient design and construction process driven by more intensive cooperation between Residential Building and Property Development. Early contracting of suppliers and subcontractors and working with fixed concepts such as 'Heijmans Woonconcept' homes. Selective collaboration with external construction firms, mainly in the peripheral regions of the Netherlands, in so far as Heijmans has insufficient in-house construction capacity to meet demand. Additional focus 2020: <ul style="list-style-type: none"> Focus on the reduction of failure costs.

Strategic risks	Impact	Risk	Trend	Control measures
Non-residential Lagging growth in the granting of contracts for integrated non-residential new-build projects, including service and maintenance, while competition and pricing pressure remain fierce. The inability to respond to market developments, such as digitalisation and energy transition.	M	=	Low margins and major impact of increase or decrease in volume on coverage ratio.	<ul style="list-style-type: none"> • Selective acquisition of contracts (margin-over-volume), with focus on sub-segments that are a good fit with core competencies and experience: Heijmans' appetite for risk in this market is limited. • Continued expansion and monitoring of the Be-Sense concept and energy concepts. • Emerging key themes among clients include digitalisation, data-driven services and sustainability, all areas in which Heijmans can differentiate itself.
Infra and Non-residential building Range of contract types in the market, contract types that impose increasing levels of responsibility on Heijmans.	H	=	Responsibilities for issues in areas where Heijmans has insufficient in-house expertise, or in the absence of insight into or influence on the related risks. This can lead to unacceptable risks.	<ul style="list-style-type: none"> • Alignment with clients to achieve a balanced distribution of risks, in line with McKinsey analysis for RWS (Ministry of Public Works and Waterways). Across the entire portfolio, Heijmans increasingly selects and pre-sorts projects on the basis of building team/alliance contracts. • Selective acquisition policy, with particular attention for the type of tender, the acquisition process, as well as the procurement, project and contract management. • Tender board and independent risk review. • Professional contract management. • Guidelines for the accurate pricing of risks with an appropriate profit margin. • Increased interaction between Risk Management, Risk Office, Contract management, Project Management, Legal Affairs and Procurement disciplines. • Contracting of suppliers and subcontractors in line with the liabilities assumed. • Strategic partnering with clear parameters and premises, working methods and reporting lines laid down in Consortium Guidelines. • Consortium Guidelines includes checklist for relevant actions taken in the various phases of a consortium. • Focus on risk awareness, attitude and behaviour via corporate culture programmes and improvement programme to increase the predictability and risk-awareness of projects and to stress each party's role in said projects.
Infra and Non-residential Inability to respond to developments in the market, such as digitalisation and the energy transition.	H	↑	No response to clients' issues, not being a relevant player in the infrastructure market.	<ul style="list-style-type: none"> • Integrated approach to developments and revenue models, so Heijmans can realise added value for clients. The main priorities are to send integrated propositions to clients and to free up time to learn from experience on comparable projects (PMCs). • Including specialisms of third parties so Heijmans can offer total solutions. • Strategic focus on smarter (incl. digitalisation) and sustainable (incl. energy). • Development and embedding of specific energy-related expertise in business segments. • Continued development of parameterised subjects. • Ensuring that support departments are able to anticipate same. • Cooperation with strategic partners. <p>Additional focus 2020:</p> <ul style="list-style-type: none"> • Continued implementation of the 'Smarter and 'Sustainable' strategy (see chapter 'Strategy') • Business development of data-driven services in separate Systems & Energy unit, with first concrete projects (monitoring Beatrix locks, engineering structure monitoring, tyre pressure meter, etc.)

Operational risks	Impact	Risk	Trend	Control measures
<p>Complex and integrated projects Errors in design and/or calculations and interpretation differences in design liability.</p>	H	=	<p>The failure to recognise or the late recognition of material project risks, resulting in time and money-related surprises.</p> <p>Increase in damage claims.</p>	<ul style="list-style-type: none"> Heijmans has implemented a GO / NO GO procedure and gate reviews with respect to tenders in various phases of the tender process, with particular attention devoted to risk analysis, risk appetite and the producibility of the design and contractual terms. Heijmans uses independent risk reviews when the project risk profile calls for same. Improvement programme focused on Project Control, risk management and process improvements throughout the lifecycle of a project. Collaboration with risk-bearing partners, at least in projects that require competencies that are less core for Heijmans, or for projects where the scope and/or contract conditions are not a good fit with Heijmans' risk profile. Specific Project Status Updates in the first months after acquiring a project. Embedding contract and risk management in the tender phase, the preparation phase and the execution phase. <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> Continued monitoring of the impact of the risk profile of individual projects on the risk profile of the entire project portfolio. Internal audits of the monitoring of the implementation of the improvement programme. Further use of the SAP/ERP platform for deeper analyses of projects. Embedding construction safety.
<p>Safety risks These increase in line with the complexity of projects and any increase in reciprocal coordination, and when work pressure increases – partly driven by economic growth and an increase in the number of foreign workers.</p>	M	=	<p>Personal injury of a temporary or permanent nature, or even death. Legal liability for Heijmans. Loss of productivity and delays to projects.</p>	<ul style="list-style-type: none"> Safety programme GO! Based on three pillars: <ul style="list-style-type: none"> - change in attitude and behaviour - clear and uniform safety level and image of safety - collaboration on safety in the chain Heijmans uses a sophisticated range of instruments and took a number of actions on this front in 2019. For more information, see the 'Safety' section in the 'Strategy' chapter of this annual report Contributions to national initiatives to make the industry safer (Governance Code Safety in the Construction Industry) SCC certification. <p>Additional focus 2020 to achieve a pro-active safety culture:</p> <ul style="list-style-type: none"> GO! As part of the Heijmans culture Development of proactive safety leadership Inclusion of GO! moments in standard working practices for safety. Engaging stakeholders in GO! ambitions.
<p>Retention and recruitment of personnel Risks on this front are increasing as a result of the upturn in demand in the sector and in the economy in general, but also in view of the fact that skilled workers may leave the sector in times of temporary overcapacity.</p>	H	=	<p>Having continued access to qualified and motivated personnel is a prerequisite for the execution of the company's core activities in a professional manner.</p>	<ol style="list-style-type: none"> Engaging and retaining qualified personnel through: <ul style="list-style-type: none"> - Management development and talent development policy. - Engagement scans in the business areas. - Adequate follow-up to fleet review and execution of the strategic personnel plan. - Continuous management training and trainee programmes - Active recruitment of students. - Regular comparison of employment terms and conditions with prevailing market terms and conditions. Investing in recruitment capacity, management and own staff in the filling of vacancies. Investing in labour market communications and targeted, individual approaches to candidates.

Financial risks	Impact	Risk	Trend	Control measures
Liquidity risk	H	↑	<p>The liquidity risk pertains to the chance that the company's financing needs are at some point greater than the available financial leeway provided by the financing facilities made available.</p> <p>Possible impact of a legal limitation on the payment terms to small and mid-sized companies, which is a risk vis-à-vis the existing working capital position.</p>	<ul style="list-style-type: none"> Active monitoring of liquidity movements on the basis of daily and weekly cash reports. Weekly testing whether liquidity forecasts are still up-to-date, with a 12-month rolling forecast. Monthly cash reviews with the financial directors of the business areas to discuss assumptions and map out risks for the period ahead. Liquidity movements are included in the quarterly reviews Specific cash themes to keep the focus on cash and cash flows constantly updated The GO / NO GO criteria for new projects and the monitoring of existing projects put emphasis on the need for effective financing schedules. Following the refinancing of the syndicated loan (through to mid-2022) and the reset of the coupon for the cumulative preference financing shares B in 2018, Heijmans has safeguarded its financing facilities for the coming years. In 2019, Heijmans implemented a new treasury management system, linking this to the SAP ERP system. This has improved the link between cash information and the administration, which makes it easier to interpret the cash information. <p>Additional focus 2020:</p> <ul style="list-style-type: none"> Active monitoring and anticipation of potential limitation of payment terms to 30 days. Monitoring of sales rate of unsold homes under construction. Continued improvement of management information through more effective use of the new treasury management system.
Solvency risk	H	↓	<p>Clients / suppliers may decide to exclude Heijmans from certain tenders or require additional bank guarantees for compliance with execution obligations if Heijmans fails to meet minimum solvency requirements. In addition, limited solvency reduces the chances of buying from suppliers on credit, and can also limit access to credit from financiers.</p>	<ul style="list-style-type: none"> On the operational front, the company's improved solvency is evidenced by three consecutive years of net profit, and profit retention has strengthened the company's capital position The company continues to focus on strict working capital management. The average days outstanding remains low and work in progress is still at a good level. Heijmans has further optimised its balance sheet by reducing invested capital and using the proceeds to reduce borrowings. Reducing the deferred tax position and the number of development positions has made Heijmans less vulnerable to value adjustments in times of economic downturn, which has in turn made the company's solvency more robust. The reinsurance of the pension fund in 2018, which meant a deferred pension claim was no longer capitalised, also resulted in a more robust asset valuation. This also did away with the risk of any additional contributions to the pension fund. Clear agreements and information sent to other financial stakeholders to limit the risk of credit-limiting measures by guarantors and credit insurers. The introduction of IFRS 15 (Revenues from contracts with customers) in 2018 and the introduction of IFRS 16 (Leases) in 2019 had a negative impact on solvency.
Availability of bank guarantees	M	↑	<p>If bank guarantees are withdrawn, this may result in a situation in which Heijmans no longer has access to new bank guarantees, which may in turn mean that it cannot meet its contractual requirements in project tenders. A (negative) change in the terms could lead to more stringent conditions, which could in turn damage Heijmans' competitive position.</p>	<ul style="list-style-type: none"> Heijmans has a guarantee policy, which includes a detailed description of which conditions are set per type of guarantee, terms, amounts guaranteed, etc. Treasury tests all guarantee requests against the guarantee policy and these are then submitted to the various guarantors. For the issuance of new guarantees, Heijmans has five bank guarantee facilities. Heijmans closely monitors the headroom in the guarantee facilities by drawing up a monthly Heijmans-wide overview that both estimates the progress of issued guarantees and the need for new guarantees on the basis of current tender processes and projects. Intensive stakeholder management with bilateral financiers. In other words, keeping guarantors up-to-date on the financial situation and the importance of current exposure.

Financial risks	Impact	Risk	Trend	Control measures
Creditworthiness of partners	M	↑	If a partner is unable to meet its obligations, it is possible that Heijmans, as co-partner in the consortium formed for the project (usually a general partnership (V.O.F) or private limited liability company (B.V)), could become liable for the execution of the entire scope of the project. This would render Heijmans financially and operationally responsible for precisely that part of the scope for which Heijmans had sought a partner.	<ul style="list-style-type: none"> It is standard procedure to test the creditworthiness of partners in advance. If this is considered inadequate, Heijmans seeks additional assurances. This can take the form of a financial guarantee, or Heijmans might explore the possibility of accruing sureties at the level of the consortium, such as the retention of consortium-based pre-financing reserves or safeguarding specific expertise and assets in the project company. Apart from the financial assurances, delivery security is also of great importance, certainly in collaboration in which the partner contributes very specific expertise or products. If this is deemed necessary, Heijmans considers in advance how this expertise or these products can be specifically attached to the project or contributed to the project in an alternative manner. The parties involved also sign a consortium agreement before submitting a tender quote. This includes a detailed demarcation of the respective obligations.

Legal and compliance risks	Impact	Risk	Trend	Control measures
New business models are resulting in new forms of cooperation and new partners.	M	=	The manner of the cooperation and the intended goal are insufficiently defined and/or the need to do so is recognised too late, which means that Heijmans interests are inadequately safeguarded.	<ul style="list-style-type: none"> There is a growing recognition of the need to think about the manner of the cooperation and to lay down agreements related to same at an early stage, and Heijmans' management teams, Legal Affairs, Contract management, the Insurances department and Procurement are all involved at an early stage when entering into alliances. Existing knowledge is made as widely available as possible internally and whenever possible Heijmans draws up model agreements. Heijmans organises training courses to increase the depth of knowledge on this front. Heijmans has selected external experts to provide support whenever necessary. <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> In 2019, Heijmans deepened and expanded in-house expertise in IT and IP law, Circular Building and the energy transition. We will continue with this in 2020. Specific focus on new business models has been included in the tender board procedure and project categorisation.
New business models imply an increase in the importance of legal fields outside our traditional legal fields, such as intellectual property law, IT law, cyber security, the energy transition and environmental developments.	H	=	<p>Due to a lack of knowledge and involvement, Heijmans might reach agreements (or fail to reach agreements) that do not serve Heijmans' best interests.</p> <p>Due to inadequate knowledge or inadequate cyber security with respect to data-driven services and software development and technology as a part of our products and services, there is a risk of data breaches, legal conflicts regarding ownership, guarantee and liability issues, supply chain liability and the consequences of hacks.</p>	<ul style="list-style-type: none"> The Legal Affairs, Contract management and Insurance departments have improved and deepened their knowledge in this field. Heijmans employees know which internal experts to approach if they have any questions. Heijmans increasingly works at a group-wide level on this front. Procurement has a number of IT experts. Heijmans does its utmost to preserve the value of know-how. How the company handles intellectual property is subject to careful analysis (cost-benefit analysis). Intellectual property rights are administered centrally. The administration is kept up-to-date and Heijmans responds adequately to any infringements. In addition, Heijmans has contracted several external advisers to provide support. Among other things, this means we have effective and practical standard statements and agreements. Implementation of the long-term roadmap "Secure@Heijmans". The embedding of cyber security in the entire production process of projects and products and services from the start, including working methods that provide tools throughout the entire lifecycle. Embedding cyber security as a subject in risk management. Awareness and behaviour change for the entire organisation. <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> In 2020, Heijmans will continue to work on increasing and deepening its expertise in this field. Lawyers are the group-wide contact point within Heijmans. In close cooperation with the business, they will keep their expertise up-to-date and make it accessible within the organisation. Improving legal expertise related to the revenue models emerging from the energy transition (i.e. Heating Act).

Legal and compliance risks	Impact	Risk	Trend	Control measures
(Long-running) disputes and legal procedures.	H	↑	Disputes and legal procedures can have a major financial impact. If a dispute arises during a project in progress, this can have serious consequences for the execution and progress of a project (in terms of time and money).	<ul style="list-style-type: none"> In the tender phase, certainly for larger, more complex projects, Heijmans carries out intensive contract assessments (according to a fixed format). These are shared with Procurement, so these risks can also be weighted and included in contracts with suppliers and subcontractors. Heijmans makes sure contracts with various parties are harmonised by, whenever possible, using standard contracts, ensuring effective transition from tender to execution phase, and by limiting any changes in a project team. The insurance policy is tailored as much as possible to the business operations. Insurability is a major attention point in the tender phase. Heijmans is alert to so-called early warnings, such as delays, poor liquidity, cost overruns and bad atmosphere, and acts upon these warnings. In the event of (potential) disputes, Heijmans frequently puts together inter-disciplinary teams, who come together according to a standard procedure, providing the right knowledge, expertise and commitment to arrive at a good final result. If it proves impossible to prevent a legal procedure, Heijmans devotes careful consideration to which lawyer, expert and/or mediator it would be best to deploy. Initiation of alternative dispute mediation, ideally before there is an actual concrete dispute. Via the Heijmans Academy, Heijmans organises training courses on standard terms and conditions in the construction industry, such as the UAV and UAV-GC (uniform administrative conditions). <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> Heijmans will continue to strengthen the role of Contract Management in the execution phase. Heijmans will intensify the insurance assessment process in tenders.
Implementation of and compliance with the European General Data Protection Regulation (GDPR).	M	↑	From 25 May 2018, Heijmans' business operations must be in compliance with the GDPR. Failure to comply could result in heavy fines.	<ul style="list-style-type: none"> GDPR compliance is embedded in the organisation through the appointment of GDPR officers in the business areas, with second-line advice from privacy officers at group level. Model is agreed with suppliers and subcontractors. Heijmans has drawn up a privacy policy and communicated this to all employees. Heijmans has drawn up a privacy code of conduct and communicated this to all employees. Reporting Procedure Data Breaches. Heijmans has established a data processing register and this is maintained. All employees are required to take an e-learning course in IT security. All employees are required to take an e-learning course in Privacy. <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> Continuous focus on internal awareness via various means, such as training, introduction and intranet messages. Where necessary, additional training for GDPR privacy officers.
Heijmans fails to abide by laws and (internal) regulations.	H	=		<ul style="list-style-type: none"> Heijmans has embedded monitoring and control mechanisms in operational processes. All employees are bound by the Heijmans Code of Conduct. Lawyers and other specialists identify and implement legal or regulatory changes. When necessary, Heijmans informs relevant staff and/or runs pilot projects and conducts audits. Heijmans' membership of various industry organisations and working groups, and effective cooperation across the business areas generally makes it possible to identify developments at an early stage. The Compliance Officer initiates compliance consultations (with all relevant disciplines), in which the parties involved discuss compliance in the broadest sense and anticipate any developments. For specific subjects, Heijmans has semi-permanent basic programmes to support adequate follow-up. <p>Additional focus in 2020:</p> <ul style="list-style-type: none"> Heijmans will continue to closely monitor culture and behaviour with respect to laws and regulations. Improving legal expertise related to the revenue models emerging from the energy transition (i.e. Heating Act). Awareness campaign integrity and conduct. Monitoring the impact of environmental legislation (PAS/PFAS/CO₂, etc.).

16.4 Independent auditor's report

To: the shareholders and Supervisory Board of Heijmans N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements for the year ending on 31 December 2019 of Heijmans N.V., based in Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements included in this annual report give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2019, and of 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 included in this annual report give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2019, and of its result for 2019 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 2019;
- the following statements for 2019: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows;
- the notes, comprising 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 2019;
- the company statement of profit or loss for 2019;
- 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 EU Regulation on specific requirements regarding the statutory audit of the financial statements of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Our audit approach

Our understanding of Heijmans N.V.

Heijmans N.V. is a stock exchange-listed company that combines property development, building & technology and infra activities in the business areas property development, residential building, non-residential and infrastructure. The group structure consists of various operational segments and we focused our audit on these. In our audit, we devoted specific attention to a number of subjects on the basis of the group's activities and our own risk analysis.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 11.5 million (2018: € 7.6 million)
Benchmark applied	0.75% of the revenues for the financial year
Explanation	Profit before tax is generally considered as the most appropriate basis for determining materiality. However, the results in recent years were only slightly positive and not at a level that was representative of the scope of the company's activities. Partly in view of this, we therefore consider revenues to provide a more appropriate basis for determining materiality. Given the increased financial stability of the company, we used 0.75% of the revenue for 2019 (2018: 0.5%). This percentage is in the middle of the accepted bandwidth.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 575,000 identified during the audit would be reported to them, as well as smaller misstatements that in our view are relevant on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As

in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We reviewed the available information and requested additional information from the members of the Executive Board and the Supervisory Board. As part of our process for the identification of fraud risks, we considered fraud risk factors with respect to fraudulent financial reporting and misstatements that arise from the misappropriation of assets. In our risk analysis, we considered the potential impact of the Executive Board's variable bonus. In addition, we considered the risk of bribery and corruption.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 6.29 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures. We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Scope of the group audit

Heijmans N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Heijmans N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we 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.

Our group audit focused primarily on the operating segments. We performed the audit procedures at those segments via a number of centrally-managed EY teams. We also used the work of other EY and non-EY auditors when auditing a number of partnerships. Where we used the work of other auditors, we provided instructions and were closely involved during the execution of the audit and reporting by these auditors. In the aggregate, these audit procedures are close to representing the group's entire revenues, results and assets.

By performing the procedures mentioned above at (group) entities, together with additional procedures carried out at group level, we were able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

General audit procedures

Our audit also included:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 communicated the key audit matters to the Supervisory Board, but the key audit matters do not reflect everything we 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.

When compared with the previous year, we did not make any changes in the key audit matters of our audit.

Recognition of project results and the valuation of work in progress (see notes 6.16 and 6.29)

Risk	The valuation of work in progress is affected to a large degree by subjective elements such as estimates of costs yet to be incurred and expected revenue, the technical progress and (potential) claims and fines. This is partly due to the nature of the operations, which may involve large and complex projects, and developments during the realisation of a project. The recognition of revenue and result requires significant estimates and therefore has a significant impact on our audit.
Our audit approach	We audited the project management and estimates related to project results, including the expected costs and revenue on the basis of the contractual conditions and (potential) claims and disputes. We also carried out data-driven audit procedures with respect to project calculations. We discussed these estimates with various employees and audited the support. We also assessed the outcome of previous estimates. We devoted specific attention to the explanation of the ongoing arbitration case related to the Wintrack project which was prematurely terminated in 2018, due to the increased uncertainty of estimates with respect to the claims filed by both parties against each other.
Significant observations	It is our opinion that the Executive Board has chosen reasonable accounting policies for the recognition of project results and that these have been applied adequately. We have determined that the assumptions and estimates used by the Executive Board are within the acceptable bandwidth and that the disclosure provided is adequate.

Valuation of intangible fixed assets (see note 6.11)

Risk	The intangible fixed assets are largely comprised of goodwill. The Executive Board conducts an annual impairment test on these assets. This test is largely based on the Executive Board's expectations and estimates with respect to future results and cash flows. The goodwill related to the business areas Non-Residential and Infra are the most significant due to the scope of these operations. The testing is significant for our audit, in view of the complexity of the estimation process, including the potential developments on a number of significant projects. The recoverable value is based on the cash value of future cash flows.
Our audit approach	Our audit devoted attention to the expected results and cash flows, as these are included in the Business Plan 2020 drawn up by the Executive Board. We also assessed the realisation of the Business Plan 2019, as this gives an indication of the quality of the estimates made. With help from our own valuation experts, we focused our work primarily on the parameters that have the greatest impact on the determination of the recoverable amount of goodwill, such as the discount rate, revenue volume and EBIT margin. We assessed whether the explanatory notes contain sufficient information and provide sufficient insight into the chosen assumptions and the sensitivity of the valuation.
Significant observations	It is our opinion that the Executive Board's estimates with respect to potential impairments are adequate and the parameters and expectations they use are within the acceptable bandwidth. We also determined that the explanation provided is adequate.

Valuation of strategic land holdings and land in-use (see note 6.15)

Risk	The valuation of strategic land holdings and land in-use is strongly affected by developments in the housing market and changes in the field of (local) spatial planning. The company runs an impairment test on these assets twice a year. This test is significant for our audit, as the estimation process requires the Executive Board to make significant estimates. The net recoverable value is based on the expected future cash flows, which depend among other things on the chance of realisation, the expected timing of the realisation and the estimated sales prices and building costs. This valuation is substantiated using qualitative descriptions and key figures.
Our audit approach	We carried out audit procedures with respect to the estimates. We made use of our own valuation specialists for this assessment. We also devoted attention to the assumptions that have the greatest impact on the determination of the net recoverable value, such as the design and execution of development plans and expected developments in land and house prices. We also included the outcome of previous estimation processes in the determination of our detailed auditing procedures. We also assessed whether the explanations given provide sufficient information and provide sufficient insight into the assumptions chosen for the valuation.
Significant observations	It is our opinion that the Executive Board's estimates with respect to potential impairments are adequate and that the parameters and expectations they used are within the acceptable bandwidth. We also determined that the disclosure provided is adequate.

Valuation of deferred tax assets (see note 6.14)

Risk	Deferred tax assets are recognised for deductible tax losses, in so far as it is probable that there will be sufficient future taxable profit to settle against these losses. This assessment is significant for our audit, because the estimation process is complex and is affected by Executive Board estimates. These estimates include expected operational and fiscal results that are partly based on assumed future economic and market developments.
Our audit approach	We carried out audit procedures with respect to the assumptions in the forecast that have the greatest impact on the fiscal result, such as EBIT and non-deductible or deferred items. The Business Plan 2020 drawn up by the Executive Board is also partly based on these forecasts. In the execution of our procedures, we made use of our own tax experts. We also assessed whether the explanatory notes provide sufficient information and sufficient insight into the choice of the assumptions made for the valuation.
Significant observations	It is our opinion that the Executive Board applied the accounting policies for the valuation of deferred tax assets in an adequate manner. We determined that the assumptions and estimates used by the Executive Board are within the acceptable bandwidth and that the explanation provided is adequate.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Executive Board;
- other information shown in the list of contents, namely the Report of the Supervisory Board, Remuneration Report, and result appropriation.

On the basis of the procedures stated below, we consider that the other information:

- is consistent with the financial statements and contains no material misstatements;
- includes all the information required pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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

The Executive Board is responsible for preparation of the other information, including the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

Report on other legal and regulatory requirements**Engagement**

We were engaged by the Supervisory Board as the auditor of Heijmans N.V. on 30 April 2014 as of the audit for the 2014 financial year and have operated as external auditor since that financial year.

No prohibited non-audit services

We have not provided any prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding mandatory audits of public-interest entities.

Description of responsibilities for the financial statements**Responsibilities of the Executive Board and the Supervisory Board for the financial statements**

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal controls as the Executive Board 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 Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the above-mentioned financial reporting frameworks, the Executive Board should prepare the financial statements using the going-concern basis of accounting, unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but

to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our 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.

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

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

We maintained professional scepticism during the performance of our audit and where relevant exercised professional judgement, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The section 'Our audit approach' above includes a summary of our responsibilities and the procedures performed that serve as a basis for our opinion.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in internal control that we identify during our audit. In this respect, we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding mandatory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them regarding about all relationships and other matters that may reasonably be thought to bear on our independence, and the related measures to safeguard our independence.

We determine the key matters of our audit of the financial statements on the basis of all the matters we discuss with the Supervisory Board. We describe these key matters in our auditor's report, unless this is prohibited by legal and regulatory requirements or, in extremely rare circumstances, when not communicating these matters is in the public interest.

Rotterdam, 20 February 2020

Ernst & Young Accountants LLP

W.P. de Pater RA

16.5 Assurance report of the independent auditor

To: the shareholders and the Supervisory Board of Heijmans N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2019 of Heijmans N.V. in Rosmalen. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility;
- the thereto related events and achievements for the year 2019;

in accordance with the Sustainability Reporting Standards (option Core) of the Global Reporting Initiative (GRI) and additional reporting criteria as disclosed in the appendices 'Reporting Methodology' and 'KPI Table' of the annual report.

The sustainability information consists of the following chapters of the annual report:

2. Profile
3. The Executive Board
6. Trends in the market
7. In dialogue with stakeholders
8. Material aspects
9. Value creation model
10. Strategy
11. Annual overview business areas
13. Sustainable Development Goals
- 14.3 Conduct, integrity and dilemmas

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N, 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports). We have described our responsibilities under this standard in the section 'Our responsibilities for the review of the sustainability information'.

We are independent of Heijmans N.V. as required by the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Among other things, this means that we do not perform any procedures that could conflict with our independent assurance engagement. In addition, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Professional Code of Ethics of Auditors).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood in conjunction with the reporting criteria. Heijmans N.V. is responsible for selecting and applying these reporting criteria, taking into account applicable legal and regulatory requirements related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI – option Core) and the applied supplemental reporting criteria as disclosed in the appendices 'Reporting Methodology' and 'KPI Table' of the annual report.

The lack of established practices for the evaluation and measurement of sustainability information offers the possibility of using various, acceptable measurement techniques. This can have an impact on the comparability in terms of reciprocity and over time.

Limitations to the scope of our review

The sustainability information includes forward-looking information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent in forward-looking information is that the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of forward-looking information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information we reviewed. We do not therefore provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as included in the section 'Reporting Methodology' of the annual report, including the identification of stakeholders and the definition of material aspects. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarised in the appendices 'Reporting Methodology' and 'KPI Table' of the annual report.

The Executive Board is also responsible for such internal controls as the Executive Board deems necessary to enable the preparation of the sustainability information that is free from material misstatements, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the reporting process of Heijmans N.V.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from and are less extensive than for an engagement aimed at obtaining a reasonable level of assurance. The level of assurance obtained in a review is therefore substantially lower than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We performed this review with professional scepticism with a multi-disciplinary team and where applicable exercised professional judgement, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

Our review included:

- performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- evaluating the appropriateness of the reporting criteria used, the consistent application of same and related disclosures in the sustainability information. This included the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board;
- gaining an understanding of the reporting processes for the sustainability information, including gaining a general understanding of internal control measures relevant to our review;
- identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These additional review procedures consisted, among other things, of:
 - interviewing members of the management and relevant staff responsible for the sustainability strategy, policy and results;
 - interviewing relevant staff members responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - obtaining assurance information to the effect that the sustainability information reconciles with the underlying records of the company;
 - reviewing, on a limited test basis, relevant internal and external documentation;
 - performing an analytical review of the data and trends.
- reconciling the relevant financial information with the financial statements;
- evaluating the consistency of the sustainability information with the information in the annual report that is not included in the scope of our review;
- evaluating the overall presentation, structure and content of the sustainability information;
- considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Rotterdam, 20 February 2020

Ernst & Young Accountants LL

J. Niewold RA

16.6 Remuneration Report

This report, which should be considered a report in the sense of article 2:135b of the Dutch Civil Code and in the sense of principle 3.4 of the Dutch Corporate Governance Code, provides an explanation of the execution of the remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board, as these applied in the financial year 2019. This report includes a brief summary of the remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board.

This report comprises the following sections:

1. Principles remuneration policy Executive Board and Supervisory Board
2. Highlights remuneration policy Executive Board
3. Implementation remuneration policy Executive Board in 2019
4. Highlights remuneration policy Supervisory Board
5. Implementation remuneration policy Supervisory Board in 2019
6. Evaluation remuneration policy and plans for 2020

1. Principles remuneration policy Executive Board and Supervisory Board

Heijmans' mission is to create a healthy living environment. The company wants to be leading on the innovation front and is building a healthy living environment on the basis of its distinctive vision and solid knowledge and expertise. Heijmans' strategy is focused on long-term value creation for all its stakeholders and for society as a whole, in the form of sustainable homes, sustainable building processes and a significant contribution to employment and the economy. To formulate and execute this strategy, Heijmans has to be in a position to recruit, motivate and retain high-calibre executive directors and supervisory directors with the right expertise. The remuneration policy serves as a basis for this and is therefore instrumental in the realisation of the strategy and value creation. Heijmans endorses the principles and best practice provisions with respect to the remuneration of members of the Executive Board and the Supervisory Board as stated in the Dutch Corporate Governance Code and complies with these provisions in its policies and in this report.

2. Highlights remuneration policy Executive Board Heijmans N.V.

The remuneration policy for the Executive Board as that applied in the financial year 2019 was adopted by the

General Meeting of Shareholders (hereinafter: AGM) on 28 April 2010.

Heijmans opted for a fixed basic salary and a variable bonus that depends on short-term targets (variable bonus on an annual basis) and long-term targets (annually recurring variable remuneration on a three-year basis). If both the short-term and long-term targets are on-target, the total variable remuneration amounts to 100% of the fixed annual salary. If performance significantly exceeds or falls below the agreed targets, the variable remuneration may vary between a maximum of 150% of the fixed salary to zero. On-target performance will result in a total variable bonus consisting of 50% of the variable annual bonus, and 50% of the annually recurring variable remuneration on a three-year basis. Half (50%) of the variable annual bonus depends on financial targets set each year. The remaining 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 is only vested if and when the company realises a net profit in the subsequent year or the year thereafter, subject to a minimum level to be determined by the Supervisory Board. Thereafter, any right to a variable annual bonus for the year in question lapses. Half (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 Supervisory Board took into account the potential outcome of this system when formulating the current remuneration policy (that was adopted by the AGM on 28 April 2010).

The entire variable remuneration is subject to a claw-back clause: any variable remuneration that has been allocated can be reclaimed if it was awarded on the basis of incorrect information. Furthermore, the Supervisory Board has the discretionary power to adjust the variable remuneration component granted in a previous financial year if the Supervisory Board believes this remuneration results in an unfair or unreasonable situation due to highly exceptional circumstances in the relevant assessment period (measure of last resort). The Supervisory Board has the right to final review and potential adjustment of any and all awards of variable remuneration. The principles of the remuneration policy for members of the Heijmans N.V. Executive Board were adopted by the General Meeting of Shareholders on 28 April 2010. The Supervisory Board sets the targets for determining the variable remuneration of members of the

Executive Board. This pertains to the financial targets and the qualitative performance targets used to determine the annual remuneration and the long-term remuneration for the preceding three-year period.

3. Implementation of the remuneration policy Executive Board in 2019

3.1 Brief summary

The Remuneration committee comprises Mrs. P.G. Boumeester, Mrs. M.M. Jonk and Mr. R. van Gelder (chair). The Remuneration committee held two scheduled meetings in 2019, at which it dealt with the usual annual items, such as the remuneration of the members of the Executive Board, the targets related to the variable bonus, the variable bonus itself and the Bonus Investment Share Matching Plan. The members of the committee also consulted with each other on a number of occasions. In addition, the committee met three times in the context of the review of the remuneration policy for the Executive Board and for the Supervisory Board, as a result of the revised Shareholder Rights Directive (SRO II), as this will be put to a vote at the AGM on 15 April 2020.

In the application of the remuneration policy for the Executive Board in 2019, the Supervisory Board took into account a number of aspects. For instance, the board looked at relevant market developments with respect to remuneration. In the formulation of the remuneration policy for the Executive Board that will be put to the AGM on 15 April 2020, the board took into account the outcome of a market study. The criteria used to compose the reference group for the market study were: number of employees, revenue, stock market value, total assets, complexity and comparable business dynamic. On average, Heijmans ranks in the 27th percentile of this reference group.

The Supervisory Board conducted a thorough assessment of the manner in which the Executive Board executed the company's strategic and financial targets. This also took into account current issues, such as the nitrogen and PFAS problem, which although in fact beyond the company's control could have a significant impact. The Supervisory Board reviewed whether the company's results should have an impact on remuneration.

3.2 Table with an overview of remuneration by component

The table on page 235 shows the data in accordance with article 2:135b, section 3, subsection e of the Dutch Civil Code.

3.2.1 Bonus Share Matching Plan

In the context of the Bonus Share Matching Plan, the members of the Executive Board are given the opportunity to use up to a maximum of 50% of their awarded short-term bonus to purchase (depository receipts) for Heijmans N.V. shares. These so-called matching shares are awarded after three years, if certain conditions are met and the participant is still employed by the company at that moment.

In April 2018, Mr. Hillen purchased 5,000 depository receipts for Heijmans shares from his awarded short-term bonus for 2017. These matching shares can be awarded in April 2021.

In April 2019, Messrs. Hillen and Janssen purchased 7,500 and 5,000 (depository receipts for) Heijmans shares respectively from the short-term bonuses they were awarded for 2018. These matching shares can be awarded in 2022.

Following the unconditional granting of the matching shares, these are then subject to a lock-up period of two years. Matching shares were last granted in April 2017. The lock-up period for these shares expired in April 2019. Otherwise, at year-end 2019 the participants did not have any matching shares subject to a lock-up period.

3.2.2 Explanatory note pension contributions

Mr. A.G.J. Hillen's pension scheme is the conditionally indexed average salary scheme of the industry pension fund, under which pension is accrued on the gross fixed salary up to € 60,850, and which comes into effect at 67 years of age. This pertains to the accrual of retirement pension, dependents pension and orphans pension. This Board member participates in a defined contribution scheme for his salary above this amount, and up to € 107,593. This Board member also receives compensation for the loss of pension accrual on the part of his salary above € 107,593. In deviation from the above, Mr. J.G. Janssen receives a fixed remuneration for the accrual of his own pension provision. Heijmans does not have any early retirement pension schemes.

3.2.3 Explanatory note expense allowance

The expense allowances, including the reimbursement of car expenses, social premiums and the costs of the Share Matching Plan, are shown in the table below section 3.2. For additional information, see section 6.26 'Related parties' of the financial statements for 2019.

Remuneration members of the Executive Board - Five-year overview

Fixed and variable remuneration

In €		2019	2018	2017	2016	2015
	Underlying EBITDA¹	€ 54 mln	€ 43 mln	€ 30 mln	€ -46 mln	€ 16 mln
	a Average remuneration employees	56.823	52.797	52.553	52.421	50.989
	b Average remuneration Executive Board members	462.500	462.500	462.500	451.907	444.794
A.G.J. Hillen	1 Gross fixed salary	500.000	500.000	500.000	414.470	395.661
	2 Short-term variable bonus	242.211	250.000	345.868		
	3 Long-term variable bonus	256.250	437.500	-102.050	-95.780	
	4 Termination payment					
	5 Pension expense	202.052	201.141	200.273	116.917	111.172
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan	79.117	57.252	43.483	45.048	29.610
	Total	1.279.630	1.445.893	987.574	480.655	536.443
J.G. Janssen	1 Gross fixed salary	425.000	425.000	74.053		
	2 Short-term variable bonus	205.879	212.500			
	3 Long-term variable bonus	217.813	212.500			
	4 Termination payment					
	5 Pension expense	88.000	88.000	14.867		
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan	70.037	48.801	9.059		
	Total	1.006.729	986.801	97.979	0	0
L.J.T. van der Els	1 Gross fixed salary			115.954	496.906	493.926
	2 Short-term variable bonus				-98.753	98.753
	3 Long-term variable bonus				-246.882	
	4 Termination payment					
	5 Pension expense			28.671	102.160	102.160
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan			14.892	47.123	30.444
	Total	0	0	159.517	300.554	725.283
M.C. van den Biggelaar	1 Gross fixed salary			68.209	406.907	395.661
	2 Short-term variable bonus				-79.132	79.132
	3 Long-term variable bonus				-197.831	
	4 Termination payment					
	5 Pension expense			11.870	73.059	79.475
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan			9.372	53.512	33.847
	Total	0	0	89.451	256.515	588.115
R.F. Majenburg	1 Gross fixed salary			331.409	386.903	
	2 Short-term variable bonus			248.557		
	3 Long-term variable bonus			-64.484	64.484	
	4 Termination payment			404.563		
	5 Pension expense			72.822	85.135	
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan			34.304	40.445	
	Total	0	0	1.027.171	576.967	0
Total	1 Gross fixed salary	925.000	925.000	1.089.625	1.705.186	1.285.248
	2 Short-term variable bonus	448.090	462.500	594.425	-177.885	177.885
	3 Long-term variable bonus	474.063	650.000	-166.534	-476.009	0
	4 Termination payment	0	0	404.563	0	0
	5 Pension expense	290.052	289.141	328.503	377.271	292.807
	6 Expense allowances incl. reimbursement of car expenses, compulsory social insurance contributions, long-service bonus and costs of the Share Matching Plan	149.154	106.053	111.110	186.128	93.901
	Total	2.286.359	2.432.694	2.361.692	1.614.691	1.849.841

a. In 2015 and 2016, determined on the basis of interpolation.

1. Fixed agreed annual salary.

2. Short-term variable bonus in accordance with the remuneration policy described in section 1 of this report.

3. Long-term variable three-year bonus in accordance with the remuneration policy described in section 1 of this report.

5. For an explanation of the pension expenses, see section 3.2.1 of this report

6. For an explanation of the Share matching Plan, see section 3.2.2 of this report

¹ through 6: pertain to expenses recognised in the statement of profit or loss for the year in question.

*Underlying EBITDA pertains to the Dutch activities and excludes the impact of IFRS 16.

3.3 Award of the variable remuneration

The Supervisory Board assessed the short-term and long-term targets applicable to the members of the Executive Board for 2019 and for the years 2017-2019 respectively. In the opinion of the Supervisory Board, the members of the Executive Board achieved 119% of the financial short-term targets, the EBITDA level and average net debt. The members achieved 75% of the qualitative short-term targets, including the reduction of aftercare costs, the increased application of digital twins, the setting up of logistics hubs, the reduction of CO₂ emissions, increasing the amount of recyclable packaging and the continued strengthening of the HR operation.

With respect to the long-term financial targets, including the strengthening of the underlying EBIT and the solvency level, the Supervisory Board found that the Executive Board achieved 100% of these targets. The Executive Board achieved 105% of the qualitative long-term targets, such as the balance in the Infra portfolio, control over major projects and profitable growth in Non-Residential projects.

As a result of this opinion, the Supervisory Board awarded both members of the Executive Board a short-term bonus of 48% of their fixed agreed annual salary and a long-term bonus of 51% of the fixed agreed annual salary. These amounts are shown in the table below.

in €	Gross fixed salary			Variable bonus			Total fixed and variable remuneration		
	To be paid out in 2020	Paid out in 2019	Paid out in 2018	To be paid out in 2020	Paid out in 2019	Paid out in 2018	To be paid out in 2020	Paid out in 2019	Paid out in 2018
AGJ. Hillen	500.000	500.000	500.000	498.461	437.500	425.000	998.461	937.500	925.000
J.G. Janssen	425.000	425.000	425.000	423.692	212.500	-	848.692	637.500	425.000
	925.000	925.000	925.000	922.153	650.000	425.000	1.847.153	1.575.000	1.350.000

3.4 Pay Ratio

In accordance with best practice 3.4.1 sub iv, the pay ratio between the Executive Board and other employees within the company has been analysed. This was calculated on the basis of the fixed agreed salary, including holiday allowance, on the reference date 30 November 2019. The average fixed agreed remuneration of the members of the Executive Board employed on the reference date was compared with the reference group, consisting of all employees with an employment contract with the company (Heijmans N.V), or one of its subsidiaries in the Netherlands on the reference date. The average fixed salary of the members of the Executive Board amounted to € 462,500 (2018: € 462,500) on the reference date, compared to an average fixed salary of € 56,823 (2018: € 52,797) for the reference group. On the basis of the above, the pay ratio can be expressed as a ratio of 8 to 1 (2018: 8.8 to 1)

The Remuneration committee takes this pay ratio into account in the proposal they submit to the Supervisory Board regarding the remuneration of the individual members of the Executive Board.

4. Highlights remuneration policy Supervisory Board Heijmans N.V.

The remuneration policy for the Supervisory Board, which was applied in the 2019 financial year, was adopted by the Extraordinary General Meeting of Shareholders held on 6 December 2018.

The Supervisory Board supervises the execution of the company's strategy as formulated by the Executive Board in consultation with the Supervisory Board. The recruitment and retention of supervisory directors, who complement each other and who can support the Executive Board in both word and deed, is the key to sound supervision.

The aim of the remuneration policy is to enable Heijmans to recruit experienced and expert supervisory directors. This requires remuneration in line with market rates. In accordance with best practice 3.3.1 of the Dutch Corporate Governance Code, the remuneration of supervisory directors should also reflect the time commitment and the responsibilities of the position. With a view to the independent position of supervisory directors, their remuneration does not depend on the company's results and internal pay ratios are not relevant.

To tailor the remuneration to time commitment and responsibilities:

- the chair and vice-chair of the Supervisory Board receive a higher fixed basic remuneration than (ordinary) members;
- supervisory directors receive remuneration for the work they do in committees, on top of the basic remuneration paid to all members;
- committee chairs receive a higher committee remuneration than the members of those committees.

In accordance with the remuneration policy adopted on 6 December 2018, the supervisory directors are paid the following amounts with effect from 2019:

	per year in €
Chair Supervisory Board	60.000
Vice-Chair Supervisory Board	45.000
Member Supervisory Board	40.000
Chair Audit committee	8.000
Member Audit committee	6.000
Chair Remuneration committee	4.000
Member Remuneration committee	3.000
Chair Selection and appointment committee	4.000
Member Selection and appointment committee	3.000

These amounts are adjusted annually on 1 January on the basis of the CBS consumer price index figure for all spending.

5. Implementation remuneration policy Supervisory Board 2019

In the financial year 2019, the members of the Supervisory Board received a remuneration in accordance with the policy described in section 4 of this report. The division of tasks was as follows in 2019:

- Mr. Sj.S. Vollebregt, chair.
- Mr. R. Icke, vice-chair Supervisory Board and chair Audit committee.
- Mr. R. van Gelder, member Supervisory Board, member Remuneration committee (until 10 April 2019), chair Remuneration committee (from 10 April 2019), member Selection and appointment committee, member Audit committee.
- Mrs. P.G. Boumeester, member Supervisory Board, member Remuneration committee, member Selection and appointment committee (until 10 April 2019), chair Selection and appointment committee (from 10 April 2019).
- Mrs. M.M. Jonk, member Supervisory Board, member Remuneration committee (from 10 April 2019), member Selection and appointment committee (from 10 April 2019), member Audit committee (from 10 April 2019).
- Mr. S. van Keulen resigned at the end of the General Meeting of Shareholders held on 10 April 2019. Up to that date: member Supervisory Board, chair Remuneration committee and chair Selection and appointment committee and member Audit committee.

In the years 2014 through 2019, the members of the Supervisory Board were paid the following amounts:

in €	2019	2018	2017	2016	2015	2014
Sj.S. Vollebregt – chair*	60.000	60.000	47.723	43.973	24.542	0
Drs. P.G. Boumeester**	46.750	46.000	37.723	37.723	37.723	37.723
Mr. M.M. Jonk***	49.000	3.333	0	0	0	0
Ing. R. van Gelder BA****	52.750	52.000	42.723	42.723	40.223	37.723
Drs. S. van Keulen*****	13.500	54.000	42.723	42.723	42.723	42.723
R. Icke RA*****	53.000	53.000	37.723	37.723	37.723	37.723
Totaal	275.000	268.333	208.615	204.865	182.934	155.892

* supervisory director with effect from 15 April 2015,
Chair with effect from 13 April 2016
** supervisory director with effect from 28 April 2010
*** supervisory director with effect from 6 December 2018

**** supervisory director with effect from 1 July 2010
***** supervisory director from 18 April 2007 to 10 April 2019
***** supervisory director with effect from 9 April 2008

6. Evaluation of Remuneration policy and plans for 2020

Partly in view of the new legislation for the implementation of the European Directive to promote the long-term engagement of shareholders, the Remuneration committee evaluated and reformulated the remuneration policies for both boards. The policy, the remuneration structure and remuneration levels were judged to be balanced. However, the committee reformulated the policy and improved the explanation and motivation in accordance with the provisions of the European Directive and Dutch legislation for the implementation of said directive. Due to the fact that as of 1 January 2020, the Remuneration committee has been combined with the Selection and appointment committee, the plan is to propose to the AGM on 15 April 2020 that the remuneration of the members of the combined committee be set at € 7,000 per annum for the chair of the committee and € 5,000 for members of the committee as of 1 January 2020. The Supervisory Board adopted the policy proposals of the Remuneration committee and submitted these to the Works Council for its opinion. The Works Council issued a positive opinion on both policy proposals.

The remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board will be submitted for approval to the General Meeting of Shareholders to be held on 15 April 2020. Once this has been voted on in the General Meeting of Shareholders of 15 April 2020, the complete remuneration policy will be published immediately on the Heijmans website.

Rosmalen, 20 February 2020

16.7 Other appendices

16.7.1 Heijmans Share Administration Trust

The following report is presented in line with the best practice provision 4.4.6 in conjunction with provision 4.4.7 of the Dutch Corporate Governance Code.

Methods

To emphasise the independence of the Heijmans Share Administration Trust (hereinafter referred to as 'the SA Trust'), its Board of Trustees first meets in the absence of the members of the Company's Executive Board. The members of the Executive Board and the Chairman of the Supervisory Board then join the meeting.

Number of shares for which depositary receipts have been issued

The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the company's cooperation. The SA Trust is an independent legal entity, as defined in Section 5:71 (1)(d) of the Financial Supervision Act.

As at 31 December 2019, the SA Trust had depositary receipts for ordinary shares with a nominal value of €6,422,748.60 in administration, for which 21,409,162 bearer depositary receipts with a nominal value of €0.30 had been issued.

Number of meetings of the Board of Trustees and most important agenda items

The Board of Trustees of the SA Trust met on three occasions during the year under review.

Meeting of 18 March 2019

The following subjects were discussed during this regular meeting of the Board:

- The 2018 annual report of Heijmans N.V. and the press release of 21 February 2019;
- Discussion of the items on the agenda for the General Meeting of Shareholders of Heijmans N.V. to be held on 10 April 2019;
- The annual report of the SA Trust for 2018;
- The evaluation of the Meeting of Depositary Receipt Holders of 13 November 2018;
- The reappointment of a trustee.

During the meeting, the SA Trust Board made a number of comments and asked questions of the chairman of the Executive Board with respect to subjects including:

- The question as to how local government bodies, such as the national government, as well as regional and local government authorities, act towards construction firms with respect to sharing or not sharing risks;
- The question as to whether there are synergies between Infra and the other business units and what those synergies are;
- The broadening of the market for infrastructure, due, among other things, to climate measures and dyke monitoring, and the opportunities in this for Heijmans Infra;
- The extent to which Heijmans faces the risk of being confronted more frequently with the premature termination of major contracts like the Wintrack III contract.

In the spring of 2019, one trustee stepped down. The trustee in question was Mr. P.W. Moerland. The Meeting of Depositary Receipt Holders did not submit a recommendation for the filling of this vacancy. The Board reappointed Mr. Moerland for a second term of four years. The Board took into consideration the importance of continuity within the Board, partly in view of the term in office of the other board members.

Meeting of 9 September 2019

Subjects discussed in this regular meeting included:

- The 2019 interim results of Heijmans N.V.;
- The resolution to hold a Meeting of Depositary Receipt Holders on 15 November 2019;
- The composition of the Board: Mr. R.H. Hooghoudt will step down as of the spring meeting of 2020. The board decided to open up a vacancy and to give the Meeting of Depositary Receipt Holders the opportunity to nominate candidates.

During the meeting, the SA Trust Board made a number of comments and asked questions of the chairman of the Executive Board and the chairman of the Supervisory Board on subjects including:

- The consequences of the nitrogen and PFAS problem for Heijmans;
- The impact of IFRS 16;
- Heijmans' view of the resumption of a dividend pay-out;

Meeting of 15 November 2019

The extra board meeting focused on the preparations for the Meeting of Depositary Receipt Holders of 15 November 2019.

Meeting of Depositary Receipt Holders 15 November 2019

During the Meeting of Depositary Receipt Holders of 15 November 2019, the SA Trust Board gave an explanation of its policies, partly on the basis of best practice 4.4.6 of the Dutch Corporate Governance Code.

The depositary receipt holders/proxies present at the meeting represented 0% of the total of 21,409,162 (depositary receipts for) shares the SA Trust had issued at 15 November 2019 (the same as in 2018).

Participation SA Trust Board in the General Meeting of Shareholders of 10 April 2019

The Board of Trustees of the SA Trust was represented at the General Meeting of Shareholders on 10 April 2019 and voted in favour of all the resolutions that were put to a vote.

As usual, the SA Trust Board courteously first gave the holders of depositary receipts the opportunity to ask question or make remarks. If these questions or remarks corresponded with those prepared by the SA Trust, any addition to these was superfluous. This was indeed the case during the General Meeting of Shareholders of 10 April 2019.

The SA Trust granted authorisation to holders of depositary receipts who attended the General Meeting of Shareholders in person or who were represented by a third party, to vote independently on the number of depositary receipts for shares reported prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010 through 2018, in its convening notice for the 2019 General Meeting of Shareholders, the board of the SA Trust offered holders of depositary receipts who were unable to attend the shareholders meeting in person the opportunity to express their views on certain issues via e-mail or otherwise in writing. The board 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 10 April 2019

Of the 21,409,162 (depositary receipts for) shares SA Trust had issued by 10 April 2019, 6,406,563 (depositary receipts for) shares were registered as present at the meeting (approximately 30%; 2018: approximately 23%). Of this total of 6,406,563, the holders of 1,442,520 (depositary receipts for) shares attended the Meeting, and the holders of another 4,936,557 had issued voting instructions to ABN AMRO. The SA Trust therefore represented 15,030,085 (depositary receipts for) shares, or approximately 70%, at the AGM.

Activities

The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for the SA Trust, IQ EQ Netherlands N.V. (formerly SGG Netherlands N.V.) in Amsterdam.

Costs

The costs associated with the activities of the SA Trust are primarily related to the costs of administration (which are charged by IQ EQ) and the fees charged by the auditor EY for the audit of the financial statements. 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 seek any external advice in 2019.

Board of Trustees and Remuneration

The Board of Trustees of the SA Trust consists of:
W.M. van den Goorbergh (Chairman)
H. Hooghoudt
P.W. Moerland
J.J.G.M. Sanders

W.M. van den Goorbergh is a member of the board of Stichting Administratiekantoor Financiële Instellingen (NLFI). Until 2002, Mr. Van den Goorbergh was Vice-Chairman and CFO of the Executive Board of Rabobank Nederland.

P.W. Moerland is Chairman of the Supervisory Board of Enexis N.V., Chairman of Stichting Berenschot Beheer and Chairman of the Board of Supervision of Stadhuismuseum Zierikzee. Prior to this, in the period 2003 to October 2013, he was a member of the Executive Board of Rabobank Nederland, for the last four years as Chairman. Between 1980 and 2013, Mr. Moerland was

Professor of Business Administration at the Royal University of Groningen and Professor of Business Finance, and from 1999 also Professor of Corporate Governance, at the University of Tilburg.

H. Hooghoudt is a member of the Supervisory Board of IBS Capital Management B.V. He has been a lawyer since 1975 and in 1990 joined NautaDutilh, where he currently acts as an adviser.

J.J.G.M. Sanders is Chairman of the Supervisory Board of Bolsius N.V., Chairman of the Supervisory Board of Nemo Healthcare B.V., Chairman of the Board of Supervision of the Catharina Hospital in Eindhoven, Chairman of the Stichting Evenementen Liliane Fonds, a member of the Supervisory Board of Greenchoice, and a member of the Advisory Committee of Voedselbank Eindhoven. From 2010 to mid-2014, Mr. Sanders was Managing Director of PSV N.V. and prior to this he spent 16 years at FrieslandCampina, for the last eight years as Chairman of the Executive Board. Mr. Sanders was appointed as a trustee of the SA Trust on 26 March 2014.

The remuneration of the Board of Trustees in 2019 amounted to €12,000 for the Chairman and €10,000 for each other trustee.

Contact information

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16.7.2 The Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter: 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Dutch Financial Supervision Act.

As stated in its articles of association of 10 October 2018, the purpose of the Trust is:

- To promote the interests of Heijmans N.V. (the company) and of the business that is maintained by the Company and the companies affiliated with the Company in a group, in such a way that the interests of the Company and of that business and of all those involved are optimally safeguarded, and in such a way that influences that could compromise the independence and/or continuity and/or the identity and/or the strategy of the Company and of those businesses contrary to those interests, are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above;
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the Company and by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, articles of association or by virtue of agreement; and
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting rights associated with the shares in question do not transfer to the pledgee, or may otherwise encumber these shares, on the understanding that the Company's approval is necessary for any disposal of shares.

The Trust has the right (a call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of (close to) 100% of the nominal value of the capital issued in ordinary shares and financing preference shares B.

The Trust was granted the right of inquiry in 2008.

During the board meeting of 3 April 2019, Mr. A. Westerlaken stepped down in accordance with the retirement schedule. He was not eligible for re-appointment. At the above-mentioned meeting, the board appointed Mr. B. Van der Veer as a member of the board for a term of four years.

The composition of the Board of Trustees is as follows:

Mr. S.C.J.J. Kortmann
Mr. F.J.G.M. Cremers
Mr. B. Van der Veer

16.7.3 Reporting methodology

Scope

Heijmans' operations are concentrated in the Netherlands and it reports key figures for these activities. Unless specifically mentioned, combined projects have not been included in the non-financial information of the annual report, with the exception of safety-related information, for which Heijmans reports in line with SCC (Dutch: VCA) definitions.

Information gathering and verification

Those involved in preparing the content and design of this report held regular consultations during the year. They organised a kick-off session in October at which they shared experiences from the previous year, together with targets and ambitions. Those involved agreed regarding content, ambition and planning. This formed the basis for the underlying report. The data used originate from the various administrations, systems and databases in the Heijmans organisation, including a number of management systems and the registration data on operating processes they produce. Examples include Workday for HRM-related aspects, energy management systems, as well as the likes of SMILE software for quality-related information and IRES for accident statistics. Information is also derived from other sources, such as the ERP systems and information from suppliers, including those supplying the company's vehicle fleet, companies providing timber, and waste processing and energy companies. The environmental reporting of the asphalt plants is also verified externally and the data are submitted to the competent authority.

Finally, reporting also includes data originating from the certified management systems ISO 14001, ISO 9001, SCC (Dutch: VCA) and SKAO. Although Heijmans has implemented various procedures for the reporting of incidents and the fact that we have actually received reports of incidents, Heijmans cannot be entirely certain that every incident has been reported.

Reporting methodology

Sustainability-related disclosures have been drawn up in accordance with the Global Reporting Initiative (GRI Standards, Core option). Heijmans also applies the supplement for the construction sector. Where possible, Heijmans uses the same terminology used in ISO 26000 and the Integrated Reporting Framework of the International Integrated Reporting Council. The report covers the reporting period 01-01-2019 through 31-12-2019.

Heijmans used the Greenhouse Gas Protocol for the disclosure of CO₂ emissions. Heijmans commissioned Ernst & Young Accountants LLP to provide limited assurance. The assurance report they issued has been added to this report.

16.7.4 KPI table

Key Performance indicator	Material aspect	SDG	Qualitative / quantitative	Score 2018	Target 2019	Score 2019	Target 2020, and beyond
BETTER							
Financial							
Revenue (x € bn)	11	8	Quantitative	1,6		1,6	-
Order book (x € bn)	11	8	Quantitative	2,0		2,1	-
Underlying EBITDA exclusive IFRS 16 (x € mln)	11	8	Quantitative	43		54	-
Solvency	11	8	Quantitative	25%		25%	-
Safety							
Number of accidents: total incl. at subcontractors	1,4	12	Quantitative	87	< 65	84	-20%
Number of fatal accidents	1,4	12	Quantitative	0	0	1	0
Incident frequency (IF figure)	4	12	Quantitative	3,9	< 2,5	3,3	<1
Risk management & process improvement							
Homes delivered without snagging items	16, 19	8	Quantitative	55%	100%	37%	100%
Client appreciation Rijkswaterstaat	16	8	Quantitative	8,0	>8,5	7,5	>8,5
Client appreciation ProRail	16	8	Quantitative	7,3	>8,5	7,9	>8,5
Client appreciation Private residential building via SKB	16	8	Quantitative	7,1	>7,5	7,1	7,5
Purchasing spend subcontractors with valid SCC certificate	6, 12, 15, 19	8	Quantitative	97%	100%	99,9%	100%
Purchasing spend preferred suppliers	6, 19	8	Quantitative	54%	50%	53%	
Privacy and cyber security	17, 19	8	Qualitative				
Implementation GRIP	19	8	Qualitative				
Implementation LEAN	19	8	Qualitative				
Quality of the organisation							
Staff turnover (%) at own request	8	8	Quantitative	n.a.		5,4%	
Total absenteeism	4	8	Quantitative	4,9%	<4,0%	4,4%	<4,0%
Managers participated in leadership training	10, 13	8	Qualitative				
Training costs (x mln)	8, 10	8	Quantitative			2,8	
Employee engagement	13, 18	8	Qualitative				

Explanation/definition	Sources/reference
Income from realisation of projects (in proportion to the progress of the projects) and sales of goods (mainly homes and land).	Financial statements
The total portion of works in progress not yet completed and projects acquired but not yet in progress at reporting date.	Finance & control
Underlying EBITDA is the operating result before depreciation and including the EBITDA from joint ventures, excluding revaluation of real estate and land, reorganisation expenses, book profits on the sale of entities and other non-operational results that the groups considers exceptional.	Financial statements
Capital base (equity plus the cumulative preference share capital) compared to total assets.	Financial statements
Total number of accidents on Heijmans projects according to SCC definitions.	IRES
Total number of fatal accidents on Heijmans projects (including subcontractors).	IRES
IF: number of accidents resulting in absenteeism of at least one day per million hours worked according to SCC definitions. Only accidents that are reported within 24 hours.	IRES
Percentage of total number of homes delivered with zero snagging items in reporting year.	SMILE
Execution performance from Q3 2019 (weighted average) reported by RWS.	RWS
Execution performance from Q3 2019 (weighted average) reported by ProRail.	ProRail
Score submitted to the SKB website by private home owners of delivered homes in the year in question.	Stichting Klantgericht Bouwen (SKB)/ BouwNu.nl
Percentage of total procurement spend with subcontractors with valid SCC certification.	IRES reporting
Percentage of procurement spend with preferred suppliers in 2019, not including the category non-procurement.	Esize, SAP/ERP
	10.2.1 Digitalisation
	10.1.2 Risk management and process improvement
	10.1.2 Risk management and process improvement
Number of absentee days compared to available number of calendar days. Health and Safety Service guidelines for measuring absenteeism rates.	Absenteeism registration ASC
	10.1.3 Quality of the organisation
Training costs in accordance with registration Heijmans Academy.	
	10.1.3 Quality of the organisation

Key Performance indicator	Material aspect	SDG	Qualitative / quantitative	Score 2018	Target 2019	Score 2019	Target 2020, and beyond
SMARTER							
Spending on innovation (x € mln.)	9	8	Quantitative	3,0		5,8	
Digitalisation							
BIM: tasks with a digital twin	9	8	Qualitative				
New data-driven services successfully launched in the market	9	8	Qualitative				
Production technology							
Concept homes delivered	9	8	Quantitative	821		738	
New production technology-related initiatives applied in projects	9	8	Qualitative				
Conceptual building	9	9, 11	Qualitative				
SUSTAINABLE							
Energy							
Absolute CO ₂ emissions scope 1+2 in tons	4, 14	7	Quantitative	53.781	10% reduction vs. 2016 in 2020	45.543	CO ₂ -neutral in 2023
EPC of homes delivered	2	7	Quantitative	n.a.	n.a.	0,4	
Energy-neutral projects (Infra)	2	7	Qualitative				
Materials							
Total quantity of residual materials	5	12	Quantitative	20.819		22.500	
Separation of residual materials building site	5	12	Quantitative	70%	70%	75%	75%
Reuse of residual materials after removal	5	12	Quantitative	91%	90%	90%	90%
Procurement spend with preferred suppliers with framework agreements with signed sustainability statement	6, 12, 15, 19	12	Quantitative	96%	100%	98%	100%
"Newly-started tenders with LCA score (%)"	5	12	Qualitative				
Reusable or recyclable packaging	5	12	Qualitative				
CPG score GGB homes - (1-10)	5	12	Qualitative				
Asphalt recycling	5	12	Qualitative				
Concrete recycling	5	12	Qualitative				
Space							
New area developments with Greenlabel (%)	3, 4, 20	11	Qualitative				
Improvement of local biodiversity, climate adaptation and safety	3, 4, 20	11	Qualitative				
Showcases super-healthy living environment (Leusden, Vlaardingen and Feijenoord City)	3, 4, 20	11	Qualitative				
Other							
Score transparency benchmark	7	-	Quantitative	19		12	

Explanation/definition	Sources/reference
Spending on innovation group and business areas in EUR mln.	Finance & control
	10.2.1 Digitalisation
	10.2.1 Digitalisation
	10.2.2 Production technology
	10.2.2 Production technology
Total CO ₂ emissions Scope 1+2. SKAO CO ₂ performance ladder, GHG protocol.	Various administrations business areas, SAP
EPC of the homes delivered in 2019.	SAP and EPC calculation tool
	10.3.1 Energy
ENCORD Construction Waste Measurement Guide for definitions (including operational waste, no excavations), measured in tonnes.	Sum of data waste service providers
ENCORD Construction Waste Measurement Guide for definitions (including operational waste, no excavations), measured in tonnes.	Sum of data waste service providers
Sustainable reuse is defined as raw material for the generation of green energy. On the basis of waste profile Renewi; incl. quantity Sita and other waste processors. On the basis of tonnage. Landfill waste and plus grey electricity excepted.	Sum of data waste service providers
Percentage of total procurement spend with preferred suppliers with a framework contract with a signed sustainability statement.	Esize, SAP/ERP
	10.3.2 Materials
	10.3.2 Materials
	10.3.2 Materials
	10.3.2 Materials
	10.3.2 Materials
	10.3.3 Space
	10.3.3 Space
	10.3.3 Space
Ranking in the transparency benchmark of the Dutch Economic Affairs Ministry.	Ministry website

Explanation KPI table:

- The total amount of residual material is a material aspect and is therefore reported in the annual report. It has proven impossible to link this with concrete reduction targets in past years, due to the high level of dependence on the nature of the projects (including or excluding demolition). Via its activities in the field of LEAN design and circular construction, Heijmans does target the minimisation of waste and high-grade processing of residual material flows in the design phase. Heijmans is also targeting the reduction of the amount of packaging materials.
- Safety: the IF figures for 2019 include combined projects calculated pro rata.
- CO₂ measurement: to measure and report on CO₂ emissions, Heijmans uses the division into scopes of the Green House Gas (GHG) protocol. Scope 1 covers the emissions from fuels we purchase and consume ourselves (mainly gas, petrol and diesel). Scope 2 covers CO₂ emissions resulting from the use of electricity (we do not cause these CO₂ emissions, as they are generated by the power company) and business traffic. Scope 3 (which is not reported on in this annual report) covers the CO₂ emissions from commuter traffic and public transport (which is relevant for SKAO).
- CO₂ measurement: Heijmans applies the conversion factors taken from the www.CO2emissiefactoren.nl website. These are updated every four years in the reporting method that Heijmans uses. These factors were updated in 2017. In this annual report, these updated conversion factors have been applied to the CO₂ figures from 2017 onwards. The comparable figures from 2016 have not been adjusted due to non-material differences.
- CO₂ measurement: in 2019, it turned out that a part of the energy consumption at projects outside the normal registration processes declined. Given that the difference was not material in relation to total energy use, Heijmans has not corrected the figures for 2018.
- In the sub-administration of the EPC score, 0.4 has been taken as a proxy for the result, which can result in minor deviations when compared with the actual calculated EPC score. Inherent in the use of the EPC score is that this is always the same or lower than the currently legally required norm of 0.4.

16.7.5 GRI Standards: general disclosures

GRI Content Index Heijmans – Core			
SRS	Disclosure	Reference	Remark
GRI 102: GENERAL DISCLOSURES 2016			
1. Organizational profile			
102-1	Name of the organization	Title page	
102-2	Activities, brands, products, and services	Profile	
102-3	Location of the organization's headquarters	Foreword	
102-4	Number of countries operating	Profile	
102-5	Nature of ownership and legal form	Corporate Governance and The Heijmans share	
102-6	Markets served	Profile	
102-7	Scale of the reporting organization	Profile Employee numbers Financial results	
102-8	Information on employees and other workers	Quality of the organisation Reporting methodology.	A more detailed breakdown is currently seen as too detailed in relation to materiality.
102-9	Supply chain	Profile Strategy	
102-10	Significant changes to the organization and its supply chain	Profile Financial results	
102-11	Precautionary Principle or approach	Risk management	
102-12	External initiatives	Reporting methodology Human rights	
102-13	Memberships of associations	Alliances	
2. Strategy			
102-14	Statement from senior decision-maker	Foreword	
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Open business culture	
4. Governance			
102-18	Governance structure	Embedding and operationalisation Corporate Governance	
5. Stakeholder Engagement			
102-40	List of stakeholder groups	Profile In dialogue with stakeholders	
102-41	Collective bargaining agreements	Quality of the organisation	Non-financial results
102-42	Identifying and selecting stakeholders	In dialogue with stakeholders	
102-43	Approach to stakeholder engagement	Profile In dialogue with stakeholders	
102-44	Key topics and concerns raised	Profile Material aspects In dialogue with stakeholders	
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial statements Reporting methodology	
102-46	Defining report content and topic Boundaries	Reporting methodology Management Approach	
102-47	List of material topics	Material aspects	
102-48	Restatements of information		There have been no significant restatements
102-49	Changes in reporting	Material aspects	
102-50	Reporting period	Reporting methodology	
102-51	Date of most recent report		March 2019
102-52	Reporting cycle	Reporting methodology	
102-53	Contact point for questions regarding the report	Colophon	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting methodology	
102-55	GRI content index	Management Approach GRI Standards general disclosures GRI Standards specific disclosures	
102-56	External assurance	Reporting methodology Assurance report of the independent auditor	

16.7.6 Management Approach overview

In this Management Approach overview we describe the key seven clustered material themes plus three themes that are important to Heijmans. A specific KPI for the material theme climate-proof construction has not been developed yet.

Material aspect and reference targets	Explanation material aspect	Scope and boundaries	Management of processes	Evaluation of processes
Safety in the workplace	A safe workplace is one of Heijmans' key policy priorities. From the perspective of the stakeholder group, employees are of primary importance. Moreover, many construction activities are by nature dangerous due to large masses and numerous vehicles.	Heijmans operates exclusively in the Netherlands, which means that Dutch labour legislation governs the creation of a safe and healthy working environment. In addition, subcontractors play a significant role on building sites due to their own responsibility for safety.	Within Heijmans, employees are trained according to SCC methods. Subcontractors are also expected to have SCC or comparable certification. Heijmans also takes physical precautions on building sites to promote safety. Finally, Heijmans has a semi-internal health and safety service (ASC).	Evaluation is part of the SCC system. A range of indicators are also measured by the specific organisation of Quality & Safety. KPIs include the number of accidents, subcontractors' SCC certification and the IF.
Building energy-neutral solutions	Heijmans' core competency is the design and construction of objects in the built environment (homes, non-residential structures, etc.). Heijmans can contribute to the energy transition by using its know-how and expertise to have these objects operate in an energy-neutral manner.	Due to the fact that Heijmans is not always responsible for the design, the company is often dependent on a client's tender and ambitions. In addition, not all energy-related objects are comparable (a house uses the most energy once it is complete, a road when it is being built).	There are methods laid down in laws and regulation for the measurement of the energy performance of various objects. Heijmans has a certified system to control and improve its own emissions (SKAO and ISO 14001).	The evaluation of processes is an integral part of the aforementioned SKAO and ISO 14001 management systems. In addition, a performance evaluation is frequently incorporated in the delivery documents, in the context of laws and regulations.
Safe and healthy environment	Heijmans takes into account continuing urbanisation in its construction projects by designing safe and healthy neighbourhoods and road systems. These aspects also play a role in the company's own working environment.	Heijmans has various KPIs linked to this material aspect. From safety numbers to absenteeism and more externally focused KPIs, such as CO ₂ emissions and area-focused sustainability labels.	The ambitions on this front are a part of the regular process of defining the Programme of Requirements and are managed via the processes in the management system.	If the ambitions are stated in the Programme of Requirements, the realisation of same is mostly evaluated and assessed by clients following the completion of the project. The evaluation of more internal KPIs has already been described in the other – more specific – aspects, such as safety in the workplace.
Circular construction	Heijmans reduces the environmental impact of material flows by building with reusable materials and by minimising waste or reusing said materials as efficiently as possible.	Materials are subject to innovation. Functional requirements (strength, bearing capacity) are often limiting factors. The market for waste materials can also be a limiting factor.	Heijmans has reached agreements on the separation of materials at building sites and with processors on how waste is processed. This is monitored on a monthly basis.	Heijmans uses the ISO 90001/14001 management systems to evaluate performance on this front, together with workplace reports.
Co-creation with chain partners	Heijmans organises construction projects with its partners in the chain, to learn from each other and to optimise processes.	Heijmans has a very strong focus on working with preferred suppliers.	Heijmans evaluates its suppliers in the context of its procurement discussions, with the help of an automated evaluation system.	In the management system, the evaluation of chain partners is part of the project evaluations. The evaluation system also provides data for this evaluation.
Transparent communications	Due to its scale, a company like Heijmans has an impact on societal developments (for instance, through the construction of amenities) and therefore has numerous internal and external stakeholders with whom it must communicate transparently.	To ensure it communicates transparently, Heijmans uses numerous communications channels and tailors these communications to target groups and stakeholders. Important channels include the company intranet, the Heijmans website and its annual report.	Heijmans' communications department plays a central role in terms of advice and support in communications decision-making. Because Heijmans is listed, the financial department and the company secretary ensure that all mandatory communications are published in a timely fashion.	Heijmans has various external regulators that supervise accurate communications. Heijmans also tests whether the information provided is sufficient in stakeholder sessions and dialogues with various stakeholders (clients, Works Council).

Material aspect and reference targets	Explanation material aspect	Scope and boundaries	Management of processes	Evaluation of processes
Being financially healthy	Stakeholders have indicated that a good price/quality ratio is essential. This also adds economic value which in turn provides employment and continuity.	Scope is the Dutch market, in which Heijmans is often dependent on public tenders to win contracts. Many activities are also framed by legislation and regulations.	In its annual report, Heijmans reports extensively on the financial values and management processes within Heijmans related to economic performance.	Evaluation by internal audit, external auditor, annual reporting and reporting to AGM.
Reduction of CO₂ emissions from own operations	Heijmans takes measures to minimise the CO ₂ footprint of its own operations.	The measures taken to reduce CO ₂ emissions focus on scope 1 and scope 2 emissions. Heijmans does take measures to influence scope 3 emissions, for instance via its sustainable procurement policy.	Clients and the government have expressed a desire for more sustainability. This is expressed in targets for our own business operations and those of our chain partners.	Heijmans uses the ISO 90001/14001 management systems to evaluate performance on this front.
Client-centric services	The client stakeholder group is of course crucial to Heijmans. In discussions, clients frequently indicate that delivering added value for a good price creates client satisfaction.	Most of Heijmans' clients are Dutch, and their users are almost entirely in the Netherlands. Heijmans mostly acquires projects through tenders for which the design and client specifications have already been established in advance.	Heijmans measures customer satisfaction in different ways, but there is no uniform total figure available. Components that ensure customer satisfaction is measured are project evaluations, customer satisfaction measurements in residential building and snagging items.	Heijmans has implemented mechanisms for evaluation as part of the ISO 9001 quality management system. Measurements are often very different per business unit. Heijmans reports on Infra and Residential Building for the KPIs in this report.

16.7.7 GRI Standards: specific disclosures

GRI Content Index Heijmans – Core		
SRS	Disclosure	Reference
Topic Specific Standards		
Being financially healthy (GRI 201: ECONOMIC PERFORMANCE 2016)		
201-1	Direct economic value generated or distributed	Financial results Financial statements
201-3	Coverage of the organization's defined benefit plan obligations	Financial results Financial statements
Reduction of own CO₂ emissions (GRI 305: EMISSIONS 2016)		
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Energy KPI table
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Energy KPI table
Circular construction (GRI 306: EFFLUENTS AND WASTE 2016)		
306-2	Waste by type and disposal method	Materials KPI table
Safety in the workplace (GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016)		
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Safety KPI table
Training and development of employees		
Heijmans 1a	Training programmes	Quality of the organisation
Heijmans 1b	Training costs	KPI table
Safe and healthy environment		
Heijmans 2a	Number of homes sold	Financial results
Heijmans 2b	Number of homes delivered without snagging items	KPI table
Co-creation with chain partners		
Heijmans 3	Purchasing spend preferred suppliers	KPI table
Client-centric services		
Heijmans 4a	Client appreciation Rijkswaterstaat (Ministry of Infrastructure and Waterways)	KPI table
Heijmans 4b	Client appreciation ProRail	KPI table
Heijmans 4c	Client appreciation private residential building via SKB	KPI table

16.7.8 EU Directive Non-Financial Information and Diversity information reference table

Topic	Subtopic	Included (yes/no)	
Business model		Yes	Profile and Value creation model
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence.	Yes	Value creation model and Strategy
	The outcome of those policies.	Yes	Non-financial results
	Principle risks in own operations and within value chain.	Yes	Risk management
	How risks are managed.	Yes	Risk management
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant Environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence.	Yes	Strategy
	The outcome of those policies.	Yes	Strategy
	Principle risks in own operations and within value chain.	Yes	Risk management and Strategy
	How risks are managed.	Yes	Risk management and Strategy
	Non-financial key performance indicators.	Yes	Strategy and KPI table
Relevant matters with respect for human rights (e.g. labour protection)	A description of the policies pursued, including due diligence.	Yes	Strategy and Human rights
	The outcome of those policies.	Yes	Strategy and Human rights
	Principle risks in own operations and within value chain.	Yes	Strategy and Human rights and Risk management
	How risks are managed.	Yes	Strategy and Human rights and Risk management
	Non-financial key performance indicators.	Yes	Strategy and Human rights and Risk management
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence.	Yes	Corporate Governance and Ethical behaviour and dilemmas
	anti-corruption and bribery	Yes	Corporate Governance and Ethical behaviour and dilemmas
	Principle risks in own operations and within value chain.	Yes	Corporate Governance and Ethical behaviour and dilemmas
	How risks are managed.	Yes	Corporate Governance and Ethical behaviour and dilemmas
	Non-financial key performance indicators.	No	Corporate Governance and Ethical behaviour and dilemmas
Insight into the diversity (executive board and the supervisory board)	A description of the policies pursued.	Yes	Strategy and direct reference to the Corporate Governance Statement 2019 on the Heijmans website
	Insight into the diversity (executive board and the supervisory board)	Yes	Strategy and direct reference to the Corporate Governance Statement 2019 on the Heijmans website
	Description of how the policy is implemented	Yes	Strategy
	Results of the diversity policy	Yes	Strategy

16.7.9 Sustainable Development Goals

An overview of all 17 SDGs




The top SDGs for Heijmans in order of importance:

1. SDG 9. Industry, innovation and infrastructure
2. SDG 12. Responsible consumption and production
3. SDG 8. Decent work and economic growth
4. SDG 11. Sustainable cities and communities
5. SDG 7. Affordable and sustainable energy



Top-five SDGs



 7 AFFORDABLE AND CLEAN ENERGY		
Ensure access to affordable, reliable, sustainable and modern energy for all		
#	SDG sub-goal	Description of Heijmans' role
7.2	By 2030, increase substantially the share of renewable energy in the overall energy mix.	<p>Heijmans contributes to increasing the share of renewable energy by fitting homes with sustainable energy sources and building energy-generating homes.</p> <ul style="list-style-type: none"> • Energy-neutral homes • Solar panels • Circular/sustainable homes
7.3	By 2030, double the global rate of improvement in energy efficiency.	<p>Heijmans contributes to the improvement of energy efficiency by striving for zero energy wastage in any form whatsoever, and by cooperating at neighbourhood level on the creation of sustainable and more efficient energy solutions.</p> <ul style="list-style-type: none"> • Energy grids/local solutions • Energy-efficient homes

8 DECENT WORK AND
ECONOMIC GROWTH


Promote continued, inclusive and sustainable economic growth, full and productive employment and decent work for all

#	SDG sub-goal	Description of Heijmans' role
8.2	Achieve higher levels of economic productivity through diversification, technological modernisation and innovation, also by focusing on sectors with high added value and labour-intensive sectors.	Heijmans generates economic productivity in the construction industry through its own operations and by setting an example in terms of innovation, digitalisation and technological modernisation. <ul style="list-style-type: none"> • Digitalisation • Industrialisation • Production technology
8.8	Protect labour rights and promote safe and healthy working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Heijmans ensures safe and healthy working environments for employees, subcontractors and other parties. Heijmans also provides an inspiring and motivating workplace that keeps employees engaged. <ul style="list-style-type: none"> • Safety • Training and development of employees • Engagement of employees

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE


Build resilient infrastructure, promote inclusive and sustainable industrialisation and stimulate innovation

#	SDG sub-goal	Description of Heijmans' role
9.1	Build high-quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Heijmans develops high-quality infrastructure that is reliable, sustainable and resilient.
9.4	By 2030, modernise infrastructure and retrofit industries to make them sustainable, with increased efficiency in the use of resource and greater adoption of cleaner and environment-friendly technologies and industrial processes, with all countries taking the action required according to their respective capabilities.	Heijmans plays a role in the modernisation and increased sustainability of infrastructure as the 'director of the construction chain'. <ul style="list-style-type: none"> • Circular construction • Chain partner • Environment-friendly technologies.

11 SUSTAINABLE CITIES
AND COMMUNITIES

Make cities inclusive, safe, resilient and sustainable

#	SDG sub-goal	Description of Heijmans' role
11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	<p>Heijmans contributes to adequate, safe and affordable housing by developing various residential concepts and increasing the availability of homes in the Netherlands.</p> <ul style="list-style-type: none"> • Sufficient homes • High-quality homes • Affordable homes • Conceptual construction
11.3	By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<p>Heijmans develops sustainable (urban) areas, while devoting attention to the needs of end-users and trends and developments.</p> <ul style="list-style-type: none"> • High-quality living environment • Urbanisation • Circularity of homes • Local energy networks • Climate adaptation and biodiversity

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

Ensure sustainable consumption and production patterns

#	SDG sub-goal	Description of Heijmans' role
12.2	By 2030, achieve the sustainable management and efficient use of natural resources.	<p>Heijmans contributes to the sustainable management and efficient use of natural resources via its own business operations.</p> <ul style="list-style-type: none"> • Sustainable procurement of natural resources • Reduction of CO₂ emissions • Efficient use of natural resources in • the products/services Heijmans delivers
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<p>Heijmans limits its own waste production via prevention, reduction, recycling and reuse.</p> <ul style="list-style-type: none"> • Separation of residual materials at building sites • Reuse of residual materials after removal • Reuse of packaging

16.7.10 Human rights

Companies can have a direct and indirect impact on human rights in the Netherlands and the rest of the world via their operations. Heijmans endorses the general premises of the Guiding Principles related to companies and human rights laid down in UN resolution 17/4 on 16 June 2011. These describe the exceptional obligation of companies to comply with all relevant legislation, to respect human rights, and to take appropriate, effective measures if rights or obligations are infringed. Heijmans realises that it can also have a positive impact by, for example, drawing up fair collective labour agreements, procuring sustainable materials, and collaborating with partners that adhere to these same principles.

A significant proportion of the human rights aspects that are relevant to Heijmans apply to the entire construction sector. A significant risk-limiting factor is the fact that Heijmans does not carry out any construction activities outside the Netherlands. However, the supply chain is exposed to such risks.

When we talk about human rights, it is often in terms of violations, yet many of the issues related to this theme receive daily attention from management and are a standard part of the active management of safety, HR and the procurement policies. This involves issues such as safeguarding healthy working conditions, freedom of association (trade unions), applying fair and equal pay policies, and taking into consideration sustainability aspects in procurement. In addition, Heijmans has attitude and behaviour rules based on a number of basic human rights principles (the so-called 'Kr8 van Heijmans'). These are an integral part of the employment contracts of all Heijmans employees.

Heijmans endorses various international human rights-related frameworks such as ILO directives, OECD directives and the aforementioned Guiding Principles, in part by signing a number of Green Deals. Heijmans also has various reporting mechanisms and a whistle-blower's scheme to monitor this aspect.

Chain responsibility and purchasing require a material analysis of the risks associated with the procured products and a discussion with stakeholders on the reach and depth of monitoring. Heijmans involves its suppliers and subcontractors in this dialogue. Heijmans sustainable purchasing policy includes the selection of suppliers (preferred suppliers) and account management aimed at ensuring compliance with purchasing agreements. The implementation of the actions Heijmans has undertaken

pursuant to the Act on Sham Employment Arrangements (WAS) also plays a role on this front. This is how Heijmans fulfils its responsibility throughout the chain.

16.7.11 Tax policy

Introduction

In this section, Heijmans explains its policy with respect to taxes. Heijmans believes that transparency with respect to its fiscal position and a reasonable application of fiscal laws and regulations are appropriate in the context of the governing codes of conduct within Heijmans.

The Executive Board considers taxes (and that means all the taxes we are faced with at Heijmans) as an important topic, both for Heijmans itself and its stakeholders, and believes that a consistent and responsible approach to all relevant fiscal matters is a part of corporate social responsibility. On the basis of Heijmans' group policy, approved by the Executive Board, the Fiscal Affairs department is responsible for the execution and promotion of the tax policy within the organisation. In the performance of its tasks, the Fiscal Affairs department is in regular contact with other departments within the organisation (such as the Shared Service Center, the procurement department, HR department and Fleet management).

The Fiscal Affairs department defines the tax strategy and the related tax policy and provides the Executive Board with advice and support on fiscal matters.

Heijmans tax policy is expressed in the Fiscal Guidelines applicable within the group. These Fiscal Guidelines are part of the accounting manual that is available in a digital format to every employee involved in the application of fiscal laws and regulations. The Fiscal Affairs department communicates the tax policy within Heijmans and informs the employees involved regarding any new laws and regulations. To safeguard the correct application of fiscal laws and regulations and to supervise the execution of the tax policy, the Fiscal Affairs department (with or without the help of external parties) conducts periodic audits. In addition to this, the Fiscal Affairs department organises courses for the employees involved if this proves necessary and/or desirable.

Twice a year, the Fiscal Affairs department informs the audit committee regarding Heijmans' overall fiscal position and other relevant fiscal matters.

Relationship with the Tax Authorities

Heijmans believes that transparency is part of corporate social responsibility. This means Heijmans always

operates with full transparency vis-à-vis the Dutch Tax Authorities (*Belastingdiens*) and always shares all facts clearly and completely with said Tax Authorities. This also applies to the intended fiscal outcome of any potential points of discussion.

In the context of horizontal supervision, Heijmans has agreed a covenant with the Dutch Tax Authorities. Horizontal supervision equates to equal cooperation between the Tax Authorities and Heijmans on the basis of reciprocal trust and highly transparent communications. These premises are laid down in a covenant. The Tax Authorities enter into these covenants only if the company has an effective Tax Control Framework or seeks to realise same together with the Tax Authorities in the short term. This means the company has a solid grip on its fiscal position and fiscal risks and that the company's Executive Board also attaches great importance to same. As a result of this horizontal supervision, Heijmans has several consultations with the Tax Authorities throughout the year.

Fiscal planning

National tax laws, international treaties and known jurisprudence lay down which income is taxed and which costs are deductible. Individual taxable entities have no choice in this. Heijmans puts a high priority on compliance with laws and regulations and applies these rules fairly in its business operations. Heijmans prefers to avoid aggressive and/or fiscally-driven transactions and therefore chooses not to test the boundaries of what is permissible. The fair application of laws, regulations and jurisprudence is explicitly not aimed at artificially reducing the effective tax rate.

A term such as 'fair application of the law' is obviously always open to discussion. Because what one considers fair does not go far enough for another. Heijmans will take into consideration prevailing laws and regulations and existing jurisprudence when making definitive fiscal choices that involve potential discussion points and consult with the Tax Authorities in advance if it deems this necessary.

Heijmans is frequently involved in alliances and complex projects that may result in complex financial transactions. These projects and/or transactions may be difficult to comprehend and the fiscal consequences can be substantial for the parties involved, depending on the interpretation of certain facts. In these projects or transactions, Heijmans' policy is to always act in line with the purpose or spirit of the prevailing fiscal legislation. This means therefore that certain, legally intended fiscal

benefits are realised in such projects and/or transactions. However, Heijmans will not cooperate in transactions with the purpose of realising tax savings that are contrary to fiscal regulations.

Heijmans' policy with respect to principals and/or subcontractors

Heijmans believes that its principals and/or subcontractors are responsible for their fiscal decisions. We expect our principals and/or subcontractors to act in an ethical manner. Heijmans will never consciously cooperate in the setting up of fiscal structures that are contrary to the purpose and spirit of the law to realise fiscal savings.

What is Heijmans' position in the discussion regarding the tax policy of multinationals?

Heijmans is not operationally active in any developing countries and/or countries with favourable tax rates. Heijmans therefore has no fiscal structures via developing countries and/or countries with favourable tax rates that reduce the tax it pays.

There is growing public attention for both the national and international tax policy of multinationals. Multinationals use so-called fiscal planning to seek out the boundaries of laws and regulations. They use a variety of structures to route their profits to countries with friendly tax rates and all in a legal manner. However, despite the legality of these constructions, they have prompted a broad social debate in the media about the tax planning of multinationals. This has resulted in various legislative initiatives at both national and international levels.

Heijmans recognises the importance of open and constructive discussion of tax ethics. Current laws and regulations and generally applicable and accepted principles of international tax law should be the basic premise in this discussion. Heijmans believes that transparent communications, consideration of the intent of the legislator and a consistent application of the current tax policy should form the basis for this public discussion.

Heijmans occasionally signs tax settlement agreements with the Tax Authorities to obtain assurance in advance on certain specific positions. However, Heijmans has not closed any long-term tax rulings with the Tax Authorities regarding the allocation of certain income and/or costs. Moreover, Heijmans uses no artificial or abnormal constructions to lower its effective tax rate and/or to avoid taxes. Nor does Heijmans make use of any so-called tax havens with the aim of artificially lowering the tax rate

within the group. In view of the above, Heijmans considers its fiscal risk appetite as moderate.

Tax rate (income tax)

The tax rate as shown in Heijmans' financial statements only refers to income tax, including Dutch corporate income tax. The nominal tax rate in the Netherlands is 25% (in 2019). In the first half of 2017, Heijmans sold its operational activities in Belgium and Germany. The remaining entities in Belgium and Germany are so-called sleeping entities that generate virtually no profit. The income tax referred to in the financial statements therefore pertains almost exclusively to Dutch income tax.

Fiscal profits result in the payment of income tax. Tax losses also have value provided certain conditions are met. These losses can be offset against fiscal profits from other years. In some instances, tax losses therefore may result in an asset. This asset is, in principle, recognised in Heijmans' statement of financial position. Heijmans incurred such losses in previous years, which can be offset against future profits.

Explanation corporate income tax

Heijmans' financial statements are drawn up in line with IFRS. However, there are numerous differences between IFRS accounting principles and local tax regulations that apply to the calculation of the fiscal result. The differences between the various principles clearly have a significant impact on the income taxes Heijmans is liable to pay.

These rules are often prescribed and it is therefore not possible for a taxable entity to make choices in this regard. For instance, certain types of income are tax exempt under local fiscal legislation. And there are also operating expenses that are not tax-deductible. Heijmans aims for full transparency and therefore explains its tax position extensively in its financial statements.

The profit shown in Heijmans' annual financial statements relates to all activities of the group (including therefore its foreign activities). Heijmans files income tax statements in all the countries where it has operations. The fiscal policy premises are the same in all these countries.

This means there is no direct connection between the corporate income tax that Heijmans pays in the Netherlands and the group result stated in the financial statements.

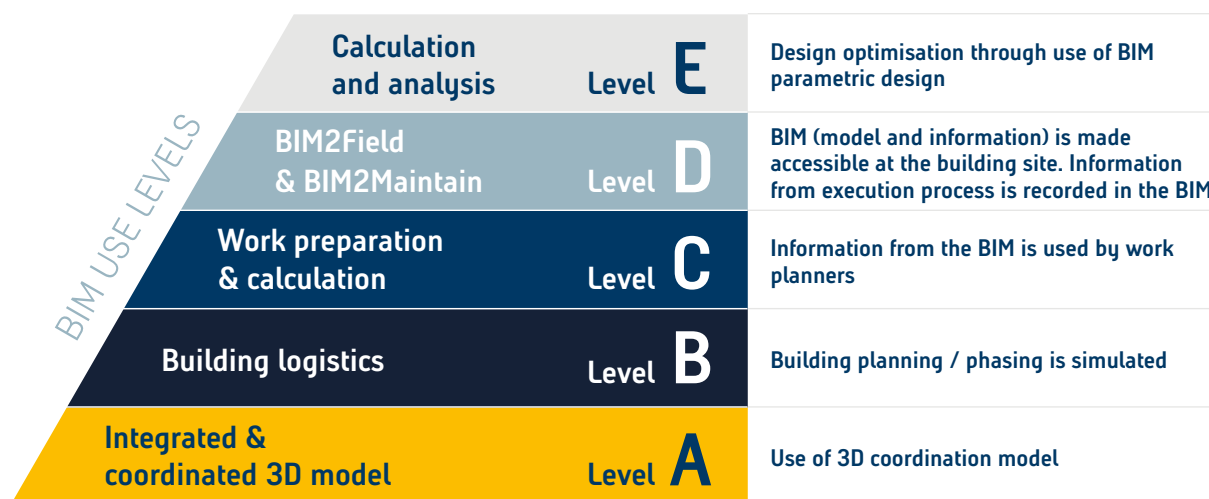
Other taxes

The effective tax rate included in the financial statements pertains only to income taxes. In addition to income tax, Heijmans also pays other taxes, such as payroll tax, property transfer tax, value added tax (turnover tax), insurance tax and various municipal taxes.

Heijmans has virtually no activities that are exempt from value added tax. This means that virtually all input tax can be settled against the value added tax Heijmans is due to pay. The amount of value added tax that cannot be offset is therefore very small.

16.7.12 Heijmans BIM ladder

Heijmans has defined five levels with respect to the application of the Building Information Model (BIM):



It is possible to achieve five stars per level. These define in concrete terms which BIM activities or output should be delivered, in line with the desired ambition level.

Ambition level A

- 1-star: Presence of 3D Model of all (minimum of four) design disciplines through DO phase (geometry)
- 2-star: Presence of Integrated Model of all design disciplines through UO phase, with information according to BIM specifications
- 3-star: Presence of a minimum of three production models
- 4-star: Use of Common Data Environment (CDE)
- 5-star: each separate object has an owner

Ambition level B

- 1-star: Building site design is part of the Integrated Model
- 2-star: (A part of) the construction phasing is simulated
- 3-star: (A part of) the execution process is simulated
- 4-star: Information for logistics processes is derived from the Integrated Model and/or the COE
- 5-star: use of scenario analyses for the optimisation of the execution process

Ambition level C

- 1-star: Quantity of values extracted from the Integrated Model in an automated fashion for calculation and/or procurement
- 2-star: Information from the Integrated Model is used for work planning
- 3-star: Information from work planning is added to the Integrated Model

4-star: The Integrated Model comprises a minimum of four production models

5-star: Asset information is derived from the Integrated Model

Ambition level D

- 1-star: The Integrated Model and any extracts are available at the building site via Mobile Devices
- 2-star: Application of Digital Approval
- 3-star: Execution records As-Built information (geometric and object features) in the Integrated Model
- 4-star: Automatic (or semi-automatic) monitoring via the likes of laser scans/images
- 5-star: The Integrated Model generates task-oriented execution information

Ambition level E

- 1-star: Requirements are verified using the Integrated Model
- 2-star: Application of design calculations or simulation based on the 3D model
- 3-star: 3D models are created parametrically (minimum of three components)
- 4-star: Minimum of two external information sources regarding the user phase of the system (for instance, a building, tunnel, object, etc.) are linked to objects in the Integrated Model
- 5-star: Digital Twin 2.0; the Integrated Model is part of a comprehensive information system that manages information exchange and building controls

16.7.13 Glossary

BENG standards

Standards that set the criteria for the energy performance of a building and express this performance on the basis of three indicators: energy requirements, primary energy use and share of renewable energy.

BeSense

This is a smart sensor system that provides insight into occupation, use and comfort of the work environment, and enables the smart and efficient management of buildings.

Big Six

The six most common causes of accidents at Heijmans: tripping, falling, falling objects, bumping into protruding objects, getting stuck and being hit by flying debris.

Bikescout

Sensor-based system integrated in roads that makes drivers aware of approaching and crossing cyclists.

Building Information Model (BIM)

A single central, digital platform that combines all relevant information during the construction process and that is used by all the parties involved to arrive at a single interpretation and enables the smooth running of the construction process. This results in a digital (3D) model of what will be realised.

Carbon Disclosure Project

The CDP is a UK-based organisation that supports businesses and cities in the publication of the environmental impact of major companies. The CDP wants to make environmental reporting and risk management standard and stimulates insight into and action for a sustainable economy.

Chain integration

Cooperation within and between the successive links within an organisation or business column, from suppliers right through to the client.

Climate adaptation

Climate adaptation combats the effects of climate change and could help the Netherlands become resistant to climate change. Adaptation is made possible by setting climate buffers.

CMR substances

Carcinogenic (can cause cancer), mutagenic (can cause genetic mutations), and reprotoxic (can have an adverse effect on fertility and on offspring) substances.

CO₂ emissions

CO₂ (carbon dioxide) emissions measured over a certain period.

Combination Guideline

This is an internal document that Heijmans drew up to lay down clear parameters, premises, working methods and reporting lines for working in combinations. These are projects that Heijmans executes in a collaborative effort with partners.

Core values and culture programme IK!

This is an internal programme that is aimed at actively embedding and communicating core values and behaviour. This programme is based on the core values of ownership, result-focused and collaboration.

Custodians

Financial parties that hold shares.

DevOps

A combination of Development and Operations: the combination of (software) development and software operations.

ERP

Enterprise Resource Planning (ERP) is aimed at maximising the productivity of organisations, controlling costs and meeting customer demands as optimally as possible. An ERP system encompasses all business processes.

Generic Gate Instructions (Dutch - GPI)

This is a uniform set of safety instructions followed by everybody who enters a building site: this is mandatory at all Dutch building sites from 1 April 2019.

GO!

An improvement programme designed to eliminate accidents and improve safety and safety awareness in the organisation.

Green deal

Green deals are agreements between organisations, citizens and public sector bodies to provide space for innovative initiatives from society to accelerate the transition to a sustainable economy.

Greenhouse Gas Protocol

This is a protocol initiated by the World Business Council for Sustainable Development and the World Resources Institute, together with a number of NGOs, including the WWF and a number of companies, including Royal Dutch/Shell. The aim is to develop procedures and instruction manuals for the calculation and reporting of greenhouse gas emissions.

Greenlabel score

This is the score for sustainability and ecological values that NL Greenlabel awards neighbourhoods and areas following an assessment. NL Greenlabel is an initiative of green pioneer Lodewijk Hoekstra and is aimed at stimulating a sustainable living environment.

GRIP

This is an internal improvement programme that prioritises 'no surprises in projects' and which is aimed at project and risk management and increasing the predictability of projects.

Heijmans Huismerk

This is a concept home with a high level of standardisation, intended for the rental market, commissioned by housing corporations and investors. The production process is largely industrialised. Prefab sections are assembled at the building site.

Heijmans ONE

These are moveable one-person homes for specific target groups that are poorly served in the current housing market, such as starters, people in urgent need of a home and people with residence permits.

Heijmans Wenswonen

These are concept homes that combine the benefits of standardisation and affordability with a range of options, intended as owner-occupier homes for private buyers. The production process is largely industrialised. Prefab sections are assembled at the building site.

Integrated Reporting Framework

This is integrated reporting in which organisations indicate how sustainably they operate and how strategy, governance, performance and outlook deliver (social) value in the shorter and longer term.

KPI

Key performance indicators, or KPIs, are variables used to analyse the performance of companies.

LCA score

The Life Cycle Assessment score expresses the impact of products and human activity on the environment. LCA is a method used to look at the entire lifecycle of a product or activity, from the extraction of raw materials through to waste processing.

LEAN

LEAN is a business methodology designed to increase efficiency. Application of the LEAN methodology is used primarily to develop flexible working practices, driven by customer demand and the maximum elimination of waste.

Nature-inclusive construction

Nature-inclusive construction is an approach – tailored to the area due to be developed - that combines the design of the construction project with the strengthening of the natural green areas. The aim is to create a healthy, future-proof living environment for both people and animals.

PAS

This the Dutch government's Programmatic Approach to Nitrogen launched in 2015 that created room for the granting of building permits in Natura2000 conservation areas.

PFAS

Poly- and perfluoroalkylated substances is the collective term for more than 6,000 substances that combine, among other things, fluorinated compounds and alkyl groups.

PMCs

Product market combinations.

Procurement

Procurement is the process of finding, agreeing on terms and acquiring goods, services or works from external parties.

Procurement spend

The annual spend on suppliers.

PV cells

Photovoltaic cells, or PV cells, are solar cells that transform light into energy.

Revolving credit facility

This is a banking term referring to agreements for a credit form in which the loan sum can be taken up wholly or partly over the term. Interest is charged on the outstanding balances of the credit.

Roadshow

This is a series of presentations in which a company explains the financial-economic and strategic aspects of its business with the aim of increasing the awareness of the shares in that company and by doing so supporting its share price.

SDGs

Sustainable Development Goals (SDGs): 17 sustainable development goals with 169 sub-goals, formulated by the United Nations, with the aim of eliminating poverty, inequality and climate change in 2030. The goals constitute an international agenda for governments, companies, NGOs and knowledge institutes.

SlimWonen

Heijmans SlimWonen (smart living) initiative is a home management system that gives residents the option to control and monitor their homes. Control is wireless and via an app that enables residents to programme and monitor various functions in their homes, from lighting and heating to security settings.

Smartification

This is the application of smart technologies so buildings and areas can generate data that enables the more effective management of resources.

Solar Highways

This is the name of an innovative sound screen erected along roads fitted with solar panels. The screen combines the prevention of noise pollution for local residents with the generation of solar energy, without taking up any extra space.

SpeakUp system

This is a procedure with a related system to make anonymous reports regarding abuses within the company by telephone or online via a website. Both the procedure and the system run via an external, independent and specialised party that Heijmans has hired for this purpose.

Toolbox meeting

A toolbox meeting is a meeting called to deal with a subject that pertains to safety, health or the environment.

Value creation model

This is a schematic visualisation of how a company creates value for its stakeholders and society as a whole. The model provides insight into capital flows, business model and concrete results as output and the impact and broad-based value that is created for society.

Value hill

This is a model used to determine a company's position in the circular economy and the opportunities to structure circular business models and develop related strategies.

16.7.14 Abbreviations

ACM	Netherlands Consumer & Market Authority	IL&T	Inspectie Leefomgeving en Transport, or Dutch Human Environment and Transport Inspectorate
AFM	Netherlands Authority for the Financial Markets	ISO	International Organisation for Standardisation
AGM	Annual General Meeting of Shareholders	IT	Information technology
Arbo	Dutch Working Conditions Act	JADS	Jheronimus Academy of Data Science
AscX	Euronext Amsterdam Small Cap Index	KPI	Key Performance Indicator
BCC	Business Concept Center	NEPROM	Nederlandse Vereniging van Projectontwikkeling Maatschappijen, or The Dutch Association of Property Developers and Investors
BIM	Building Information Model	NGO	Non-governmental organisation
CAR	Contractors' All Risks Insurance	NYSE	New York Stock Exchange
CDE	Common Data Environment	OECD	Organisation for Economic Cooperation and Development
CEO	Chief Executive Officer	PAS	Programmatic Approach to Nitrogen
CFO	Chief Financial Officer	PFAS	Poly- and perfluoroalkylated substances
CHRO	Chief Human Resources Officer	PPP	Public private partnership
CMR	Carcinogenic, mutagenic and reprotoxic substances	RWS	Rijkswaterstaat, or the Dutch Ministry of Public Works and Waterways
CO2	Carbon dioxide	SA Trust	Heijmans Share Administration Trust (Stichting Administratie Kantoor)
COSO		SBIB	Stichting Beoordeling Integriteit Bouwnijverheid, or the Foundation for Assessment of Integrity in the Construction Industry
ERM	Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management	SCC	SHE (Safety, Health and the Environment) Checklist Contractors
CPG	Circularity Performance Building	SDGs	United Nations'-- Sustainable Development Goals
CRO	Chief Risk Officer	SKAO	Stichting Klimaatvriendelijk Aanbesteden & Ondernemen, or the Foundation for Climate Friendly Procurement and Business
DBMFO	Design Build Maintain Finance Operate	SKB	Stichting Klantgericht Bouwen, or Client-focused building foundation
DZOAB	Duurzaam Zeer Open Asphalt Beton, or sustainable highly porous asphalt concrete	SUP	Status Update Projects
EB	Executive Board	UAV	Uniform Administrative Conditions
EBIT	Earnings Before Interest and Taxes	UAV-GC	Uniform Administrative Conditions Integrated Contracts
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation	VAT	Value Added tax
EIB	Economic Institute for the Construction Industry	ViA	Veiligheid in Aanbesteding, or safety in tendering processes
EMA	European Medicines Agency	WAS	Wet aanpak Schijnconstructies, or the Dutch Sham Employment Arrangements Act
EPC	Energy Performance Coefficient	WAV	Wet Arbeid Vremdelingen, or the Dutch Employment of Foreign Nationals Act
ERP	Enterprise Resource Planning	WMZ	Wet melding zeggenschap, or the Dutch Disclosure of Major Holdings in Listed Companies Act
FSC	Forest Stewardship Council	ZOAB	Zeer Open Asphalt Beton, or highly porous asphalt concrete
GCVB	Governance Code Veiligheid in de Bouw, or safety in the Dutch construction industry		
GHG	Greenhouse Gas Protocol		
GO!	Geen Ongevallen, or No Accidents		
GPI	Generieke Poortinstructie, or generic safety instructions for building sites		
GRC	Governance-Risk-Compliance		
GRI	Global Reporting Initiative		
HBO	Hoger beroepsonderwijs, or higher professional education		
HRM	Human Resource Management		
ICT	Information and communication technology		
IF	Injury Frequency		
IFRS	International Financial Reporting Standards		
ILO	International Labour Organisation		

Colophon

Heijmans' Annual Report 2019 can be found on Heijmans' website, www.heijmans.nl/en

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