

**EXPLANATORY NOTES REGARDING
THE PROPOSAL TO AMEND THE REMUNERATION POLICY
ITEM 5 ON THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS
ROYAL HEIJMANS N.V. 30 APRIL 2024**

Introduction

At the end of 2022, the Remuneration, Selection and Appointments Committee started reviewing the remuneration policy of both the supervisory board and the executive board which were adopted in 2020. The Committee was supported in this endeavour by an external consultant in the field of remuneration. Part of the review involved conducting a benchmark. The review led to the proposals made by the supervisory board under agenda item 5. The remuneration policy of both the supervisory board and the executive board has been submitted to the Works Council for advice in accordance with the statutory provision. The Works Council issued a positive opinion and will be given the opportunity to clarify its opinion at the general meeting. The opinion is attached as Annex 3 to these Explanatory notes.

Agenda item 5a Supervisory board remuneration policy

The supervisory board proposes amending the supervisory board remuneration policy as of 1 January 2024.

The main changes concern the composition of the reference group (paragraph 3 of the Policy), the amount of remuneration and its periodic adjustment (paragraph 5 Policy). The benchmark conducted in 2023 showed that the current remuneration is below the median. The point of departure for setting remuneration is a position close to the reference group median in order to achieve remuneration in line with the median in the future. In that light, a 6% increase compared to the remuneration for 2023 is proposed as from 1 January 2024. After that the supervisory board will periodically assess which increase is suitable in order to maintain a remuneration in accordance with the median.

The full text of the remuneration policy of the supervisory board of Royal Heijmans N.V. has been added to these Explanatory notes as Annex 1.

Agenda item 5b Executive board remuneration policy

The supervisory board proposes amending the executive board remuneration policy as of 1 January 2024.

The benchmark conducted in 2023 showed that the current remuneration package of the executive board is below the median. When determining the total remuneration (fixed agreed annual salary plus variable remuneration), one of the points of departure is appropriate market positioning. For the fixed agreed annual salary, the point of departure in terms of policy is a position close to the reference group median. The current policy does not include an indexation option. The proposed policy states that the supervisory board will periodically assess the amount of the fixed agreed annual salary and decide whether circumstances warrant any adjustments (paragraph 5.1 of the Policy).

When determining the remuneration mix, i.e. the ratio of fixed to variable remuneration and the ratio of short-term to long-term variable remuneration, consideration is given to, among other things, the desired risk profile, the desired relationship between short-term and long-term performance and remuneration. In order to stay in line with the principles of this policy, a market comparison is carried out periodically, and at least once every four years, to check the market conformity of the remuneration levels of the members of the executive board.

The main changes compared to the current policy are described in paragraph 3 of the Policy. The outline of the proposal was the subject of careful consultations with various stakeholders (see paragraph 10 of the Policy). Discussions with major shareholders, including the Heijmans Trust Office

Foundation (Stichting Administratiekantoor Heijmans), the Works Council, Eumedion and ISS, revealed that the proposed policy is supported because the changes in composition align with the current market. The supervisory board considered the concerns raised in the consultations when formulating the remuneration proposal and believes that the proposed policy is both appropriate in the current market and also future-proof.

The full text of the remuneration policy of the executive board of Royal Heijmans N.V. has been added to these Explanatory notes as Annex 2.

Agenda item 5c Approval of depositary receipts plan (LTI scheme) for the executive board

The executive board remuneration policy (hereinafter referred to as: EB remuneration policy), which is to be voted on in agenda item 5b, states that 50% of the long-term variable remuneration will be paid in the form of depositary receipts for ordinary shares in Royal Heijmans N.V. on the grounds of the Long Term Incentive (LTI) scheme. In this regard, based on article 17 paragraph 3 of the articles of association Royal Heijmans N.V. and article 2:135 paragraph 5 of the Dutch Civil Code, a clarification is provided below, of how many depositary receipts may be issued to the members of the executive board and which criteria apply to the issuing or modification under the LTI scheme.

Description of the LTI scheme and modification

The LTI scheme has a four year term, starting on 1 January 2024, and is part of the EB remuneration policy. The LTI scheme may be amended or terminated from time to time by the supervisory board. The supervisory board will, in any case, proceed to amend if this is deemed necessary in the context of an amendment of applicable legislation or regulations. In addition, the supervisory board can always amend individual agreements and award letters addressed to members of the executive board.

The LTI scheme is subject to a performance period of three years. A conditional award is made annually by the supervisory board.

Maximum number of depositary receipts to be issued

If depositary receipts were to be issued as of the date on which this Annual General Meeting of Shareholders is convened, the maximum total number of depositary receipts that can be issued to the executive board for the current year would be 33,703, based on the maximum score to be achieved on the LTI targets (as shown below). This number is based on the average closing price of the Royal Heijmans N.V. share during the last 30 trading days prior to the date on which this General Meeting of Shareholders is convened. The exact number will be determined on the basis of the average closing price of the Royal Heijmans N.V. share during the last 30 trading days prior to the grant date.

Award

50% of the conditional award of the LTI to members of the executive board will take the form of depositary receipts for ordinary shares in Royal Heijmans N.V. The number of depositary receipts for shares is calculated at the time of the conditional award (grant date) on the basis of the average closing price of the Royal Heijmans N.V. share during the last 30 trading days prior to the grant date.

The depositary receipts for shares have a vesting period of three years, beginning on the grant date. At the end of this period, the extent to which the predetermined performance targets have been met is assessed, after which the supervisory board determines how many depositary receipts are to be unconditionally distributed. After that, the unconditionally distributed depositary receipts for shares must be held for a minimum of two years (holding period) and are subject to share ownership guidelines as included in the EB remuneration policy. The unconditionally distributed depositary receipts are subject to the Trust Conditions of the Heijmans Trust Office Foundation, as determined from time to time.

Performance criterion

Every year the supervisory board sets financial and qualitative (non-financial) targets for the LTI, prior to the grant date, both of which have a weighting of 50% in the assessment.

The LTI amounts to 60% of the fixed agreed annual salary as 'at target' level (i.e. 100% score of predetermined performance targets with a three year performance period). The maximum is set at 90% of the fixed agreed annual salary. If the targets are met at the minimum level, the LTI is 45% of the fixed agreed annual salary. If performance remains below the predetermined minimum level, no unconditional payment will take place. The LTI is awarded proportionally for a performance score which is between the minimum and maximum realisation levels.

The qualitative targets are related, at the discretion of the supervisory board, to the five pillars on which the 'Together to 2030' strategy is based, namely: Wellbeing, Sustainability, Connection, Practicability and Team, and/or to performance measures that fundamentally improve day-to-day operations, such as safety, company risk profile and staff-related KPIs.

The financial targets concern TSR (Total Shareholder Return) and EPS (Earnings Per Share).

• TSR

The relative TSR criterion is measured by the total shareholder return (share price development plus dividends) of the Royal Heijmans N.V. share, compared to a group of sector-specific reference companies. The composition of the peer group is periodically reviewed by the supervisory board while considering, among other things, possible delistings and other corporate events. The peer group consists of the following sector-related companies: Balfour Beatty, BAM, Eiffage, Hochtief, Kier, NCC, Porr, Skanska, Strabag, Vinci.

The calculation is based on a three month average before the start of the performance period and the three months at the end of the performance period. It is then compared with the similarly calculated TSR of the reference companies. The percentage of long-term variable remuneration awarded unconditionally on the basis of the relative TSR is determined on the basis of Heijmans' position compared to the companies in the peer group in accordance with the following table:

Position	% Vesting
1	150%
2	125%
3	100%
4	75%
5	60%
6.	35%
7-11	0%

• EPS

EPS is calculated by dividing each year's net result by the weighted average number of (depository receipts for) ordinary shares that have been outstanding during the year. This is then averaged over 3 years. Annual targets are linked to this objective at Minimum, At target and Maximum levels. If the score is below the Minimum level, no award will take place. Due to the competitive sensitivity of these percentages, they will be disclosed retrospectively on an annual basis in the remuneration report.

Other applicable regulations

- Malus/claw back scheme

The supervisory board is authorised to adjust the level of a bonus, including the LTI, to an appropriate level, insofar as not yet unconditionally paid, if payment would be unacceptable according to criteria of reasonableness and fairness.

The entire variable remuneration is subject to a 'claw back clause' which provides that all or part of any variable remuneration awarded can be reclaimed, if it is subsequently found to have been awarded on the basis of incorrect data.

The supervisory board explains whether, why and how these powers have been used in the remuneration report.

- Change of control

In the event of a change of control, the supervisory board has the discretionary power to determine whether:

- a. outstanding but as yet unconditional awards under the LTI become unconditional prematurely (on a pro rata or accelerated basis);
- b. performance criteria which provide the basis for outstanding but as yet unconditional awards under the LTI are adjusted or lapse;
- c. the holding period expires;
- d. outstanding but as yet unconditional awards under the LTI are replaced by awards in cash or other instruments; or
- e. other measures need to be taken which deviate from the LTI, at the discretion of the supervisory board.

- Dividend equivalents

The directors are not entitled to receive dividends or dividend equivalents as long as the depositary receipts under the LTI have not been unconditionally paid.

- Capital change

The number of outstanding but as yet unconditionally issued depositary receipts under the LTI may be adjusted at the discretion of the supervisory board, if it deems such necessary as a result of a change in the share capital of Royal Heijmans N.V. that has an impact on the value of the outstanding depositary receipts (such as, but not limited to, a share split or recapitalisation).

- Sell-to-cover

Common sell-to-cover and net settlement clauses form part of the LTI, on the grounds of which the directors are entitled to alienate depositary receipts once they have become additional, in derogation of the applicable holding period and share ownership guidelines, in order to fulfil applicable tax liabilities.

- Good/bad leaver

The LTI is subject to a good/bad leaver arrangement which stipulates that the LTI that is not yet vested will be awarded pro rata in a number of situations in which the member of the executive board is regarded as a good leaver, for instance in the case of early departure in good consultation or disability.

Annex 1

REMUNERATION POLICY OF THE SUPERVISORY BOARD OF ROYAL HEIJMANS N.V. 2024

The remuneration policy of the supervisory board of Royal Heijmans N.V. is applicable as from 1 January 2024.

The policy that was submitted to the annual general meeting of shareholders on 30 April 2024, along with the advice provided by the Heijmans Works Council, was approved by a majority of% of the votes present at the meeting and was subsequently published on the company's website.

1. Points of departure of the remuneration policy

Heijmans is a company with a healthy ambition. We want to help create a healthy living environment. Heijmans is not afraid to set the bar high in this respect, with a clear vision and thorough knowledge and expertise that is reflected in our strategy entitled 'Together to 2030' (*Samen naar 2030*), which is based on the five pillars of Wellbeing, Sustainability, Connection, Practicability and Team. Our core values - result orientation, ownership, cooperation - are the theme of our company's development and define the way we fulfil this ambition.

The Heijmans supervisory board (hereinafter referred to as: SB) supervises the execution of the strategy which was adopted on the basis of dialogue with the executive board (hereinafter referred to as: EB). This 'Together to 2030' strategy will create value in the long-term for all stakeholders within the company and elsewhere and therefore value for society as a whole as well, be it in relation to sustainable housing, efficient building processes, the energy transition, mobility or vital cities and villages, or a significant contribution to employment and the economy.

The field of play that Heijmans finds itself in is characterised by wide-ranging stakeholder interests, strong competition and market relationships with significant risks for construction companies. The implementation of the strategy in this context places high demands on the quality of supervision. Attracting and retaining supervisory directors who are complementary to each other and who can advise and assist the EB is the key to sound supervision.

2. Purpose of the remuneration policy

The remuneration policy is aimed at attracting high-quality supervisory directors. Heijmans is looking for supervisory directors who are intrinsically driven and attracted by the challenges and opportunities that Heijmans has to offer. The payments are reviewed periodically and at least every four years to establish their market conformity and to enable adjustment as necessary. The same reference group is used as a point of departure for establishing the EB remuneration. The desired market positioning is towards the median of the reference group.

The present remuneration policy helps to attract, retain and motivate these supervisory directors and therefore to contribute to the corporate strategy, long-term interests and sustainability, while taking the aforementioned core values into account. In accordance with best practice provision 3.3.1 of the Dutch Corporate Governance Code, the remuneration of supervisory directors will reflect the time commitment and responsibilities of the position.

Internal remuneration ratios are secondary in this respect. It is precisely in view of its independent position that the SB considers it important that its remuneration comes about by taking account of all the stakeholders involved in the company, and not just by using the remunerations within the company as a reference point.

3. Reference group and market positioning

The SB remuneration policy aims to provide supervisory directors with a remuneration that is competitive in the relevant market. In that context, the remuneration package is compared with companies which are similar to Heijmans in terms of size, scope and complexity. The aim is for this reference group to consist of about twenty Dutch listed companies, of which about half are companies from the AMX index and the other half are companies from the AScX index.

The SB periodically reviews the composition of the reference group to determine, among other things, whether the companies selected are still appropriate for Heijmans' situation. Developments at companies in the reference group and at Heijmans may give cause to adjust the group's composition. The SB has the power to make adjustments to the reference group, if this is deemed to be necessary. The current reference group consists of the following companies:

Companies with AMX listing	Companies with AScX listing
Aalberts	Acomo
AMG	BAM
Arcadis	B&S Group
Corbion	Brunel
Fugro	ForFarmers
SBM Offshore NV	Azerion
TKH Group	Kendrion
Vopak	PostNL
Basic Fit	Sligro
Fagron	TomTom

The point of departure for setting remuneration is a position close to the reference group median in order to achieve remuneration in line with the median in the future. In that light, a 6% increase over the 2023 pay is to be applied as from 1 January 2024. After that the SB board will periodically assess which increase is suitable in order to maintain a remuneration in accordance with the median.

4. Remuneration structure

The structure of the remuneration reflects the time commitment and responsibilities of SB members:

- All members receive a basic remuneration, but it is higher for the SB chairman and vice-chairman than for (ordinary) members;
- Members of the various SB committees receive remuneration for the work they do in those committees, which is higher for the committee chair than for committee members.

No performance-related remuneration is awarded, nor any remuneration in shares. No loans, guarantees or similar benefits are provided to SB members.

5. Composition of remuneration package

The remuneration of the SB members consists of a fixed remuneration which is compiled in accordance with the table below.

	Fixed remuneration per year in Euro as of 2024
SB Chairman	71,960
SB Vice Chair	53,970
SB Member	47,975
Chair of the Audit and Risk Committee	9,595
Member of the Audit and Risk Committee	7,195
Chair of the Remuneration, Selection and Appointments Committee	8,394
Member of the Remuneration, Selection and Appointments Committee	5,996

The SB periodically reviews the amount of the remuneration and decides whether circumstances justify any adjustments. In doing so, account is consistently taken of, among other things, market conditions and the general changes in remuneration in the reference group as key reference points.

6. Support for the policy

In its evaluation of the remuneration policy pursued and the formulation of the policy proposed as of 2024 the SB included:

- the input and positive opinion of the Works Council;
- the vision of holders of depositary receipt and their representatives, in particular the Heijmans Trust Office Foundation, of the evaluation of the remuneration policy pursued and the proposed policy,
- the provisions of the Corporate Governance Code 2022 and the Directive on promoting the long-term involvement of shareholders ('SRD II') as applicable in the Netherlands since 2019, via provisions in Book 2 of the Dutch Civil Code.

In doing so, the SB believes it has adequately accounted for public support for the remuneration policy.

7. Periodical adoption and review

The remuneration policy is to be reviewed periodically, and at least once every four years, by the SB's Remuneration, Selection and Appointments Committee in the light of, among other things, market conditions, developments in strategy and the organisation. In doing so, relevant external legislation and regulations, corporate governance developments and the interests of relevant stakeholders are taken into account.

In the event of proposed changes and when differences in positions become evident during the consultation with relevant stakeholders, the SB will attempt to achieve a consensus in the decision-making, while always focusing on Heijmans' interests. When necessary, the Remuneration, Selection and Appointments Committee will propose adjustments to the policy to the SB, which will be submitted to the AGM for adoption as necessary.

This policy will apply for a maximum of four years and a proposal for a follow-up remuneration policy will be submitted to the annual general meeting of shareholders by no later than 2028, where a majority of at least 75% of the votes present at the meeting will be required to approve it.

Annex 2

REMUNERATION POLICY OF THE EXECUTIVE BOARD OF ROYAL HEIJMANS N.V. 2024

The executive board remuneration policy of Royal Heijmans N.V. (hereinafter referred to as: the EB remuneration policy) is applicable as from 1 January 2024.

The policy that was submitted to the annual general meeting of shareholders on 30 April 2024, along with the advice provided by the Heijmans Works Council, was approved by a majority of% of the votes present at the meeting and was subsequently published on the company's website.

1. Aim of the policy

The field of play that Heijmans finds itself in is characterised by wide-ranging stakeholder interests, strong competition and market relationships with significant risks for construction companies. The implementation of the strategy in this context places high demands on the quality of the executive board. Board members with the necessary leadership qualities, knowledge, experience and vision are therefore an essential condition for the company's success. The aim of the remuneration policy is to attract, retain and motivate these board members and therefore contribute to the realisation of the corporate strategy and long-term objectives, while taking the aforementioned core values into account. This aim forms the basis of the remuneration policy, well consideration is also given to ensuring a balance between the following principles:

- The policy should be balanced and fair and align with market conditions and a broader societal context.
- The policy should provide further support for the realisation of sustainable long-term value creation for all stakeholders within Heijmans and elsewhere and therefore for society as a whole, in areas such as sustainable housing, efficient building processes, the energy transition, mobility, vital cities and villages, employment and the economy.
- The policy should be in line with market conditions from an external perspective (relative to the labour market) and from an internal perspective (relationship between the remuneration of the EB and the other positions in the organisation).
- The policy should align with Heijmans' identity, mission, values and strategy.
- The points of departure of stakeholders, including the holders of depositary receipts for shares, the Works Council and society, are important for the policy.
- The policy should take account of relevant legislation and regulations, including the Dutch Corporate Governance Code.

2. Points of departure of the remuneration policy

Heijmans is a company with a healthy ambition. We want to help create a healthy living environment. We are builders. We add something to the world. We always do so with respect for people, animals and nature. We like to help. We look after each other not sure we get the job done. Now and in the future. Heijmans is not afraid to set the bar high in this respect, with a clear vision and thorough knowledge and expertise that is reflected in our strategy entitled 'Together to 2030' (*Samen naar 2030*), which is based on the five pillars of Wellbeing, Sustainability, Connection, Practicability and Team. Our core values - result orientation, ownership, cooperation - are the theme of our company's development and define the way we fulfil this ambition.

This ambition is translated into an appropriate remuneration policy. The aim of the policy is to strengthen our ambitions and objectives and enable them to be implemented.

3. The most important changes

The EB remuneration policy was last adopted by the annual general meeting of shareholders in 2020 when it was submitted and approved unchanged. The policy now submitted differs from the current policy in parts as follows:

- The composition of the reference group has been reviewed and adjusted.
- The fixed agreed annual salary was not indexed in the 2020 policy. The policy now states that the supervisory board (hereinafter referred to as: SB) periodically reviews the amount of the fixed agreed annual salary and may decide to adjust it (paragraph 5.1). A periodic adjustment avoids having to make relatively large adjustments when reviewing the policy to achieve market remuneration.
- The ratio between the financial and qualitative targets for short-term remuneration (short-term incentive or STI) was 50/50. A 10% bandwidth is going to apply, which specifically means that the SB can decide to give 60% weight to financial targets. In that case, the qualitative targets have a weighting of 40%. This bandwidth allows for a focus per year.
- In the current policy, both STI and LTI can lead to a payment of 50% and 75% of the fixed agreed annual salary when scored at target and maximum levels respectively. The SB also determines the minimum level which gives entitlement to a partial payment every year. In the new policy both STI and LTI are subject to a payment of the fixed agreed annual salary of 45%, 60% and 90% in conjunction with minimum, target and maximum scores respectively. These higher percentages also include compensation for the expiry of the Share Matching Plan.
- The current policy stipulates that payment of long-term variable remuneration (LTI) is made entirely in cash. In the new policy payment will consist of 50% cash and 50% depositary receipts for Heijmans shares.
- The new policy introduces a share ownership guideline (SOG) to strengthen the focus on the long term and on performance. For the EB chairperson the SOG is a factor of 1.5 of the fixed agreed annual salary while, for the other members of the EB, the SOG is a factor of 1 of the fixed agreed annual salary.
- The Share Matching Plan from the current policy will be discontinued, as explained in more detail in paragraph 9.

When the proposed policy was drafted, account was taken of the vote on the 2020 Remuneration Policy and the votes on the remuneration reports since 2020. The annual general meeting of shareholders approved the policy by 91.1% in 2020. The remuneration reports were approved in the years 2021 to 2023 by 99.6%, 98.86% and 99.79% respectively (advisory vote). The positions of holders of depositary receipts for shares and proxy voting agencies consulted in the preparation of the policy have also been taken into account. Reference is made to paragraph 10 of this policy.

4. Reference group

In line with the idea behind the remuneration policy that applies to all Heijmans employees, the EB remuneration policy aims to provide directors with remuneration that is competitive in the relevant market. Conducting a benchmark brings the external perspective into focus. The remuneration package was compared with similar companies to Heijmans in terms of size, scope and complexity. The aim is for this reference group to consist of about twenty Dutch listed companies, of which about half are companies from the AMX index and the other half are companies from the AScX index. When the policy was drafted the internal perspective was also considered, in other words how the remuneration of the executive board (hereinafter referred to as: EB) compares with the pay of people in other job scales. The salary structure within Heijmans is logical and that is partly reflected in the so-called pay ratio, which shows the relationship between the remuneration of the EB chair (CEO) and the average remuneration of the employees within the company. The pay ratio during 2023 1 was 18.2 (a detailed explanation is included in the 2023 Remuneration Report).

The SB periodically reviews the composition of the reference group to determine, among other things, whether the companies selected are still appropriate for Heijmans' situation. Developments at companies in the reference group and at Heijmans may give cause to adjust the group's composition. The SB has the power to make adjustments to the reference group, if this is deemed to be necessary. The current reference group consists of the following companies:

Companies with AMX listing	Companies with AScX listing
Aalberts	Acomo
AMG	BAM
Arcadis	B&S Group
Corbion	Brunel
Fugro	ForFarmers
SBM Offshore NV	Azerion
TKH Group	Kendrion
Vopak	PostNL
Basic Fit	Sligro
Fagron	TomTom

5. Market positioning

When determining the total remuneration (fixed agreed annual salary plus variable remuneration), one of the points of departure is appropriate market positioning. For the fixed agreed annual salary, the point of departure in terms of policy is a position close to the reference group median. When determining the remuneration mix, i.e. the ratio of fixed to variable remuneration and the ratio of short-term to long-term variable remuneration, the desired risk profile, consideration is given to, among other things, the desired relationship between short-term and long-term performance and remuneration. In order to stay in line with the principles of this policy, a market comparison is carried out periodically, and at least once every four years, to check the market conformity of the remuneration levels of the members of the executive board.

6. Remuneration elements

The remuneration package of the members of the EB consists of the following elements:

- Fixed agreed annual salary
- Variable remuneration
 - Short-term variable remuneration (Short-Term Incentive or STI)
 - Long-term variable remuneration (Long-Term Incentive or LTI)
- Fringe benefits and other schemes

Within the EB the ratios between fixed and variable remuneration and between short-term and long-term variable remuneration are the same for the members. Given the points of departure, as described above, the ratio between the fixed agreed annual salary and the sum of the short-term and long-term variable remuneration is 45% versus 55%. The ratio of short-term and long-term variable remuneration is 50% versus 50%.

5.1 Fixed agreed annual salary

The fixed agreed annual salary of EB members is composed of 12 times the monthly salary plus holiday allowance. The fixed agreed annual salary is set in accordance with the principles of this remuneration policy.

The SB periodically assesses the level of the fixed agreed annual salary and decides whether circumstances warrant any adjustments. Among other things, the development of structural collective labour agreement increases for Heijmans employees, market conditions and the general movement of salaries in the reference group are used as important reference points when considering any adjustments to the fixed agreed annual salary.

5.2 Variable remuneration

EB members are eligible for short-term and long-term variable remuneration. The amount of variable remuneration depends on the attainment of targets agreed beforehand between the SB and the EB. The targets contribute to the execution and realisation of Heijmans' strategy, financial performance, long-term interests and sustainability.

Heijmans aims to ensure transparency. The targets set for a financial year are published annually *ex ante* through their inclusion in the Remuneration Report for the previous financial year. The publication of (given) targets and additional details falls within the scope of non-commercial or otherwise sensitive information. If such information falls outside this framework, Heijmans endeavours to provide alternative information that, as far as possible, provides comparable insights. At the end of each relevant performance period, the SB assesses the extent to which set targets have been met. The SB comments on this annually in the remuneration report.

5.2.1 Short-term variable remuneration (Short-Term Incentive or STI)

The aim of the STI scheme is to ensure that relatively shorter-term (strategic) targets, that contribute to Heijmans' longer-term success, are successfully achieved. To this end, the SB sets targets to be met within one year. The STI scheme is paid out in cash.

Performance criteria

The definitive award depends on the extent to which predetermined targets have been attained. Given the strategic developments and objective of Heijmans and the intended term of the remuneration policy, the point of departure is that the short-term variable remuneration will depend for 50%-60% on financial criteria and for 50%-40% on non-financial criteria (weighting to be determined annually). The 10% bandwidth is intended to give the SB room to add slightly more weight to the financial targets in exceptional cases, such as a major acquisition that puts more emphasis on cash generation for a certain period of time.

Based on a proposal by the Remuneration, Selection and Appointments Committee and in consultation with the MB, the SB selects a maximum of 3 financial criteria each year (weighting is 50%-60% of the total STI) and also determines the mutual weighting of the criteria, with possible differentiation based on the desired strategic focus in the year in question. In line with the strategic goals, performance measures are formulated that are typically related to profit, financing and revenue/operations/projects.

Every year, the SB also selects, once again on the basis of a proposal by the Remuneration, Selection and Appointments Committee and in consultation with the MB, a minimum of one and a maximum of 8 non-financial criteria (weighting is 50%-40% of the total STI) and determines the relative mutual weighting, with possible differentiation based on the strategic focus in the year in question. In line with the strategic goals, performance measures are formulated that are typically related to the five pillars on which the 'Together to 2030' strategy is based, namely: Wellbeing, Sustainability, Connection, Practicability and Team, and/or to performance criteria that improve day-to-day operations such as safety, company risk profile and staff-related KPIs.

Measuring performance & level

The STI amounts to 60% of the fixed agreed annual salary if the targets have been achieved in the year in question ('at target'). If these targets are exceeded, the payment may increase to a maximum of 90% of the fixed agreed annual salary. If the targets are met at the minimum level, the STI is 45% of

the fixed agreed annual salary. If performance remains below the predetermined minimum level, no payment will take place. The variable remuneration is awarded proportionally for a performance score which is between the minimum and maximum realisation levels.

The final total STI payment is calculated by adding up the various scores for per criterion, from which a percentage of the at-target payment follows.

5.2.2. Long-term variable remuneration (Long-Term Incentive or LTI)

The aim of the LTI scheme is to achieve Heijmans' longer-term objectives and longer-term value creation. The LTI is paid out for 50% as depositary receipts for Heijmans shares and for 50% in cash. The long-term variable remuneration is subject to a performance period of three years. A conditional award is made annually. The number of depositary receipts for shares is calculated at the time of the conditional award (grant date) on the basis of the average closing price of the Royal Heijmans N.V. share during the last 30 trading days prior to the grant date. As a result, the number of depositary receipts for shares conditionally awarded fluctuates with the share price. The depositary receipts for shares have a vesting period of three years, beginning at the moment of the conditional award (grant date). At the end of this period, the extent to which the predetermined performance targets have been met is assessed, after which the SB determines how many depositary receipts are to be unconditionally distributed. After that, the unconditionally distributed depositary receipts for shares must be held for a minimum of two years (holding period) and are subject to share ownership guidelines. The LTI is subject to a good/bad leaver arrangement.

Performance criteria

The definitive award of the LTI depends on the extent to which predetermined targets have been attained. The long-term variable remuneration depends for 50% on financial measures and for 50% on non-financial measures. The financial targets concern TSR and EPS. Non-financial targets are related to the five pillars on which the 'Together to 2030' strategy is based, namely: Wellbeing, Sustainability, Connection, Practicability and Team, and/or to performance measures that fundamentally improve day-to-day operations, such as safety, company risk profile and staff-related KPIs.

TSR (Total Shareholder Return)

The relative TSR criterion is measured by the total shareholder return (share price development plus dividends) of the Heijmans share, compared to a group of sector-specific reference companies. The composition of the peer group is periodically reviewed while considering, among other things, possible delistings and other corporate events. The peer group consists of the following companies: Balfour Beatty, BAM, Eiffage, Hochtief, Kier, NCC, Porr, Skanska, Strabag, Vinci. The calculation is based on a three month average before the start of the performance period and the three months at the end of the performance period. It is then compared with the similarly calculated TSR of the reference companies. The percentage of long-term variable remuneration awarded unconditionally on the basis of the relative TSR is determined on the basis of Heijmans' position compared to the companies in the peer group in accordance with the following table:

Position	% Vesting
1	150%
2	125%
3	100%
4	75%
5	60%
6.	35%
7-11	0%

EPS

EPS is calculated by dividing each year's net result by the weighted average number of (depository receipts for) ordinary shares that have been outstanding during the year. This is then averaged over 3 years. Annual targets are linked to this objective at Minimum, At target and Maximum levels. If the score is below the Minimum level, no award will take place. Due to the competitive sensitivity of these percentages, they will be disclosed retrospectively on an annual basis in the remuneration report.

Measuring performance & level

The LTI amounts to 60% of the fixed agreed annual salary as 'at target' level (i.e. 100% score of predetermined performance targets with a three year performance period). The maximum is set at 90% of the fixed agreed annual salary. If the targets are met at the minimum level, the LTI is 45% of the fixed agreed annual salary. If performance remains below the predetermined minimum level, no award will take place. The LTI is awarded proportionally for a performance score which is between the minimum and maximum realisation levels.

Holding period

The depository receipts for shares received on the basis of the LTI plan should be held for a minimum of two years (holding period). This term remains applicable even after termination of membership of the EB.

7. Share ownership guidelines

Share ownership guidelines are also part of the remuneration policy. These are intended to keep reinforcing the long-term focus and to be a vote of confidence from the ED in strategy and performance. The CEO is expected to hold 150% of the fixed agreed annual salary in Heijmans depository receipts for shares. A percentage of 100% of the fixed agreed annual salary is applicable to the CFO. The accrual period for achieving these percentages is set at 5 years. The depository receipts for shares issued conditionally by way of payment of the LTI (50% of the related payment) count towards the calculation of the percentage of depository receipts held. As long as the relevant percentage is not achieved, the relevant member of the EB will not be able to sell shares, unless a member of the EB uses the sell-to-cover included in the LTI scheme, in which case sale is possible in order to fulfil applicable tax obligations. The SB reserves the right to waive this provision in exceptional circumstances. Every year, the number of depository receipts held by members of the EB is reported in the management report and the remuneration report.

8. Fringe benefits and other schemes

8.1 Pension

Members of the Heijmans EB who are appointed during the term of this policy pay a fixed contribution towards the company pension scheme. There is no early retirement pension scheme.

In the case of the current EB members, the CEO has a different pension scheme and the CEO pays a fixed contribution to the company pension scheme. A detailed clarification is included in the annual remuneration report.

8.2 Other fringe benefits

The members of the EB are also provided with a quality electric lease car and receive a reimbursement for business expenses and insurance contributions for, among other things, an additional income insurance under the Work and Income (Capacity for Work) Act (*Wet werk en inkomen naar arbeidsvermogen, WIA*) and shortfall insurance under the Resumption of Work (Partially Disabled Persons) Regulation (*Regeling werkhervatting gedeeltelijk arbeidsgeschikten, WGA*). The company bears the cost of accident insurance, directors' liability insurance and multi-trip travel insurance.

8.3 Agreements and severance pay

Following appointment by the SB, members of the Heijmans EB are offered an engagement agreement for, in principle, four years. Reappointment is possible at the end of that period after the annual general meeting of shareholders has been notified (in accordance with the Heijmans articles of association). The agreement can be terminated prematurely, with a notice period of six months applying for the company and a notice period of three months applying for the director.

In the event of dismissal before the end of the appointment period, compensation up to a maximum of once the fixed agreed annual salary can be granted. The severance pay does not apply if the agreement is terminated on the director's initiative, or if the director has acted in a seriously culpable or negligent way. The engagement agreement includes a change-of-control provision under which the director may be eligible, subject to conditions, for compensation of up to once the fixed agreed annual salary.

8.4 Malus, reasonableness assessment and clawback

Whenever a variable remuneration is awarded, the SB will be entitled to carry out a final assessment of reasonableness. The outcomes may be unfair or unreasonable, particularly in exceptional circumstances, and the SB may adjust the award.

The entire variable remuneration is subject to a 'claw back clause' which provides that all or part of any variable remuneration awarded can be reclaimed, if it is subsequently found to have been awarded on the basis of incorrect data. The SB explains in the remuneration report whether, why and how these powers have been used.

8.5 Loans

Heijmans does not provide loans, guarantees or similar benefits to EB members.

8.6 Recruitment

The aim of the remuneration policy is to give the SB sufficient room to attract and retain directors with the necessary knowledge and skills. In principle, engaging a new member of the EB is subject to the principles set out in the policy.

Variable remunerations (from the previous role) will, in principle, apply to any possible internal appointments and, wherever possible, remain in force under the applicable regulations, or will be adjusted to the EB's remuneration policy.

In the case of any external appointments, the SB may (on the recommendation of the Remuneration, Selection, and Appointments Committee) propose granting a (one-off/variable) remuneration in connection with, for example, the compensation of contracts from previous employment (for example expired LTI awards). The point of departure in this respect is to try to keep these compensation schemes within the remuneration policy and the existing STI and LTI schemes as much as possible (i.e. under the same conditions), although temporary deviations from the remuneration policy can be made if strictly necessary. Paragraph 12 (Deviation from remuneration policy) is applicable.

9. Share Matching Plan

The Share Matching Plan in the current policy expires on 1 January 2024. The directors will have a final opportunity to invest under the Share Matching Plan in April 2024 based on the 2023 short-term variable remuneration. Matching the outstanding investments, including the April 2024 investment, will then take place in accordance with the Share Matching Plan, until April 2027, at which time the Share Matching Plan will be wound up. The remaining term of unexercised rights is as follows:

Date of investment	Number of purchased depository receipts		Date of matching
	A.G.J. Hillen	G.M.P.A. van Boekel	
April 2021	5,500		April 2024
April 2022	5,300	1,500	April 2025
April 2023	6,000	4,750	April 2026
April 2024			April 2027

Within the framework of the Plan, directors can invest 10% to 50% of (the net equivalent of) the short-term variable remuneration they receive in any one year in (depository receipts for) Heijmans shares. Provided they keep those depository receipts for three years and are still in office at the end of that period, the company will award one bonus depository receipt for each depository receipt invested in. This is referred to as a matching share. After awarding, the matching shares are blocked for a period of two years. If the director resigns in the three years following the purchase of the depository receipts, the entitlement to bonus depository receipts will lapse, except in the event of retirement, death, or the director leaving the company by mutual consent at the end of his term of appointment. In the latter three instances, the matching share will be created immediately.

10. Support for the policy

In its evaluation of the remuneration policy pursued and the formulation of the policy proposed as of 2024 the SB included:

- the views of the current MB members on the amount and structure of their own remuneration and their positive assessment thereof in the light of internal remuneration ratios;
- the input and positive opinion of the Works Council;
- the views of depository receipt holders and their representatives on the policy as conducted since 2020, on which the major shareholders and the Heijmans Trust Office were consulted when the new policy was being prepared;
- the views of proxy voting agencies, in particular Eumedion and ISS;
- the interest of other stakeholders;
- the provisions of the Corporate Governance Code 2022 and the Directive on promoting the long-term involvement of shareholders ('SRD II') as applicable in the Netherlands since 1 December 2019, via provisions in Book 2 of the Dutch Civil Code.

In the run-up to the SB's decision-making, the Heijmans Trust Office Foundation, Heijmans' larger shareholders, ISS and Eumedion were asked to express a view on the outline of the proposed EB remuneration policy. All the discussions conducted were constructive and yielded a number of concerns that were taken into account when formulating the policy. Incidentally, the parties referred to all agreed with the outline. The general opinion was that this is a balanced remuneration package that aligns well within the implemented benchmark.

In doing so, the SB believes it has adequately accounted for public support for the remuneration policy.

11. Periodical adoption and review

The remuneration policy is to be reviewed periodically, and at least once every four years, by the SB's Remuneration, Selection and Appointments Committee in the light of, among other things, market conditions, developments in strategy and the organisation. In doing so, relevant external legislation and regulations, corporate governance developments and the interests of relevant stakeholders are taken into account. Scenario analyses of possible outcomes of the policy are to be performed when reviewing and possibly revising the remuneration policy, for example in relation to developing the

short-term and long-term variable remuneration. The review will also take account of the (development of) internal remuneration ratios within Heijmans.

In the event of proposed changes and when differences in positions become evident during the consultation with relevant stakeholders, the SB will attempt to achieve a consensus in the decision-making, while always focusing on Heijmans' interests. When necessary, the Remuneration, Selection and Appointments Committee will propose adjustments to the policy to the SB, which will be submitted to the AGM for adoption as necessary.

12. Decision-making process

Decision-making on adoption, revision and implementation of the remuneration policy takes place in accordance with the way in which decision-making is laid down in the regulations of the Remuneration, Selection and Appointment Committee and the SB regulations. The Committee prepares a proposal to adopt, revise and implement the remuneration policy for decision-making by the full SB. Part of the process that precedes the decision-making involves consulting key stakeholders such as major shareholders and proxy voting agencies and seeking advice from the Works Council. The SB includes the views of stakeholders and the opinion of the Works Council in the considerations leading to decision-making. Following a proposal by the SB, the AGM will be asked to adopt the (revised) remuneration policy at least once every four years. With regard to implementing the remuneration policy, the SB annually submits the remuneration report to the AGM for discussion and an advisory vote.

13. Deviation from the remuneration policy

The SB may temporarily deviate from the remuneration policy (on the recommendation of the Remuneration, Selection and Appointments Committee) at its own discretion and in exceptional circumstances. Exceptional circumstances are circumstances in which deviation from the remuneration policy is deemed necessary, for example to ensure continuity in management, or to serve the company's long-term interests and sustainability, or ensure its viability. Deviations may be related to all elements in the policy. The upper limit of the remunerations (and the remuneration policy) can only be deviated from with the approval of the annual general meeting of shareholders. The SB will explain and account for any deviations retrospectively in the remuneration report. Deviations will only apply temporarily and for no longer than until a new remuneration policy has been adopted.

Annex 3

Translation of the letter dated 9 February 2024 of the Works Council Heijmans Netherlands

Dear Mr Vollebregt,

The Works Council is of the opinion that the SB remuneration policy has been amended with due care and attention. The matters referred to in Article 2:135a paragraph 6 of the Dutch Civil Code have been interpreted in a convincing manner.

There is a consistent line between mission, vision, strategic objectives and core values/culture of the organisation in relation to the responsibility of the EB with which the proposed remuneration policy aligns. Taking account of the reference group, a decision has been made to opt for a fixed salary in combination with the variable remuneration aspects (STI and LTI), with a clear link being created with the 5 pillars of the 'Together to 2030' strategy (*Wellbeing, Sustainability, Connection, Practicability and Team*).

As far as the Works Council is concerned, this remuneration policy is a logical continuation of the current policy, while taking account of current legislation, the 2022 Corporate Governance Code and the directive on promoting the long-term involvement of shareholders. The Works Council believes that the amended remuneration policy is a positive contribution to sustainable long-term value creation.

The Works Council assumes that the variable remuneration aspects referred to in the 'Together to 2030' strategy will also be introduced in the variable remunerations at underlying management level.

The content of the SC remuneration policy has not been changed compared to the current policy, with the exception of the amount of the remuneration.

The Works Council therefore supports the proposed remuneration policy for both the executive board and the supervisory board.

Yours sincerely, The Heijmans Works Council

Shiva (T.D.M.) von Stetten

Chair of the Works Council